



City of Omaha
Jean Stothert, Mayor

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October 10, 2024

Senator Mike McDonnell
State Capitol
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Dear Senator McDonnell:

I hoped that after our exchange of letters this summer, that we could engage in a more productive and public debate on the topic of the streetcar and its financing. Apparently, that will not be the case. This will be the last written response I will give you about this matter. Naturally, I will address the concerns you raise in this letter but your recent correspondence about the streetcar has raised my own set of questions.

I announced the modern streetcar project and the financing for it in January 2022. However, you never took such a public interest in it until recently. You never proposed any bills, in either of the two legislative sessions since its announcement, to deal with all of these concerns you have. You have never reached out to the City with your concerns or asked any questions. Also, there have been many public hearings on the streetcar project, including the City Council, and you never appeared at a single one to voice concerns. I can only assume that this recent revelation and concern about the streetcar project has a different motivation. I would also point out that your issues come after this year's legislative session and your eight-year term as a senator is ending. However, since you wish to engage in a letterhead debate, I will respond accordingly.

While I respect Mike Foley and the work he does as the Auditor of Public Accounts, his opinions are beyond the scope of his responsibilities. Clearly, Foley has an issue with Tax Increment Financing (TIF) and Omaha's streetcar and he is entitled to that position. However, it appears from his tone that he let those feelings bleed into the report. Nowhere in that report will you find that the City of Omaha violated the law because if the City did, that would be highlighted and detailed, as it was for other Nebraska cities. Omaha acted in accordance with the law, as passed by the legislature, including votes from yourself. While you conveniently state your own personal opinion on how a law is being used, Omaha acts in accordance with the bills you pass. If you have regrets about your voting record, that should not be inflicted on Omaha.

Your first concern relates to the Redevelopment Plan Area Alliance. The potential Redevelopment Plan Area Alliance is an entity the City could work with to facilitate the implementation of the streetcar and future redevelopment projects. This option was initially considered but this alliance was never formed. Ultimately, the City did not form the Redevelopment Plan Area Alliance, and instead opted to form the Omaha Streetcar Authority (OSA) to design, construct, operate and maintain the Streetcar Redevelopment Project.

The OSA was created in accordance with the Interlocal Cooperation Act and pursuant to Neb. Rev. Stat. §14-1803. There is an agreement between the City and the OSA regarding the construction and financing for the streetcar. This agreement had a full public hearing and was approved by the City Council in June 2022.

Second, both you and Auditor Foley question whether a non-profit organization has the authority to act as custodian or administrator of TIF revenues. The City is not prohibited from utilizing a non-profit organization to oversee or implement a Redevelopment Project. In fact, the City routinely partners with non-profit corporations, such as Habitat for Humanity, Holy Name Housing, Gesu Housing, Front Porch Investments, Spark and others, to construct affordable and workforce housing through the use of TIF. These non-profit partners are used to construct, coordinate and manage redevelopment plans to efficiently maximize the benefits. It is unfortunate that Auditor Foley did not include this topic in his requests submitted to the City this summer. If he had, the City would have provided this information and avoided unnecessary debate. The Community Development Law permits the City to enter into such agreements with non-profits. As a state senator, you should know that and your position is wrong.

Your second concern relates to the purported conflict between verbiage in Sections 2 and 9 of the Redevelopment Plan. Section 2 states, “effective redevelopment plans that authorize the division of ad valorem taxes shall remain in effect and if there is a conflict between those plans and this Plan, those plans shall control”. Section 9 states, “this Plan also authorizes the addition of eligible expenses attributed to the Redevelopment Project to existing projects within the District and the Influence Area. . .” As indicated in the City’s response to Auditor Foley, the Redevelopment Plan does not supplant existing redevelopment plans, but reaffirms the City’s existing obligations to redevelopers under existing redevelopment contracts. The Redevelopment Plan then authorizes the City to supplement or amend existing redevelopment plans to include the expenses related to the Redevelopment Project. These provisions are not in conflict, but actually work jointly to clearly convey the City’s intent.

Regarding your third concern, the City’s process for designating Community Redevelopment Areas (CRAs) and Extremely Blighted Areas (EBAs) is in complete conformance with the Community Development Law. Prior to any such designation, our Planning Department Community Development Division prepares a study of the conditions of the area proposed for designation, and the relevant census tracts, to determine whether the area meets the statutory requirements of the Community Development Law. Notice of a proposed designation is provided to the community, a neighborhood meeting is held, and public hearings are had before the Planning Board and City Council, all as required by law. The documentation is retained and made available to the public, again as required by law.

The City's processes, policies, procedures, and all approved documentation related to the designation of CRAs and EBAs, as well as the use of TIF are extensively detailed on the Planning Department website. The City's designation of a CRA or an EBA has never been identified as legally deficient, out of compliance, or improper by the Auditor or the legislature.

Your constant false statements and false information about TIF and the streetcar must stop. You have repeatedly misstated the law and made fabricated statements. I am aware of your recent attendance at a homeowner's association meeting in west Omaha, where Douglas County Assessor, Walt Pfeffer, blamed increased home valuations on the streetcar. That statement is completely false and is misinformation. This is just one of many examples, including those in your recent letters to me, where you have been wrong about TIF and the streetcar.

You propose pausing new TIF projects. I could not disagree more. You clearly are not interested in Omaha's future growth and prosperity. You clearly are not interested in revitalizing our urban core. You clearly are not interested in the thousands of jobs, many of them union jobs, that these construction projects will bring. You clearly are not interested in affordable housing, such as the developments being done by Holy Name Housing with TIF proceeds.

Well, I am interested in these projects and I am excited about them. The various TIF development projects that have been completed, are in the process of construction and ones that are being developed will all make Omaha better for everyone. You want to slow Omaha's progress for political gain. I will not pause the use of TIF. Cities never stand still. They are either growing and moving forward or they are declining and falling behind. You apparently want Omaha to fall behind.

Sincerely



Jean Stothert
Mayor, City of Omaha

Cc: Omaha City Council members
Omaha Planning Board members