

Agenda Item: 9.

Discussion of Potential Funding for UNMC Cancer Research Center – Director Bradley

- September 24, 2012, Omaha World Herald article, UNMC cancer center may team with natural resources district

- September 25, 2012, Omaha World Herald editorial, Are there no options?

UNMC cancer center may team with natural resources district

By John Ferak

WORLD-HERALD STAFF WRITER

The Papio-Missouri River Natural Resources District is discussing an agreement to help defray costs related to the University of Nebraska Medical Center's \$370 million cancer research and treatment center.

Papio-Missouri General Manager John Winkler said his agency wants to help the UNMC project, but no specific costs or projects have been discussed to this point.

Winkler said he guessed that the NRD's funding might be in the tens of thousands of dollars. A UNMC official suggested the possibility of around \$250,000 in funding.

Ken Hansen, UNMC's assistant vice chancellor of business and finance, said there has been one lunch meeting with NRD officials to discuss the possibility of a partnership.

"No one has promised them anything," Winkler said Friday. "We don't want anybody to think the NRD is going to give them millions of dollars. There is no way we are a major player financially."

Winkler said the NRD cannot provide funds toward the construction, as two other local governments have discussed.

The Douglas County Board agreed to contribute \$5 million to help finance the UNMC project. The money will come from the county's inheritance tax revenue and be spread over 10 years.

The Omaha City Council is considering a new occupation tax on cigarettes that would provide \$35 million over 10 years. The proposed ordinance would add about 35 cents to a \$5 pack of cigarettes.

Last spring, the state of Nebraska pledged \$50 million to the project.

University officials approached the City of Omaha and Douglas County as part of a \$200 million fundraising campaign for the project.

Rick Kolowski, chairman of the Papio-Missouri River NRD board, told the Douglas County Board that the district was willing to help fund recreation areas, trails on the UNMC campus, stormwater management and playgrounds for children.

"All within our mission and what we might be able to contribute," Kolowski said earlier this month. "Again, if we can work this out in the future with our board, we'd be very proud to be able to become a partner in this excellent project."

Typically, cost-sharing agreements are split evenly by the NRD and another entity, Winkler said. Any funding would need the NRD board's approval.

One potential project: UNMC has said it wants to eventually extend the Field Club Trail north to the student plaza. Other possibilities involving the NRD are parks, healing gardens and retention ponds.

Hansen said the funding would not be "in the millions."

“I would say it could be in the six digits, but it's more likely to be closer to \$250,000 than \$1 million,” he said.

He added: “We are looking to the NRD to come to us for their take on this. They are involved in stormwater management and flood control. We know they support our cancer center project. Certainly they have some good ideas.”

Hansen said there are no plans to relocate Saddle Creek Road as part of the cancer center project. And he said no discussions are under way with the NRD related to any road realignment that could create extra space on campus.

Winkler agreed, saying the NRD has not had any discussions with UNMC officials about Saddle Creek Road as part of the cancer center project.

NRD board member Larry Bradley said he wants an update on the UNMC talks at the board's October meeting so the whole board and the public are aware of what has taken place.

Bradley said some aspects of the project may have merit and fall within the NRD's mission.

“We're about flood control,” Bradley said. “If it's for flood-control measures associated with Saddle Creek Road and rain gardens, then I am for that.”

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WORLD-HERALD EDITORIAL

Are there no options?

Omaha World-Herald

It's a great idea. How best to pay for it is the catch.

The proposed \$370 million cancer research and treatment center at the University of Nebraska Medical Center offers many positives for the city and state.

As Dr. Kenneth H. Cowan details on today's More Commentary page, those benefits include 4,800 construction jobs, 1,200 new jobs when the cancer center is completed, advanced research and comprehensive treatment to combat a terrible disease.

Much of the cost will be paid for with private donations. But the state has contributed \$50 million, and taxpayers in Douglas County and Omaha have been asked to do more. The county board voted to give \$5 million over 10 years from inheritance taxes. The Omaha City Council is considering imposing a new occupation tax on cigarettes to raise \$35 million over 10 years.

Without question, a \$35 million investment for a project that would generate an estimated \$100 million a year in new revenues is important for the city's future. But hitting up taxpayers for another new tax should not be the first option whenever a worthy project comes along.

City government in a fiscal hole? Impose a restaurant tax. Want to contribute to a cancer research center? Tax tobacco. What's next? An occupation tax on milk shakes or super-sized soft drinks?

And what happens when the price of cigarettes, which also are taxed by the state and federal governments, goes up an extra 35 cents? Most likely, some smokers will call it quits. Some will buy their cigarettes elsewhere. So what happens if the new tax falls short?

At a time when the city's AAA bond rating has been downgraded because of long-term problems with underfunded pensions — a development Mayor Jim Suttle called “a devastating blow for the taxpayers” — why not look for other options?

Are there no savings to be found in a proposed \$789 million city budget that could provide \$3.5 million a year to invest in such an important project?

What about the restaurant tax, which is bringing in more than both its original \$15 million-a-year projection *and* the upwardly revised \$19 million estimate? In its first full year, the tax collected \$23.8 million for the city. The 2012 figures are on pace to surpass that total, and for next year the revenue number is expected to hit \$25.6 million. Why not make some of that money available for the cancer center?

When a \$250,000 contribution was suggested to the Papio-Missouri River Natural Resources District, officials of that agency, which extends from the South Dakota border to the Platte River, smartly looked at their options.

Responding with good sense and an eye on its mission, the NRD suggests that the district might be able to participate through its responsibilities for creating recreational opportunities, such as hiking and biking trails, parks and playgrounds and its flood-control mission, including retention ponds, rain gardens and stormwater management.

Bottom line: The UNMC cancer center is a significant project that needs to be built. The City Council needs to evaluate all options before rushing to approve another new tax.