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Urban Affairs Committee and Education Committee
November 13, 2013

[LR268]

The Committee on Urban Affairs and the Committee on Education met at 2:30 p.m. on Wednesday, November 13, 2013, in La Vista, Nebraska, for the purpose of conducting a public hearing on LR268. Urban Affairs Committee senators present: John Murante, Vice Chairperson; Bob Krist; and Scott Lautenbaugh. Senators absent: Amanda McGill, Chairperson; Brad Ashford; Colby Coash; and Russ Karpisek. Education Committee senators present: Kate Sullivan, Chairperson; Jim Scheer, Vice Chairperson; Rick Kolowski; and Les Seiler. Senators absent: Bill Avery; Tanya Cook; Al Davis; and Ken Haar. Also present: Sue Crawford; and Bill Kintner.

SENATOR MURANTE: All right. We're going to get started, folks. My name is John Murante. I'm state senator from District 49, which is Gretna, Nebraska, here in Sarpy County and basically all points west of Papillion and La Vista. We'll start with some introductions. I'll introduce Senator Kate Sullivan who is the Chairperson of the Education Committee to introduce her members.

SENATOR SULLIVAN: Thank you all for being here. Yes, I am Kate Sullivan, Chair of the Education Committee. I represent District 41 in central Nebraska, a 9-county area. We do have several members from the Education Committee here today. And I'd like them to introduce themselves as well starting with Senator Kolowski.

SENATOR KOLOWSKI: Rick Kolowski from District 31 in the southwest Omaha area, Millard and a little bit of Elkhorn. Thank you.

SENATOR SEILER: You're it.

SENATOR LAUTENBAUGH: Oh, yes. Oh, I thought we were going by committee.

SENATOR SULLIVAN: We are. Senator Seiler.

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SENATOR SEILER: Oh, okay. Les Seiler of District 33, and that's all of Adams County and everything in Hall County except Grand Island.

SENATOR SCHEER: I'm Jim Scheer from Norfolk, District 19, which is all of Madison County and a little hunk of Stanton County.

SENATOR SULLIVAN: And Senator Scheer is Vice Chair of the committee.

SENATOR MURANTE: And from the Urban Affairs side, I'm the Vice Chair. I will be serving in Senator McGill's absence. She couldn't make it today, but she is the Chair of the Urban Affairs Committee. And we'll start from the right to introduce the members of our committee.

SENATOR KRIST: Bob Krist, District 10, northwest Omaha and Bennington and unincorporated parts of Douglas County.

SENATOR LAUTENBAUGH: And Senator Scott Lautenbaugh, just a very small part of northwest Omaha around...surrounded by Senator Bob Krist.

SENATOR MURANTE: And...

SENATOR SULLIVAN: To my left is Tammy Barry, and she is the legal counsel for the Education Committee.

LAURIE HOLMAN: Laurie Holman, Urban Affairs Committee.

KATIE CHATTERS: Katie Chatters.

SENATOR MURANTE: And that is all of us. So we are here today to discuss Senator

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Smith's interim study, LR268. Anyone who wishes to testify, we have green sheets that we're going to ask you to fill out. As you begin your testimony, please start by stating your name and spelling it for the record. We do not have a light system here, but we are going to try and confine the remarks to about five minutes. I'll let you know when you have about one minute left to speak. And then please try to wrap up your testimony. We aren't going to...to those familiar with testimony in most pieces of legislation during the session, we try and go from proponent to opponent. But we're not going to worry about that. Just come up and say what you have to say on the specific subject matter. Anything else that we need to go over?

_____ : Cell phones.

SENATOR MURANTE: Oh, yes. Please turn off your cell phones, anything that makes noise at all, will help this process go a lot smoother. So Senator Smith, if you would like to begin on your interim study.

SENATOR SMITH: Good afternoon, Senators, Senator Murante and Sullivan and members of the Urban Affairs and the Education Committee. For the record, my name is Jim Smith, J-i-m S-m-i-t-h, and I represent the 14th Legislative District here in Sarpy County. In fact, you're sitting right in the heart of District 14. I want to thank both committee members for making the trip here to Sarpy County and for accommodating the majority of testifiers that I believe are from the Douglas and Sarpy County areas. There is considerable interest in today's hearing. And many of those here today have prepared testimony. Therefore, I will attempt to be brief in my opening comments. I'm here this afternoon to introduce LR268 which is an interim study regarding how school district boundary lines impact community growth and economic development. Though this could be interpreted as a fairly broad study, we know LR268 is really about the boundaries of the 11 school districts that make up the Douglas-Sarpy County Learning Community. Although there may be testimony today that touches on different aspects of the Learning Community, I want to be clear that my intention here today is to isolate the

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related discussion to the boundary issue. With the creation of the Learning Community, the boundaries of the 11 member school districts were essentially frozen to address the one city, one district issue. However, under the Learning Community Organization Act, a mechanism was put into place that allowed the boundaries of member school districts to be adjusted. Today, that mechanism requires 100 percent agreement between all parties affected by a change in the school boundaries. Over the interim, I visited with several key stakeholders on this issue. And due to the diverse perspectives of these stakeholders, gaining a clear consensus will no doubt be a challenge. However, I am nonetheless committed to working with all parties to find a workable solution to the issue that's at hand. On the issue of modifying school boundaries, we have different entities with different priorities yet each very legitimate and all very important, particularly to the communities that they serve. In the Sarpy County area, we have growing communities and a growing population that are needing to expand into rural areas. Fortunately, we have developers--and you're going to hear from some of them today--that are willing to fulfill the demand for growth by building on the fringes of these expanding communities. But these fringes often fall into the territory of neighboring school districts. We have also seen that buyers of these newly developed properties often want to live in the same school district as their neighbors or to have certainty of their school district and therefore make the school district a basis of their purchase decision. Then we have the well-being of school districts being affected by this issue regardless of which side of the boundary dispute they fall. These schools districts need reliable funding to serve their families. Unfortunately, there are unintended consequences of the Learning Community law when it comes to the common levy and the funding formula, consequences that force some school districts to depend more on their property tax base and thus become more protective of their boundaries. This all leaves us with an impasse that our current law does not provide for. I'm not optimistic that we will arrive at a solution today. However, what we can achieve today is a forum for all sides to voice their concerns, to offer their solutions, and to make known to this joint committee the issues affecting economic development in this area of our state. My goal with LR268 is to make sure everybody is at the table, and I hope that this study is the beginning of a comprehensive and ongoing

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dialogue between the Legislature, our school districts, and our community leaders.
Thank you. [LR268]

SENATOR MURANTE: Thank you, Senator Smith. Before we get to questions, I would like recognize a few other Senators who have joined us. Senator Sue Crawford from Bellevue has joined us. Senator Bill Kintner from Papillion, he also represents Cass County and a little bit of Otoe County, has joined us as well. So are there any questions for Senator Smith? Senator Sullivan. [LR268]

SENATOR SULLIVAN: Thank you, Senator. I just wanted to ask if you would prefer that we save most of our questions for some of the testifiers? Or do you want to field some or...? [LR268]

SENATOR SMITH: I would be more than happy to attempt to field any questions if you would allow me to be able to defer those if I feel they're more appropriate for someone that follows me. [LR268]

SENATOR SULLIVAN: Sure. When you say that under current law and circumstances, there has to be a 100 percent buy-in from everyone, who is everyone? [LR268]

SENATOR SMITH: Everyone affected by that change in that boundary, so particularly the school districts that would be affected by that boundary move. [LR268]

SENATOR SULLIVAN: And to date, do you know of what kinds of conversations have gone on? [LR268]

SENATOR SMITH: You know, I believe that our school districts, the superintendents work very well together. And I am certain that there's probably been...has been some conversation among those superintendents. And perhaps that would be a question for them. But I do believe that they are working diligently to try to resolve issues themselves

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and maybe there's been conversations between them. [LR268]

SENATOR SULLIVAN: Thank you. [LR268]

SENATOR MURANTE: Thank you, Senator Sullivan. Senator Lautenbaugh. [LR268]

SENATOR LAUTENBAUGH: Thank you, Senator Murante. Thank you for bringing this, Senator Smith. Is the main issue here as I think as you indicated when we're developing a parcel of land and that changes basically the character of it and the valuation of it as well? [LR268]

SENATOR SMITH: That's right. And you know how homebuyers are. They like to have certainty in where their school...what school district they reside in and how far away they're going to send their children to attend a school. And so as you see an area develop such as the city of Papillion and as they grow, they grow into agriculture rural area. And as those properties become developed, they still...those properties may reside in a different school district, more of a rural school district. And those school districts provide great services as well as the Papillion-La Vista Schools do. And then we may also be talking about Bellevue here as well. The problem becomes it is a factor in the minds of the homebuyers, and it does affect the way those cities grow. So we have to have some way to remedy this. [LR268]

SENATOR LAUTENBAUGH: Are we possibly moving towards some sort of a mechanism whereby the developer, who would presumably own the property that is being developed, would make the call but the existing school district would have some claim on the revenue at the prior valuation for a period of time and the new school district would have some claim on the tax revenue with the new developed value on a go forward and you'd phase out the old and phase into the new? [LR268]

SENATOR SMITH: That's interesting. I did not arrive here with a predetermined idea as

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to how this would be resolved. But perhaps so, perhaps something like that could work.
[LR268]

SENATOR LAUTENBAUGH: So with a show of hands, maybe we could cut this short. Is that okay with...? No, I'm kidding. It was just a thought. I didn't know if there was a proposal out there of something like that. [LR268]

SENATOR SMITH: Not that I'm aware of. I'm not aware of a proposal on the table, but I have heard scenarios like that expressed. [LR268]

SENATOR LAUTENBAUGH: Thank you. [LR268]

SENATOR MURANTE: Thank you. Are there additional questions? Senator Krist.
[LR268]

SENATOR KRIST: Thanks for bringing it, Senator Smith. I guess it's more of a comment and then allow you to chime in if you'd like to. It seems to me we now are going back to our SIDs and who potentially might annex the SID in terms of what city they might belong to. And the complication here is that we have a Learning Community that has lines drawn. And we have the have and have not mentality with the buyer who will say, I want to be in the Millard School District or I want to be in the Bennington School District. So some of those homes...I'm aware of one development in particular where the development is partially in OPS and partially in Bennington, in my district. Some people want to buy across the street, for example. So my comment is, we really, several years ago, discussed having cities sign up to annexation plans when developers come in with SID potential. And the annexation plan could then include a plan for what school district those might be in. It follows very closely, I think, to what Senator Lautenbaugh had just suggested, but it uses a mechanism that actually I feel comfortable talking to. And that's I guess why the Urban Affairs group is here today. But can you talk to that just a bit, or would you like to? [LR268]

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SENATOR SMITH: I'm not certain I want to follow that path too far as I don't want to take away from some of the suggestions and comments that others may have that follow me. I do want to try to not approach the table right out of the gate with a solution. I understand what you're saying and I think something along those lines may be a good solution. I'm going to leave it at that, and I will certainly come back up for a closing and to see if there's anything that needs to be wrapped up. I would be more than happy to answer all those questions. I do want to make one comment though. This is a joint hearing, a joint meeting. And when I introduced the resolution, it was my intent that it be a joint hearing. And I'm very happy to see the Education Committee and the Urban Affairs Committee both here. And the reason I think it's import that both committees are here is that this is not just a zoning and a urban development issue. It touches on the Learning Community. It touches on school boundaries. And I think that the Education Committee should play a role in hearing these discussions. So I appreciate both of you being here. [LR268]

SENATOR KRIST: Thank you. [LR268]

SENATOR MURANTE: Are there any other questions? Seeing none, thank you. So we will open it up to testimony now. Again, please turn in your green sheet into the bin right there. And when you begin your testimony, start by saying and spelling your name. So no one would like to testify? (Laughter). [LR268]

GERALD TORCZON: Where do I fill the green sheet out at? [LR268]

SENATOR MURANTE: We'll get you a green sheet, Jerry. [LR268]

SENATOR KRIST: There's one in the back. You can grab it later. [LR268]

SENATOR MURANTE: Yeah. And I'll let you know when you have about a minute left to

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wrap up. Thanks, Jerry. [LR268]

GERALD TORCZON: Thank you. And thank you for taking the time out for this important subject. My name is Jerry Torczon. I'm a local real estate developer and homebuilder in the metropolitan Omaha area. I'm...been developed...been involved in over 20 subdivisions, mainly residential throughout the greater Omaha area. I'm a past vice president of MOBA, Metropolitan Omaha Builders Association, and I'm currently the president of the Home Building Professionals of Greater Omaha. We do have Jerry Standerford who is the present MOBA president in the audience. And my testimony and concern today is mainly about the development ground in the metro area, mainly Sarpy County. We as homebuilders, we build on an average of 3,000 to 3,500 new homes in the metropolitan area every year. And we did this through the '90s and early 2000s. In 2006, we reached a point of 5,200 homes. And that lent to an oversupply in the general market. And in the last five years, there has been a lot of the existing lots eaten up. Development and homebuilding has turned back around. We feel that there will be a lot of growth in the Sarpy County area. As you've seen growth and development in Omaha, Omaha has developed mainly to the west. And we're reaching a point where the ground available in Douglas County is getting limited because we hit the Elkhorn River bluff mainly between Harrison and Maple. So the available ground in the next ten years that we feel as an industry is in the northwest, 180th and Maple area, or in Sarpy County. There's people in our development community that feel Sarpy County will probably see 70 percent to 80 percent of the future growth in the next 10 years. We feel that. We've had great success on two subdivisions that we did in Sarpy County, Shadow Lake, and we did one in Cimarron Woods on 96th and Harrison in La Vista. We handed out this map showing the school district boundary lines for Sarpy County. And the black squiggly line going through the middle is the ridge line. Everything below that ridge line is not sewerable. There's no sewer available except right around the city of Springfield. So we as an industry feel that if 70 percent of the development in the next 10 years comes in Sarpy County, half of Sarpy County cannot be developed because of lack of infrastructure: water, sewer, and a host of other things. And nobody probably has the

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resources to do that infrastructure. It'll be a joint venture between public/private--cities, county, and developers. For developers to do it, they would want that to be a high-probable success rate and have the right school district. And I want to make sure it's clear that I personally feel every school district in Sarpy County is an excellent school district. This is not about education. This is more of what the consumer is demanding. We sell houses to people that are suburban. You know, we've built houses in rural areas, but the majority of our buyers coming in are from out of town, other states. And we feel that for somebody to build that line it's going to take some cooperation... [LR268]

SENATOR MURANTE: One minute. [LR268]

GERALD TORCZON: One minute. Okay. And when development comes, the...when the development comes and the rooftops come, it typically brings services, businesses, property tax increase, sales tax. And like I said, our consumers really pick where they want to live. Right now, there's very little ground in the...there is no ground available to develop in the Bellevue School District. There's limited in Papillion. Gretna has quite a bit. And we see that if we could have ground available in all the school districts, especially with the Learning Community and the funding coming out of one pot, any growth that's going to be done in Sarpy County benefits everybody. I don't see a loser in this equation. And our industry is rebounding. And I don't think we're prepared for the growth, quite frankly, because of what I've said on the infrastructure. So I think that it's going to harm us in the near future if something is not settled. And I'm hoping that between the cities and the county and the school districts and the private sector that we can get these problems solved and continue to grow the economy and metro Omaha surroundings. [LR268]

SENATOR MURANTE: All right. Thank you very much. Are there any questions for Mr. Torczon? Senator Sullivan. [LR268]

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SENATOR SULLIVAN: Thank you for your testimony. Okay, so if I understood you correctly, any growth is good for the whole area and all the school districts. But then you also said you believe your consumers want to be able to take their children to the right school district. [LR268]

GERALD TORCZON: Well... [LR268]

SENATOR SULLIVAN: I mean, I'm having a hard time understanding then what the boundary issue...the problem is. [LR268]

GERALD TORCZON: Well, when I say, the "right," the consumers and the people coming from out of town typically look for a suburban district, one that has shopping and hard surface roads and street lights. And you know, they're just not from a rural community. My family was originally from the Columbus-Tarnov-Humphrey area. I'm familiar with rural. We have farm ground out there. You know, it doesn't bother me, but it's...these people wash their car every week. It's just a different buyer that's coming from other states to work in our community. And we're trying to get these people to come to our state, and we have no mountains or ocean or nothing to offer them. We have affordable housing and a good strong economy. But the consumer drives all choices. [LR268]

SENATOR SULLIVAN: Okay. Thank you. [LR268]

SENATOR MURANTE: Before we continue with more questions, will you spell your last name for us? [LR268]

GERALD TORCZON: Last name is T-o-r-c-z-o-n. [LR268]

SENATOR MURANTE: Thank you very much. Are there additional questions? Senator Lautenbaugh. [LR268]

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SENATOR LAUTENBAUGH: Thank you, Senator Murante. Thank you for coming today, sir. So what you're saying is you're building these developments near other cities, if you will, or towns in Sarpy County. And the people that are moving into these want to go to the schools that are within the urban or suburban areas. And they're... [LR268]

GERALD TORCZON: School district is probably the first question a consumer asks. [LR268]

SENATOR LAUTENBAUGH: And not that there's any problem with the other school districts in Sarpy County, but they're more rural. And some of the high schools and other schools are more remote. [LR268]

GERALD TORCZON: That's correct. [LR268]

SENATOR LAUTENBAUGH: That's the point you're getting at is that it's just, it's a different character of school than maybe some of these people from other urban centers are used to moving into the area. [LR268]

GERALD TORCZON: Well, typically a lot of them are coming from other suburban districts in other states. [LR268]

SENATOR LAUTENBAUGH: Thank you. [LR268]

SENATOR MURANTE: All right. Thank you, Senator Lautenbaugh. Any additional questions? Seeing none, thank you very much, Jerry. Appreciate it. [LR268]

GERALD TORCZON: Thank you for your time. [LR268]

SENATOR MURANTE: Welcome. [LR268]

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JOHN DICKERSON: (Exhibit 1) My name is John Dickerson, J-o-h-n D-i-c-k-e-r-s-o-n. I am a commercial real estate agent and also I'm president of the Nebraska Association of Commercial Property Owners. I appreciate and thank you for allowing me to testify today, Senators. The handout you have has two aerials in it. I'm going to talk about the first aerial first. This first aerial shows a 77-acre piece of ground that I have had listed since January of 2008. Of course, that was right before the residential demise and also the Great Recession that we just went through. When I got the listing in January, I went directly to city planning to find out what I could do with this property, if I could find a buyer for it. They advised me that it needed to be low-density housing, nothing else. I went to the Papillion-La Vista School system and asked them about the site and they said it was not in their system. It was in the Springfield Platteview system. After talking to them, I contacted 20 or more builder-developers, and I was told almost unanimously that, no way, nohow unless that site gets put into the Papillion-La Vista School District. Papillion-La Vista School District told me that they couldn't do anything about it because of the impending Learning Community so...because all the boundaries would be frozen. Move forward to 2012, I contacted the Papillion-La Vista School system again. They said, well, the only way you're going to get a boundary change is if Springfield Platteview approves it. And I said, what's that possibility? And they said, well, you'll have to talk to them. So we talked to Platteview Springfield, new superintendent. And he said he'd look into it. Well, we heard back that they thought there might be something that could be done, but then it came to a standstill. Since I had this ground listed, also in 2012, another piece right next to mine...as you can see on the plat, there's a green area just to west of my site that I have listed. That's a 20-acre site. And that's also available. It is also outside the Papillion-La Vista School District. There has been discussions between the two school districts. There's been discussions from folks in the community to both school districts. And nothing seems to be getting done. My first point, and I have two points. My first point is about this. I think frozen school boundaries deters economic development. If people won't buy houses in areas that are in the school system they want their kids to be in, they aren't going to buy. Therefore, nobody is going to build. If

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you don't build rooftops, then nobody in the commercial community is going to develop any commercial properties either. My second point is on the second aerial. I took this off the Sarpy County Web site, GIS. And it shows that next to my site is a brand new Papillion-La Vista elementary school. And if you look down in the left corner at 108th and Platteview Road, that would be the closest elementary school for these kids who would...living in a house in my 77 acres to go to. And that's a long way to be bussed when they could easily walk in their own neighborhood to their own neighborhood school. It just doesn't make any sense to me. So that's my points. Any questions?
[LR268]

SENATOR MURANTE: All right. Thank you very much. Are there any questions?
Senator Krist. [LR268]

SENATOR KRIST: Thanks for coming. Thanks for your testimony. When you said you were approved by the planning board, what city? [LR268]

JOHN DICKERSON: We weren't approved by a planning board. We were just told by the city of Papillion planning department that they wanted low-density, mostly single-family housing in that area,... [LR268]

SENATOR KRIST: So you... [LR268]

JOHN DICKERSON: ...basically an extension of the current Shadow Lake housing subdivision. [LR268]

SENATOR KRIST: Okay. So you went to Papillion. So the natural assumption is that the annexation of that property would be Papillion. [LR268]

JOHN DICKERSON: Yes, because it's within their one-mile, three-mile jurisdiction.
[LR268]

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SENATOR KRIST: Okay, not Springfield. [LR268]

JOHN DICKERSON: Not Springfield. [LR268]

SENATOR KRIST: Okay. [LR268]

JOHN DICKERSON: Too far away. [LR268]

SENATOR KRIST: Too far away. So once again, to my initial point, the developers have had a free-for-all, and I'm not saying that in a bad way. But it's...you know, our growth has come from an SID that builds to a city code. The city code, in some cases, is Omaha, Papillion, whatever, whoever it is. But there's no real annexation plan and, therefore, there's no real design of what the infrastructure in the future is going to look like. Complicate that with the fact that the school districts don't always line up with the cities in general. Go back to the original one city, one district discussion that we had. What would be your solution? [LR268]

JOHN DICKERSON: My solution would be to move the boundary for this property because it's right next to a school system. I mean, it's ludicrous to drive kids five miles away or however far on a bus when they can walk virtually out their backyard to the school grounds. [LR268]

SENATOR KRIST: Is it your understanding that the Learning Community would not allow the kids in that district to go to Springfield...to the new school as opposed to going to the Springfield School system? [LR268]

JOHN DICKERSON: I'm not versed enough on the Learning Community and how that works. By reading the paper, I know that there's some way that if they apply to go to a different school district they can do that. But that's about all I know. [LR268]

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SENATOR KRIST: Okay. I'm not trying to put you on the spot. There's other experts that we'll ask that same question of. But here again to my initial point, we can build a piece of property. We can build a subdivision. We don't have an annexation plan. Somebody's planning department is telling you you can build there, but all the infrastructure, and I include the school system as part of the infrastructure, is not understood from the very beginning. So thank you for your comments. [LR268]

JOHN DICKERSON: You bet. [LR268]

SENATOR KRIST: And thanks for coming. [LR268]

SENATOR MURANTE: Thank you. Are there additional questions? Senator Lautenbaugh. [LR268]

SENATOR LAUTENBAUGH: Thank you, Senator Murante, and thank you for coming today, sir. And to be clear, none of the developers that you talked to had anything negative to say about the school district to the south, I'm assuming, in your conversations. [LR268]

JOHN DICKERSON: No, they didn't. [LR268]

SENATOR LAUTENBAUGH: It was just geography and convenience and kind of common sense and a familiarity with what the potential homebuyers would want. [LR268]

JOHN DICKERSON: Right, right. No, I'm not belittling Springfield Platteview at all. In fact, when I talked to the superintendent, Brett, I felt very comfortable with him. He probably has a very good program down there. It's just location-wise, it doesn't make any sense. [LR268]

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SENATOR LAUTENBAUGH: Okay. Thank you. [LR268]

SENATOR MURANTE: The question I have for you is, I have a lot of constituents, probably 20,000 constituents that live right along Harrison Street in developed neighborhoods, SIDs. They're not incorporated, but they are in developed neighborhoods that may have been around for an extended period of time. And to those people, I have heard a lot of concern expressed about how if we just go back to unfreezing boundaries and that's just...that's the solution to this problem. That they're sitting right next to Papillion and La Vista but they're in Millard schools. They like Millard schools and they don't want to change school districts. So I understand your concern, but how can we address their concern that we're fixing one problem but creating a different problem that you're transferring entire neighborhoods, thousands--tens of thousands of people potentially from one school district to another when they don't want to change? [LR268]

JOHN DICKERSON: I don't know that I have an answer for you. (Laugh). [LR268]

SENATOR MURANTE: Okay. Fair enough. [LR268]

JOHN DICKERSON: I'm bringing to your attention a specific instance. And my personal...I mean, my second point is really my personal thoughts. If I had a kid, I was going to live somewhere I certainly wouldn't want him bussed five miles or more. [LR268]

SENATOR MURANTE: Sure. All right. Thank you. Anything else? Thank you very much for your testimony. [LR268]

JOHN DICKERSON: Thank you. [LR268]

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SENATOR MURANTE: Welcome. Thank you. [LR268]

DAVID BLACK: (Exhibit 2) Thanks for giving us the opportunity. My name is David Black, B-I-a-c-k, mayor of the city of Papillion. Thank you for giving me an opportunity to testify, and thank you, guys, for your elected service. I'd like to specifically thank Senator Smith for sponsoring the resolution. And hopefully I'll get the annexation question and the Millard question at the end. Before I start, I want to really make sure that I understand that I'm not offering any criticism of the Learning Community in this testimony. The city of Papillion has never taken a position on it. We know there's passionate and reasonable people on both sides of that issue. Purpose today is just to talk about the one specific component of the frozen boundary and the impact that is has on us. I want to start with my conclusion and then I'll get into the back story a little bit. In a number of ways, Sarpy County is a critical component of the economic engine for the entire state of Nebraska. Sarpy County is the growth area for the state, and Papillion is in the center of that growth. So this is...what we're talking about is not just a Papillion issue. This is a state issue. Within the boundaries of Papillion's zoning jurisdiction are two school districts. Within those boundaries, the developable land in each school district has generally the same access to infrastructure--roads, sewers, water, that type of thing. The market, as you heard from the prior two developers, is clearly favoring one of those districts over the other, and we're almost out of land in the one area the market is looking to. As mayor, I think about economic development all the time, and at the forefront of that issue is the frozen school district boundaries where the first-class cities abut rural agricultural land and some of the illogical development patterns we're already seeing because of that. I probably think of this issue more than I think about roads, sewers, and taxes. The background, 13 years ago, all of the property in Papillion had an assessed valuation of \$661 million. August of 2013, we're at \$1.34 billion, 103 percent increase in 13 years. During the same time frame, Papillion's sales tax revenue increased by 344 percent. Fiscal year 2000-2001, our sales tax generated almost \$8.2 million to the state of Nebraska. In the last 13 years, that's increased 233 percent to almost \$27.3 million dollars in sales tax to the state of Nebraska. The state itself has

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realized an average annual sales tax increase of almost \$1.5 million each year over the last 13 years, and that's due to the economic development that's occurring in Papillion. And additionally, the Papillion taxpayers have contributed a combined \$17 million to the school district and the Learning Community. So let me give you my unique insight into what I believe is some factual data behind that that's relevant to this. Virtually all of our new development over the last decade has taken place across the Highway 370 corridor from 72nd to 132nd Street. I gave you a map, the first one marked Exhibit A. You can see on there the South Sarpy School District is controlling almost 40 percent of the primarily undeveloped land in all of Sarpy County. And that had been talked about on the prior map. Exhibit 2, the second map, that shows the area within the city's ETJ, our two-mile zoning jurisdiction, prior to the implementation of the Learning Community. That's the red line. In the three years immediately preceding the implementation of the Learning Community, \$312 million in new residential homes were constructed. Those developments are about 90 percent built out today and on the tax rolls. So to contrast that, look at map 3. That area depicts the development that's taken place so far in just 2013 within our zoning jurisdiction. And in the last 11 months, 500,000 square feet of commercial property has been developed. We're in the process of developing another 1,109 new residential lots and that's almost \$500 million in projected property tax and additional sales tax. Only 39 homes are in the South Sarpy boundary area and the other 1,075 are in the Papillion-La Vista School District. And those 39 homes are actually in a development that was started in the Papillion-La Vista School District. And those 39 homes would not have been developed but for that development. If you don't take anything else from my testimony today, remember that since the implementation of the Learning Community boundary line restrictions, fewer than 100 new residential lots have been proposed within South Sarpy. However, more than 4,000 new homes have been proposed or built in the Papillion-La Vista School District. That's the market talking about the boundaries. Future growth, there's a fourth map, Exhibit 4. That shows land within the South Sarpy District boundary contains almost all of our future contiguous growth. But because of the historic facts of how the market works and the actual development patterns we're seeing, without some type of change to the boundary

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restrictions, I feel very strongly that our growth will certainly be impeded, if not stopped in its tracks, in Papillion and Sarpy County. As I currently understand the Learning Community law, there is the provision for swapping of land, but it takes 100 percent agreement of people on both sides. And what appears to be occurring is the smallest school district in Sarpy County is effectively impeding development in two first-class cities by not reaching compromise agreements with the developers and other school districts regarding where the market sees the logical boundaries. That's what needs to change. We would suggest an amendment to the current process. If a proposed development is taking place within the zoning jurisdiction of a first-class city within the Learning Community area, provide for an amendment that includes a provision giving the developer or the first-class city legal standing to file petition in court to determine the taxable value that a school district would lose if the land were actually transferred into the other school district. That limited legal standing could be restricted to only the areas that have never been developed or currently ag zoning. The school district losing the area would retain the right to appeal the taxable value, but the development would progress and remain in the district serving the municipality. Just want to wrap up real quick that that idea that we presented, I think it prevents a smaller school district from having veto power, the 100 percent on both sides, over the metro area's potential growth. And we think it's a creative solution that might be fair to all parties--the developers, the cities, the school districts. Thanks for hearing our concerns. I'll just conclude that we don't know all the cause and effect of these discussions. Don't profess to know everything about the solutions. Our staff will be available to help work it out. But we know the current system is not working. It will impact economic development in Papillion, and we are part of the economic engine of the state, and I fear for that.

[LR268]

SENATOR MURANTE: Thank you very much. [LR268]

DAVID BLACK: Thank you. [LR268]

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SENATOR MURANTE: You had asked for my question, so I'll give it to you. [LR268]

DAVID BLACK: The Millard question, you ask about the issue of your Millard constituents wanting to switch over to Papillion. And I think that's very valid, and other districts could say that same thing. And I think that's why in our proposed solution I talk specifically about first-class cities, and I talk specifically about ag developing areas. Millard is in Omaha. That is not a first-class city. The first-class cities are the ring cities of the metro area where the development is occurring. And I think that's where you're seeing this illogical development. And it wouldn't be between two cities that are already urbanized. It would be on that growth boundary, so a first-class city to an ag zone. So I think it would have a very limited focus. [LR268]

SENATOR MURANTE: But what would you do with SIDs? Obviously, by definition they're not in a city but they are... [LR268]

DAVID BLACK: The SID is already zoned though, and it's not ag. [LR268]

SENATOR MURANTE: Okay. So as long as it's not ag, you're safe. [LR268]

DAVID BLACK: Correct. [LR268]

SENATOR MURANTE: Okay. [LR268]

DAVID BLACK: So actually, it would be addressed during the platting process when the SID is being created. [LR268]

SENATOR MURANTE: Okay. Additional questions? Senator Sullivan. [LR268]

SENATOR SULLIVAN: Thank you for your testimony. What conversations have you had with some of the other parties involved? I mean, I assume...does Sarpy County

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have an economic development group? Have you talked with them? [LR268]

DAVID BLACK: We have. There's a number of economic development groups in the entire metro area. Some are regional planning through the (inaudible) partnership of the Chamber. Some are local countywide economic development corporations. And as a city ourself, I live and breathe economic development. We...I think everybody realizes that there is some unnatural development patterns occurring. And if the issue...if the boundary line is not addressed, development...it's not a stretch to say development will stop in Sarpy County. [LR268]

SENATOR SULLIVAN: Thank you. [LR268]

SENATOR MURANTE: Thank you. Senator Krist. [LR268]

SENATOR KRIST: Two quick questions, the first one, would you agree with...having been in the business long enough, would you agree that with an SID there should be an annexation plan for the city? [LR268]

DAVID BLACK: Yeah, that was a great question. SIDs are...if the city is approving that, that SID is within our two-mile extraterritorial area. Anything in that two-mile zone is solely within our annexation power, nobody else's. So as soon as...the minute that SID is formed, it knows what city it's going to be in. So the annexation plan is theoretically already developed at the time of platting and approval. [LR268]

SENATOR KRIST: Okay. So you contend that there's already an annexation plan because you're the city who's approved the plan. [LR268]

DAVID BLACK: That's correct. [LR268]

SENATOR KRIST: Then why not attach the school district to the annexation plan?

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[LR268]

DAVID BLACK: That could be one, when that SID is formed that it goes to that school district. That could be one solution. Again, like Senator Smith, I don't know all the ramifications of that. And I can also think logically, Mr. Torczon showed where the ridgeline was. I think it could be realistic that there's areas where Papillion and Springfield cities' zoning jurisdictions are starting to come together. And we cooperate. We're having some very active conversations on joint planning, and we work very well together. So I could see a logical spot maybe where our zoning jurisdiction is getting close to theirs. And when we hop that ridgeline, it may make more sense that that piece is in Springfield. So I don't know if it's even a hard and fast rule around our zoning. But that could be one solution. [LR268]

SENATOR KRIST: The Education Committee has been out on the road a bunch. And I think one of the things that they heard particularly with regards to the Learning Community is there might be two school districts that don't belong in the Learning Community. And we're talking about one of those right now. So I'll make that comment. I don't know if you want to comment to that or not. [LR268]

DAVID BLACK: No, we work well with all of the school district. We even have a part of Papillion that's in Bellevue. We have no issue with that. It's just we need to make sure that there's market certainty. And right now, there's not market certainty, and that's impacting economic development. [LR268]

SENATOR KRIST: Thank you, Mayor. [LR268]

SENATOR MURANTE: Senator Kolowski. [LR268]

SENATOR KOLOWSKI: Thank you, Mr. Murante. Mayor Black, we've had a great relationship in the past with the NRD work with your city and a very proven track record

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with your office and all of your staff to make progress and gains on the Papio Watershed. I hope what you're presenting here today might bear fruit or some other amendment to that because you've had a great record of solving problems and making decisions that would move your community ahead. And from the Papio NRD experiences I had for eight years, I thank you for those good experiences we've had. [LR268]

DAVID BLACK: Appreciate it. [LR268]

SENATOR KOLOWSKI: Continue. Thank you. [LR268]

DAVID BLACK: That's one reason I wanted to make sure we were bringing a solution. Don't know if it's right or not, but we think they're some ideas. [LR268]

SENATOR MURANTE: Thank you. Anything in addition? Seeing none, thank you for your testimony, Mr. Mayor. [LR268]

DAVID BLACK: Thank you. [LR268]

SENATOR MURANTE: Okay, we're going to give a microphone a shot here, so we'll see how this works out. Welcome. [LR268]

TED STILWILL: Thank you. I could try a little song with this. Okay. Let me know how that works. Is that better? [LR268]

SENATOR MURANTE: Sounds pretty good to me. [LR268]

TED STILWILL: (Exhibit 3) Okay. I'm Ted Stilwill. I'm the CEO of the Learning Community of Douglas and Sarpy County. Ted is T-e-d S-t-i-l-w-i-l-l. Today, as the CEO of the Learning Community, I really represent only that CEO perspective. I want to be

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very clear that the governing board of the Learning Community, the Learning Community Coordinating Council, has taken no official position on the matters in my testimony today. However, I will be reflecting what I intend to recommend to the Coordinating Council in terms of policy to deal with these matters. I think it's important to wait and see how some of these issues play out before I make those recommendations. Frankly, I first...I've been with the Learning Community a little over two years. I guess almost three years. [LR268]

SENATOR MURANTE: I think our experiment isn't working. [LR268]

SENATOR KRIST: Turn it off. [LR268]

SENATOR MURANTE: Yeah, if you'd just turn it... [LR268]

TED STILWILL: Good? Okay. [LR268]

SENATOR MURANTE: All right. [LR268]

SENATOR KRIST: Beautiful. [LR268]

TED STILWILL: Okay. I'll try and speak loudly so that the folks in back can hear. I've been with the Learning Community almost three years. I actually first learned of the Learning Community Reorganization Act in April of 2013. Prior to that time, just as you've heard testimony today, the boundaries are frozen, I'd heard that any number of times as part of the original legislative agreement. Indeed, that is not the case. There is flexibility, that's why the act is in place. And you know, I think that's what the conversation is about. I'd like to make it very clear that just as the Learning Community Coordinating Council is not responsible for the formulation of the common levy even though people oftentimes suggest that the Coordinating Council is responsible for the formula, neither has the Coordinating Council ever been asked to change boundaries.

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Now when you actually examine the legislation, which I would encourage some of the speakers to do, it clearly allows reorganizations including boundary changes but only if the Learning Community Coordinating Council submits a plan for reorganization to the state committee. They have not been asked to develop such a plan. They have not submitted such a plan. It's interesting when you read the statute. When there's a great deal of guidance and considerations that the state committee should use and in the language outside the Learning Community for dealing with reorganization, there's many pages of language about how to guide reorganization discussions across the state. That's, in my experience, fairly typical in rural states where there's a lot of conversation about school consolidation, reorganization, boundary shifts, and all of that. And they can become oftentimes divisive issues. However, it's interesting to me that the Learning Community Reorganization Act, while it does have language talking about what the state committee will do, it's silent on what the Coordinating Council will do to develop a plan, to receive a plan. So the conversation today is interesting, but I think you have to imagine a scenario where...does the Coordinating Council develop a plan of its own initiative, and based on what input and in what considerations? In April, there was some inquiry as to the process, how that process might work. I consulted at that time with the superintendents of the districts that may be affected, some of the districts that have been a part of this discussion. That consultation resulted in a perspective that would guide me in a recommendation to the council that unless there was a consensus among the school districts particularly documented by action of their local boards, in other words, if two or three of the boards that were going to be affected by this, if they agreed that the boundaries should shift, fine. But otherwise, the Learning Community Coordinating Council should not take a position on that arbitrarily in opposition to one or more of those districts. It simply wouldn't make any sense. And frankly, that recommendation, while I think it makes sense in this arena, it's also consistent with my 17 years of state-level experience in Iowa where I served as either the deputy or the chief state school officer, sort of the equivalent of Nebraska's Commissioner of Education. There was a lot of district reorganization, a lot of these kind of discussions. And I will tell you, those changes are best determined by the local leadership in those

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school districts, not by the state. And I was the state person in those conversations. There are times when a state should intervene. But it's when kids are getting hurt. I have not heard that issue raised so far in today's conversation. There are some times when school districts, in their conversations about the needs of the adults, forget about the needs of the kids in which case the state should intervene. And I'd add two other things. One, it's also been part of my experience that occasionally, developers and cities and economic developers actually plan together with school districts. They don't come in after the fact. Many times they do come in after the fact and you see the results of that. But it is possible, and I think, Senator, you were getting at this earlier, that in a "planful" way it takes longer and it takes more collaboration and it may take a consortium of developers in city government and so on. But you can have planned development that includes education. And in my conversation with the superintendents, I have not had much indication that was the case. And finally, as much as I like the members of the Coordinating Council, two of whom are here today, I'm not sure that that is the body that you want figuring that out. They don't have a background in some of the issues you're talking about. And frankly, it also leads to the impression that they are governing board in charge of the school districts which is not the case. And frankly, that's a counterproductive perspective. Be happy to answer any questions. [LR268]

SENATOR MURANTE: Thank you very much for your testimony. Are there any questions? Senator Sullivan. [LR268]

SENATOR SULLIVAN: Thank you, and thank you for your testimony, Mr. Stilwill. Okay, so I can kind of get a...the Learning Community Coordinating Council could have some say over boundaries. [LR268]

TED STILWILL: They could. [LR268]

SENATOR SULLIVAN: But the statutes right now are silent in terms of how that would work. If they did and if there apparently had been some collaboration and coordination

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between the two school districts that would be impacted by potential boundary changes, under current law, could they bypass the Learning Community and present their own plan to the State Reorganization Committee? [LR268]

TED STILWILL: I believe that that's the case. [LR268]

SENATOR SULLIVAN: Or they could present something to the Learning Community who in turn though would have to go to the State Reorganization Committee to have it approved? [LR268]

TED STILWILL: The state committee is the final arbiter, that's correct. [LR268]

SENATOR SULLIVAN: Okay. All right. [LR268]

TED STILWILL: In my reading. [LR268]

SENATOR SULLIVAN: Okay, okay. Thank you. [LR268]

SENATOR MURANTE: Are there any additional questions? Seeing none, thank you very much for coming on . [LR268]

TED STILWILL: Thank you. [LR268]

SENATOR MURANTE: Are there additional testifiers? Welcome. [LR268]

BRETT RICHARDS: Senator Murante. How are you? [LR268]

SENATOR MURANTE: Good to see you. [LR268]

BRETT RICHARDS: (Exhibit 4) Hello, my name is Brett Richards, B-r-e-t-t

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R-i-c-h-a-r-d-s. I'm the superintendent at Springfield Platteview Community Schools, the district that we have been named here as South Sarpy a couple times, the other district. But that's the one we're talking about here. Senator Murante, Senator Sullivan, members of the Urban Affairs Committee and Education Committee, thank you for providing this opportunity to speak on the Learning Community boundary and common levy issues and how these issues affect our school district as well as many others. Springfield Platteview administration and board of education have been and are willing to listen to issues affecting other school districts and economic growth within the county when it comes to boundary issues. Sarpy County is our home and we want what is best for all of our students educationally, absolutely. On a larger scale, we support all students no matter where they are in the state receiving the best possible education as we always have. Springfield Platteview Community Schools encompasses approximately 93 square miles within Sarpy County's overall territorial 241 miles, and it's populated by over 7,000 people. We have four schools total: two elementaries, a junior high, and a high school. The official school district enrollment as of the Fall of 2013 is 1,072 students in our PK-12 program. This ranks us as the 38th largest out of 249 school districts in the state of Nebraska. The district changed our name this past year to Springfield Platteview Community Schools to be more reflective of our district identity and to let people know on a map where we are located. We marketed ourselves for the first time and saw a 6 percent growth in students this school year which included over 45 students open enrolling in our junior high and high school. We did have, for the first time as well I'll point out, we had 60 open enrollment students versus 45 going out in our district this particular year. We're a highly successful Class B school district located in Sarpy County, and 1 of the 11 in the Learning Community. Springfield Platteview Schools has produced results that are remarkable when compared to other districts in the Learning Community and Sarpy County on the Nebraska state tests. Our students ranked first in the Learning Community on 20 percent of tests given by the state in the amount of students who met or exceeded on the 2013 NeSA State Assessment. We all know we have excellent schools and districts in Sarpy County with Bellevue, Gretna, and Papillion. Each of these school districts have strong reputations

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and have great leaders. And I'm privileged to work with each of them...and have been able to produce very good results in student achievement. I can tell you we are also very good school district in the county with our own results to prove it. Springfield Platteview Community Schools finished first out of all school districts in Sarpy County in 14 of the 20 NeSA tests given. The Governor recognized Platteview High School as one of the top five high schools in the state in Class B in 2012 in reading, math, and science. One of the perception issues we have faced as a district is that we are too far away from possible new development areas to serve them. We have an elementary school with room for students located on the corner of 132nd and Highway 370, just down the road from Werner Park, less than a mile away from Werner Park. Our junior high and high school is just seven miles away from Werner Park by taking paved 132nd Street to Platteview Road and then east to 108th. We're not that far away. This makes for a ten-minute commute to attend our junior high and high school for students on the north end of our boundary. There are many Papillion and Bellevue students that have longer commutes to their respective junior high and high school than this. When the Learning Community was formed, an essential compromise in the legislation was that our district boundaries were frozen and in turn we would have revenue to share with the other ten school districts in the two-county area. We feel that the revenue sharing formula in the Learning Community, where 8 of 11 districts lose money each year, makes it more difficult to meet the needs of all of our students. However, allowing for boundary line changes without the consent and approval of the affected districts will compound the problem and will break the compromise agreement that was made when the law was passed. Springfield Platteview lost \$1.38775 million, or 13.3 percent of our potential revenue in 2010-11. In 2011-12, the loss was \$1.142618 million, 11.2 percent of our potential revenue. In 2010, the formula was more reasonable with losses at \$310,183, which was only 3.1 percent of our potential revenue loss. But the amount this year, as you can see in every year, it goes up. Our loss was \$1,819,034, which is over 16 percent of our potential district revenue that we would have, most of that coming from our own district taxpayers which computes to around 14 cents of what our \$1.05 taxpayer levy would bring in if we were back to the old system of Nebraska school

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finance for the Learning Community districts or the current system of Nebraska school finance for the other 238 school districts in the state. This is disheartening to our district stakeholders to know that if we resided just a few miles south in Cass County, we'd have over \$1.8 million more to serve our students just this year. Losing this many dollars to the Learning Community essentially caps our levy at 91 cents with no state aid. That's where we're at. This is compared to almost every other school district in the state who is able to levy up to \$1.05 to meet their local needs. This is the situation our district is in under the common levy side of things. Another perception issue that we face is older facilities in our district. We're trying to address this situation through a bond election. We weren't successful last night in passing a large bond, but we will continue to work with our community on what they can support to bring our district facilities into a 21st century learning environment for safety and educational needs. We learned that a bond is tough to pass with taxpayers when so many tax dollars leave our district and go to other districts. Many of the taxpaying public has said this to us, that if we have the tax dollars we are contributing to other members of the Learning Community, we wouldn't need to ask for such a large additional taxes through a bond issue. Under current law, district boundaries in the Learning Community are frozen unless both boards of education can agree to a revision in these lines. Frozen boundaries are the only way we can gain enrollment and start seeing additional revenue in our budget over the next five to ten years. If we are forced to give up boundaries on our north and/or east end and miss out on potential development, we will not see student growth in the next decade in our district because of the ridgeline that we've talked about tonight that doesn't allow sewer expansion to come further south without millions of dollars of investment. This means no additional revenue for our district other than the valuation increases on the 10 cents we get to levy outside the Learning Community common levy. Sarpy County is a leader in this state in economic development and population growth for the foreseeable future, and the Learning Community common levy isn't helping us prepare for this growth. Great schools are important to economic growth, no question about it. According to Learning Community's recent financial analysis, the state has saved \$10.25 million in state aid to Learning Community school districts since the Learning

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Community was created. During the same time, Sarpy County school districts have lost \$12,230,015 to the common levy. This has and will continue to make it difficult for all of our school districts to handle future growth within the county no matter what the boundaries end up looking like. If we really want to talk about economic growth, then I think we should talk about how we can get rid or change the common levy. Sarpy County will continue to see the negative effects of the common levy from an economic growth standpoint. Lastly, I wanted to share a chart with you that breaks down the percentages lost or gained in potential revenue for each school district in the Learning Community according to the analysis. And you can see that the two smallest school districts there lose a...even though, you know, when you talk \$1.8 million, it doesn't seem like a lot of money. For us, that's 16.6 percent; \$1.6 million for Douglas County West is 21.5 percent of their potential revenue they could be having coming in. You know, I guess on a side note, just listening to earlier testimony, I would say that I don't know how Gretna, Elkhorn, or Bennington would have ever grown if they weren't given the same chance. And we're in a just an exact same situation as those districts were at one time. And developers came. They developed. And it's a sought-after community school district to go to school. And with our test results, our reputation we're starting to gain within the Learning Community, I don't see that being any different for us in the future. [LR268]

SENATOR MURANTE: Thank you, Dr. Richards. Are there any questions? Senator Krist. [LR268]

SENATOR KRIST: You made a statement at the Education interim hearing at the TAC building that if you were not part of the Learning Community, you would not have to take any state money. [LR268]

BRETT RICHARDS: That's correct. Yeah, we wouldn't. If we were not in the Learning Community, we would have no need for state aid. [LR268]

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SENATOR KRIST: I think that's... [LR268]

BRETT RICHARDS: And now we're dependent on state aid. [LR268]

SENATOR KRIST: I think that's an important point. When we start talking about school districts and competition and development, we should consider the reality of what legislation did to form a Learning Community. And we should talk about DC West and we should talk about Springfield in a way that's productive to the future of the Learning Community. So as we look at those boundaries and who's paying what, you know, I look at the benefactors of this and the losers in this. And DC West and Springfield don't seem to me to be...they don't seem to be winning at all at this game. And that statement alone makes me stand up and take notice. So thank you. [LR268]

BRETT RICHARDS: Thank you. Appreciate it. [LR268]

SENATOR MURANTE: Thank you. Are there additional any questions? Seeing none, thanks for coming in. [LR268]

BRETT RICHARDS: Thank you. Appreciate it. [LR268]

SENATOR MURANTE: Welcome, Dr. Riley. [LR268]

KEVIN RILEY: (Exhibit 5) My name is Kevin Riley, K-e-v-i-n R-i-l-e-y. I'm the superintendent of the Gretna Public Schools. As you've heard, the Learning Community law was a compromise--shared resources, the common levy for secured boundaries. Ten of the eleven districts, theoretically, benefit from one or both. One district benefits from neither. Sarpy County is in the Learning Community for two reasons. One, we were having our own Sarpy County boundary issues resulting in a lawsuit. And two...because if you remember this was a Douglas County issue. Number two, the Learning Community finances did not work without Sarpy County money. And if you

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look at where the money has flown from Sarpy, it has gone to Douglas. I recommend you proceed with caution when tinkering with the original compromise. If you change the boundaries/common resources compromise, you may/will have districts from both sides fight to the end again. However, there is a real need in Sarpy County to move the wastewater sewer lines across that ridge. In our county, that's like the Great Wall of China when it comes to the future growth of this county. And it can only happen if developers pay for all of that cost. (Laughter). And so we can't discount the developers that want to do this. It's really important to our county. Within the Learning Community law, as you've heard, two districts involved currently can resolve this boundary issue. But I will tell you, it's a lot to ask from them. This is not easy. It's not easy for them. It's not easy for their boards. It's not easy for their constituents because not only is this a boundary issue, it is a taxation issue. It's an issue of fairness. And all the districts, if we had all 11 of them in here and they talked about boundaries and common levy, you would see 11 very passionate testimonies. But there are solutions. The solution can be found in the resolution of our original differences that led to the Learning Community law. The original issues cannot be resolved without a true collaboration between the 11 school boards and superintendents in Douglas and Sarpy County. And this will take time. Thank you. [LR268]

SENATOR MURANTE: Thank you, Dr. Riley. I'm wondering about the practical effect. It seems like the problem that has been identified is agricultural land that has now being annexed...now being developed into an SID, that you have one city that just happens to be adjacent to a different school district. And it seems to me looking at the map that this, that concept isn't going to have a lot of immediate practical effect for Gretna Public Schools in light of the fact that all of our surrounding SIDs are already in Gretna Public School District. So when they get annexed...is that a fair assessment? [LR268]

KEVIN RILEY: Um-hum. [LR268]

SENATOR MURANTE: Okay. Thank you. Senator Sullivan. [LR268]

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SENATOR SULLIVAN: Dr. Riley, I guess from your last comments that this is something that needs collaboration among the parties involved. I didn't hear you mention the state. [LR268]

KEVIN RILEY: Seven, eight years ago, we weren't playing very well together. And the level of anger, resentment, anxiety--our district is great, your district stinks--was everywhere. It was a very volatile time, and it wasn't good for anybody. And so 8.5 of us out of the 11, after the original Learning Community law split Omaha into 3, it forced districts to start to talk to each other. I say 8.5 because 2 districts' boards would not let the superintendent go to the table. Well, one--one we wouldn't let come to the table. And half was in and out. But during those conversations--and there's only 3 of us superintendents left now from that original 11--we started to talk about our differences. And we developed a bill that was dropped by Senator Kopplin. And it was our attempt to start to resolve these issues. But it wasn't...we were not to the point when we dropped it mid-January of 2007, we were not to the point where that bill was in good shape in terms of what it meant and what our intent was. We just dropped it because we knew we needed to, and then we were going to amend it. It was attacked, and I understand why it was attacked. And our approach to collaboration, to resolve our issues from a legislative standpoint was ended. I think we have the ability to do it. The state, the Legislature can do whatever it wants. You have the power to tell us what you want us to do. We have school districts only at your discretion. We understand that. The problem with it is as you can start to see, some of the issues that have come to occur over time regarding boundary issues, common levy, etcetera, transportation issues, and all those types of things we've dealt with, those things can only be dealt with by us. And no matter what you do, you'll have some unintended consequences when you try and deal with these things. I'm not saying that we would resolve it. I think it's our best shot, and I personally believe in talking with superintendents that we could do this with our school boards. And it would be...if we started now with what we know over the last four years, what would we do? In that original bill that we dropped, there was no common levy. We

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didn't even feel like we had to secure boundaries from that standpoint. We were going to allow that all to sit as it was. There was going to be an agreement, we're not going to try and take over anybody. We'll work these through as school districts and school boards. But now that the common levy is a piece of it, it clouds the issue tremendously. And I do think we're getting to the point where we have to look at a better solution. I believe in what the Learning Community Coordinating Council is charged to do and what they're trying to accomplish. And they've done some really good things. They really don't have a lot to do with us as school districts, and that was the intent of the legislation. So really, we're talking about these things that separate us and cause these problems for us. And in order for there to be a long-term solution that isn't going to come back year after year after year, I believe it's going to have to occur through the work of school boards and superintendents. [LR268]

SENATOR SULLIVAN: Thank you. [LR268]

SENATOR MURANTE: Senator Kolowski. [LR268]

SENATOR KOLOWSKI: Thank you, Senator Murante. Dr. Riley, thank you very much for your testimony and for your history and wisdom on this because of the time you've been there and spent over the years on this issue. I think what you're talking about and what you've said, back to Ted Stilwill's comments in the same way, the wisdom is there within the districts and the superintendents and the boards to solve this. And I hope you'll take that effort and move it forward to come up with the very best solution that could come back to us and show us what kind of thinking can go into this in a peaceful manner to move the districts ahead and to solve this problem. So I thank you in advance, for I know what 11 districts are capable of, and I hope that takes place. Thank you. [LR268]

KEVIN RILEY: Sometimes it takes a little pressure on us for it to happen. (Laugh).
[LR268]

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SENATOR KOLOWSKI: That's part of the heat. [LR268]

KEVIN RILEY: Yeah. [LR268]

SENATOR MURANTE: Senator Scheer. [LR268]

SENATOR SCHEER: You mention that it will take time for you folks to develop a process that enables everyone to play well again. And I'll preface this. Obviously, I'm not within the geographic boundaries, at least my home is not, of what we're talking about. But what does concern me is we have a feud going on here in not only the metropolitan area or Papillion or Sarpy County or Douglas County, everyone is trying to encourage growth and development in Nebraska, period. Everyone works very hard to do that. And as much as I would love to be, my community would love to be in the position of having developments of 300 and 400 homes being developed which essentially would be school districts in most of the state, we're drastically running out of the development area for that to proceed. And as much as I agree that Springview (sic) is a very good district, but when someone can look across the street and see a school building, it's very hard for them to imagine putting their child on a bus for a three- or four-mile ride regardless if they already were on a three- or four-mile ride. That's not what people are looking for. And it's very disheartening to me as a senator to listen to this communication today because what it really is is lack of communication and compromise on a lot of different standpoints to the extent that we have to start getting along or we're all wasting our time and Nebraska will wither away. And school districts and the Legislature and the Learning Community all have to start playing well together to help promote the growth of this area, not try to impede the growth of this area, however that works out. But we don't... [LR268]

KEVIN RILEY: This issue. Yeah. [LR268]

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SENATOR SCHEER: I guess my point is, Doctor, we don't have that much time. I've been around on school boards for a long, long time and nothing really happens very quickly. And so when I hear about developers' frustration, and you guys didn't make the rules. I understand that. But what I'm asking for you to think about or your compadres to think about is a workable solution that we can either modify what we have...I'm not trying to circumvent it. But we have to come up with a better process than we have now or the drastic and unique and phenomenal growth that is going on within Douglas and Sarpy County and is the economic growth for the state of Nebraska will start to diminish. And when that boat starts to slow down, it is really hard to get that steam built back up and moving in the right direction no matter how well we can say our economy is and how good a place it is to do business. Once you start to stagnate that, you'll play hell trying to get it back around. So this is not a point towards you, but it is to the conversation that we've had from all. We really have to do a better job--the state Legislature, the Learning Community, the superintendents in the districts. But what specifically I'm asking you to do is to come up with something that becomes a workable solution. [LR268]

KEVIN RILEY: If we don't deal with this ridge issue and the sewer across it, the growth is going to occur. But it's going to occur in Iowa. It'll be in the Glenwood area, up and down that side of the state. We might see some go south of Sarpy and to the west of Sarpy. But it's still going to happen. You're going to see some go to Iowa. This is a huge issue, and there is no doubt about it. And again, if we don't and we lose that growth, then it not only hurts all 11 school districts in the Learning Community, it hurts the whole state. And so this is a big issue. And I believe that the superintendents and school boards can come up with a viable solution. We wrote our principles of agreement in about two weeks. We did most of it in one day--the Monday after Thanksgiving in 2006. And so there is, I think, a sense of ownership here. I think there's a sense of collaboration. From the state's perspective, yeah, we'd have to have you involved from the standpoint of, this is how it would look. How would that work within law? How do you write a law to make this type of collaborative agreement work? I think that that is how

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we would collaborate with the state. [LR268]

SENATOR SULLIVAN: By the same token, the state has to consider how those kinds of situations that might go into statute impact other situations. [LR268]

KEVIN RILEY: Exactly. And right now, the 11 of us would have this...we would have \$10 million more in state aid than if we weren't in the Learning Community. Individually, even though a few of them would not be equalized, we've lost that much money because we're in a Learning Community. So that's what's happened. People don't believe that. They think that all the money is moving to the Learning Community. We have the figures that say it does not, and it's not the school districts that have come up with that data. That's a different accounting firm, has no association to the 11 of us that has given us that. [LR268]

SENATOR MURANTE: Senator Krist. [LR268]

SENATOR KRIST: A .22 caliber bullet moves in the direction of least resistance--so does a developer. If they don't have to pay for infrastructure, if they don't have to develop any big thing, if they don't go out of the other side of the ridge, then they can make a lot more money than they have to invest here. The same situation exists in the northwest part of Omaha and Douglas County. We've got the same line in the sand. If I'm on my soapbox again, I hope you're listening. Cities, you have to decide when you're going to allow someone to build who's going to annex. And Mayor Black says, we already know that. And where do you want to develop? Where do you want to develop? Do you want to develop on the other side of the ridge? Then make it difficult for a developer to make a plan to get to that point. I'm sorry. I love developments. I'm building in one right now. But...in an SID. But that's the bottom line. I just...you hit it right on the head. So I understand that what we're doing is talking about the Learning Community right now. And I do have a bit of a twist on who should and who should not be in there. But I'll put that aside parochially and just say... [LR268]

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KEVIN RILEY: We can talk about this. (Laugh). [LR268]

SENATOR KRIST: Oh, we probably will. But I'll put that aside and just say I think this issue is much bigger. It is a development issue and that's what we need to be talking about, is how to cross the imaginary ridges across Nebraska. And Norfolk has got probably the same thing in terms of where you can build and where you can't build, where the infrastructure is. We talked about a (inaudible) issue in Urban Affairs the last couple years where we needed to get more gas supply up there in order to develop. There was a ridge that we had to cross in order to have development in the area. So thank you for your comments as always. [LR268]

SENATOR MURANTE: Is there anything else? Thank you, Dr. Riley. Looks like we have additional... [LR268]

SENATOR KRIST: Not supposed to leave. [LR268]

SENATOR MURANTE: Welcome. [LR268]

DENNIS VAN MOORLEGHEM: Hello. I'm Denny Van Moorleghem, V-a-n M-o-o-r-l-e-g-h-e-m. I'm here representing MOBA, the Home Builders Association in Omaha, as well as our company, Regency Homes. We've been building houses and developing land for about 50 years, about 1,000 lots are in Sarpy County--a long time ago, but they were in Sarpy County. This is a big issue. We began...well, let's back up. In 2005, our industry began the downward slide of our housing recession, the most dramatic housing recession in the nation's history. About a year and a half ago, we started to climb out of that. And as a builder, we started looking for lots. And we typically build...or develop our own lots, but because of economic conditions, we were buying them from other developers. As we looked at that process, there were no lots available. During the housing slowdown, there were 16,000 lots available for 7 or 8 years in this 4-

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or 5-county area, okay. We're down to the point now that buyers cannot find lots that they want. We started looking. We bought as many lots as we could. We optioned as many lots as we could in different subdivisions...as we could afford or as we were limited to because there was a big hubbub about builders having a lot inventory, okay. So we couldn't get where we needed to be to have our lot inventory for our company, so we started looking for land, and we started in Bellevue. We started two or three months ago in Bellevue and we found that there was not...that there was buildable...there was land available in Bellevue. There were two 10-acre pieces surrounded by commercial property, not suitable for residential. And as we investigated and we were reminded from when we were an active developer years ago, the school boundary issue was landlocking this whole part of town. As developers we use a subscription service called MarketGraphics and they do absorption data. They do demographic data, and they project how many lots each county and each subdivision is going to need. And they're predicting in the neighborhood of 23,000 lots necessary for this region by about 2018, okay. We can't develop them that fast. We can't develop them because we have no place to go. So this is a big deal for us. It involves our whole future. These communities that we build...or these subdivisions that we build are communities. And the communities are revolved around the school systems--the PTAs, the parent systems, the whole thing. And what Jerry talked about, the rural versus urban environment and that's true, but primarily people want to be...their kids to be able to walk to schools. Developers contribute ground or they sell ground at cost or whatever to school districts to encourage schools in that area because that's where people want to be. Builders simply...or builders and realty developers simply can't take the risk of not knowing what they're doing when they buy the ground and with some anticipation of absorption rates. And that's all about school systems. The school systems are good systems. They all are. Our company for multiple years had a trades program with Platteview High School where we out and our subcontractors, suppliers, and superintendents would try to teach these young high school kids how to build houses. And they were good kids, good teachers, and they all came back. I mean, it was really a great program. Maybe we should probably try to continue that. You know, somebody was talking about, we need

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some action now. And we need it as soon as possible. This growth corridor is Sarpy County. Sarpy County is the vast area of those 23,000 lots that are needed for the same reasons that others have been talking about. It is a big issue, I didn't realize until about a month ago how big it is. So I hope we can...as developers or builders, I hope we can help in some way on a state or local level. We're here. The home builders associations are always here. Okay. [LR268]

SENATOR MURANTE: Thank you very much. Senator Krist. [LR268]

SENATOR KRIST: Did you say you were... [LR268]

SENATOR MURANTE: Wait, wait, wait. [LR268]

SENATOR KRIST: Did say you were commercial as well? [LR268]

DENNIS VAN MOORLEGHEM: No. [LR268]

SENATOR KRIST: No. I'm going to run just a concept by you. And you know, almost every city in this state is concerned with shovel-ready property for commercial development. What if in the residential scheme they decided to do shovel-ready concept with the ridgeline, would that in terms of making the infrastructure available to you as a developer? [LR268]

DENNIS VAN MOORLEGHEM: I don't know enough about that to comment. I do know that there are master plans with the city. The cities have different master plans for development areas, like the city of Omaha does. Is that what you're talking about, something like that? [LR268]

SENATOR KRIST: Right, right. [LR268]

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DENNIS VAN MOORLEGHEM: It'd be nice to know where we're supposed to go. We fought in the beginning, or I did, 15 years ago. (Inaudible) probably be in the right way. But that was on residential side. [LR268]

SENATOR KRIST: Okay. Thank you. [LR268]

DENNIS VAN MOORLEGHEM: Okay. [LR268]

SENATOR MURANTE: See if there are any additional questions first. Seeing none, thank you very much for your testimony. [LR268]

DENNIS VAN MOORLEGHEM: Thank you. [LR268]

SENATOR MURANTE: Are there additional testifiers? Yes, we do. Welcome, Mayor. [LR268]

RITA SANDERS: Welcome. Thank you. Good afternoon, Senators, committee members. Thank you for your time. I know it's late, and I appreciate you being here. On behalf of the city of Bellevue and the Bellevue Chamber of Commerce, I would like to discuss the boundary issues that affect our communities and its economic development growth. The city of Bellevue has four school districts--Bellevue, Omaha, Platteview, and Papillion--whose boundaries lay within part of our city limits. The city recognizes the high quality of all these school districts and by no means does my testimony today reflect otherwise. During my three years as Mayor of Bellevue, we have been approached numerous times by developers and we have been told that they would like to build in Bellevue and in our neighborhoods in the southern part of the city and the jurisdiction but are hesitant to do so with existing school boundaries. It is essential for the city of Bellevue to continue to plan for responsible growth to ourself, and our planning department is working towards that in our undeveloped extraterritorial jurisdiction. However, builders continue to tell us that without changes in the school

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boundaries that growth is either going to be very slow or not going to happen. If you look at the map of the city of Bellevue and you look at the undeveloped sites in the southern part of our jurisdiction, you can see how close these areas are to existing Bellevue Public Schools. Builders tell us it is tough to develop neighborhoods and sell homes when they have to tell buyers that you have to put their students on a bus and drive ten miles away to a different school district. This is especially important for our city with new developers happening...new development happening at the Offutt Air Force Base and new families that will be coming to our area to work there. Once again, the city of Bellevue recognizes the quality of all the school districts that lie within our boundaries. However, we want our city to continue to grow and prosper, so we are willing to be part of the solution to make this happen. And with less of our tax state funds, we need higher-end rooftops for the property taxes. Valuation remains flat. Cost of public safety and public infrastructure continues to go up. Economic development seems to be our driver. Our focus is on the undeveloped areas in Bellevue. This should protect the OPS areas. Any questions? [LR268]

SENATOR MURANTE: Are there any questions? Seeing none,... [LR268]

RITA SANDERS: Thank you. [LR268]

SENATOR MURANTE: ...thank you for coming down. Appreciate it. Welcome. [LR268]

FRANK HARWOOD: Good afternoon. My name is Frank Harwood, F-r-a-n-k H-a-r-w-o-o-d, and I'm the superintendent of Bellevue Public Schools. Senator Murante, Senator Sullivan, thank you very much for taking the time to come out and let us give this input. As everybody said, Sarpy County and I think most of the state of Nebraska is blessed with very good schools. I don't think that's any part of the issue. I think that's...comes to light when you look at just considering Bellevue Public Schools, nearly 2,000 families are making choices to attend districts other than their home district. Bellevue Public Schools currently serves 10,130 students preK-12; 1,508 of these

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students do not live within our district boundaries. Although we have plans to conduct a more extensive study, we calculate our current student capacity at 10,990, which means we're operating at 92 percent of our capacity, which in school districts is about as efficient as you can get. Based on recent enrollment study conducted, we predict that Bellevue Public Schools will have sufficient current capacity to accommodate further growth within our district. This will be possible by reducing the number of students that come from outside of our district. When we have been approached by developers that are looking at property in and around the city of Bellevue that is not part of Bellevue Public Schools in the past, these developments occurred and boundaries were changed. This happens in all but two counties in the state. We have told developers that under current law, boundaries can only change with approval of both school boards, the Learning Community Coordinating Council, and the state which has been talked about before. We've also told them that we can't make any promises about the residents of their developments being able to attend Bellevue Public Schools. I certainly understand that the residential growth will be an important part of the continued health of the city of Bellevue. And the health of Bellevue Public Schools is strongly tied to the city. I truly believe that all the schools in Sarpy County offer quality educational experiences, and I understand that families are often looking for different things when it comes to the education of their students. When it comes to schools and district boundaries, there are a lot of emotions. Bellevue Public Schools would like to work with the city of Bellevue and our neighboring districts to do what is best for Sarpy County. Be happy to answer any questions. [LR268]

SENATOR MURANTE: Thank you very much. Are there any questions? [LR268]

SENATOR SULLIVAN: Okay, so based on your comments, so collaboration is key. But then the ability to have open and option enrollment is key. [LR268]

FRANK HARWOOD: I...okay. [LR268]

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SENATOR SULLIVAN: And having a good, strong school district and promoting that are key as well. [LR268]

FRANK HARWOOD: I think it is. I think the issue that Bellevue is going to come up against is that we have enough capacity for the limited development that can still happen within our school boundaries. And then at that point if there is development, the request we get is that for development that's outside of our district, to allow those students to still come to our district. Currently, we can do that. We won't be able to do that any longer because we'll be serving the students that live within the boundaries. And certainly there wouldn't be a way to increase capacity within the district to serve students that don't live within the district because those folks aren't paying the taxes that are building the new buildings. [LR268]

SENATOR SULLIVAN: Thank you. [LR268]

SENATOR MURANTE: Thank you. Seeing no one else, thank you very much. Can I get a show of hands of how many more people intend on testifying today? Looks like two more, three more. Okay, great. Come on up. Welcome. [LR268]

CHUCK CHEVALIER: Good afternoon, Senator Sullivan, Senator Murante and committee members. Welcome to Sarpy County. My name is Chuck Chevalier, C-h-e-v-a-l-i-e-r, and I'm the retired superintendent of South Sarpy School District 46 and retired in 2012. I am testifying personally today, not representing anybody except for one taxpayer in Springfield Platteview Community Schools. I want to just address a couple of things. I think people have done a pretty good job of recalling history, but I want to talk a little bit about the, as you're aware of the collaboration, the compromise that happens when you turn a collection of ideas into a bill that will pass. The sausage making that occurs creates agreements and promises on both sides, and typically in those compromises you have some wins and you have some losses. And as the Learning Community developed, one of those things that it was, for our school district,

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the win was frozen boundaries. And the losses were the losses, and we didn't predict them to be as high as Mr. Richards talked to you about and showed you today. But that agreement was a give-and-take kind of agreement. You have the right to walk away from that agreement of your predecessors. I think Tammy might have been the only one up there that was here at the time. But I would tell you that clearly the agreement was made and those people that were here said frozen boundaries. I think there is a solution as Senator Scheer talked about, and I think the solution is to allow negotiations to occur. One of the things about having the state step in...and I would tell you in my last year of '11-12, the Bellevue Public Schools and then Sarpy School District, Sarpy District 46, met several times to negotiate the land east of 36th Street. In fact, numbers were given. Costs were given. There was clearly negotiation, and there were two subcommittees of each of the boards that participated in that. Why...and then those stalled. One of the reasons that those can stall is, hey, I'll wait for the Legislature to change the boundary. And so there is no negotiation that occurs. And you don't have to negotiate the boundaries. To answer the question on, four entities need to approve any kind of boundary changes--the "reorg" committee, each of the school boards, and the Learning Community board have to approve those changes. So you have a system that boundaries can move, but it needs negotiation. One of the things that I guess I would offer to you, if you want to move boundaries, the solution is to open up all the boundaries. And as any of the superintendents or senators that were around in 2006 and 2007 will tell you, we don't recommend that you do that. But I think if you attack one boundary of one school district and say, we're going to work on this issue, then be prepared because I know people in Grand Island and Grand Island Northwest will be at a hearing. I know people at Columbus and Columbus Lakeview will be at a hearing. And I can go through several other examples. I don't...you have the right to do that. But I would not recommend that you move that direction. So I believe by allowing this to negotiate and be solved, it can happen. It can happen quicker, and I believe that things can occur. I believe at some point in time our school district does need to set a boundary and a line in the sand that it doesn't cross over and negotiate to that point. And I believe there are school board members that do believe that as well. Allow this to

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go on and I believe that it will negotiate into a solution that is good for the developers, it's good for Sarpy County, and good for all the school districts. If you continue to move the boundaries each time a developer comes in or a school district comes in, Springfield Platteview Community Schools will always be a rural district. They'll never be that suburban district that people want. And it should be allowed to become that suburban district that someday it will be. I may be dead by then, but I think it will be. Any questions for me? [LR268]

SENATOR MURANTE: Thank you very much. Are there any questions? Seeing none, thank you very much for coming in. Additional testifiers? Welcome. [LR268]

MARK STURSMA: Thank you, Senators. My name is Mark Stursma, and that's spelled S-t-u-r-s-m-a. I'm the planning director for the city of Papillion. And I will admit, I wasn't expecting to testify. But since there's been a lot of talk about development and annexation, I wanted to mention a few things and maybe answer any questions you might have. I wanted it to focus on, I think, why this issue is brought to these committees and that is economic development. I think we've been very clear and everybody has been clear. We're not trying to point fingers at one school district over another. It's more about the effect that has been created, and how do we fix that? As the planning director of the city of Papillion, I can tell you that when the school district boundaries were frozen, development momentum in Papillion completely changed. We were focusing on, as growth was going south, how do we deal with the ridgeline? We stopped talking about it because we haven't had any development on the south side of Papillion since that boundary was frozen. And that's just the effect. Again, that's not us pointing fingers. That's the reality. I've talked with developer after developer after developer who would like to do projects down there but it's not even a case of their choice. It's a case of them getting lending to do a project. They're not willing to take that risk because they're not sure they can sell those homes. So that's what's happened to the momentum. One of the other effects of that is all of that investment in infrastructure to serve that expected growth to the south, it's not being utilized. We've had to shift

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where we've made those investments. We're now focusing in another direction because we just simply aren't seeing development to the south, and we're now going another direction. Is that an appropriate use of taxpayer dollars? You know, in most cases, it's developer. But there's public investment in this too. So we're having to spend more money to allow growth in another direction. We're actually, as we look at our long-range plans, having to look at options that maybe aren't the best planning solutions, looking at uses other than residential in areas that clearly should be residential because we can't...we don't see any developers willing to develop in those areas. So that's again, another reality. The city has no control over school district boundaries. We have no influence on school district boundaries. We can only react to the market and where development or where developers are willing to make their investment. And really that's just the point I wanted to make, bring it back to a discussion of economic development and can we get together and come up with a solution so that we don't, as it was mentioned, put the brakes on the momentum that we have on development in Sarpy County? And with that, I'd answer any questions. [LR268]

SENATOR MURANTE: Thank you very much. Senator Krist. [LR268]

SENATOR KRIST: I'm not going to pick on you, but I have some very pointed questions because, being on Urban Affairs as long as I have, I've heard everything up from shovel-ready commercial projects, bring them and they will bring their families and they will love the education. And you talk about the ridgeline. I've never heard about a shovel-ready residential program out there. I've only heard about commercial development bringing the business in. You talk about the ridgeline and how frozen districts, frozen development and the fact that you're going in other directions. Is the city planning and planning, your profession, been just here in Nebraska? [LR268]

MARK STURSMA: I've worked in Iowa. I've worked in Nebraska. And as a consultant I worked in other states as well on projects. [LR268]

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SENATOR KRIST: Okay. We're very unique with the SID process in this state. In other jurisdictions around the state, Minnesota that I'm familiar with in the Twin Cities, it's the city that decides to develop. And they do afford for the infrastructure, and I will include the school systems in that infrastructure. So would you agree that all those statements that I made about development and shovel-ready projects are true with the mentality that we have here in Nebraska? [LR268]

MARK STURSMA: Well, I would react to that with this. The use of SIDs takes the risk away from the residents of our city and places it on the developer because the SID actually makes the investment in the public infrastructure. The city obviously then annexes once there's enough valuation to cover the debt on the cost of those improvements. [LR268]

SENATOR KRIST: And the improvements you're... [LR268]

MARK STURSMA: We have... [LR268]

SENATOR KRIST: I'm sorry. Go ahead. [LR268]

MARK STURSMA: Well, we have...as a city we have less ability to direct the growth or the pattern of the new development because we are not the ones building those roads and the infrastructure, the developer is. So you know, if we were in the business of building the roads ourselves, we could force the issue and build the roads and infrastructure outside of Papillion-La Vista School District and try to bring development to that area, kind of force the issue. But that's not how we do development. So it's... [LR268]

SENATOR KRIST: Yeah. And that...you make my point. We develop infrastructure meaning sewer pipes and water and roads, but we don't worry about what the residential community needs in terms of supporting the family structure which is the

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school system that also surrounds it. So that's eliminated from our conversation of what infrastructure is required to move forward. [LR268]

MARK STURSMA: I would describe that as the market. [LR268]

SENATOR KRIST: Right, and market driven and we've heard that before as well. In any one of those areas along the ridgeline, could you point to an area where it would be a simple matter to punch through and provide a sewer system or a water system? Are there better spots than others? [LR268]

MARK STURSMA: Well, this map doesn't show the different tension basins throughout Sarpy County, but the area generally north and south of Springfield can be served by the Springfield treatment plant. And that's a pretty broad area. As you go further east, it gets more complicated. [LR268]

SENATOR KRIST: So if the mayors, the councils, the local municipalities would include that infrastructure in the process and approval of an SID, that it's possible. It's not an insurmountable multibillion dollar project. [LR268]

MARK STURSMA: Well, if we're looking at effects on where development will happen, what is going to cause development to happen in certain locations, it's driven by a lot of things--certainly sanitary sewers at probably the top of the list. But there are certainly other factors, and the school district, I would say, is very high up on the list. We maybe didn't realize that as much before the boundaries were frozen as we do now. I don't think we ever anticipated that when those lines were frozen, that we would get no residential development across that line. But that's been the effect. [LR268]

SENATOR KRIST: Thank you so much. [LR268]

SENATOR MURANTE: Thank you. Senator Sullivan. [LR268]

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SENATOR SULLIVAN: That development stopped, you're saying, just right about the time that the boundaries were frozen. That was right about the time that we sort of experienced the recession. I mean, was part of it the economic conditions, or did they really expect that the school district boundaries would change to accommodate development? [LR268]

MARK STURSMA: Well, they're certainly coinciding, the timing of those. And I see them sitting right there, Mayor Black handed out some aerial photographs and I'll use that as an example. And it was actually talked about, I think, by the third testifier here. Shadow Lake...the Shadow Lake subdivision, the most successful in terms of continuing to build houses at a high rate subdivision in the metro area. It's in the Papillion-La Vista School District. It was designed to expand into the 80 acres to the south. When that district boundary was frozen, that 80 acres to the south that was discussed earlier, we've had a lot of developers interested in it but either they can't get funding or they're not willing to take the risk because there's no guarantee that if they build those lots, build those houses that the kids can walk to that adjacent school. And so it has not developed and yet Shadow Lake has developed building over 100 houses per year during the recession. I have been told by countless developers that, had that boundary not been frozen at that location, we would already be building houses on that 80 acres, that the market would have certainly allowed that. [LR268]

SENATOR SULLIVAN: Thank you. [LR268]

SENATOR MURANTE: Thank you. Any other questions? Seeing none, thanks for coming in. [LR268]

MARK STURSMA: Thank you. [LR268]

SENATOR MURANTE: Appreciate it. Looks like we have one final testifier. Welcome,

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Mr. Twiss. [LR268]

BOB TWISS: Well, thank you very much. I know how to clear a room. Mr. Kolowski won't be able to congratulate me on my wisdom and my history. And I do have a little history here. My name is Bob Twiss. I happen to be a resident of Gretna. When I first moved to Sarpy County, my hair was coal black, and actually that was in the Papillion-La Vista District at that time, and I worked for the newspaper back in the early '60s. Been in the Gretna District for the last 30-some years. The reason I point that out is I've had an opportunity to observe, from an ordinary citizen perspective I might add, the growth and the happenings in Sarpy County and economic development. And I do have a history in economic development as well. I would like to apologize to the Education Committee. The last time I was before you, I changed my testimony, my intro and my testimony, and I did an extremely poor job. And went home that evening and I had difficulty sleeping but finally got to sleep. But about 3:00 in the morning, Winston woke me up, Churchill. And he said, Bob, that was not your finest hour. So I apologize for that. We'll try and do a little bit better job today. The process that got us here, and I'm going to talk a little bit about the legislative process, but I'm also going to talk about some folks here in Sarpy County not by name but by what happened. We have an annexation bill for education for school districts that is married to city annexation and city plotting. And it doesn't now apply to the Learning Community with the frozen boundaries, but it does apply in the other 91 counties in Nebraska. And that is Class III school districts when the city annexes...when raw farm ground is platted, then the city can basically annex at some future point in time. And it may be in their ETA. It may not be in their ETA. But anyway, when it's platted, then that can throw up a trigger for annexation with Class III school districts in the state which are the multitude of the school districts. And it basically says that school district A can send a letter to school district B. Raw farm ground has been platted, and the city, for example, may want that in school district A rather than B. And it used to be and it probably still is in the other 91 counties in the state that the large district basically gobbles up the small district. That's what happens with this marriage. And I propose a divorce, quite frankly. And I proposed

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a divorce, and this is why I'm going to talk about the process with the Education Committee, too, and the legislative process. I was...I spent a great deal of time in Lincoln over probably three to four years as an ordinary citizen. I saw Chuck sweating it out in the hallways, the Speaker running up and down. Do you have...and the former Speaker in another hallway. Do you have a decision yet on the agreement between Bellevue and South Sarpy, etcetera, that type of thing was going on. But I had an amendment, and that would have been the amendment for a divorce on Class III annexation tied to city annexation and the platting. And I took that to a member of the Education Committee who had an inside track I thought. And apparently the ordinary citizen is not listened to quite as much as the lobbyist. And I consider myself an unpaid ordinary citizen lobbyist. And that amendment, it was already drafted, would have taken the excuse, and I underline excuse, to include Sarpy County in the Learning Community because we're going to take care of your boundary issues. It was the money that they were after. It was the assessed valuation in Sarpy County that made the Learning Community work. So that amendment went nowhere. And you may recall that that Learning Community legislation was on a very fast track. [LR268]

SENATOR MURANTE: One minute. [LR268]

BOB TWISS: And the Speaker can order and quote, ignore other amendments and that type of thing. And that's really what happened. I took that same amendment to another state senator who went back into the Chambers and immediately took it right up to the senator I'd already presented it to. And I think, that's going nowhere. It won't be heard at all. John warned me that I've got a minute. There was...another thing that happened in the '80s is the former superintendent, not the million dollar man like the retired OPS superintendent, but the half million dollar man in eastern Sarpy County had lobbied very effectively for this marriage of city and Class III school district annexation. That's how that got in in '83. And I don't think we want to return to those days at all. I'll try and sum up with a couple comments. We're treated like a stepchild here in the two-county region with the Learning Community. We don't have option enrollment like we had before and

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the other 91 counties in the state have. We have so-called open enrollment which is virtually closed enrollment. It's dependent upon needs and whether or not there is capacity in the school. Some of this problem...and I've probably irritated almost everybody in the room today and thank God I'm not running for office anymore. But if we return to true option enrollment, that may solve some of these problems in there. So we hit the divorce. We hit the process. And everybody...we have great school districts and great schools here. I'm not so much sure it's the school district as it might be the school that the parents of the children are really tied to, especially in the more urban area where we are. And to sum it up, there's enough room for growth for everybody. I don't think the world is going to stop. I was here and helped out in the flood in the early '60s. I didn't see the growth stop then. And I know I've irritated almost 90 percent of the people in the room. I don't see that growth stopping. I think Sarpy County being the smallest geographic county in the state, there's enough room for every one of the school districts to survive. And if they want to exchange lands, and incidentally Gretna and Millard did exchange some lands probably some 20, 30 years ago by agreement between the two districts. [LR268]

SENATOR MURANTE: All right, Bob, let's... [LR268]

BOB TWISS: So I think we can do it. [LR268]

SENATOR MURANTE: ...let's see if we have any questions for you. Are there any questions for Bob? All right. Seeing none, thank you very much. [LR268]

BOB TWISS: I'll get a good night's sleep. [LR268]

SENATOR MURANTE: All right. Glad to hear it. Are there any additional testifiers? Seeing none, Senator Smith, would you like to close? [LR268]

SENATOR SMITH: Thank you, Senators. Again, to the Education Committee and to the

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Urban Affairs Committee, thank you very much for being here and listening to the testimony. I want to thank the folks that came today and testified--the developers, the members of the school district, the citizens of Sarpy County. All of you, really appreciate your input. It's very valuable. It's valuable to me, and I know it's valuable to my colleagues that are up here in front of us. Before I close, I wanted to clear a couple things up. And I'm going to start with Mr. Stilwill. He made a comment earlier that I couldn't hear it all that well, but it sounded as if the point he was making was that there was a mechanism in place that did not require everyone's agreement. This is out of the statute and I borrowed my legislative aide's copy. And let me read it to you because this is part of the problem. "When a plan of reorganization or any part thereof has been approved by the state committee", and remember when we talk about state committee we're referring to the State Committee for the Reorganization of School Districts. And by the way, what I'm reading from here is the Learning Community Reorganization Act. "When a plan of reorganization or any part thereof has been approved by the state committee pursuant to the Learning Community Reorganization Act, it shall be designated as the final approved plan and shall be returned to the learning community coordinating council to be submitted to the school boards". So the Learning Community council is only the body that is passing along the plan. They're not even voting on the plan. According to this law, they don't have a vote on the plan. The Learning Community Coordinating Council...it shall "be submitted to the school boards of the affected school districts for approval or rejection by such school boards within forty-five days", rejection by such school boards. So it's the affected school boards that have the final approval of any plan. It's not the Learning Community council. They don't have a vote in this. If you continue on down through the statutes, the next point is it says "If the plan of reorganization is approved by the state committee and the school board of each affected school district pursuant to the Learning Community Reorganization Act". Then it goes on to say that it goes into law. That's right there is telling me once again the Learning Community Coordinating Council has no vote in this. It is between...it is strictly between the state committee and the school board of each affected school district. So that's the problem, Senators. We have a law in place that restricts any...the agreement

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to a plan that has to be agreed upon by the affected school districts. So that's the problem we're having here. We have an impasse. And I think discussion, cooperation is great. And we all want that to happen and I believe the members of the Learning Community council, those school districts that are involved in this have had a lot of discussion. But what has brought us to the table today is we have an impasse. And the law does not provide for how we resolve that impasse. That's the first point I want to make. And before I get into my closing, another point I wanted to make was a comment that Senator Krist made earlier and I found it interesting and it kind of stumped me and my antennas went up. And there's somehow a discussion that is going on or has gone on about exempting a couple of school districts from the Learning Community because it's not working well for them. Senators, the common levy is not working well for any of the school districts within the Learning Community. And I'm not here to beat up on the school...on the Learning Community. But I'm telling you, the common levy is not working as intended, as in concert with state funding. It's working against the state funding mechanism. So you have the state funding taking place, gets into the common levy distribution. And now it goes whacko and you get unintended consequences by the way it's funded to the Learning Community members. That's a problem. It's not a problem for only Douglas County West, and it's not only a problem for South Sarpy School District. It's a problem for all 11 school districts because they're not getting the intended effect of the state funding. So we have two things working at each other. And I don't want to divulge any confidence. I don't believe it's in confidence, but I've even had this conversation with Ms. Chang and Mr. Stilwill. And I think...I don't think there's anyone out there that is looking at this common levy that would not agree with me that it is not working as intended. So I didn't really want to get in...I didn't want to go below the line and talk about the Learning Community, but I wanted to clear the air on a couple things there because what's going on with that common levy is putting the South Sarpy School District in the position it's in, that they are losing money. And that's why they're having to hold on to their property to get the benefit of the revenues coming from those properties. But the Catch-22 for them is that they're trying to serve those students in those properties as well and extending well beyond where they should be extending, well up

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into that top part of their school district boundary and serving students that could be easily served by Papillion-La Vista or by Bellevue. So I feel very badly for the South Sarpy School District. I went out and I visited with them, wonderful education program. I am so happy to not hear that quality of education is an issue here. That school district is fantastic. But what we have before us is a law that does not allow for resolution of a dispute on school boundaries, that's the number one thing. We also have a law that is restricting development of Sarpy County. I'm so thankful to have these developers here. These developers take risks. They're private-market people. They take risks every day to develop. Now, sometimes they get a little help along the way, but they're taking risks. And we need to make certain that government is as easy to work with for these developers as possible so that they can lay the groundwork for further development of our economy in Sarpy County. It benefits everyone. We heard some good solutions here, possible solutions. I'm not saying they are the solutions. But we heard from the South Sarpy School District about the common levy being an issue and about their funding. They, just like every other school district in the 11 members of the Learning Community, need certainty in their funding. So that was something that was discussed. I think Mayor Black did a fantastic job of laying out that this is really focusing on those fringe areas of development for first-class cities in the agricultural areas. So maybe there's an opening for something there. Also, we heard early on some comments that Senator Lautenbaugh made about trying to find some way of maybe a compromise in between the two. That's something as well. But what we have to do is focus on two things. I think the two things to walk away from here is how do we provide certainty of funding for the school districts so that they are in a better position to agree on these boundary disputes, put them in a better position? And then how do we provide a mechanism for this impasse so that we can have economic development continue in Sarpy County? So with that, I'll end my comments. And again, I thank you very much for your time today. [LR268]

SENATOR MURANTE: Senator Smith, a thought that had crossed my mind as...apparently I'm a riot... [LR268]

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SENATOR SMITH: It may have been me. [LR268]

SENATOR MURANTE: The thought that crossed my mind is, of all the talk about the steps and the people who are involved in transferring property from a school district, from one to the other...we have school districts get a vote. The state gets a vote. The Learning Community is passed through, or at least they're a step in the process. But at no point in the process are the people who actually live in that SID ever consulted on what school district they live in. And I know in a couple instances we're talking about agricultural farmland and there's no way to gauge which school district they are in. But it seems like the glaring omission were the parents who are actually sending their kids to these schools asking them, what school district do you want to be in? Do you find that to be a step in the process that potentially could be added as well? [LR268]

SENATOR SMITH: You know, I think anything...and the folks that are living in that school district...in that SID, they've already moved into that SID with some understanding or maybe just a lot of uncertainty. I'm not certain which one. And I think the more you can provide them that option, I think that's a good idea. But I think more importantly if we can get to it early on in the process before they move into that SID or before they move into that development area knowing with some level of certainty because I think what we have here is the developers are helping us grow our county and grow our state. But those developers are looking to us to help them provide some certainty to those persons that are purchasing their product and as a basis for purchasing that product. So we need to get to it early on rather than later on. [LR268]

SENATOR MURANTE: All right. Anything else? All right. Thank you, Senator Smith. Oh, we do have a question. [LR268]

SENATOR LAUTENBAUGH: I thank you for bringing this. This is serious, and I've talked about this before. I didn't want you to think we were making light of your study

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down here. I just said under my breath, maybe we should shrink the school boards because that's what I do. (Laughter). That was not, you know... [LR268]

SENATOR SMITH: Well, wait a minute. [LR268]

SENATOR SEILER: And if you know the history between us, it's even more funny. [LR268]

SENATOR SMITH: Let me count...excuse me for a moment, Senator Lautenbaugh, but let me count how many of you there are at this table. (Laughter). [LR268]

SENATOR MURANTE: Not 25. [LR268]

SENATOR SULLIVAN: It is a joint hearing. [LR268]

SENATOR KRIST: And let me remind you, Senator Smith, you asked us to be here. (Laughter). [LR268]

SENATOR MURANTE: All right. Thank you. And that concludes our hearing on LR268. [LR268]