

**MINUTES
CITY-COUNTY COMMON
COUNTY-CITY BUILDING, ROOM 113
TUESDAY, SEPTEMBER 10, 2013
12:45 P.M.**

Present: County Commissioner Jane Raybould, Chair; City Councilman Carl Eskridge, Vice Chair; Roma Amundson, Larry Hudkins, Deb Schorr and Brent Smoyer, County Commissioners; Jon Camp, Roy Christensen, Doug Emery, Trent Fellers and Leirion Gaylor Baird, City Council Members; Mayor Chris Beutler

Absent: Jonathan Cook, City Council Members

Others Present: Angela Zocholl, County Clerk's Office

Advance public notice of the City-County Common Meeting was posted on the County-City Building bulletin board and on the Lincoln and Lancaster County, Nebraska, web site.

The Chair noted the location of the Open Meetings Act and opened the meeting at 12:45 p.m.

The following documents were distributed:

1. Rural Water District Annexation Fee Discussion Group and Maps (Exhibit A)
2. Agreement Regarding Annexation Fees Between Rural Water District No. 1, Lancaster County, Nebraska, and City of Lincoln, Nebraska (Exhibit B)

AGENDA ITEM

1 Approval of Common Meeting Minutes of August 5, 2013

MOTION: Smoyer moved and Hudkins seconded approval of the minutes of the August 5, 2013, City-County Common Meeting. Amundson, Hudkins, Raybould, Schorr, Smoyer, Christensen, Eskridge and Fellers voted aye. Gaylor Baird abstained. Camp, Emery, Cook and Buetler were absent. Motion carried 8-0 with one abstention.

Emery and Camp entered the meeting at 12:46 p.m.

2 Agreement on Rural Water District #1 Annexation Fees - Marvin Krout, Planning Director, Steve Henrichsen, Development Review Manager, Alan Wood, Attorney for Rural Water District #1 and Silas Clark, City of Hickman Administrator

Marvin Krout said an interlocal agreement has been negotiated between the City of Lincoln and Rural Water District #1 (RWD) for fees charged by the RWD when the City annexes land in the RWD's jurisdiction. The RWD encompasses about one-quarter of the County's area, mostly in the Southeast quadrant, which is a strong area of growth for the City. As Lincoln grows, City water and sewer is extended to those areas. Krout added, when the City annexes land within the RWD's jurisdiction, the City passes on the RWD fees to the developer. As the City grows, some acreages will be encompassed, and it would make sense to annex those "islands" into the City. In those cases, it is the City's obligation to reimburse RWD fees directly to the property owner.

Beutler entered the meeting at 12:53 p.m.

Krout said the RWD increased its fees in 2010. The fee for developers went from \$175/acre to over \$4,000/acre. The fee for the City annexing and charging a customer directly went from \$5,000/acre to over \$12,000/acre. As a result, a financial advisor was brought in to analyze the fees and a committee was formed with representatives from the City, County, RWD, landowners and eventually Hickman. An agreement was drafted; the US Department of Agriculture, who is the lender to the RWD, approved the agreement.

Steven Henrichsen reviewed the RWD maps and agreement (Exhibits A and B). He said the current agreement has annexation fees for existing customers at \$6,300/acre for the first 20 acres and \$315/acre for each acre over 20. Potential customers (properties not served by the RWD but within the boundaries) would pay \$315/acre. If an RWD customer is annexed and continues paying fees, there would be a 10% reduction in fees paid to the RWD. Henrichsen said there would be an agreement with Hickman in the future.

Camp noted Item 3d in the agreement should read November 1 to October 31 rather than October 31 to October 31.

Gaylor Baird asked about adjusting the annual fee for inflation. Henrichsen said the fee would start at \$315/acre and in January 2015 would adjust for inflation based on the previous November 1-October 31 period. Krout said it is a onetime fee.

Henrichsen said the application fee is paid to the RWD for application processing and setup. There could be circumstances where the City would annex an acreage subdivision being served by the RWD. Item 3g of the agreement says the City can install utilities to an entire subdivision rather than charging services for a few customers. An annual meeting will be held between the RWD and the City to review growth plans.

Raybould asked if initial customers have already paid the \$6,300/acre fee. Henrichsen said this payment would need to be done at the time of annexation.

Beutler confirmed there would not be a set term of years and that it could only be amended by mutual agreement.

Raybould questioned the County not being party to the agreement. Amundson said if the RWD moves forward to take over water service in other areas, then the County would likely be involved.

Alan Wood said the annexation policy for the RWD was first established at \$3,000 for a potential customer and \$5,000 for an existing customer. The 2010 increases were based off the cost of losing a customer and the effect on bond payment. The new formula is based off the total value of the RWD's assets for 1,600 customers, resulting in \$6,300 per existing customer. The County's zoning restriction of 20 acres was divided into \$6,300 for \$315. Annexation and loss of customers would reduce the revenue base. Federal statute 7 U.S.C. § 1926(b) authorizes the USDA to make loans for construction of a water district and prohibits adjoining municipalities from impairing the ability of a water district to serve its customers.

Silas Clark said purchasing the RWD lines for the northern piece of land annexed into Hickman cost around \$14,000. The future area of development to the west will cost around \$120,000. He discussed the importance of having manageable fees to develop Hickman.

Gaylor Baird asked what the next steps would be. Krout said the City Council would have its first reading of the agreement on September 23 with a public hearing and action on September 30.

3 ADJOURNMENT

MOTION: Smoyer moved and Eskridge seconded to adjourn the meeting at 1:25 p.m. Amundson, Hudkins, Raybould, Schorr, Smoyer, Camp, Christensen, Emery, Eskridge, Gaylor Baird, Fellers and Beutler voted aye. Cook was absent. Motion carried 12-0.

Submitted by Angela Zocholl, County Clerk's Office