

**WORK SESSION
JOINT GOVERNING MEETING**

The Mayor and City Council of the City of Norfolk, Nebraska met with representatives from the Northeast Community College Board of Governors, the Norfolk Public School Board and the Madison County Commissioners on Monday, August 1, 2011, beginning at 11:30 a.m. at Prenger's Restaurant, 116 E Norfolk Avenue, Norfolk, Nebraska.

Interim City Administrator Shane Weidner called the meeting to order.

Roll call found the following City Council members present: Mayor Sue Fuchtmann and Councilpersons Brenneman, Coy, Merrill and Saunders. A quorum of the Norfolk City Council was not present at the meeting.

Staff members present were Interim City Administrator Shane Weidner, City Clerk Beth Deck, Finance Officer Randy Gates, Housing Director Sheila Miller and City Attorney Clint Schukei.

The media was represented by Susan Risinger, WJAG, Brian Masters, KUSO/KNEN, and Jerry Guenther, Norfolk Daily News.

Others present were:

Norfolk Public Schools – Dr. Marlene Uhing.

Madison County – Lee Klein, Jerry McCallum and Nancy Scheer

Northeast Community College – Dr. Bill Path and Dr. John Davies

Notice of the meeting was given in advance by publication in the Norfolk Daily News, and notice of the meeting was given to the Mayor and all members of the Council prior to the meeting.

Lease Purchases and Taxation Potentials on
Government Properties for Local Political Subdivisions

Finance Officer Randy Gates provided an overview of lease purchases and taxation potentials on government properties for local political subdivisions. The City of Norfolk is purchasing the Supertel building utilizing a lease purchase and created the Norfolk Public Facilities Corporation to issue debt for the building and hold title during the term of the lease, with title to be transferred to the City at the end of the lease for a nominal price. This is a common form of financing with the NECC Welcome Center and the Madison County Juvenile Detention Center financed the same way. Other Nebraska cities acquiring property through a lease purchase are Scottsbluff, Beatrice and Papillion.

Gates contacted the Madison County Assessor to verify the City's purchase of the Supertel building would not be subject to property tax during the term of the lease and provided a copy of a December 19, 2000 letter from Baird Holm Law Firm to the Douglas County Assessor. The letter verified that buildings purchased by the Omaha Public Schools through a lease purchase were not subject to real estate taxation. The Property Tax Administrator referred to Regulation 20-006.03 which states that a lease purchase (capital lease) is a form of financing, differing from an operating lease and the lessee's tax status determines the taxability of the property. However, Reg. 20-006.03 is a personal property tax regulation. It appears the position of the Property Tax Administrator is that prior to the effective date of LB 271 (January 2, 2000 making property owned by PFCs taxable January 1, 2011 but still exempt in 2000) property owned by PFCs was tax exempt, but beginning in 2001 such property had to be returned to the tax rolls. LB 271 implemented Amendment 2C (approved in November 1998) was not intended to tax publically used property. The change is to 21.1927(b) and was intended to tax privately used property owned by foundations.

Current options available to the City, however, are: 1) pay off the Supertel building as early as possible, 2) get voter approval of a bond issue to pay for the building, 3) acquire the property and request a tax exemption, or 4) pay the property tax (which amounts to approximately \$24,000 annually).

City staff has been in contact with Senator Mike Flood to propose legislation to clarify this issue. Weidner requested support from other local political subdivisions to get this issue resolved.

Legislation for Additional ½ Cent Sales Tax Option

Weidner explained LB 357 would have authorized an incorporated municipality to impose sales and use tax of 2 percent (an *additional one-half percent*) of statutorily permitted transactions. LB 357 further provides that if the change includes an

increase in sales and use tax rate, the question to voters would include a description of the proposed use of the revenue to be collected. Weidner stated the City of Norfolk has a need for additional funding for infrastructure improvements and an additional one-half percent would bring in approximately \$2.3 million annually. Any such legislation would most likely contain a sunset provision. Weidner requested positive interaction among political subdivisions when the Legislature considers this option in the future.

McCallum feels the additional one-half percent sales and use tax is a good idea, especially since it appears local governments will be receiving less federal and state funding in the future.

Housing Study Update

Housing Director Sheila Miller provided an update on the recent Downtown Housing Feasibility Study conducted by RDG. The study was paid for with federal dollars provided to the City of Norfolk through the Nebraska State Department of Economic Development Community Revitalization grant. Some highlights of the study are as follows:

- Biggest age group of population loss is age 25-39
- Rental market is 40% and expected to increase to 45% in the next 10 years
- Housing demand shows a need for 873 more units over the next 10 years
- City currently lacks significant number of high quality rental units
- Norfolk has physical environment to promote use of rentals in downtown area
- Condition of area residential, evening activity, cultural features and attractions are lacking
- Need to attract new retail, events/activities, more restaurants and entertainment
- Need to extend business hours in Downtown Norfolk

Miller explained private money and development is necessary to make any of these recommendations a reality.

Weidner gave a brief recreation update on construction of Veterans Memorial Park. The football field turf is down and the emblem in place in the middle of the field. Work continues on the visitors' bleachers, press box and home bleachers and staff is optimistic things will be ready for the first football game on August 26, 2011. A brief discussion was had about possible options to bus people to and from the field for games.

Madison County Commissioner Jerry McCallum briefly discussed progress on the Northeast Industrial Highway; ADM plant and upkeep of Madison County roads.

Dr. Marlene Uhing, Norfolk Public Schools (NPS), stated funding for schools is down, approximately \$2.5 million in State aid alone, but enrollment is increasing. NPS is working with other school districts on possible solutions to the decreased revenue. Uhing explained NPS is going completely wireless and briefly discussed the recent changes in staffing.

Dr. Bill Path explained fall classes at Northeast Community College (NECC) begin August 22. NECC spent a lot of time protecting properties in South Sioux City from the Missouri River flood waters. Path stated a proposed Pedestrian Mall, wide sidewalk/path with landscaping and plantings proposed to run from the dorms to the College of Nursing, has been postponed until next year.

The next meeting will be hosted by Northeast Community College.

There being no further discussion, the meeting was adjourned at 12:35 p.m.

Sue Fuchtman
Mayor

ATTEST:

Elizabeth A. Deck
City Clerk

(S E A L)