

STAFF REPORT

TO: Honorable Mayor and City Council

FROM: Jody Sanders, City Administrator

DATE: August 25, 2026

SUBJECT: Increase of local option sales and use tax to service debt payments for Fire buildings

Recommendation: Approve Resolution No. 2026-219 approving the ballot language that shall be submitted to the qualified electors of the City at the statewide general election to be held on Tuesday, November 3, 2026 regarding a one-half of one percent (1/2%) increase in sales tax

Background: The City has been developing plans to replace the existing fire station that was built in 1968. From multiple studies, the City determined that there is a need for a satellite location in southeast Fremont and that the current location of old fire station are the best locations to provide timely EMS and fire response to the greatest number of locations in the service territory. FMGA, as design architects, and Boyd Jones as the Construction Manager at Risk (CMR) for the satellite and fire station buildings are working on the satellite building now. While City Staff has worked with the team designing the buildings to look for cost reductions, construction costs continue to escalate, meaning financing needs have grown accordingly.

The plan originally was to pay back the needed bonds with sales tax already being collected for public safety. The problem with that plan, as costs have increased, is that it would take all of the sales tax for public safety for debt service, leaving nothing left for ongoing equipment and vehicle replacements. To meet this need, Staff is proposing that the Council approve ballot language for voters to consider an additional half-cent sales and use tax to service the debt, leaving the existing public safety sales tax receipts to fund equipment for both fire and police departments. Any residual funds would be used for other public infrastructure projects, possibly outside of City Limits but within the City's extraterritorial jurisdiction.

Nebraska Revised Statute 77-27.142 (3)(a) requires municipalities imposing a sales and use tax of greater than one and one-half percent to enter into an interlocal agreement pursuant to the Joint Public Agency Act with a political subdivision within the municipality or the county in which the municipality is located. Staff has spoken with a few of the Dodge County Board of Supervisors who are optimistic that the interlocal, once negotiated, would be approved by their Board. Other than supporting the City's projects, there is not expected to be an obligation on the part of the County. Negotiations for the interlocal will begin in the next few weeks.

Fiscal Impact: Approximately \$3.5 million annually in sales tax revenue to pay debt service on approximately \$30 million of bonds over 20 years.

City Values Impact: Public Safety and Teamwork.

RESOLUTION 2026-219

A Resolution of the City Council of the City of Fremont, Nebraska approving the ballot language that shall be submitted to the qualified electors of the City at the statewide general election to be held on Tuesday, November 3, 2026 regarding a one-half of one percent (1/2%) increase in sales tax and directing the requisite notice thereof.

WHEREAS, the City of Fremont (the “City”) desires for the implementation of public infrastructure projects, including but not limited to building a Fire Station Satellite, a new Fire Station Facility in the current station location, equipment, and infrastructure improvements to serve the public; and

WHEREAS, the maintenance, repair, and improvement of public infrastructure is an ongoing need; and

WHEREAS, the City has developed a plan to build its Fire Station Satellite and a new Fire Station Facility, together with equipment related thereto; and

WHEREAS, *Nebraska Revised Statutes* §77-27,142 (R.S. Supp., 2013) allows the governing body of the City of Fremont to impose an additional one-half of one percent (1/2%) sales tax in addition to the existing local sales and use tax upon the same transactions within the City on which the State of Nebraska is authorized to impose a tax pursuant to the Nebraska Revenue Act of 1967, as amended, following an election at which a majority of the qualified electors of the City approve such additional sales and use tax; and

WHEREAS, an additional one-half of one percent (1/2%) local sales and use tax collected for up to 20 years would allow for the development of requisite public infrastructure; and

WHEREAS, the City’s public safety services and public streets are utilized by citizens living outside of the City of Fremont; and

WHEREAS, pursuant to Section 77-27,142(3) and the Nebraska Interlocal Cooperation Act, Sections 13-801 et seq., the City and Dodge County, which is the county in which the City is located, have entered into or expect to enter into an Interlocal Agreement pursuant to the Interlocal Cooperation Act creating a separate legal or administrative entity relating to a portion of the project; and

WHEREAS, at the time of the November 3, 2026 election, the question of imposing a sales and use tax will have not been submitted to and rejected by the electors within the prior twenty-three months, pursuant to Section 77-27-142.03(2); and

WHEREAS, it is in the best interests of the City to present the question of the imposition of an additional one-half of one percent (1/2%) sales tax to the electors of the City at the statewide general election to be held on Tuesday, November 3, 2026.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and City Council (the “Council”) of the City of Fremont, Nebraska:

SECTION 1. The Council hereby finds and determines that:

a. It is necessary, desirable, and advisable and in the best interests of the City to construct a

Fire Station Satellite, a new Fire Station Facility in the current station location, together with equipment related thereto, and to continue public infrastructure improvements throughout the city.

- b. The costs of the construction, together with equipment related thereto, and public infrastructure improvements are to be paid by the revenue derived from an additional one-half of one percent (1/2%) sales and use tax to be imposed in addition to the existing local sales and use tax.
- c. No additional sales and use tax approved by electors shall be collected for a period exceeding 20 years.
- d. Revenue from an additional elector-approved sales and use tax shall be used for construction of a Fire Station Satellite, a new Fire Station Facility in the current station location, together with equipment related thereto, and public infrastructure improvements.
- e. It is in the best interests of the citizens of the City to present the question of the imposition of an additional one-half of one percent (1/2%) sales tax to the duly qualified electors of the City at the statewide general election to be held on Tuesday, November 3, 2026.

SECTION 2. The following proposition shall be submitted to the qualified electors of the City at the statewide general election to be held on Tuesday, November 3, 2026:

(FORM OF BALLOT)

**STATE OF NEBRASKA CITY
OF FREMONT OFFICIAL
BALLOT
STATEWIDE GENERAL ELECTION – TUESDAY, NOVEMBER 3, 2026 PROPOSAL TO
INCREASE LOCAL SALES AND USE TAX RATE**

Question: “Shall the governing body of the incorporated municipality – the City of Fremont – increase the local sales and use tax rate by an additional one-half of one percent (1/2%) and impose a sales and use tax at the increased rate upon the same transactions within such municipality on which the State of Nebraska is authorized to impose a tax for 20 years with all revenues generated by the additional one-half of one percent (1/2%) to be used for public infrastructure projects, which include, but are not limited to, any of the following projects, or any combination thereof: Fire Station and Satellite construction, public highways and bridges and municipal roads, streets, bridges, and sidewalks; solid waste management facilities; wastewater, storm water, and water treatment works and systems, water distribution facilities, and water resources projects, including, but not limited to, pumping stations, transmission lines, and mains and their appurtenances; hazardous waste disposal systems; resource recovery systems; port facilities; buildings and capital equipment used in the operation of municipal government; mass transit and other transportation systems, including parking facilities; and equipment necessary for the provision of municipal services.

- ☐ YES
☐ NO

A “YES” Vote: If a majority of the votes cast upon such question shall be in favor of increasing such local sales and use tax rate by an additional one-half of one percent (1/2%), then the City of Fremont shall be empowered as provided by Section 77-27,142 of the Nebraska Statutes and shall forthwith proceed to increase the local sales and use tax rate from one and one-half percent (1 1/2%) to two percent (2%) and impose a sales and use tax at the increased rate pursuant to the Local Option Revenue Act, with all revenues generated by the additional one-half of one percent (1/2%) to be used for the public infrastructure projects.

A “NO” Vote: If a majority of those voting on the question shall be opposed to such an increase of the local sales and use tax rate by an additional one-half of one percent (1/2%), then the governing body of the incorporated municipality shall not impose such a tax increase and the local sales and use tax rate will remain unchanged at one and one-half percent (1 1/2%).

Additional Information Regarding City of Fremont Proposed Sales and Use Tax Rate Increase:

If the additional sales and use tax is approved, it will not result in a reduction or elimination of any other taxes or fees. All additional revenue will be used solely for the construction of a Fire Station Satellite, a new Fire Station Facility in the current station location, together with equipment related thereto, and public infrastructure improvements. The revenue will be collected for 20 years beginning in 2026. The City of Fremont has entered into or expects to enter into an interlocal agreement with Dodge County for the long term development of unified governance of the City of Fremont public infrastructure projects specifically as is provided in the interlocal agreement to provide public safety services and improved streets to City and County residents. Additional revenue collected from increasing the sales and use tax rate by one half of one percent (1/2%) will be used solely to fund the public infrastructure projects of the City of Fremont and none (0%) will be used for purposes of the administration of the interlocal agreement. Revenue will also be collected until the payment in full of any bonds.”

SECTION 3. The Dodge County Clerk (Election Commissioner) shall cause notice of said election to be published as required by law pursuant to *Nebraska Revised Statutes* § 32-802 R.R.S. 2008.

SECTION 4. The Fremont City Clerk shall cause notice of the submission of the question of imposing sales and use tax as required by law pursuant to *Nebraska Revised Statutes* § 77-27,142.04 R.R.S. 2009. The notice shall be in substantially the following form:

*NOTICE OF
SUBMISSION OF THE QUESTION OF IMPOSING SALES AND USE TAX CITY OF
FREMONT, NEBRASKA*

PUBLIC NOTICE IS HEREBY GIVEN that pursuant to a resolution passed by the Mayor and Council of the City of Fremont, Nebraska, the following question will be submitted to the qualified electors of the City for their approval or rejection at the Tuesday, November 3, 2026, general election.

Question: “Shall the governing body of the incorporated municipality – the City of Fremont – increase the local sales and use tax rate by an additional one-half of one percent (1/2%) and impose a

sales and use tax at the increased rate upon the same transactions within such municipality on which the State of Nebraska is authorized to impose a tax for 20 years with all revenues generated by the additional one-half of one percent (1/2%) to be used for public infrastructure projects, which include, but are not limited to, any of the following projects, or any combination thereof: Fire Station and Satellite construction, public highways and bridges and municipal roads, streets, bridges, and sidewalks; solid waste management facilities; wastewater, storm water, and water treatment works and systems, water distribution facilities, and water resources projects, including, but not limited to, pumping stations, transmission lines, and mains and their appurtenances; hazardous waste disposal systems; resource recovery systems; port facilities; buildings and capital equipment used in the operation of municipal government; mass transit and other transportation systems, including parking facilities; and equipment necessary for the provision of municipal services.

☐ YES

☐ NO

A “YES” Vote: If a majority of the votes cast upon such question shall be in favor of increasing such local sales and use tax rate by an additional one-half of one percent (1/2%), then the City of Fremont shall be empowered as provided by Section 77-27,142 of the Nebraska Statutes and shall forthwith proceed to increase the local sales and use tax rate from one and one-half percent (1 1/2%) to two percent (2%) and impose a sales and use tax at the increased rate pursuant to the Local Option Revenue Act, with all revenues generated by the additional one-half of one percent (1/2%) to be used for the public infrastructure projects.

A “NO” Vote: If a majority of those voting on the question shall be opposed to such an increase of the local sales and use tax rate by an additional one-half of one percent (1/2%), then the governing body of the incorporated municipality shall not impose such a tax increase and the local sales and use tax rate will remain unchanged at one and one-half percent (1 1/2%).

Additional Information Regarding City of Fremont Proposed Sales and Use Tax Rate Increase:

If the additional sales and use tax is approved, it will not result in a reduction or elimination of any other taxes or fees. All additional revenue will be used solely for the construction of a Fire Station Satellite, a new Fire Station Facility in the current station location, together with equipment related thereto, and public infrastructure improvements. The revenue will be collected for 20 years beginning in 2027. The City of Fremont has entered into or expects to enter into an interlocal agreement with Dodge County for the long term development of unified governance of the City of Fremont public infrastructure projects specifically as is provided in the interlocal agreement to provide public safety services and improved streets to City and County residents. Additional revenue collected from increasing the sales and use tax rate by one half of one percent (1/2%) will be used solely to fund the public infrastructure projects of the City of Fremont and none (0%) will be used for purposes of the administration of the interlocal agreement. Revenue will also be collected until the payment in full of any bonds.

Voters desiring to vote in favor of the question shall mark an “X” in the box preceding the words

“YES” and voters desiring to vote against the question shall mark an “X” in the box preceding the words “NO”.

The polls will be open continuously from 8:00 a.m. to 8:00 p.m. on said date. The voting place for all qualified electors of the City will be the same as the voting places designated for the General Election.

Qualified electors wishing to vote early, as permitted by law, may do so in person or by requesting a ballot for early voting from the Dodge County Clerk’s (Election Commissioner’s) office, 435 North Park Ave., Fremont, Nebraska 68025.

BY ORDER OF THE MAYOR AND COUNCIL OF THE CITY OF FREMONT

SECTION 5. Such statewide general election will be held in each election district within the City and at the polling places designated by the County Clerk (Election Commissioner) of Dodge County, Nebraska.

SECTION 6. The City Clerk is further directed to notify the County Clerk (Election Commissioner) for such statewide general election of the sales and use tax question set forth in Section 2 hereof.

SECTION 7. The polling places for such general statewide primary election shall be open from 8:00 a.m. to 8:00 p.m. on Tuesday November 3, 2026, and a copy of the sales and use tax authorization question to be submitted shall be posted at each place of voting during the hours said polls are open.

SECTION 8. Such statewide general election shall be conducted in accordance with the laws of the State applicable to such elections for cities of the first class (including the Election Act) and the ballots shall be counted, the returns made, and the results canvassed as provided for by law and all such steps shall be taken as are provided by law in the ascertainment of the results of said election.

PASSED AND APPROVED this 25th DAY OF AUGUST, 2026.

ATTEST:

Dev Sookram, Mayor

Michael Chatterson, City Clerk

Approved as to form: _____
Travis Jacott, City Attorney