Annual Budget
For Calendar Year
2020

Vision
Service and Leadership that enriches the community.

Mission
To provide quality service and leadership that maximizes resources and responds to our community’s present and future needs.

Shared Goals
- Cooperation and Teamwork
- Honesty & Integrity
- Responsiveness and Reliability

These values demonstrate our commitment to professionalism.
City of Omaha Elected Officials

Jean Stothert
Mayor

Chris Jerram
District 3
City Council President

Vinny Palermo
District 4
City Council Vice President

Pete Festersen
District 1
City Council Member

Ben Gray
District 2
City Council Member

Rich Pahls
District 5
City Council Member

Brinker Harding
District 6
City Council Member

Aimee Melton
District 7
City Council Member
Department Officials

DEPARTMENT DIRECTORS
Paul Kratz ................................................................. City Attorney
Deborah Sander ..................................................... Human Resources Director
Franklin Thompson ............................................. Human Rights & Relations Director
Stephen Curtiss ...................................................... Finance Director/Acting City Comptroller
David Fanslau ......................................................... Planning Director
Brook Bench ........................................................ Parks, Recreation & Public Property Director
Daniel Olsen ........................................................... Fire Chief
Todd Schmaderer ................................................ Police Chief
Robert Stubbe ........................................................ Public Works Director
Keith Backsen ....................................................... Convention & Tourism Director
Laura Marlane ...................................................... Library Director

MAYOR'S EXECUTIVE STAFF
Marty Bilek ................................................................. Chief of Staff
Carrie Murphy ......................................................... Deputy Chief of Staff - Communications
Kevin Andersen .................................................. Deputy Chief of Staff - Economic Development & Development Services
Troy Anderson ..................................................... Deputy Chief of Staff - Economic Development & Development Services

Allen Herink, Finance Administrator
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THE BUDGET PROCESS

The procedure for the annual budget process, adoption of a tax levy, and amending the budget is specified in the following sections of the Home Rule Charter of the City of Omaha:

- Section 5.04 Formulation and Submission of Budget
- Section 5.05 Scope and Content of the Budget
- Section 5.06 Consideration and Adoption of Budget by Council
- Section 5.07 Tax Levy
- Section 5.10 Transfer of Appropriations
- Section 5.11 Emergency Appropriations

The following is a description of each of the steps taken to ensure compliance with the provisions of the Home Rule Charter and to incorporate modern fiscal management and municipal budgeting techniques.

**Initial Budget Preparation and Request**

The 2020 Budget process began approximately January 1st, 2019 with the process of forecasting 2020 revenues and projecting inflationary increases in regard to fixed costs such as health care, utilities and basic commodities. With this information in mind, preparation of the 2020 Budget request by the Budget Division staff of the Finance Department was initiated.

In order to assist the Departments in the preparation of their request, the 2020 Budget database included the following: (1) all classified and full-time employees listed by classification and salary step as of March 9th, 2019; (2) all non-personnel service expenditure line items detailing 2018 expenditures and 2019 line item appropriations by organization; (3) a five-year average of expenditures for all line items; (4) a five-year annual expenditure history detailing by line item each division's expenditures through 2018; (5) 2020 wages calculated with fringe benefits based on current pay scales, projections, step increases and known contractual adjustments; (6) an instruction letter, FAQ, and inflationary guideline detailing budget information, instructions and various standardized rates to be used in the budget request preparation process. The budget instructions and other pertinent guides were posted as an electronic link on the budget module.

The database was opened to the departments, divisions and agencies on March 26th, 2019. The Budget Division of the Finance Department supplied technical assistance throughout the months of March and April to assist all departments in preparing their budget requests.

During the period of March 26th through April 19th, 2019 the preparation of budget requests was performed by all departments, divisions and agencies. There were some extensions permitted. The preparation of fund statements and supporting schedules reflecting 2018 Actual and 2019 Budget information was performed by the Budget Division. Revised forecasts of 2019 and 2020 revenues were prepared. These forecasts were reviewed by the Finance Director and City Treasurer.
THE BUDGET PROCESS

Capital Improvement Program

The Capital Improvement Program (CIP), a requirement of the City's Home Rule Charter, is a policy document and financial plan which outlines the City's proposed capital projects for a six-year period. The CIP is designed to guide financial management of capital resources, policy planning and inter-departmental coordination through application and implementation of specific City goals.

Various City departments submit proposed capital improvement projects to the Mayor's Capital Improvement Program Task Force. This Task Force evaluates each of the proposed projects, assigns a preliminary priority ranking, and determines the proposed financing source(s). The prioritized list is then submitted to the Capital Improvement Priority Committee. Representatives from the Finance Department are members of both of these committees and provide financial guidance as to the total dollars available for capital expenditures for each of the six-years of the program. The first year of the program is proposed as the administration's capital budget and is incorporated into the City's annual budget. The final Capital Improvement Program plan is sent to the City Council for their review, consideration and adoption.

Budget Review by the Mayor

The departments and divisions of City government, and various agencies, submitted their 2020 budget requests to the Budget Division of the Finance Department as required by Section 5.05 (1) of the Home Rule Charter. The requests are recorded, tabulated, reviewed, and analyzed. Based on this analysis, the Finance Department makes recommendations concerning the requested amounts and also prepares an updated estimate of revenues based on current rates for taxes, fees, charges, licenses and permits. This information is then presented to the Budget Committee, which is typically comprised of the Finance Director, Mayor, Mayor's Chief of Staff, Budget Manager, and any other representative the Mayor's office desires to be included in the budget analysis. At this point in the budget preparation process, it is usually the case that requested appropriations exceed projected revenues.

This information is then analyzed and consolidated by the Committee. It is the Mayor's task to determine priorities, assess current and future needs, make long range plans through integration of the Capital Improvement Program, and review staffing levels, requested appropriations and projected revenues. This review for the 2020 Budget was conducted by the Mayor in the time frame of April 24th, 2019 to June 19th, 2019 in conjunction with the Mayor's staff, the Finance Director and department and division heads. In accordance with Section 5.04 (2), the Mayor then makes all final decisions concerning staffing levels, funding levels for all departments, divisions and outside agencies, capital improvements, revenue estimates, and any changes in tax rates, cost recovery fees and other charges. This financial plan then comprises the Recommended Budget which is sent to the City Council for review, consideration and adoption.

Introduction of the Recommended Budget

The Recommended Budget is presented to the City Council for its consideration no later than thirty days before the tax levy certification date in accordance with Section 5.04 (3) of the Home Rule Charter. The Mayor introduces the Recommended Budget at a regularly scheduled meeting of the City Council by reading aloud a budget message. The text of this budget message, comparative data for the current and immediately past budgets, and all other statements and schedules as required by Section 5.05 of the Home Rule Charter, are included in the printed budget document. Upon submission, the budget becomes a public record and is open to public inspection. The 2020 Recommended Budget was presented to the Omaha City Council on July 23th, 2019.
THE BUDGET PROCESS

Budget Review by City Council

After the introduction of the Recommended Budget, the City Council begins its deliberations and review of the financial plan approved by the Mayor and the Mayor's staff. Consideration of the budget by the City Council is required by Section 5.06 of the Home Rule Charter and is accomplished through a series of budget hearings which are open to the public and news media. All budget hearings are held in the City Council Conference Room or other appointed locations and a schedule of the hearings are posted in advance. At the budget hearings, the Finance Director presents an overview of the budget to inform the City Council of various changes, assumptions, and increases and decreases included in the Recommended Budget. Each department director in turn then presents opening remarks concerning the budget for his/her department, and responds to questions and receives comments from the individual council members. At the end of the budget hearing, the Finance Director presents concluding remarks representing the administration's position and answers any questions that may have arisen during the course of the hearings. Upon conclusion of the budget hearings, the City Council is then prepared to receive citizen input and to submit budget revision resolutions in preparation for final adoption of the budget.

Citizen Input

The City Council set a public hearing date of August 13th, 2019 at 6:30 p.m. in the Legislative Chambers of the Omaha/Douglas Civic Center. Section 5.06 of the Home Rule Charter stipulates that the public hearing must be held at least ten days prior to the tax levy certification date. The public hearing was held in the evening hours to provide as many citizens as possible with the opportunity to offer testimony to the City Council. The budget presentation generates press coverage. Daily newspapers, internet, television and radio stations report budget highlights and statistics. Following the budget presentation, the Mayor's Recommended Budget is available to the general public for inspection and study at the twelve public libraries via the Internet, in the City Clerk's office and in the Finance Department. The budget is also posted on the City of Omaha website.

Adoption of the Budget and Tax Levy Certification

After the public hearing, the City Council may, by resolution, make changes to the Recommended Budget. Certain stipulations, however, do exist. Section 5.06 of the Home Rule Charter provides that the City Council may revise the expenditure side of the budget by increasing, decreasing, inserting or deleting appropriation items, except that it cannot reduce appropriations for debt service. Expenditure revision resolutions require a simple majority for passage. The City Council may also introduce resolutions to revise revenue estimates; however, these revision resolutions require an affirmative vote from five of the seven council members. After all amending resolutions have been acted upon, the City Council adopts a final budget resolution by majority vote. The Mayor may veto any of the budget revision resolutions and the City Council may sustain or, with five affirmative votes, override the Mayor's veto. By adopting the budget, the City Council authorizes appropriations by department, division, agency or account for the ensuing budget year. The Charter provides that the budget, as adopted, be reproduced and copies made available to the general public and governmental agencies. The adopted budget is made available to the public at the twelve public libraries via the Internet, the City Clerk's office and the Finance Department. The budget is also posted on the City of Omaha website.

After adopting the budget, but no later than October 13th of 2019, the City Council must certify a tax levy. Section 5.07 of the Home Rule Charter provides that the City Council, on the basis of the final budget, shall adopt a resolution certifying a single City of Omaha tax levy for the ensuing fiscal year. The single City of Omaha tax levy certified in any year is limited to $.6125 per $100 of actual taxable value for the City's General Fund plus whatever tax levy is necessary to pay principal, interest and administrative expenses on the indebtedness of the City, and for the satisfaction of judgments and litigation expenses against the City.
THE BUDGET PROCESS

The 2020 Budget was adopted on Tuesday, August 27th, 2019. On September 10th, 2019 the City Council certified a single tax levy rate of $.47922 per $100 of actual valuation for 2020 consisting of $.27979 for the General Fund, $.16743 for the Debt Service Fund, $.00600 for the Judgment Fund and $.02600 for the Redevelopment Fund.

Amending the Budget

The Home Rule Charter provides for amending the budget through the provisions of Sections 5.10 and 5.11.

Basically, there are three types of budget transfers, each requiring a successive level of authority. First, the Mayor may, at any time, transfer an unencumbered appropriation balance or portion thereof between appropriations of the same division. Second, transfers between divisions in the same department may be authorized by resolution of the City Council. Third, transfers between departments/agencies may be authorized by ordinance of the City Council.

Public comment on resolutions are heard before the City Council votes on the resolution. Public comment on ordinances are heard after the second reading of the ordinance. Ordinances are advertised in a newspaper of public circulation after the first reading of that ordinance.

To meet a public emergency threatening serious loss of life, health or property, the City Council may, by ordinance, make emergency appropriations or transfers. An ordinance may be passed as an emergency measure after one reading when the City Council finds that an emergency exists pursuant to the Home Rule Charter, Section 2.13. If there are no unappropriated monies available, the City Council may, by ordinance, authorize the issuance of emergency notes.
GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

City of Omaha
Nebraska

For the Fiscal Year Beginning

January 1, 2019

Christopher P. Morill
Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Omaha, Nebraska for its annual budget for the fiscal year beginning January 1, 2019.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

This award is valid for a period of one year. We believe our current budget continues to conform to program requirements and we are submitting it to GFOA to determine its eligibility for another award.
City of Omaha Budget Message

2020 Adopted
Summary

The City of Omaha has established four priorities that are important to our future. These guiding principles help us to stay focused on our objectives. These priorities are:

- Improving public safety
- Managing the budget
- Job growth & economic development
- Improving customer service

Commitment to our Priorities in the 2020 Budget

Improving Public Safety

◆ Fire Department
  o Fire plans to upgrade heart monitors by replacing the modems in our monitors.
  o The CIP includes the replacement of Fire Station 31 in South Omaha and the scheduling of fire apparatus replacement.
  o Fire plans to replace small vehicles by utilizing lease purchase dollars.

◆ Police Department
  o Police sworn staffing is budgeted at 902 officers in 2020.
  o The 2020 Police budget includes funding for DNA testing for criminal investigations. This includes, but is not limited to, homicide, gun assault, robbery, sexual assault, illegal gun possession, child abuse, and motor vehicle homicide investigations. DNA test results provide powerful, indisputable evidence for successful prosecution in the courtroom.
  o 30 Ford Explorer Police Utility vehicles will be added to the fleet in 2020.
  o Body worn cameras are projected to reach full deployment at 575 cameras in December 2019. In addition to the body worn cameras, all Taser deployments are synced with the cameras for auto activation. The 2020 budget includes equipping all uniform patrol precincts to ensure all on-duty uniform patrol officers are trained and carry a Taser during their shift.
  o In April 2019, the Air Support Unit experienced an engine failure in flight and had to make an emergency landing. This resulted in unavoidable damage to the helicopter. Thankfully and because of the knowledge, skills, and abilities of the pilots no one was injured. The 2020 budget includes funding for annual helicopter pilot training, specifically on emergency maneuvers, and pilot safety procedures.
  o The 2020 budget supports the newly built City of Omaha fifth Police Precinct.

◆ Other
  o The Douglas County Emergency 911 center has moved to a newly remodeled building made possible through a Douglas County bond issue. Through an interlocal agreement between the City of Omaha & Douglas County, the City budget funds most of the operational costs of this facility.
Managing the Budget

- The Finance Department works with the City departments to project where their budgets would be at the end of the fiscal year. Departments work to stay within their fiscal budget allocations.
- The City’s objective for the year end General Fund balance will be a minimum of 1% annual General Fund revenues carried forward two years. The General Fund carryover used in the 2020 budget is $5,750,227.
- The City has made a concerted effort to increase both the Cash Reserve Fund and the Contingent Liability Fund. The 2018 ending balance for the reserve funds is approximately $12.8 million consisting of the Contingent Liability Fund ($3,856,129) and Cash Reserve Fund ($8,932,683) after the transfers.
- In 2020 we have budgeted $400,000 of transfers from the General Fund to the Cash Reserve fund.
- Public Works is continuing with the implementation of the federally mandated Combined Sewer Overflow (CSO) program, and continues efforts to reduce the overall costs of the program by up to 20%.
- Omaha Public Power District started installing LED’s in street lights at the beginning of this year. The street light expense is projected to drop around 5% every year for the next five years.

Job Growth & Economic Development

- Planning Department
  - The Housing and Community Development Division’s Holistic Neighborhood Revitalization Initiative continues to focus on the Neighborhood Action and Facts Association. This initiative leverages public and private funds to spur neighborhood-based community redevelopment.
  - The City received a $25 million Choice Neighborhood Implementation grant from the U.S. Department of Housing and Urban Development to transform the North 30th Street corridor from Cuming to Evans, focusing on Highlander and Spencer Homes. Partners on this effort include the Omaha Housing Authority and 75 North.
  - Tax Increment Financing (TIF) and Property Assessed Clean Energy (PACE) continue to be useful development tools in Omaha. The Planning Department plans to promote the use of PACE to a broader array of project types.
  - The City allocated $400,000 of General Funds for the demolition of dilapidated houses and has access to another $400,000 through the commitment of Community Development Block Grant funds. There are currently 133 properties on the confirmed demolition status list. The City will be able to demolish up to 73 houses. It costs approximately $11,000 for demolition of one house.

- Convention & Visitor’s Bureau Department
  - With a total investment of $6 million, $2.5 million from the city, the CVB (Convention & Visitor’s Bureau) will bring $181 million in convention, meeting, and event business, and $73 million in leisure business to Omaha in 2020.
  - CVB will increase city-wide convention/meeting/event business 18 months and out, by continuing to expand its sales presence in Washington, D.C. and Chicago, where the highest concentration of national associations is located. In addition, the CVB plans to expand its sale presence in the Western portion of the U.S. to increase meeting business.
  - CVB will continue year-round advertising that targets the leisure traveler, with special emphasis on non-traditional travel months.
Parks Department

- The City of Omaha metro parks support the quality of life in our community. This quality of life contributes to our employment & economic development in the metro. The 2020 budget continues to fund the recreation facilities and programming. Programming includes day camps, various special events, wellness and safety campaigns, community classes and creative occasions that offer recreational opportunities to the citizens of Omaha.
- The Riverfront (as shown on the budget book cover) is now under construction and includes significant philanthropic and business community funding. This large project involves substantial updates around Gene Leahy Mall, Heartland of America Park, and Lewis and Clark Landing.
- The Parks Department will continue to enhance the Parks system through numerous large-scale projects. 2020 projects include construction of a miniature golf course and dog park at Miller Park, and a five-mile recreational trail and new campground at Lake Cunningham Park.

Public Works Department

- Our Public Works infrastructure plays a vital role in the economic development of the City of Omaha. Public Works Street Maintenance will increase personnel by seven full time positions allowing two additional crews to fill potholes and three teams for snow removal operations. Trucks and equipment for these additional staff members is included in this budget.
- Street resurfacing remains a priority for the administration. The 2020 budget includes these increases and an additional increase of $300,000 for a total of approximately $12.6 million.
- The Parking & Mobility Division is focused on economic development and working toward an overall parking system including negotiations for City owned garage construction for upcoming developments and is managing the current test of dockless electric scooters.
- Sewer Maintenance Division is adding eight full time employees, increasing the staff that maintains the City's Missouri River flood control system and the nearly 2,000 miles of the existing sanitary and combined sewer systems.

Improving Customer Service

- The Planning Department continues to expand the use of Accela productivity and engagement software across its Divisions. Accela Automation and Eplansoft Review allows planning and permit applications to be completed online which increases accuracy and productivity, optimizes review timelines, and improves public transparency. The City will expand the use of its current Accela implementation and adopt new software such as IVR (Interactive Voice Response) to give citizens access to their data when, where, and how they want it.
- Over the summer the Library will be upgrading broadband speeds to 2 Gbps shared with all twelve branches (currently sharing 1 Gbps.)
- Human Resources will continue the implementation of the HRIS – a human resource management and payroll information system. With talent acquisition management implemented in 2019, HR will now focus on performance management, health and safety, and employee relations modules. This remains a significant undertaking for all Human Resources staff which will require data cleanup, process automation, and staff training.
In the Parks Department the Public Awareness section will strive to exponentially grow the Parks and Recreation social media follower base on Facebook, Twitter, and Instagram. We are focusing on the growth of outreach and awareness of the Department’s news and events via the newsletter, fair, and new methods of marketing and advertising. Public Awareness will continue to serve as a vital resource in notifying the public of activities, free events, and projects the Parks Department is a part of.

In Public Works we are including funds for the expansion of the Spring Clean Up, addition of a Fall Clean Up, and additional education and outreach added to the Solid Waste budget as the City prepares for implementation of the new solid waste contract.

**Budget Drivers**

The City of Omaha Adopted its 2020 budget on August 27, 2019. Highlights from both the revenues and expenses are included in the sections below.

**Revenues**

- The property tax levy is kept flat at 47.922 cents per $100 of assessed valuation. The valuation, however, increased by 6.6%. Douglas County certified the valuation at $37,647,600,440. Current year property tax for all funds is projected at $180,414,830. The current year General Fund portion is projected at $105,334,221.
- The sales tax budget is $172,110,849 after deducting tax incentives from the State of Nebraska LB775 and LB312 programs. (We estimate that our sales tax revenues will be reduced by $9,000,000 due to these tax incentive programs).
- Restaurant tax is estimated at $34,597,640, and the proceeds from this go into the General Fund.
- The City Council passed an annexation package that increased revenues by $733,883.

**Expenditures**

- **Labor Contracts:**
  - In the 2020 Adopted Budget all union groups have a current adopted contract and are on the 2020 pay scale with the exception of Fire Sworn. Any potential wage adjustments for Fire Sworn are included in the Wage Adjustment account.
  - Approximately 76% of the General Fund budget is related to employee compensation.
- **Utilities:**
  - The City of Omaha maintains numerous facilities including Police Stations, a Police Headquarters Building, Fire Stations, Libraries, Community Centers, Public Swimming Pools, Ice Arenas, Golf Courses, Tennis Courts, Public Parking Garages, the Missouri River Wastewater Treatment Plant, Papio-Creek Wastewater Treatment Plant, Elkhorn Wastewater Treatment Plant, Burt-Izard Pump Station, Maintenance Facilities, City Hall, and many others. Total square feet of building space is approximately six million. The 2020 budget includes the following utility related assumptions:
    - OPPD increase of 0% over 2018 expended.
    - MUD Water increase of 19% over 2018 expended
- MUD Natural Gas increase of 3% over 2018 expended
- MUD Sewer increase of 10.5% over 2018 expended

**Health Care Costs:**
- The City of Omaha is self-insured for our employee health insurance with the exception of the Fire Trust plan. We estimate that medical insurance will cost approximately 67 million dollars in the 2020 budget; approximately 17.5 million of this allotment is for retirees.

### Budget Challenges

▲ COMBINED SEWER OVERFLOW PROGRAM (CSO):
- Continues to be the largest Public Works project in history in the State of Nebraska
- Cost estimated at $2 billion (current dollars) over 15-20 years
- The program continues to be a financial strain on ratepayers
- Continuous evaluation of CSO progress based on monitoring and assessment to build only what we need to keep costs as low as possible.

▲ CIVILIAN AND POLICE/FIRE PENSION SYSTEMS:
- Through contract negotiations both pension systems have stabilized long-term funding, but continue to be of concern to the City with fully-funded end dates in approximately 30 years.
- Current City’s contribution to Pension.
  - Civilian - 18.78%
  - Police – 34.42%
  - Police Management – 33.17%
  - Fire Bargaining – 32.97%
  - Fire Management – 33.17%

▲ OTHER POST EMPLOYMENT BENEFITS (OPEB) TO ELIGIBLE RETIREES/DEPENDENTS (HEALTHCARE):
- Total OPEB liability equaled $384.7 million at 12/31/18; this is a decrease of 1.88% from 1/1/2018. GASB Statement No. 75 gives guidance on OPEB calculations.
- The City continues to negotiate with bargaining groups in regards to health care benefits.

▲ GENERAL FUND:
- LB775 and LB312 refunds for the State of Nebraska tax incentive program remain somewhat unpredictable and at high levels.
- Total health care costs for 2020 are projected at approximately 67 million dollars. The City has worked to manage this cost through negotiations on employee shared costs and the plan design.
- A new Solid Waste contract has been approved that will modernize the collection process to an industry standard. This upgrade is an important service we are required by statute to provide our citizens without billing them directly. The new contract isn’t scheduled to be implemented in full until 2021, and is forecasted to be a financial challenge for the City of Omaha.
RESERVES/OTHER:

- The City has made a concerted effort to increase both the Cash Reserve Fund and the Contingent Liability Fund. The 2018 ending balance for the reserve funds is approximately $12.8 million consisting of the Contingent Liability Fund ($3,856,129) and Cash Reserve Fund ($8,932,683) after the transfers.
- In 2020 we have budgeted $400,000 of transfers from the General Fund to the Cash Reserve fund.
- The Emerald Ash Borer continues to devastate the City of Omaha’s ash trees. A concerted effort is being made by the City and the Parks Department to manage this problem, and we have included funding to address this ongoing challenge.

Conclusion

The City of Omaha annual budget is over 1.1 billion dollars in 2020. Crafting a budget of this size and complexity in alignment with our City Charter involves a significant effort from staff across all departments. We have been blessed to work with multiple talented and dedicated staff members throughout the City, and would like to extend our gratitude for the contributions you have made.
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Good afternoon, Council President Jerram, City Council members, guests, and citizens of Omaha.

I am pleased to present our Recommended 2020 City of Omaha budget and the six-year capital improvement program. Many people work very hard to make sure our budget is accurate and reliable. To these city employees, thank you for your work and commitment to Omaha. I also thank the council for your input and ideas on our city’s priorities. Our budget is a reflection of the people, programs, and investments that will sustain our community and leverage the opportunities before us.

The highlights of our recommendations to you today are:

- The increase in total general fund spending for city departments is just 2.2%.

- Cost savings and efficiencies make this low growth rate possible, while still increasing funding for our priorities and most important services: police, fire and street repair.

- The 2020 property tax rate will remain unchanged.

This is the seventh consecutive budget that our property tax rate was either lowered or left unchanged. I am very proud of this record.

On the revenue side, we anticipate sales tax revenue to increase slightly more than two percent in 2020. After five years of nearly flat property tax valuations, valuations increased in 2019 and will increase next year too.

The budget includes our initial funding for the exciting riverfront revitalization project now under construction. This transformative project is funded with $250 million dollars donated by our philanthropic and business community. The city contribution is $50 million dollars in lease purchase bonds over the next three years. The 2020 budget includes $5.2 million dollars, which pays the first year of debt service on those bonds, and our annual contribution for park maintenance and operations budget. We will get a great return on our investment.
Our cash reserve fund is strong and we have added funds in 2019. The Omaha economy is strong. The unemployment rate – updated just Friday by the Nebraska Department of Labor, is 3.3%. The rate of development growth is one of the highest in our history. Since 2013, we have issued more than 283,000 building permits at a value of nearly $5 billion. These favorable economic conditions and our ongoing sound financial management and spending controls allow us to accomplish something very unique.

For seven budgets in a row, we have held the line on the property tax rate. In fact, we lowered the rate twice, and look at what we have achieved:

- We have invested in public safety personnel and upgraded equipment.
- We have added nearly 100 police officers.
- We will have replaced nine medic units, thirteen fire trucks and seven battalion chief vehicles.
- We have prioritized the road resurfacing budget every year since 2013, for a total of $64 million.
- We have resurfaced 738 lane miles of road, that’s the distance between Omaha and Waco, Texas.
- We have upgraded and built facilities.
- We will break ground on a new fire station in south Omaha next year. We will ask the council to approve a land purchase agreement as soon as next month.
- We have built five new splash-grounds in city parks and upgraded three community centers.
- We have increased support for important community programs, neighborhood development, and job training.
- We remain the largest supporter of the step-up jobs program.
- In addition to our one million dollar financial commitment, nineteen step-up interns are working in city departments this summer: Police, Fire, Planning, Library, Parks and Recreation, Human Resources, Finance, Human Rights and Relations, Law, and the Omaha Convention and Visitors Bureau.
• We created the “way to work” program with our partner, the Salvation Army. This work readiness program provides employment, training and services to citizens who are homeless, and expands our commitment to workforce development and training. Since we started five months ago, twenty-three have been selected to participate, and eight have successfully completed the program.

We have done these things, and much more, while reducing our property tax rate. We have shown it can be done. We must continue this sound financial management in the future.

The 2020 budget also includes an accounting change resulting from our agreement on the long-term lease and sale of the city-owned Omaha Hilton hotel to Freestone Capital. Freestone pays us $4.4 million dollars annually for the remaining bond payments on the hotel; we in turn pay the bondholders. This is a pass-through. It is not new spending and the taxpayers have no additional financial obligations. It is, however, listed in the general fund budget for the first time.

Given our high priority on public safety, we have consistently increased the Police department budget to hire additional sworn officers. We have met our current staffing goals, increasing the number of police officers from 804 in 2013, to 902 this year. The number of officers will remain at 902 in 2020. We have eliminated nine civilian positions that are open and not filled, and no longer needed. This increases efficiency and reduces unnecessary costs. We propose upgrading our vehicle fleet with additional SUV’s. The police department budget will increase 3.4% next year.

In the Fire department, the number of sworn firefighters will remain the same at 658. There will be three fewer civilian positions in the Fire department budget. Like Police, we no longer need these open positions.

We are not making cuts to public safety!

There are new and important expenses to address firefighter health and wellness, and job performance. This includes additional protective equipment, upgrades to heart monitors, and vehicle replacements. The capital improvement program provides the funding to replace Station 31 in south Omaha, and our ongoing program to replace and upgrade fire apparatus. The fire department budget will increase 2.6% next year.

Street resurfacing is a significant priority for our administration. We have increased the resurfacing budget considerably every year. In 2020, it will grow to $12.6 million. But, when it comes to the general condition of our roads, it is clear to me that we must do even more. Decades of neglect and underspending have brought us to this point. The city has never had a long-term sustainable road maintenance and rehabilitation plan. We need one to improve the safety and longevity of our streets and reduce annual maintenance costs.
In the last week, we convened four community meetings throughout Omaha on this important challenge. At each meeting, we provided an overview of infrastructure needs, repair and maintenance, major construction projects, and current and future funding options. I am pleased with the number of citizens that attended to learn, ask questions, and share their views. How we proceed must have the support of the taxpayers and we will aggressively work toward recommendations in the coming months.

Of course, most of the funds designed to expand and improve our roads come from the capital improvement program (CIP). The number of road and bridge reconstruction or rehabilitation projects in the CIP over the next three years will reach an unprecedented number.

The sewer maintenance division will add eight full-time employees next year to maintain our Missouri river flood control system and the nearly two thousand miles of existing sanitary and combined sewer systems.

In a cooperative effort with the Omaha Public Power District, the installation of led bulbs in our street lights has started and will continue for the next five years. We expect our street lighting expense will fall about 5% every year for the next five years. We all try to look for the small ways to save money and this is one such example.

We will also begin the public education and outreach program that will prepare citizens for changes in solid waste collection that will begin in January 2021. And, we have budgeted to expand the very successful spring neighborhood cleanups and add a fall cleanup.

In our Planning department, we will add another housing inspector. At this time last year, we had six inspectors. We are now fully staffed at nine and will grow to ten in 2020. Additional inspectors will also be budgeted in 2021 and 2022 when the proactive inspections required in our new rental registration and inspection ordinance begin.

Technology improvements continue to be key to make our Planning department more efficient and responsive. Online permitting improves review times, increases accuracy and productivity, and improves transparency. Just this morning, the electronic plan review software upgrade went live. Some of the same on-line approaches will be used for the rental registration and inspection program.

We have reduced the 2020 demolition budget as we catch up and reduce the number of properties to be torn down. The budget is $800,000, enough to demo the estimated number of properties that will remain on the list in 2020. We have made significant progress to improve neighborhood safety by tearing down condemned property.

As you know, the city recently received a $25 million grant from the U.S. Department of Housing and Urban Development to help transform the north 30th street corridor.
We are very excited about all the work by public and nonprofit organizations that will continue to improve important neighborhoods in Omaha.

Another example is the new Sienna Francis House under construction and scheduled to open December 11th. This facility will provide shelter and care for those in our city who are homeless. Our philanthropic community is the largest funder of this project. The city’s contribution is $2.5 million dollars in redevelopment bonds.

Building great partnerships is the way we get things done in Omaha; partnerships with our business, development, philanthropic communities, and our non-profit sector. Nearly everything we accomplish benefits from the leadership, financial support, and vision of these valued partners.

The Omaha Library budget will increase two percent, which will help the library system continue to offer great services for library patrons.

There is good news to report on projected healthcare savings. Our costs for active employees and retirees will be reduced by more than $1 million next year. This improvement reflects greater efficiencies and more healthcare choice and ownership by plan participants. We are very close to achieving our goal of one city one health care plan for active employees, with the exception of the Fire Trust. The Fire Trust is the health care plan created and managed by the Fire Union, Local 385. Healthcare premiums for Fire Union members are 27% higher than the premiums for other city employee plans.

Next year, we will again fund a variety of community service programs with a total of about $2 million. For many, the city’s support is just part of their overall budget. They can leverage our assistance to improve and expand their programs.

Our annual general fund budget funds our departments, personnel costs, and programs.

Our capital improvement program outlines our long-term investments in transportation, or streets, public safety, public facilities, parks and environmental improvements, which includes sewer bonds. These projects really are investments that will last for decades and are funded primarily through voter-approved bonds and federal funds.

Our six-year CIP budget is nearly $1.8 billion dollars. The public has strongly supported our ballot proposals to issue these bonds. We will continue to ask for bond issue support when it makes sense for our city and for the taxpayers who make that important financial commitment. Managing these CIP investments is one of the most critical responsibilities we have at city hall.

To encourage citizen input and be completely transparent, the draft capital improvement plan and recommended budget are available now on the City of Omaha website and I encourage citizens to review them.
A public hearing on our proposed budget and CIP will be held in this chamber on Tuesday, August 13 at 6:30 p.m. I encourage you to attend and provide your feedback. To every citizen in Omaha, let us continue to hear from you. Hold us to the highest standards of accountability and public service. Thank you for the opportunity to serve you.