

**LANCASTER COUNTY BOARD OF COMMISSIONERS
MEETING W/LANCASTER COUNTY RURAL FIRE DISTRICTS
COUNTY-CITY BUILDING
COMMISSIONERS HEARING ROOM
TUESDAY, APRIL 21, 1998
7 P.M.**

Commissioners Present: Linda Steinman, Chair
Kathy Campbell
Steve Svoboda
Larry Hudkins

Commissioners Absent: Darlene Tussing

Others Present: Kerry Eagan, Chief Administrative Officer
Dave Kroeker, Budget & Fiscal Officer
Tim Genuchi, Accounting Operations Manager, County
Clerk's Office
Terry Adams, Deputy County Treasurer
Ann Taylor, County Clerk's Office

In addition, representatives of the following were present:

Rural Fire Districts

Bennet	Malcolm
Firth	Raymond
Hallam	Southeast
Hickman	Southwest

Cities and Villages

Raymond
Bennet
Waverly

Steinman opened the meeting and noted that the meeting was being convened to discuss compliance with LB 1114 from the 1996 session of the Legislature and State Statute 77-3443, as amended by LB 306 in the 1998 session of the Legislature.

George Kilpatrick, Legal Counsel to the Legislature's Revenue Committee, stated that the Legislature has projected a property tax rate decrease of approximately 20%, due to LB 1120, in the upcoming budget year. He noted that the resulting loss in revenue is anticipated to be approximately \$75,000,000 statewide. He stated, however, that the Legislature has set aside 3.6 million dollars in funds, from Insurance Premium Tax revenues, to provide state aid to districts that take steps to create uniform tax levies.

Kilpatrick briefly summarized the changes that occurred to LB 1114 through passage of LB 306. He also reviewed the provisions of LB 989, which amended LB 299, and LB 1120, which is a new program directed at rural and suburban fire districts (Exhibit A).

Kilpatrick stated that, under LB 1120, if one or more fire districts have a levy that is twice the average, the County Board may reorganize the districts to make the levies more uniform. The fire districts could also agree amongst themselves to a reorganization of districts, which the County Board must accept, provided that it meets the standard.

Kilpatrick noted that LB 1120 also provides for establishment of a Mutual Finance Organization (MFO), through merger or agreement of fire districts, to provide for a uniform levy and a pooling of resources for funding of their budgets.

Bill Lock, Research Analyst for the Legislature's Revenue Committee, reviewed a model Mutual Finance Organization for Lancaster County (Exhibit B). He stated that, based on an assumed rural population figure of 35,911, the MFO would be eligible for approximately \$359,000 in state aid dollars.

In response to a question from Campbell, Dave Kroeker, Budget & Fiscal Officer, stated that a Mutual Finance Organization must make application to the State Treasurer by July 1st.

Campbell asked whether any adjoining counties were considering establishment of an MFO which would impact Lancaster County.

Kilpatrick stated that if one of the adjoining counties should decide to do so, it could elect to annex a portion of Lancaster County into their fire district. He also noted that the MFO would only need to be qualified in one county, which could make the standard more difficult to attain in other counties affected.

Lock presented a map of rural fire districts in Nebraska (Exhibit C), noting that Seward and Saline counties appear to already meet the pre-qualifying MFO standard.

In response to a question from Hudkins, Lock stated that fire districts such as Malcolm and Raymond, with high service needs and no taxable value in the Branched Oak Lake and the Pawnee Lake recreational areas that they serve, would benefit from participation in a Mutual Finance Organization. He stated that fire districts and cities could form an Interlocal Agreement, under the terms of the Interlocal Cooperation Act, providing a common budget and levy to meet the resource needs of the rural population.

Hudkins noted that fire districts are made up of volunteers and asked if the Revenue Committee would be providing leadership and technical assistance.

Lock stated that the Nebraska Volunteer Firefighters Association may be able to provide some assistance to the fire districts. He also reported that Kilpatrick will also be providing information through the Fire School for volunteer fire departments and the Extension Forestry Division, which provides training to volunteer fire departments across the State.

Eric Johnson, Firth Fire District, asked whether the \$10 per capita figure used in the state aid formula is a fixed amount, or whether it would be reduced with increased participation across the State.

Kilpatrick stated that the amount could be prorated if the funds are inadequate, but should not be reduced any less than \$5 per rural capita.

Greg Pickerel, Southeast Fire District, expressed concern about whether the legislation would increase or simplify the budget documents fire districts are required to submit.

Lock responded that yes, budget lids are becoming more complicated. He noted that there is one substantial change this year in the way the budget document is written, although it should not require a substantial commitment of time to complete.

Kroeker stated that the Board will also be expending an increased amount of time in its review of the budget documents. He noted that the Board may request to meet with representatives of any fire districts in which it perceives a problem.

In response to a question from Kroeker, Lock stated that, depending on how the Interlocal Agreement is worded, everything could be budgeted in common, with the tax revenue flowing into a common pool of funds. He also noted that, under LB 989, spending pursuant to an Interlocal Agreement is an exception to the lid.

Kroeker briefly reviewed the following documents in Exhibit D:

Legal Dates for the 1998-99 Fire District Budgets

LB 1114 Allocation of up to Fifteen Cents of County Levy Based on the 1997-98 Tax Rate of the Various Subdivisions

Budget Analysis - FY98 Budget General Fund Expenditures All Fire Districts

Budget Analysis - FY98 Budget General Fund Expenditures Comparison

Budget Analysis - FY98 Budget for the Bennet, Firth, Hallam, Hickman, Highland, Malcolm, Raymond, Southeast, Southwest and Waverly Fire Districts

FY98 Tax & Levy Information on Lancaster County Fire Districts

Rural Population for LB 1120 Distribution

Kroeker noted that the Malcolm, Raymond and Southeast Fire Districts all have levies that are higher than that which is allowable.

Kroeker noted that lease purchase contracts approved prior to July 1, 1998 are excluded, under LB 1114, as well as bonded indebtedness. He suggested that some of the fire districts may want to consider borrowing money, rather than building funds in a Sinking Fund to meet that exclusion. Kroeker also noted that participation in a MFO may be an option.

Kroeker stated that the Board would like to know if there are joint activities, such as training and insurance, that could be pooled.

Buffy Cornish, Bennet Clerk/Treasurer, reported that Bennet currently pays the Bennet Rural Fire District approximately \$7,000 quarterly for fire protection service, which is approximately 25% of the fire district's income. She stated that the Village of Bennet would prefer to be annexed into the rural fire district, but that the fire district may resist, due to the potential loss of income.

Kevin Malone, City of Waverly, reported that Waverly currently contracts, through an Interlocal Agreement, with the Waverly Fire District for fire protection services for \$1,750. This fee will remain in effect for two additional years under terms of the agreement. He stated that it may be less expensive for the City of Waverly to continue its contract with the Waverly Rural Fire District rather than join a Mutual Finance Organization.

Malone also noted that Waverly's levy rate will need to increase in the future to make up for the loss of gaming revenue and to plan for a Sinking Fund.

Kroeker remarked that someone needs to assume a leadership position with regards to LB 1120.

Steinman noted that taxpayers may exert pressure on fire districts to merge or take cooperative measures, once additional information on potential for rate reduction is reported in the media.

Dave Duckett, Malcolm Fire District, stated that his fire district would like an opportunity to explain their budget to the County Board. He also noted that many fire district board members are farmers and that is not an optimal time of year to meet on the merger issue.

C.J. Schweitzer, Raymond Fire District, noted that his fire district is losing a significant amount of its valuation to annexation by the City of Lincoln.

Hudkins inquired about the amount of reimbursement currently received by the fire districts from the Army Corp of Engineers and the State Game and Parks Commission for service to State recreational areas in the County.

Schweitzer stated that none was received by his district, although a formal request for reimbursement had not been made.

Campbell suggested that the Board send a letter to the State Game and Parks Commission noting that the reimbursement issue had been raised at a public meeting on LB 1114, and requesting that the Game and Parks Commission budget funds for reimbursement of those fire districts that provide services to State recreational areas within Lancaster County.

Dave Duckett, Malcolm Fire District, reported that his fire district also provides support to Highways 34, 6 and 79, as well as I-80 and the Burlington Northern (BN) railroad tracks. He noted that BN had rejected requests for reimbursement.

In response to a question from Hudkins, Duckett reported that approximately 50,000 campers visit the County's recreational areas each year during peak seasons, resulting in increased calls for service.

Wayne Giebelhaus, citizen, remarked that the taxpayers living in a district that provides ambulance and fire protection services to the State's highways, Interstate and recreational areas must assume the cost of those services.

Lynn Reifschneider, Mutual Aid Association, noted that its members actively assist each other in minimizing equipment expenditures. He suggested that the Board meet with each fire district to discuss budget concerns.

Steinman suggested that Mutual Aid Association initiate discussion among fire districts on ways to reduce the tax rates.

In response to a question from Hudkins, Reifschneider stated that Mutual Aid members meet to discuss communication issues and common problems, but not individual budgets.

Kroeker asked those representatives in attendance whether they could foresee any problems in meeting the time frame listed in Exhibit D.

Matt Egger, Hallam Fire District, stated that the fiscal year ends on June 30th and that only allows two weeks for the rural fire districts to meet the budget deadline of July 15th.

Hudkins remarked that the Nebraska Association of County Officials (NACO) can provide competitive rates on leases to the rural fire districts.

There being no further business, the meeting ended.

Kandra Hahn
Lancaster County Clerk