

**JOINT MEETING
LINCOLN BOARD OF EDUCATION
LINCOLN CITY COUNCIL
LANCASTER COUNTY BOARD
MAYOR**

**Tuesday, January 9, 2007
7:30 a.m. to 8:30 a.m.
County/City Building
Conference Room 113
555 S. 10th Street**

AGENDA

1. Minutes of April 3, 2006 (Attached)
2.
 - a.) Update on the new NW middle school/YMCA to be built in the Fallbrook development (Scott Weiskamp, LPS)
 - b.) Update on new elementary school in NW Lincoln/joint library (J.J. Yost/Lynn Johnson, City Parks & Recreation)
3. Coordination of indoor air quality projects at Calvert Elementary School/Calvert Recreation Center and Irving Middle School/Irving Recreation Center - (J.J. Yost and Scott Weiskamp)
4. TIF financing for schools: -
 - a.) City of Lincoln conditions of TIF financing - (Darl Naumann, Mayor's Office/Economic Development Coordinator and Dallas McGee, Urban Development)
 - b.) State's reimbursement formula
5. Continuing Business
6. New Business
7. Future Meeting Date

MINUTES
JOINT MEETING OF THE
LINCOLN BOARD OF EDUCATION
LINCOLN CITY COUNCIL/MAYOR
LANCASTER COUNTY BOARD
Tuesday, January 9, 2007 - 7:30 a.m.
County/City Building
Conference Room 113

Board of Education Members Present: Don Mayhew-President, Kathy Danek, Barbara Baier, Ed Zimmer, Lillie Larsen **Absent:** Doug Evans, Keith Prettyman

City Council Members Present: Patte Newman-Chair, Jon Camp, Robin Eschliman, Dan Marvin, Ken Svoboda **Absent:** Jonathan Cook, Annette McRoy

County Commissioners Present: Bob Workman-Chair, Bernie Heier, Deb Schorr, Ray Stevens
Absent: Larry Hudkins

Other Present: Mayor Coleen Seng; Susan Gourley, Scott Weiskamp, Dennis Van Horn, Lincoln Public Schools; J.J. Yost, Lynn Johnson, Parks & Recreation; Darl Naumann, Mayor's Office; Dallas McGee, Urban Development; Steve Hubka, City Budget Officer; Carol Connor, Lincoln Public Libraries; Randy Hoskins, Public Works & Utilities; Steve Henrichsen, Planning; Barbara Hanes, President & CEO of the Lincoln YMCA; Trish Owen, Lincoln Chamber of Commerce; and Tammy Grammer, City Council Secretary.

Mr. Workman called the meeting to order at 7:30 a.m. Self-introductions were made by those present.

APPROVAL OF MINUTES

Mr. Workman noted this is our first meeting since April 3, 2006, we have the minutes to approve for that meeting. Mr. Svoboda moved approval of the minutes from the April 3, 2006; seconded by Mr. Heier. Motion passed unanimously.

Update on the New NW Middle School/YMCA to be built in the Fallbrook Development

Scott Weiskamp handed out a map of the site plan for the design development on the new middle school at Fallbrook and new northwest YMCA. This plan is our latest version of a site in the Fallbrook development in northwest Lincoln for a proposed middle school where we are doing a joint adventure with the Lincoln YMCA and also working with Lynn Johnson for a small neighborhood park as part of it. We are in the design development stage of this project and scheduled to begin construction this spring or early summer for occupancy in the fall of 2009. The YMCA based on their funding and schedule could occupy potentially sooner depending on

the phasing of the project which is yet to be determined. This is the first collaboration with the Lincoln YMCA on a project of this size and this magnitude. However, facilities like this do exist across the country not a lot of them and we think this will be a show piece for Lincoln when we are done.

Mr. Camp congratulated them on the collocation that some of you have been talking about for so long. Mr. Camp asked how does the development of the YMCA interplay with the middle school. Mr. Weiskamp stated the site plan you received is color coded, light blue is the middle school component, peach color is the YMCA component and lavender color is the shared facility which are the physical educations shared classrooms spaces and shared labs that we would collocate and use at different times during the day, evenings and weekends so that's a collaboration where the facilities are jointly constructed and jointly utilized. We are currently in discussions along with Parks & Recreation staff and the YMCA staff organizing the schedule to allow us to use not only the building but the site facilities simultaneously throughout the year and to make sure that we don't design a facility nobody can use we want to make sure all of the programs that we intended to use at this location can be accommodated. Mr. Camp commented follow up to that, he assumes they're working out cost sharing arrangements as far as maintenance, snow removal of parking lot and that sort of thing. Mr. Weiskamp stated those are all the discussions that we are currently utilizing. We currently have three projects very similar with Parks & Recreation at Belmont, Calvert and Irving Middle School and we have similar arrangements for maintenance, snow removal and repairs that we have utilized and I think that will be a foundation on this facility as well.

Ms. Larsen stated something that's always a concern is when you have parent teacher conferences which is occasionally during the school year but it would be the same time that we would have extra folks coming to the school. We discussed this issue in the Planning Subcommittee that we can adequately accommodate the parking those evenings but the YMCA would be informed as to when there would be those evening meetings and programs so people are alerted to the fact there would be more folks in the area related to the schools. Mr. Weiskamp stated the discussions he mentioned that we are currently involved in we talked about all of those unique situations that could occur throughout the year.

Update on New Elementary School in NW Lincoln/Joint Library

Lynn Johnson reported there has been ongoing discussions about the replacement of the Arnold Elementary School and we also have an interest in planning for replacement of the Recreation Center in Airpark and the Airpark pool. The Airpark pool is the oldest pool in the system it's fifty years old at this point and at some point it's going to need to be replaced and we would like to get it on the same side of Northwest 48th Street as the neighborhood. There's also interest in relocating the library out of the duplex facility into more of a campus type setting but Carol Connor can talk about the library. We have been working very closely with LPS to investigate locations of sites which you will hear more about in fact there is an agenda item on the City Council for January 22nd for a twenty-four acres site where we can develop in a campus

setting all of those facilities. As soon as we finalize that site the intent is to sit down and master plan that site and look at how we would collocate the facilities on that site so that process is in motion and moving forward and both groups will see action items on this in the next several weeks. Mr. Weiskamp added he thinks all of you should be congratulated on behalf of both of these projects that we have just discussed, he thinks Lincoln has established a great collaboration and we reference back to Irving, Calvert and Belmont. He thinks these two projects are prime examples of where we've been and where we're going and also it's a tribute to the staff who have been working on these projects as well.

Carol Connor stated why her change in the process, she felt it was necessary to have basic infrastructure for public library service in the community. She viewed this as an opportunity given the fact that the area is practically isolated there is a very small library in that area. She saw this as an opportunity to collaborate which is something she has been hearing from the community for quite some time and there have been successful models other places in the United States so we saw this as an opportunity to try to create in a different environment probably with a better chance of success. Mr. Weiskamp stated we've been talking about these issues for probably three or four years as we've lead up through this potential project and he thinks one of the issues is a security issue of public libraries and public schools in terms of the clientele that we serve during the day. We have felt all along as we've had these discussions that we could solve those problems but we still have not solved all of them 100% and we continue to have discussions with the design team to try to figure out those problems.

Coordination of indoor air quality projects at Calvert Elementary School/Calvert Recreation Center and Irving Middle School/Irving Recreation Center

Mr. Weiskamp reported in conjunction with the bond issue a program Lincoln Public Schools has ongoing currently are the Calvert and Irving projects that relate to City facilities. The Calvert project is the furthest along in the design development stages and we're in the early stages of the Irving project that has been in the plan project for four or five years. J.J. Yost and Lynn Johnson have been working on the CIP Plan to accumulate funds to accommodate them. Based on a plan that we had even prior to the bond issue, if we would have passed the bond issue we still had an Indoor Air Quality Program that we were addressing and so I think both of these projects from LPS stand point will be good projects. Our discussions have been the Recreation Centers would be functional even during the projects, they may not be in the exact same spaces from a programmatic stand point but they will still function.

J.J. Yost added we have been planning for this in our CIP. It's a multi year funding for the last approximately three years that we have been building funds and will need this up coming year to complete our picture. We're timing this project to work with LPS so that we are doing one project at the same time.

Lynn Johnson added this was one of the CIP items the City Council saw during the Budget Retreat about a month ago. We just want to make sure that we are timing these projects and we are working together so that we get cost efficiency how we do this work.

TIF FINANCING FOR SCHOOLS:

City of Lincoln conditions of TIF Financing

Darl Naumann reported to give you an overview of tax increment financing (TIF), it's a public funding mechanism to help pay for public improvements associated with redevelopment. TIF is a very geographically specific funding mechanism you have to be in a TIF district and be declared after a blight and substandard study is completed. The City of Lincoln uses TIF based on the Nebraska Community Development Act and all of the blight studies are in conformance with the TIF process. The basic TIF you start with an area declared blighted and substandard then go to a redevelopment plan through the City or the Planning Commission and then it goes onto the City Council to be approved. Then the County Assessor does a base value identifying the assess valuation on all property in the TIF district and throughout the TIF process the property tax is levied on this base value. You have value continued to go to the tax amenities which means the school district, the county, and the city gets the base value in the TIF districts. The TIF district does not reduce tax collections, however, through the life spent on the TIF the taxes drive from increases in the assess value over the base year resulting from the new development or increase valuations goes geographically specific or it stays with the project which this is the increment the increase value in the assessment. In order to generate funds quickly what we generally do is bond for these increases in funds over a period of time, we use the bonds to do public improvements geographically in this project area. This entire process started back in 1952 in California the TIF process and then moved on across the country. It was adopted by Nebraska in 1980 and then in 1984 we had a change to the TIF law the voters approved this to add a financing mechanism for doing redevelopment projects. Dallas McGee can may be talk about the history of TIF in the City of Lincoln.

Dallas McGee reported we have had a number of TIF projects the City has worked on for a period of years starting in the 1980's, we've had probably over 30 projects that we have used tax increment financing to make the project possible. Initially, we focused in the downtown area and the Haymarket area and then we focused in many of our CORE older neighborhoods North 27th Street, University Place, Havelock typically neighborhoods that are well established but in the need of some assistance to redevelop. Most of our downtown projects over the past 20 years have utilized TIF and would of not been possible without the use of TIF without TIF the project could not be economically feasible so that is one of the things that we look at to bring a project forward. In the last couple years, we've received request to do TIF in other parts of the City, in parts of the City that we are calling the fringe part of the City which are newly developing areas of the City. In these particular areas blight is defined differently, we do a blight study every time to determine if there are blighting and substandard conditions and City Council adopts the area as blighted and substandard and then we will look at using TIF to help develop in the newly developing areas. At the direction of the Mayor, we are now putting together a process that will focus our efforts in these newly developing areas and we are identifying criteria that we would use both in the CORE areas and the fringe areas of the City that would help focus our efforts

within the CORE. The CORE areas we are defining as the 1950 boundary of the City and anything developed prior to that we are defining as the CORE. If it's within the CORE area we will look at it as we've had in the past which is an older neighborhood or downtown or Haymarket and look at TIF to help revitalize the area. If it's not in the CORE, it's in an area that we are calling the fringe which we are identifying some additional criteria that we will be using. If it's in the fringe area the TIF must be used to support a primary employer which can be an existing employer or a new employer and a primary employer is an employer defined as having 50% or more of its employment directed toward out of county sales. Further, we are identifying that no residential areas should be included in what we're calling the fringe TIF so as we begin to look at TIF in other than what we're calling the CORE areas it will be very focused. This is a process that we are just now developing, it is not finalized but it's a process that we think will help us in the future as we get more requests.

Mr. Stevens commented when you look at a TIF area in the CORE you go beyond just the project area. Looking at some of the TIF area that was included for the new redevelopment of the old Star Ship Theaters it appears the area goes three blocks beyond that specific project. How do you determine what the increase value is on those property? Mr. McGee responded many of the projects are at the boundaries and includes more than just the specific site and this particular project does have a four block boundary between 12th & 14th -"O" to "Q". In determining the value we use the same formula as we use if the project is large or small, we identify a base value for the district. Mr. Stevens asked how do you determine the increase value on a property that is not part of the actually construction? Mr. McGee responded if there's an increase and if the County Assessor comes in and reevaluates the property or if there are improvements to the property because of expansion or new development that's how the value is determined. Mr. Marvin stated part of the reason you have expanded territory is to allow you to use the TIF dollars. For instance, to put in a turn signal or turning lane or something else that redeveloped property might need but it allows you to spend those dollars which is a benefit to that property recognizing not all benefits can be spent directly on that property. Mr. McGee stated good way of putting it, the TIF dollars must be spent within the district and often times there are street improvements needed to be done that are not immediately adjacent to the property but do impact the property and impact the redevelopment. Mr. Camp asked if there are any projections made on how much growth this takes away from the City's tax pays for the schools, county, city and other entities? Otherwise, would have gone there that's now taken off the tax role sort of speak that appreciation. Mr. McGee replied he doesn't know that they've done those projections there are requirements in the statutes that limit the percentage of property that can be included as declared blighted and substandard at 35%. Mr. Stevens commented it has always kind of struck him unusual that the City is able to establish these TIF districts and spend county property tax dollars and spend LPS tax dollars doing it to spend the dollars to the NRD, Railroad Transportation Safety District and all the other levy in the areas. There's a report available from the property tax administrator's office which indicates in 2005 there was approximately \$2.7 million in property tax dollars that did not go to the taxing entity. But went to pay for some of these improvements and there was about \$368,000 the county gave up because the City Council said this TIF project was going to benefit all of us and yet I had no say in it. This is one of the reasons he was interested in this discussion is to say I think if you're not

going to consult the county board, NRD, school boards and the RTSD at least give credit for making a contribution to the efforts of somebody else. Mr. Stevens stated to the school board approximately \$1.7 million you lost in property tax dollars in 2005. Does that figure into the school formula? Mr. Mayhew responded the effect it has on the school district is a little more complex than just an effect on the bottom line. The difference in revenue that we would be missing to that year would be made up the following year in State Aid but then the opposite of that is also true any new development that would happen in a particular area we have seen numbers coming out about how much more revenue this new development would generate for the school district. He thinks that is a bit misleading because then also the following year it would come out of our State Aid. Mr. Stevens stated if the TIF included residential areas which would be new (residents) in the community you would provide the education to those people without any revenue coming from that residential area. Mr. Mayhew stated that's more of the effect it would have on us is on the new areas as families move in we would be expected to provide services, if we were to at some point to pay for new construction in that area the rest of the City basically would be picking up the tab for that new development.

Ms. Larsen commented she would like a clarification and asked Denny Van Horn to come forward and give his input on this subject. Mr. Van Horn stated he provide information at a City Council Meeting. When property is TIF we are not held harmless by the State Aid, we are held harmless only for our levy. We apparently have about 24 ½ cent of levy that we had no consideration for in State Aid formula which is outside the levy and this is where our bond indebtedness us so we lose the ability to collect tax on the increment to service our bonded indebtedness. Mr. Workman commented so what you're saying is that you lose when there is a TIF. Mr. Van Horn replied we lose revenue, they know there is a balance between tax increment financing and producing economic development that makes the city stronger and in the long run hopefully will generate revenue. The Board of Educations concern has been when you TIF new residential development you're creating development that creates the need for schools and we are most likely needing to bond for it. We cannot use the revenue off of the increment to cover the bonded indebtedness that was required to build the school for the residential TIF development and he thinks that's the major concern at this point for our Board of Education. Certainly the City has TIF for residential purposes previously but it has always been to his knowledge in areas where there were current residents. It was substandard housing and already had schools so you were not creating a new need for school you were generating new housing which is different then going out and doing a new development. We understand why TIF is used for that it's just that it does put us in a bind because it creates a need for us that we cannot collect the resources off of. Mr. Van Horn stated when our valuation goes up, regardless, how it goes up whether it's a new development or a reevaluation that is recognized by the State Aid formula so we lose that correspondingly. The State Aid formula is based on your ability to meet your need locally and then what you cannot meet locally getting State Aid to fund but as we have increase revenue then we see decrease of State Aid and we're not getting increment on our bond.

Mr. Mayhew stated in the areas where we have to provide those services in the short term that can have a negative effect on us but nobody here is saying that economic development is bad. The question that he has and possibly some other people have is considering how important this is may be it's something that can be worked into the City's budget rather than using this other tool which has an effect on the rest of us. Mr. Workman asked do we know how much we're using TIF compared to other cities? Darl Naumann responded we have large TIF districts established but when you look at percentage we have not really used a lot of TIF so far. There's a potential for using a lot of TIF, we have huge districts now declared but right now compared to Hastings is about 2.1%, Omaha about 2%, and you look at the City of Lincoln about seven tenths at one percent. Ms. Larsen noted she finds it encouraging you're looking at the new full percent to identify the parameters on the fringe area. When do you anticipate having it finalized? Mr. McGee replied he thinks probably within the next few months. It's something that we have discussed for a while, we just want to be very careful about putting it together so it's something that we can use in a positive way. He thinks there will be a lot of requests for TIF and we need to be able to focus those requests in a way that will benefit all of us. The areas declared blighted are usually the largest areas and then within those areas we identify redevelopment project areas which might be a small piece of it, half of it or may be just one parcel. Mr. Mayhew commented he's been under the impression that blighting was intended to be used for an area that had already at one point been developed and the TIF money was going to be used largely for redevelopment. Mr. Stevens suggested to Mr. McGee as they develop their criteria for TIF, he would strongly encourage them to define economic development. He thinks based on what he has seen the City do with TIF dollars over the last couple years that the City and I have a great difference of opinion on what constitutes economic development. He thinks economic development is a concept that we could all agree to is a good idea but he thinks what is considered economic development varies greatly amongst individuals. Ms. Eschliman stated she would like to get feedback from the schools and the county on how we prioritize our use of TIF. We can TIF for a new business and we might have to TIF some houses to do it but we will get the jobs and in 15 years we will get the taxes. We can TIF on parks and trails which will never create a job and will never bring money but perhaps we think that's important. She thinks what they're asking us is why don't we have the money to do those things which is a fair question. So, she would welcome any feedback from the county and the schools on it.

State's Reimbursement Formula - Mr. Workman noted we covered this item with Mr. Van Horn under the discussion on 'City of Lincoln conditions of TIF Financing'.

CONTINUING BUSINESS - There were no continuing business items discussed at this portion of the meeting.

NEW BUSINESS - There were no new business items discussed at this portion of the meeting.

Mr. Mayhew requested in the future when items are placed on the agenda that the person who requested it be identified on the agenda.

Ms. Schorr requested the safe routes to school program item be placed on the agenda for next meeting. This is a new State and Federal program through the Nebraska Department of Roads called 'STRUTS' which is a new grant system where cities and counties can request these dollars to improve safe routes to school. We were briefed on it at the Officials Meeting and Mike Brienza or Scott Opfer would be the ones to provide the information.

FUTURE MEETING DATE: - The next meeting was scheduled for Monday, April 2, 2007 at 7:30 a.m. at the County/City Building, Conference Room 113 with the County hosting.

ADJOURNMENT OF JOINT MEETING: - There being no further business, the meeting adjourned at 8:32 a.m.