



City of Omaha
Mike Fahey, Mayor

2008 Budget Presentation
Statement by Mayor Mike Fahey
July 17, 2007

Good afternoon ladies and gentlemen, Mr. President and members of the City Council. It is a pleasure to be here with you and I thank you for your time.

This past June marked the sixth anniversary in office for most of us. Throughout this time, a lot has changed. Our City has grown and I am proud to say that our quality of life has been enhanced. Omaha is a vibrant, progressive and modern city. But one thing that hasn't changed is my commitment to sound public policy that supports our quality of life and paves the way for future growth and development.

Today I present to you a budget that reflects my priorities, emphasizes efficient government, maintains high quality city services, and for the sixth consecutive year, does not include a property tax increase. This is the type of budget Omahans expect from their city government and one that I am proud to present.

In this budget, General Fund spending increases 2.87%. This increase is below the rate of inflation and consistent with my efforts to control spending and increase government efficiencies. The average annual growth of the seven budgets I have crafted is 2.9% in comparison to the 5.6% average annual growth of the six budgets prior to my administration. As a businessman, mayor and a taxpayer, this budget makes sound fiscal sense.

As you would expect, this budget again reflects my commitment to Omaha neighborhoods and sustains the programs that have strengthened and improved the places we call home. From Sun Dawgs, swimming pools, community centers and libraries, to my Neighborhood Improvement Grants, the Graffiti Van, our annual Spring Clean Up and Omaha SCAN, among many other programs – all will continue at current levels. These items support the work being done by neighbors, make city government more accessible and have made a tremendous difference in the look and feel of the places we call home.

It's our neighborhoods where citizens want to be, expect to be and deserve to be safe. They want to rest assured that when an emergency occurs, help is only a phone call away. Omaha is fortunate to have outstanding public safety teams led by Police Chief Warren and Fire Chief Dahlquist. This budget maintains the high level of service provided by both departments and includes necessary increases to provide the same outstanding level of public safety to our newly

annexed citizens. Both departments will host recruit classes and the number of sworn police officers will reach an all time high of 822 during the year.

In light of the release of the recent public safety study, I want to stress that I welcome increased efficiencies. And although many of the suggested changes are steps we've already considered, I will continue to evaluate the document and look for useful suggestions.

Omaha is at a point in its history where we are experiencing tremendous growth both physically and economically. Our tourism industry is reaching new heights, crime is down, our neighborhoods are experiencing unprecedented levels of empowerment and our fire department meets the national standards in service. I do not believe now is the time to take a step backward in terms of public safety. I commend our Police and Fire Departments, from the Chiefs to the rank and file, along with our civilian staff, for providing Omaha with the service our citizens deserve. A great city must provide safety and security to its citizens and I am proud of the level of service dedicated to meeting the needs of our citizens.

As Omaha's reputation as a convention, event and weekend destination has grown, so has the competition to attract people to our city. For years now, I have advocated for increased strengthening of the Omaha Convention and Visitors Bureau to allow us to better measure up against peer cities. This year's budget includes two new positions to support our Visitor's Center and boost our marketing efforts.

Next year is a very special year for our city as we welcome tens of thousands of visitors for events such as the Olympic Swim Trials and March Madness, among many others. These events present an opportunity to generate great momentum for our tourism industry and it is important that we capitalize on it the best way we can.

While the responsibility for our poor and desolate citizens has been traditionally and statutorily obligated to our County government, I am allocating \$100,000 in City Keno funds toward helping Omaha's homeless citizens. These funds will supplement our annual Emergency Shelter Grants, but exactly how these funds are utilized will be guided by the first ever study of our homeless population currently being conducted by the Metropolitan Continuum of Care. What I do know, as I stand before you today, is that Omaha's homeless are not going away, they cannot be hidden, they shouldn't automatically be treated like criminals and they deserve the respect and helping hand that Omahans are known for lending to each other.

While this allocation will not solve the challenges we face, I want to demonstrate to other governmental bodies, local donors and advocates for our homeless population that the City is committed to addressing this issue and the needs of our citizens who require our help the most.

Today, I also present to you the 2008-2013 Capital Improvement Program. New highlights of this CIP include funding for the design and construction of improvements supporting two of our city's largest economic development projects currently underway - Aksarben Village and Midtown Crossing at Turner Park.

Funding has also been allocated toward improvements at Swanson and W. Dale Clark Libraries, the Cunningham Lake Marina, Omaha's newest major park at Dam Site 13, and new trees as part of our Green Streets Master Plan. The plan also paves the way for a fifth police precinct to meet the public safety needs of our city's western growth.

A year ago, I stood before you and shared my concern for some of the long-term challenges our City government is facing. While we continue to address some issues such as the unfunded federally mandated Combined Sewer Overflow agreement, we have made progress on others.

Due to the recent refinancing of the Hilton convention center hotel debt, we do not anticipate the need for additional city funds to repay the bonds or maintain the hotel's prestigious Four-Diamond status. The Hilton Omaha is a perfect complement to the Qwest Center and I am proud of its ongoing success.

The new Turnback Tax formula, approved by the Nebraska Legislature this past session, will return approximately \$1 million in additional sales tax generated by the Qwest Center and adjoining hotel to the City. This action by the Legislature has allowed us to once again delay a tax increase to repay the Qwest Center debt and I thank all of Nebraska's Senators and Governor Heinemann for their willingness to address this important issue.

Currently underway are negotiations with the Police and Fire Unions. As I have said before, I intend to use these negotiations as an opportunity to address pension and healthcare issues among others. I look forward to ongoing and spirited negotiations with the union leadership and anticipate contracts that represent the best interest of our city both financially and in terms of public safety.

I appreciate the City Council's contributions to addressing our long-term issues, and while we have made progress in these areas, the well being of our General Fund continues to be threatened by stagnant or shrinking revenue sources. You only have to look at our near flat sales tax revenue and the decline of the Telephone Occupation Tax to understand the reality that we face.

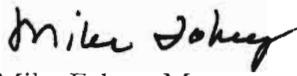
These challenges, along with 204 fewer civilian positions than in 2001, and a herculean effort by our employees to maintain basic city services, make it necessary for me to rule out a tax cut at this time. I appreciate and understand the desire to reduce property taxes, but because of numerous reasons, I see no way of doing this at this time without visible cuts to City services. These reasons include a property valuation estimate that is sure to change because of the large number of protests. In addition, we face the ongoing decrease in personal property valuations, a shrinking Judgement Fund, an expected tax increase to address the Qwest Center debt and the negative impact it could have on the City's Triple A Bond Rating.

Over the past six budgets, while other governmental bodies have raised taxes, we held the line, made difficult choices and created a more efficient City government. Future budgets must maintain basic city services, prioritize public safety, pay for the Qwest Center, and also consider a new ballpark or a remodeled Rosenblatt and a streetcar system. Our citizens have appreciated our commitment to holding the line on taxes – I am proud of our work and you should be too.

To examine our current revenue structure and solidify our General Fund, I am working with the University of Nebraska at Omaha to conduct an evaluation of our peer cities to determine best practices and funding streams. I look forward to sharing their findings with you and then taking the necessary steps to keep our City government on the right track.

In closing, this budget might not have the flashy elements that will capture the headlines or lead the evening news, but it does maintain the great programs and outstanding services that our citizens deserve and that have helped make Omaha the great city it is. It's a budget that reflects my priorities and does not raise taxes.

I want to thank my cabinet, our city employees and each of you for your work in the best interests of our city and our citizens. While we may disagree at times, it is the mutual respect we have for each other that keeps our city headed in the right direction. I look forward to continue working with you and for the great citizens of our city in the coming years.



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