

Joint Committee to Study City/County Merger

Final Report

June 17, 2003

Carol Gendler
Tim Hart
Kathleen Jeffries, Vice-Chair
Lou Lamberty, Chair
Rudy Novacek
Chuck Powell
Trevis Sallis

Table of Contents

Introduction and Acknowledgements	1
Executive Summary	2
Chapter 1 Committee Structure and Procedures	4
Chapter 2 Study Scope and Approach	6
Chapter 3 Background Information	8
Chapter 4 Functional Mergers	15
Chapter 5 Recommendation for Structural Merger	18
Chapter 6 Additional Recommendations	21
Chapter 7 Issues for Further Study	24
References	26
Table 1 -- Population and Area	27
Table 2 -- Assessed Valuation	28
Table 3 -- 2002 Budgets	29

Introduction and Acknowledgements

The Joint Committee to Study City/County Merger acknowledges the vision of the Mayor and City Council of Omaha and the Board of Commissioners of Douglas County in establishing a committee to review government operations and make recommendations for improvement. The Committee recognizes the many dedicated employees of the City and County and thank all who gave generously of their time and expertise to facilitate this study. The Committee also gratefully acknowledges the assistance given by the University of Nebraska at Omaha Public Administration Department.

The Joint Committee has welcomed the opportunity to offer recommendations for the improvement of government. During the year of study, the Committee has employed broad research, open discussion, and careful consideration in framing its conclusions. The Committee intends that its recommendations will foster an effective government that is responsive to the needs of the citizens, engenders a sense of pride in the community, conserves resources, is attractive for economic development and promotes a high quality of life for the citizens today and for the next generations.

Executive Summary

The Mayor and City Council of Omaha and the Douglas County Board of Commissioners created the Joint Committee to Study City/County Merger with the charge:

“to develop a report on merging services through the method provided in LB 142, use of interlocal agreements, consolidation of functions and other joint service delivery methods.”

Research included interviews of government officials and employees, study of other governmental consolidations, review of current literature, consultation with national experts, analysis by UNO students and testimony from the public. The cities of Elkhorn, Ralston, Bennington and Valley, and the Villages of Waterloo and Boystown were represented in early discussions, as were the Metropolitan Area Planning Agency and the Papio Missouri Natural Resources District.

Key findings included:

- 84.1% of the population of Douglas County resides in the City of Omaha and an additional 10.7% of the population resides within its extraterritorial jurisdiction. Omaha occupies 34.9% of the land mass in the County. Much of the remaining land is not developable.
- There are many parallel services and functions that are duplicative.
- Maintenance of the current situation was determined not to be an option.
- Several methods of consolidation exist: functional, structural, federative and combinations thereof. There is no merger model that fits all situations.
- Only 25 mergers have occurred since World War II. Voters approve mergers only 20% of the time the first time a merger is voted upon.
- Cost savings are difficult to determine and are fairly modest: 5% plus or minus 2%, and depend upon management decisions and economies of scale.
- Economic development is a strong component in most successful mergers.
- Small cities and towns usually opt out of merger.
- Some kind of crisis is often the catalyst for a successful structural merger.

The Committee explored twelve potential functional departmental mergers and recommended merger in eight. The rationale for the functional mergers included elimination of similar services and increased efficiency and effectiveness of service delivery. Functional mergers, however, left unresolved the issue of equity for provision of and payment for services, and increased problems with accountability, since citizens might not be able to vote for the entity delivering a particular service. Functional mergers also provide no framework for long range planning.

After months of study and review of its findings, the Committee concluded that adequate reasons did not exist to support the continuation of two governments for the same population, that functional mergers had inherent weaknesses, and that structural merger could best address all of the issues, including equity and future planning. The Committee recommends that:

The City of Omaha and Douglas County should merge into a municipal county, work to commence immediately, and that functional consolidations begin immediately in as many departments as possible, including but not limited to parks, fleet management, facilities management, local planning, purchasing and personnel.

The committee considered in detail the issue of the ability of Omaha to expand its boundaries and maintain its tax base in order to preserve the core of the city. The use of natural resources, particularly land, was considered significant because Omaha was striving to achieve a density of population that would support infrastructure while the County was maintaining rural acreages on the City's borders. The extraterritorial boundaries of Elkhorn abutting Omaha's western boundary was determined to be a limiting factor for the health of the central city. The Committee also found that the populations in neighboring counties that are directly connected to Omaha through employment and use of recreational and cultural amenities and the Omaha infrastructure are strongly identified with Omaha and should be considered for annexation.

The Committee also recognized that growth, resource management, environmental and health issues in some circumstances surpassed political boundaries and that a regional approach should be taken for planning and coordination of services and responses.

Recommendations:

- The City of Omaha should explore annexation of Elkhorn or find alternate means to grow compatibly with Elkhorn.
- The City of Omaha should explore annexation across County lines.
- A regional approach should be explored for planning, law enforcement, transportation, parks, environmental and health services.

The committee recognizes that legal changes and public education will be needed for such a merger to occur.

Chapter 1 Committee Structure and Procedures

The Joint Committee to Study City/County Merger was created by resolutions by the Douglas County Board of Commissioners and the Omaha City Council, dated August 27, 2001 and August 7, 2001 respectively. Copies of the resolutions are in the Appendix.

The charge to the Committee as stated in the resolutions was:

“To develop a report on merging services through the method provided in LB-142, use of interlocal agreements, consolidation of functions and through other joint service delivery methods.”

The Committee consisted of seven members, three appointed by the Douglas County Board, three appointed by the Omaha Mayor and approved by the City Council and one appointed jointly by the City and County. The seven members are listed below along with the appointing body:

Carol Gendler	(City)
Tim Hart	(City)
Kathleen Jeffries	(County)
Lou Lamberty	(Joint)
Rudy Novacek	(County)
Chuck Powell	(County)
Trevis Sallis	(City)

The Committee was publicly announced by Mayor Mike Fahey and Douglas County Board Chairman Clare Duda on May 2, 2002.

The first meeting of the Committee was held on May 8, 2002. Lou Lamberty was elected Chair and Kathleen Jeffries was elected Vice-Chair.

The following operating procedures were adopted at the May 8 meeting:

JOINT COMMITTEE TO STUDY CITY/COUNTY MERGER OPERATING PROCEDURES

1. The Committee will comply with the open meetings laws.
2. A written record of the proceedings of all full Committee meetings will be maintained. City/County staff will be responsible for creating and maintaining this record.
3. The Committee will observe Robert's Rules of Order, Rev.

4. Ten minutes for public comments will be allowed at the beginning and end of each meeting
5. The Chair or in his/her absence, the Vice-Chair will be the chief spokesperson for the Committee to the media.
6. Expenditures or commitment of funds over \$100 must be approved in advance by a majority vote of the Committee.
7. Committee members shall not become involved in discussions between City and County Government, unless requested to by both parties
8. Committee members shall not become involved in any election campaigns for City or County officeholders.
9. Legal research to the Committee will be provided as needed by the City Attorney, County Attorney and Jim Nubel, Mayor's Assistant.
10. The Committee will utilize elected officials, department directors, employees, citizens, and research experts in its study.
11. The Committee may appoint task forces to study specific issues.
12. The Committee will strive to complete its work by May 1, 2003.
13. The Committee will strive to reach consensus on all recommendations. If that is not possible, five votes will be required to approve recommendations.
14. The Commission will provide a final written report to the Mayor, City Council and County Board.

The Committee held thirty meetings and two retreats during the year that it functioned. Agendas and minutes for the meetings and retreats are in the Appendix.

Chapter 2 Study Scope and Approach

From approximately June through August 2002, the Committee gathered and reviewed information on the following topics:

1. Previous studies of Omaha/Douglas County merger.
2. Constitutional amendment and legislation enabling city/county mergers.
3. Operation of City of Omaha, Douglas County and small city governments.
4. Merger experiences in other cities and counties

Summaries of the information gathered are discussed in Chapter 3.

On September 5, 2002, the Committee met in a retreat format to review its first three months work and to formulate a work plan for the next several months. A summary of the retreat is in the Appendix.

At the retreat, the Committee adopted five policy statements that were intended to guide its future work:

1. There is a reasonable expectation that consolidation efforts will result in long-term savings. During the transition period it is possible that costs will increase.
2. An objective is to increase accountability of government to citizens through consolidation/merger actions.
3. The committee recognizes that the interests of the City of Omaha and Douglas County are interdependent; some local governmental services are important to the entire area and should be funded by all. Other services are of importance to just a portion of the County and should be funded by those consuming the services.
4. Effective service delivery remains an important concern and should be maintained through any consolidation and merger effort.
5. It is critical to Douglas County and Omaha's future that the city be able to continue to grow and expand its boundaries in an orderly manner.

At the retreat, the Committee determined that the next steps in its work should include:

1. Identification of parallel services in Omaha and Douglas County and the study of these services for potential functional mergers.
2. Discussions with planning professionals (City of Omaha, Douglas County, MAPA, etc.) of regional growth, annexation and resource issues.

3. Development of a list of statutory questions and issues relating to merger.

At the September 19, 2002 meeting, the Committee decided to study ten service areas in which the City and County provide similar services. Those services identified for study were legal, parks, roads, facilities maintenance, vehicle maintenance, personnel, planning, purchasing, law enforcement and fire/EMS. The Committee also decided to review the health and human services provided by the City and County. At a later meeting, the Committee decided to also review that various environmental services provided by the City and County. These studies and the Committee's recommendations are discussed in Chapter 4.

After completing the studies discussed in Chapter 4, the Committee again met in a retreat format on March 27, 2003. A summary of the retreat is in the Appendix.

At the retreat the Committee reviewed all its work to date and developed a consensus for its final recommendations. The final recommendations were approved at the April 4, 2003 Committee meeting. These are discussed in Chapters 5 and 6.

Chapter 3 Background Information

Section I. Previous Studies of Merger of Omaha and Douglas County

The Appendix contains a review of previous studies of city and county governments. Although the idea of merging city and county governments has been discussed since at least 1937, has been an issue in several election campaigns during the last forty years and was recommended for study by the 1993 Charter Review Commission, it appears that no detailed study on how to accomplish this has ever been done. There have two extensive efficiency studies completed, one for the City in 1980 and one for the County in 1996. The County study report contains some specific recommendations for merging certain functions of city and county governments, i.e. fleet maintenance, purchasing, parks and planning, but these recommendations were not implemented.

Section II Constitutional Amendment and Enabling Legislation

Constitutional Amendment

In the 1998 general election, voters passed a constitutional amendment that authorized local government mergers. The amendment authorizes procedures for mergers to be developed by the State Legislature. The amendment requires that a vote of the people is required for the merger of a city and a county and that the merger must be approved by a majority of those voting who live within the city and by a majority of those voting who live outside the city, but in the county. A copy of the amendment is in the Appendix.

LB 142: Enabling legislation:

In 2001, the Legislature passed LB 142, which is the enabling legislation for city/county merger. A copy of the bill, a detailed analysis by Jo Cavel, Assistant City Attorney, and questions to Ms. Cavel by committee members are in the Appendix. A brief summary of the major provisions of LB 142 follows.

Provisions and procedures for the creation of municipal counties

- Municipal Counties may be created by one or more counties and at least one municipality in each county.
- A joint resolution of the governing bodies of each county or municipality is needed to begin the process. The resolution may be initiated by the governing bodies or required of the governing bodies by petition of the voters of the cities or counties.
- A commission that is representative of the bodies must study all of the governments and, if it decides merger is in the public interest, must create a consolidation plan.
- The governing bodies of each of the entities must approve the plan before submitting it to the voters, unless the commission was created by petition of the voters. At least one public hearing must be held before the election.
- The plan must specify all entities to be dissolved and the form of government to be established, including the type of executive officer, the number of council members and which elected officials, if any, will be eliminated.

- A majority of the each following groups must vote in favor of creating the Municipal County:
 - all those voting on the question
 - those who live in each county and each city to be consolidated
 - those who live in the county to be consolidated but outside any city
 - those who live in the county to be consolidated but outside any city or Sanitary and Improvement district
- A Municipal County is not created if a majority in one of the above is opposed.
- Approval of formation of the Municipal County abolishes all county and municipal offices and terminates all townships in the county but all debt of the abolished entities remains the obligation of the incurring entity.

Cities that do not choose to consolidate with another consolidated city or county:

- Retain their taxing authority and any other powers of cities of their size
- May not be annexed by the Municipal County for four years
- May not annex any other territory for four years; may annex within the Municipal County with the consent of the County. (The time element in this section is unclear.)
- Would be allowed to seek inclusion at a later date
- Would pay the Municipal County for any services provided

Sanitary and Improvement Districts

- A Municipal County may consolidate into the County an SID that is located within the County or within the extraterritorial jurisdiction of an unconsolidated municipality, provided the unconsolidated municipality approves.
- The legislation does not address the creation of new SIDs but the City Attorney indicates that since the new Municipal County would have all the powers of the municipality, new SIDs could be formed as they are now.
- Sales and use taxes of the Municipal County apply to unconsolidated SIDs
- SIDs must pay the Municipal County for services provided.

Form of government

- A Municipal County shall have all the powers and duties of a county of the same population of as the Municipal County and of the largest city consolidated into the County.
- A Municipal County that contains a city of the metropolitan class shall be governed by a 15-member council from 15 compact districts. Terms are four years.
- The executive, as specified in the consolidation plan, would be an elected executive officer, professional County manager or administrator appointed by the county council. An elected officer would serve a four-year term.
- Any elected county office to be retained and consolidated into the Municipal County shall have been specified in the consolidation plan.

Dissolution

The electorate may dissolve a Municipal County after a resolution of the County Council or a petition of the electorate.

Section III City and County Government in 2002

Much of the first three months of the Committee's work was devoted to learning the functions, budgets and operations of the City of Omaha, Douglas County and the other smaller cities within the County. Several officials from the various entities briefed the Committee.

Figure 1 is a map of Douglas County showing the City limits and planning jurisdictions for Omaha and the other six cities in the County. Table 1 shows the population and area for each jurisdiction in 1990 and 2000. Table 2 shows property valuations and property tax rates for each jurisdiction. Table 3 shows the total budgets for 2002 for Douglas County, Omaha and the other cities in the county. Detailed budgets are in the Appendix.

Douglas County

Douglas County is governed by a seven member Board of Commissioners and nine elected officials who operate independently from the Board except that the Board sets the budget for each elected official's office. The County has only that power delegated to it by the State Legislature. It provides the following services countywide: general social welfare, healthcare of the county indigent, operation of a county hospital, veterans assistance, emergency management, emergency communications, support of courts and probation, incarceration of alleged and sentenced law violators, court-ordered detention of alleged juvenile law violators, auto licensing, assessment of real property, tax collection for all public entities within the County, conduction of elections, operation of sanitary landfills and maintenance of official records. In addition, the County constructs and maintains streets and highways outside of incorporated cities, villages and SIDs, provides planning and permits and inspections services for areas outside the planning jurisdictions of the cities and villages and provides police protection for all areas outside of incorporated cities and villages.

Omaha

The City of Omaha is a city of the metropolitan class. It operates under a mayor-council form of government and as a home rule city, is permitted all the powers possible under the Nebraska Constitution. Services provided by the City include police and fire protection, parks and recreation facilities, wastewater treatment, construction and maintenance of streets and sewers, garbage pickup, planning, permits and inspections, housing and community development, and library and cultural services. Omaha has a 1.50% sales tax.

According to the 2000 census, Omaha has 84.1% of the population and 34.95 % of the landmass of Douglas County. The City also has extraterritorial jurisdiction of three miles beyond its corporate limits, which contain an additional 10.72% of the population for a

total of 95% of the County's population. Within the three mile extraterritorial jurisdiction, there are 141 Sanitary and Improvement Districts which are created to finance public improvements and which eventually will be annexed by the City when the infrastructure, proximity to the established city and the SID debt make it reasonable to do so.

Other Cities

Ralston and Elkhorn are cities of the first class. Valley and Bennington are cities of the second class and Waterloo and Boystown are villages, all as defined by state statutes. They have only those powers granted them by the Legislature. Elkhorn has a two-mile extraterritorial jurisdiction containing 12 SID's. Valley, Bennington and Waterloo each have a one-mile extraterritorial jurisdiction containing two, one and two SID's respectively. Ralston has no extraterritorial jurisdiction. Boystown is comprised mostly of residents of Father Flanagan's Boys Home, has no tax of its own and no extraterritorial jurisdiction. Because Boystown is not really a city in the usual sense, it will not be discussed further. The other five cities all provide police protection, street and sewer maintenance, parks and library facilities. Valley, Waterloo and Elkhorn provide wastewater treatment and Valley provides water. Wastewater treatment and water for the others are provided by the City of Omaha and MUD respectively. Elkhorn provides fire service for the city and for the Suburban Elkhorn Fire District. The other four cities are provided fire protection by rural fire districts.

Elkhorn's population grew by 331%, from 1,400 people in 1990 to 6,062 in 2000. Elkhorn now comprises 1.31% of the county population and plans further expansion through annexation. The other four cities showed modest or no growth in population during the last ten years, however planners project a potential doubling in size in Bennington in the next several years and some significant future increases in the population of Waterloo and Valley due to their proximity to Omaha.

Unincorporated Areas

The unincorporated area of Douglas County is comprised of 12.3% of the County's population and 62.4% of the County's land, the majority of which is undevelopable. The population of the unincorporated areas decreased by 17.3% between 1990 and 2000, and the land mass decreased by 6.4% as a result of annexation.

In these areas, the County provides police protection and maintains non-SID streets and highways. Fire protection is provided by volunteer fire departments and/or contractual agreements with Omaha or Elkhorn. SID's maintain streets and sewers within their boundaries.

Orderly development with suburban type densities requires, in addition to other infrastructure, the ability to provide sewers and wastewater treatment. The City of Omaha provides the sewers and treatment for all the county area east of the Elkhorn River. There is no such provision west of the Elkhorn River.

Provision of Services

The county and the cities provide several parallel services, with the county providing the services in the unincorporated areas and the cities providing the services within their jurisdictions. Examples are law enforcement, street construction and maintenance, planning, and permits and inspections. City residents pay for these services in both the City and the County. The county also maintains two parks within the Omaha city limits while Omaha maintains all other parks in the city.

There are similar internal support services among the cities and the county. For example, both the City of Omaha and Douglas County have purchasing, personnel, legal, finance, vehicle maintenance, building maintenance and personnel with all of the accompanying administrative costs. Each of the cities has a chief administrative officer and a legislative body, as does the county.

Intergovernmental Cooperation

The City of Omaha and Douglas County and to a lesser extent the other five cities have developed a large number of interlocal agreements that enable them to share resources and expertise and thus reduce the overall cost of government to some degree. A list of the major interlocal agreements and a brief description of each is shown in the Appendix. The recent formation of DOT.com to manage all information services for Omaha and Douglas County and the decision to purchase and install a common financial system is enabling the city and county to develop closer cooperation.

Section IV Merger Experiences in Other Cities and Counties

The Committee determined early in its study that a review and understanding of merger experiences in other parts of the country would be helpful in formulating its work plan and its final recommendations. This part of the study consisted of three major activities:

1. Committee members read selected articles recommended by the UNO Department of Public Administration and reports of several merger efforts from around the country. Three articles were particularly informative: "New Regionalism and Its Policy Agenda", the San Antonio City-County Government Commission Report and Recommendations, and "Governing Charlotte/Mecklenburg." Other sources of information included David Rusk's *Cities Without Suburbs*, writings by several academic researchers, and publications of the Carl Vinson Institute of Government and the Brookings Institution. References are included in the Appendix.
2. Committee members Chuck Powell and Carol Gendler researched the available literature on mergers in some depth and presented reports on their findings to the Committee. Copies of their reports are in the Appendix.
3. The Committee identified two national experts who have theoretical and practical knowledge and experience in functional and structural mergers of city and county governments. Dr. Dan Durning, Carl Vinson Institute of Government at the University of Georgia and Dr. Kurt Thurmaier of Iowa State University have both

taught, lectured, published and consulted on merger issues.

During a July 30 and 31 visit to Omaha, Dr. Durning spoke at a regular Committee meeting and held informal discussions with several elected officials and members of the Committee. A copy of his remarks at the Committee meeting is in the Appendix.

Dr. Thurmaier spoke at the March 7 Committee meeting, presenting a preview of his upcoming book "Reshaping the Local Government Landscape" which is a study of thirteen city/county mergers from around the country. The title of his talk was "City County Consolidation: What We THINK We Know" and a copy is in the Appendix.

The major points gleaned from the Committee's research were:

- Several methods of consolidation or cooperation have been used, including 1) functional mergers which are consolidation of selected services or administrative functions through interlocal agreements, 2) full structural or political merger of governments and 3) a "federative" or tiered approach in which a regional body governs major services and infrastructure and other public services are delivered by local authorities. Charlotte/Mecklenburg, North Carolina is an example of a functional consolidation, Louisville/Jefferson County has adopted a full structural merger and Miami/Dade County has a tiered system.
- Only 25 structural mergers have occurred since World War II. 80% of the mergers proposed have not been approved by the voters, at least on the first attempt.
- Most structural mergers have occurred after a history of interlocal cooperative agreements between the city and county.
- There is no "model" merger for Omaha/Douglas County to follow. Each region and each situation is entirely unique. Dr. Durning stressed that the solution should fit the problem and not the other way around.
- Cost savings as a result of merger are difficult to determine and are fairly modest. According to Dr. Durning, potential cost savings for a structural merger are generally 5% plus or minus 2%. Some studies indicate that mergers have resulted in cost increases; others indicate cost savings. Durning indicated that savings potentials lie with management decisions, overhead and economies of scale. Dr. Thurmaier stated that the potential for cost savings is not a significant factor in the success or failure for adoption of a merger proposal by the voters.
- Some kind of crisis is often the catalyst for a structural merger effort, but crisis alone is not sufficient to get a merger approved.
- Economic development is a strong component in most successful merger attempts. Developers cite the lengthy and frequently confusing process of working with multiple sets of requirements and taxing bodies as deterrents to development.
- Small towns usually opt out of city/county mergers.
- Functional mergers have several weaknesses: difficult negotiation of contracts, lack of framework for long-range planning, inability to address equity issues,

short-term nature of the contracts. Some see the same issues as strengths, particularly the flexibility for renegotiating the contracts.

- A structural merger also has weaknesses: it is a revolutionary change, it is very difficult to achieve, and it may be perceived as a concentration of power.

Chapter 4 Functional Mergers

The Committee considered twelve potential functional mergers of parallel services provided by the City of Omaha and Douglas County. The general approach to studying the potential mergers was 1) to request the particular departments to provide written information to the Committee usually in answer to specific Committee questions, 2) to invite representatives of the departments to make oral presentations to the Committee, 3) to review the information gathered and request additional information as needed, 4) to analyze the information collected and 5) to develop recommendations. In addition, UNO graduate students under the direction of UNO Associate Professor Carol Ebdon analyzed the merger potential for several City and County departments. Copies of the reports they prepared for the Committee are in the Appendix.

Reports were prepared for each potential merger considered which contained summaries of all the information gathered, the analysis of the information and the conclusions reached and recommendations developed. Copies of these reports are in the Appendix. A summary of the conclusions and recommendations for each of the twelve areas studied follows:

County Attorney and City Law Department

1. The Committee concluded that there was no benefit to a functional merger of the civil sections of the two departments.
2. The Committee concluded that while there were some benefits to merging the prosecution functions of the two departments, these were not sufficient to warrant a functional merger. The Committee recommended that consolidation take place if/when structural merger occurred.

City and County Parks

The Committee recommended that the County parks department be merged into the City parks department because 1) the two departments provide the same functions, 2) management and coordination of park and recreation activities can be accomplished most effectively by one organization, particularly since both County parks are within the city limits of Omaha, 3) park planning for the developing areas in the county can be accomplished efficiently using the available resources of the City, 4) coordination of purchasing and service delivery should result in increased efficiency, and 5) the development of the riverfront is particularly sensitive and should be managed by one entity with a long range vision and plan.

County Engineer and City Public Works Transportation Services

The Committee recommended that the two departments be merged because 1) the two departments provide identical services and require similar management and equipment and 2) merging the two departments offers a potential for significant cost savings through elimination of redundancies, and 3) equity in funding could be achieved by the broader use of existing tax funds throughout the County

Environmental Agencies

The Committee concluded that each agency reviewed performed unique services and that there was no advantage to any functional mergers of the agencies reviewed. The Committee did recommend, however, that a regional authority be established to oversee and coordinate some of the environmental functions. (See Chapter 6)

Facilities Maintenance

The Committee recommended that the three departments that now provide building maintenance services to the City and County be merged into one entity because 1) all three provide similar services and 2) services could be provided more effectively and efficiently by centralizing operations, sharing of resources and eliminating duplicative functions.

Fire and Emergency Medical Services

The Committee concluded that the eight rural/suburban fire departments provide effective and efficient service and that a countywide, paid Fire/EMS department should not be formed.

Fleet Management

The Committee recommended that the City and County Fleet Management divisions be merged into one because 1) both provide identical services and 2) merger would provide more effective and efficient services through consolidation of inventory, lending pools, equipment and personnel, 3) a central system should increase accountability for vehicle use and facilitate maintenance throughout the County.

Human Services

The Committee concluded that there is no duplication of services between the City and County and no advantage to a functional merger of the City and County providers and that coordination between the two bodies is important for good service delivery.

Personnel Departments

The Committee recommended that the City Personnel Department and the County Civil Service Commission be merged because a combined department could provide more effective and efficient services by 1) eliminating duplication of application procedures, training, wage and benefit administration, 2) providing a consolidated pool of applicants for government positions, and 3) development of a single system with expertise for federal compliance.

Planning Departments

The Committee recommended that the County Planning Department be merged into the City Planning Department because 1) they provide identical services and 2) the land use plans in the City and County planning jurisdictions currently conflict and should be coordinated and compatible in order to promote orderly growth and efficient use of resources.

Purchasing Departments

The Committee recommended that the City Purchasing Division and the County Purchasing Department be merged 1) they provide similar services and already work closely together; 2) the combined department would provide more effective and efficient services through elimination of duplicate specialist positions and combination and standardization of inventory, economies of scale and reduction of paperwork between the City and County.

Douglas County Sheriff and Omaha Police Department

1. The Committee recommended that the law enforcement functions of the two departments be merged into a county-wide law enforcement agency because 1) the two departments currently provide similar law enforcement services and already cooperate to some degree, and 2) greater coordination of law enforcement activities could be achieved along with equity in services.
2. The Committee recommended that the court related functions of the Sheriff's office should remain a separate division because the duties of this division is significantly different than the law enforcement functions.

Chapter 5 Recommendation for Structural Merger

Section I Functional Merger Issues

At its retreat on March 27, the Committee reviewed the several functional mergers that it had recommended and recognized that these recommendations either left some issues unresolved or created some new issues.

Equity

At its first retreat in September, the Committee adopted the following policy statement relating to equity:

“Some local government services are needed by the entire area and should be funded by all. Other services are important to just a portion of the county and should be funded by those consuming the service.”

As the Committee studied the various City and County departments and the services they provide, it became clear that there are issues relating to equity.

- **Parks and Recreation**
Most of the major parks, recreation and entertainment facilities within the County are within the City of Omaha and supported with City taxes. However, county residents who live outside Omaha have full use of these facilities. Those citizens do pay some City taxes in the form of sales taxes when they shop in Omaha, but they do not pay any City property tax.
- **County Roads**
The Douglas County Engineer maintains only those roads outside the city limits of the incorporated cities and outside the limits of the Sanitary and Improvement Districts. The Engineer's office does provide snow removal service to SIDs. However, the citizens who live within the City of Omaha directly or indirectly pay for a large share of the County Engineer's budget. Directly, Omaha citizens pay 79% of the county property taxes that go into the Engineer's budget. This is based on the property valuations shown in Table 2. Indirectly, Omaha citizens pay a major share of the state road funds received by the County. Omaha citizens pay about \$39 million per year in state road taxes and receive back about \$25 million. Citizens in unincorporated Douglas County pay about \$5.7 million per year and receive about \$9 million back.
- **Law Enforcement**
The Douglas County Sheriff provides law enforcement services to the unincorporated areas of the County. The Sheriff's budget comes from county property taxes of which 79% are paid by citizens living in Omaha. The Sheriff's law enforcement budget for 2001/2002 was about \$6.6 million. Therefore, the

citizens of Omaha paid about \$5.2 million in taxes for services they did not receive.

The Committee recognized that functional mergers in these areas would not alleviate the equity issue.

Accountability

Functional mergers of the County Engineer and City Public Works and the County Sheriff and Omaha Police would create some issues of accountability. For example, if the county offices were merged into the city departments, citizens living in unincorporated Douglas County could not vote for the Mayor and Omaha City Council and thus would have no direct influence over how these services were provided. Conversely, if the city departments were merged into the county offices, the Mayor and City Council would have no control over two very important City services.

Legal

The City Law Department was asked by the Committee to provide opinions on what changes would be required in state statutes or the Omaha City Charter to allow the recommended functional mergers to be promulgated. These opinions are contained in the Appendix. Except for the parks departments, all the recommended functional mergers would require changes in state statutes and/or the City Charter.

Section II Recommendation for Structural Merger

At the March 27, 2003 retreat, after discussing at length the functional mergers discussed in Chapter 4 and the issues in Section I above, the Committee arrived at a consensus decision to recommend a structural merger of the City of Omaha and Douglas County. This decision was formally approved at the April 14, 2003 meeting with the following recommendation:

That the City of Omaha and Douglas County merge into a municipal county, work to commence immediately, and that functional consolidations begin in as many departments as possible, including but not limited to parks, fleet management, facility management, local planning, purchasing and personnel.

The Committee's rational for this recommendation is as follows:

1. 84.1% of the population of Douglas County lives within the City of Omaha and an additional 10.7% lives within the zoning jurisdiction of the City. Therefore 95% of the population of the County will soon live within the City of Omaha. It makes no sense to have two separate governments for essentially the same population.

2. Only a structural merger can resolve the equity issues discussed in Section I above. Functional mergers will not resolve this issue.
3. Functional mergers in some cases, e.g., Engineer-Public Works and Sheriff-Police, create accountability issues. In a structural merger, accountability is clear.
4. Most of the functional mergers discussed in Chapter 4, would require changes in state statues or the City Charter before they could be promulgated. Although significant changes in state statues would be required for a structural merger, those changes are no more complex or difficult than those required for the several functional mergers recommended.
5. Consolidation of some departments immediately will promote cooperation and coordination between the two government bodies and will make the structural merger easier to accomplish.

Chapter 6 Additional Recommendations

During the course of the study and particularly as a result of presentations by the Omaha Planning Department, the planning departments of the smaller cities and the County, the Metropolitan Planning Agency (MAPA), the Papio Missouri Natural Resources District (PMNRD), and City and County Environmental Services, the Committee identified issues regarding future growth of the metropolitan region and management of natural resources. While such issues may not be strictly within the scope of the charge to the Committee in its exploration of merger, the Committee recognized that the growth and resource management was a vital component of any planning for the future of Omaha and Douglas County.

Steve Jensen, Assistant Planning Director, City of Omaha, reviewed Omaha's urban growth policy and the density of population necessary to make infrastructure feasible. The density of the city and that of the county were in direct contrast to each other and engendered the recommendation discussed earlier in this report regarding merging the City and County Planning Departments. Mr. Jensen also discussed Omaha's corporate limits, its extraterritorial jurisdiction and the fact that the Omaha and Elkhorn's jurisdiction abuts each other on Omaha's western boundaries.

During his Omaha visit, Dr. Durning discussed "elastic cities": cities that are able to expand their borders and maintain their tax base. In a study of 522 central cities, David Rusk, former mayor of Albuquerque, states in *Cities without Suburbs* that isolation of the central city from the suburbs causes decay of the urban core when the wealthier taxpayers move out of the city to the suburbs and a decline of the entire area results as racial segregation and an urban underclass develop. Durning also emphasized that the health of a metropolitan area is only as good as its core and that the ability of a city to expand is vital for the health of the entire area.

For a city to be elastic, Rusk states, it must merge the core city and the surrounding county into a unified government; exercise broad annexation policies along with having veto power over the creation of any competing new municipalities within a certain distance of its city limits; or obtain county, state or federal aid to urban areas with all communities in the region sharing the burden of strengthening the urban core.

Under the provisions of LB 142, the suburban communities can "opt out" of a unified government if they choose. The City of Elkhorn's contiguous planning jurisdiction to Omaha's, and Elkhorn's ability to reach a 10,000 population at which point it could not be annexed were viewed by the Committee as potentially serious obstacles to Omaha's ability to control its future.

If Elkhorn should opt out of a unified government, annexation is left as the alternative to addressing the broad issue of the vitality of the metropolitan region. The Committee decided that serious consideration should be given to the annexation of the City of Elkhorn or asking it to voluntarily limit its growth. The communities across the county line that are directly connected to the city through employment, entertainment, shopping

and other amenities such as the zoo, ballpark, museums and convention center are in a similar position and should be considered under the same scenario. The committee therefore recommended that:

The City of Omaha should explore annexation of Elkhorn or find alternate means to grow compatibly with Elkhorn.

The City of Omaha should explore annexation across County lines.

Regional Issues

As the study of City and County departments progressed, the Committee recognized that several issues were broad in scope, did not fit within political boundaries and would best be served by a regional approach.

The Committee received information from Lou Violi, Metropolitan Area Planning Agency; Steve Oltmans, General Manger, Papio Missouri Natural Resources District, Kent Holm, Douglas County Environmental Services Director; Doug Clark, Environmental Health Division Chief for the Douglas County Health Department; Norm Hansen, Environmental Compliance Manager for the Douglas County Environmental Services Department; and Bob Sink, Environmental Services Manager for the City of Omaha Public Works Department. Items discussed included air quality, solid and hazardous waste management and landfill operations, storm water management, recycling, Missouri and Papio water quality, land use, wildlife habitat, and other environmental issues. The Committee also received additional information from Steve Jensen, Omaha Assistant City Planning Director and from Mayors Dave Clark of Bennington, Don Groesser, Ralston; Phil Klein, Elkhorn; Joan Suhr, City Clerk of Valley and Don Eikmeier, City Manger of Elkhorn.

General conclusions: As the metropolitan area continues to grow, each of the governmental subdivisions becomes increasingly interdependent. The decisions made by one body affect the others and cannot be made in isolation. Many of the issues discussed can best be addressed on a basis that is defined by the particular environmental issue. The committee identified the need for increased communication between entities, one set of agreed upon regulations under one authority, area- wide planning for environmental concerns and area-wide responses for biological, hazardous or other situations affecting the region.

At its February 24, 2003 meeting, the committee unanimously recommended that:

- A regional authority whose responsibility it is to plan and oversee all functions related to regional water issues, air quality, land use, waste management, environmental preservation and public health be established for the following reasons:
- Formalized communications, education and collaboration should result in a comprehensive view of future challenges and needs.

- Comprehensive planning must consider all of the interdependent needs and ramifications of policies that affect the various sectors of the environment throughout the region;
- A single authority responsible for implementation of an agreed upon regional plan is needed.

The Committee reviewed the issue at its March 27 retreat and on April 14, unanimously voted that:

A regional approach should be explored for planning, law enforcement, transportation, parks, environmental and health services.

Chapter 7 Issues for Further Study

The Committee recognizes that there are many issues that need further study before its recommendations can be implemented. These are discussed below.

Legislation

The current legislation relating to mergers (discussed in Chapter 3) is deficient in several ways and needs correcting.

1. The voting procedures allow a very small number of citizens in rural Douglas County to determine whether or not the City and County can merge.
2. The language concerning SIDs is unclear.
3. A significant amount of State Highway Allocation Funds that now come to the City and County would be lost if the two merged.
4. It is unclear how rural fire districts are to function under a merged government.
5. The annexation rules for small cities are unclear.
6. MUD powers of eminent domain require clarification.
7. Sufficient time (perhaps as much as two years) should be provided for establishment of the municipal county after approval by the electorate.
8. LB 142 sec.17(2) and (4) are unclear; an opinion from the County Attorney would be helpful.
9. Retirement systems - provision for a municipal county in excess of 300,000 population appears to have been omitted.
10. Interjurisdictional planning commission (IPC) - Can the plan presented by the commission be amended by the governing bodies?
11. LB142 does not make clear how "bonded indebtedness" of the previous entities is to be handled when a municipal county is created.
12. LB142 fails to set thresholds required for approval of expenditures by the newly constituted council.
13. "Public interest" as used in sec. 1(4)(a) needs to be defined.

Government Structure

The Committee has made no attempt to study or recommend how a merged City/County government should be structured. Some of the issues that need to be resolved are:

1. What elected officials there should be in the merged entity.
2. The size of the governing board and how it is to be elected. There appears to be a conflict in LB142: Sec. 2 specifies a council of 15 members elected by district on a nonpartisan ballot, while Sec. 1(4)(b) appears to leave that decision to the IPC. It might be wise to have some council members elected at large and the number of council members could be left to the IPC to determine. LB142 is silent as to whether the executive officer should be partisan or non-partisan.
3. The organizational structure of the merged entity.

Financial Analysis

The Committee understands from its research and from the experts that it has consulted that city/county mergers provide relatively modest cost savings and that those savings are very difficult to calculate because of the long transition period that is normal in any merger and because management decisions which will affect savings cannot be predicted by the Committee.

The Committee also understands, however, that the public and elected officials believe that mergers should result in cost savings and want to know how large those might be. The Committee did not have adequate resources to prepare a detailed financial analysis for the recommended structural merger. This should be accomplished as part of the future work required to carry out the Committee's recommendation.

References

Brookings Institution Center on Urban and Metropolitan Policy (2002). *Beyond Merger: A Competitive Vision for the Regional City of Louisville*. Washington, D.C.

Carl Vinson Institute of Government. Policy Notes, March 2000, *Does City County Consolidation Save Money? The Unification of Athens-Clarke County Suggests it Might*. Athens, GA.

Durning, Dan, PhD. (2002) Omaha presentations.

Feiock, Richard C and Carr, Jared B. (1997). *A Reassessment of City/County Consolidation: Economic Development Impacts*. Askew School of Public Administration and Policy, Florida State University.

KENS 5 and the San Antonio Express-News. (1996) *City-County Government Commission Report and Recommendations*

Mead, Timothy, PhD. (2000). *Governing Charlotte Mecklenburg*. State and Local Government Review, Volume 32, Number 3: 192-197.

Rusk, David. (1995). *Cities Without Suburbs*. Washington, D.C., The Woodrow Wilson Center Press.

Savich, H. V.; Vogel, Ronald K.; Parks, Roger B.; Oakerson, Ronald J.; Mead, Timothy D.; Fleischmann, Arnold; and Swanson, Bert E. (2000). *A Symposium: New Regionalism and its Policy Agenda*. Carl Vinson Institute of Government, Athens, GA

Thurmaier, Kurt, PhD. March 2003. Omaha Presentation: *What We THINK We Know*

Table I -- Population and Area

Place	Population				Land Area, Square Miles			
	2000	% of County	1990	% of county	2000	% of County	1990	% of county
Omaha	390,007	84.13%	335,719	80.62%	118.49	34.95%	104.36	30.78%
Omaha ETJ	49,718	10.72%	59,366	14.26%	87.00	25.66%		
Total Omaha Jurisdiction	439,725	94.85%	395,085	94.87%	205.49	60.62%		
Ralston	6,314	1.36%	6,236	1.50%	1.63	0.48%	1.46	0.43%
Elkhorn	6,062	1.31%	1,398	0.34%	3.55	1.05%	3.55	1.05%
Valley	1,788	0.39%	1,775	0.43%	1.70	0.50%	1.67	0.49%
Bennington	937	0.20%	866	0.21%	0.46	0.14%	0.34	0.10%
Boystown	818	0.18%	794	0.19%	1.38	0.41%	1.38	0.41%
Waterloo	459	0.10%	479	0.12%	0.35	0.10%	0.35	0.10%
Incorporated	406,385	87.66%	347,267	83.39%	127.58	37.63%	113.11	33.37%
Unincorporated	57,200	12.34%	69,177	16.61%	211.44	62.37%	225.89	66.63%
Total Douglas County	463,585	100.00%	416,444	100.00%	339		339	

Table 2 -- Assessed Valuation

Jusisdiction	Assessed Valuation	% of Total	Tax Levy Cents
Omaha	18,554,459,110	78.99%	43.387
Eikhorn	363,123,460	1.55%	42.500
Waterloo	25,408,465	0.11%	42.958
Valley	106,720,725	0.45%	38.796
Ralston	253,446,930	1.08%	46.665
Bennington	28,511,525	0.12%	65.580
Total Incorporated	19,331,670,215	82.30%	
Unincorporated	4,158,715,415	17.70%	3.662
Total County	23,490,385,630	100.00%	23.101
Fire Districts			
Millard	1,755,730,575		11.840
Eikhorn	1,240,013,495		7.052
Ralston	70,444,475		3.868
Valley	230,224,655		9.482
Waterloo	145,241,335		4.253
Bennington	212,660,230		5.980
Irvington	481,876,535		5.396
Ponca Hills	112,730,425		6.515
Total	4,248,921,725		

Table 3 – 2002 Budgets

	County	Omaha	Other Cities
Operating	165,032,856	285,343,640	15,213,895
Capital Improvements	38,919,906	233,180,994	2,972,656
Total	203,752,762	508,524,634	18,186,551
Employees	2019	2790	93FT, 42PT