City of Omaha

BUDGET

2010 Adopted

Jim Suttle, Mayor
Annual Budget
For Calendar Year
2010

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

Jim Suttle
Mayor

Garry Gernandt
District 4
City Council President

Franklin Thompson         District 6
City Council Vice President

Pete Festersen             District 1
City Council Member

Ben Gray                    District 2
City Council Member

Chris Jerram                District 3
City Council Member

Jean Stothert              District 5
City Council ember

Chuck Sigerson             District 7
City Council Member
Department Officials

DEPARTMENT DIRECTORS
Paul D. Kratz .................................................................City Attorney
Thomas Marfisi ..............................................................Human Resources Director
Vacant .................................................................Human Rights and Relations Director
Pam Spaccarotella ........................................................Finance Director
Rick Cunningham .........................................................Planning Director
Steve Scarpello ........................................................Acting Parks, Recreation and Public Property Director
Michael McDonnell .....................................................Fire Chief
Alexis N. Hayes ........................................................Acting Police Chief
Robert Stubbe ..........................................................Public Works Director
Dana Markel .................................................................Convention and Tourism Director
Margaret Tarelli-Falcon ..................................................Acting Library Director

MAYOR’S EXECUTIVE STAFF
Steve Oltmans ..............................................................Chief of Staff
Ron Gerard .................................................................Communications Director
Dave Sund .................................................................Policy Analyst

Allen Herink, City Comptroller
Donna Wiman, Budget and Accounting Manager

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Scott Crites, Veronica Lerch, Virginia Lerch, Irene Wolfe, Ray Kudera, Donna Waller

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Jack Morine, James Konecny and Nancy Hess

Buster Brown, City Clerk
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City of Omaha
Budget Process

3/18/2009
OPERATING REQUEST PREPARED

4/20/2009
Submitted to Finance

7/6/2009
Submitted to City Council

7/21/2009
PUBLIC HEARING

8/11/2009
REVIEW BY CITY COUNCIL

CITY COUNCIL ADOPTED BUDGET

9/15/2009
CITY COUNCIL CERTIFIED TAX LEVY
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 2010 Budget process began approximately March 18, 2009 with the process of forecasting 2010 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 2010 Budget request workpapers by the Budget and Accounting Division staff of the Finance Department was initiated. The departments were instructed to submit any requests for new or expanded services in a separate request.

In order to assist the Departments in the preparation of their request, the 2010 Budget workpapers included the following: (1) a detail report of all classified and full-time employees listed by classification and salary step as of March 7, 2009; (2) a detail report of all non-personal service expenditure line items detailing 2008 expenditures and 2009 line item appropriations by organization; (3) an equipment and capital analysis worksheet; if equipment and/or capital expenditures were expended or appropriated during the 2008-2009 period; (4) a two-year expenditure schedule detailing by line item each division's expenditures through 2008-2009; (5) a fringe benefit calculation schedule; (6) a memo detailing budget information, instructions and various standardized rates to be used in the budget request preparation process.

Again, with this year's instructions, the departments were asked to submit, along with their budget requests, enhanced performance measures. The Finance Department provided examples and information on alternative performance measures and requested that the departments contemplate the measures they use. Using more appropriate and pertinent measures will offer feedback that is more representative of the department's accomplishments.

The packets of budget request workpapers, schedules and instructions were distributed to departments, divisions and agencies on March 13, 2009. The Budget and Accounting Division of the Finance Department supplied technical assistance throughout the months of April and May to assist all departments in preparing their budget requests.

During the period of March 24 through April 20, 2009 the preparation of budget requests was performed by all departments, divisions and agencies. The preparation of fund statements and supporting schedules reflecting 2008 Actual and 2009 Budget information was performed by the Budget and Accounting Division. The Revenue Division prepared revised forecasts of 2009 and 2010 revenues. These forecasts were reviewed by the Finance Director. The final date for submission of all budget request workpapers and supporting documentation to the Budget and Accounting Division was April 20, 2009.
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 2010 budget requests to the Budget and Accounting Division of the Finance Department on April 20, 2009 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 comprised of the Finance Director, the Mayor's Chief of Staff, the Mayor's Deputy Chief of Staff and the Manager of Budget and Accounting. 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 and sent to the Mayor. It is his 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 2010 Budget was conducted by the Mayor in the time frame of May 29, 2009 to June 24, 2009 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 2010 Recommended Budget was presented to the Omaha City Council on July 21, 2009.
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 developed by the Mayor and his 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 and a schedule of the hearings is 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, 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 11, 2009 at 7:00 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, television and radio stations report budget highlights and statistics. Following the budget presentation, copies of the Mayor's Recommended Budget are available to the general public for visual inspection and study at the eleven public libraries, in the City Clerk's office and in the Finance Department.

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. Copies of the adopted budget are made available to the public at the eleven public libraries, the City Clerk's office and in the Finance Department.

After adopting the budget, but no later than October 15th of 2009 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 2010 Budget was adopted on Tuesday, September 1, 2009 and September 15, 2009. The City Council on Tuesday, September 15 2009, certified a single tax levy rate of $.47587 per $100 of actual valuation for 2009 consisting of $.26112 for the General Fund, $.19281 for the Debt Service Fund, $.00600 for the Judgment Fund and $.01594 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 resolution is heard before the City Council votes on the resolution. Public comment on ordinances is 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.
Mr. President and members of the City Council.

Omaha continues to gain national recognition for our quality of life. From ‘Business Week’ to ‘Next Generation Consulting’ Omaha is high on the list of places to be whether you’re just starting a career or starting a family. Just recently, we learned that the US Olympic Team Trials for Swimming will return to Omaha in 2012. In 2011 the College World Series will move to a brand new downtown stadium. The issue is not how do we attract attention to Omaha, but how do we manage the attention that we are getting.

But we sail upon stormy seas. Never in all my years in this community have I seen more families, businesses and schools struggle; some facing the toughest financial times since the Great Depression. Carl Sandburg wrote ‘The fog comes on little cat feet.’ The fog of economic uncertainty has surrounded many. Our city is not an exception. The city must set a proper financial course so that the fog soon moves on. It won’t be easy and there will continue to be those who argue that we still have to put off the difficult decisions that have already been deferred far too long.

I present to you today a budget that represents less than a 1% increase in total operating expenditures from 2009. The growth of Omaha city government spending in the last nine years has averaged nearly 3% per year, equivalent to the rate of inflation. Excluding Public Safety, the same growth rate is a little over 1% a year. At the same time, the City’s population has expanded by nearly 12%.

Since 2001, there has been a reduction of nearly 13% of the city’s civilian workforce. Citywide, equipment purchases and facility maintenance have been deferred and deferred and deferred. The City Parks department is unable to do maintenance on park roads, parking lots and sidewalks and trails. City Planning has incurred delays in processing permits as positions have been eliminated or held vacant. The City Finance office has had to eliminate the Internal Audit function. There are sworn police officers that are performing civilian duties when they could and should be on the street protecting our citizens. This is not a city government on a spending spree. This is a city government stretched thin and struggling to get by with limited resources.
I have analyzed city services and find little room left to make spending cuts. In 2010, there will be a net reduction of seven civilian positions. There will be a one year delay in purchase of a new police helicopter. I will seek the closing of Westwood Golf Course as a first step towards reviewing all golf course operations and possible privatization.

A city is more than just a collection of people, neighborhoods, its City Council and its Mayor. A city is the sum of its parts, and these parts must work in unison to be efficient. The concept of spending cuts may be seen as popular by some, but the effect of those cuts has a direct negative impact on the community, breaking down the parts that make up the whole.

Just like everyone else, city government has seen a dramatic increase in the cost of living, especially in healthcare. Healthcare costs are projected to rise another 10% next year. We have no control over this factor and there is no immediate solution. The city is also tied into long term contractual obligations for which there is no short term release. 94% of the fire department budget, for example, involves such contractual commitments.

This year the city has seen a precipitous drop in sales tax receipts. Sales tax receipts account for nearly half of city General Fund revenue. The best projections of our city’s finance department is that these receipts for 2010 will be less than what was budgeted for in 2009 and lower than what was collected in 2008.

Nationwide, the housing market is down. Local property values and property tax receipts are expected to be flat.

As a result, the city’s finance department projected an $11 million shortfall in the general fund for 2010. This is after all city departments had already made significant reductions in their proposed 2010 budgets.

It is not possible to balance a shortfall of this size by closing a single city pool. It is not possible to balance a shortfall of this size by closing a single library. It is not possible to balance a shortfall of this size by simply reducing maintenance of city parks.

Rather, it means eliminating entire programs. Spending cuts of this magnitude would mean closing the entire city pool system. Spending cuts of this magnitude would mean closing the entire library system. The projected shortfall is more than the library’s entire operating budget. Spending cuts of this magnitude would bring an end to basic services such as yard waste collection. We cannot risk cuts that further delay the training and recruitment of new police officers at a time when crime is still a great concern.

It has been said that, “One of the tests of leadership is to recognize a problem before it becomes an emergency.”
GENERAL FUND

I recognize these problems and do not want them to become an emergency. Therefore, I am proposing a new 2% entertainment tax to balance the General Fund shortfall and preserve the services that our citizens have come to enjoy and deserve. For an extra dollar on a fifty dollar dinner, each and every citizen helps to keep our libraries and pools open, the grass mowed in our parks and the yard waste collected at our homes.

In the budget I present to you today, public safety and basic city services are the top priorities. And this budget reflects priorities that you, members of the City Council, have already shared with me. As you review my recommended budget, you will see that I have incorporated many of your ideas. I’ve also listened to the community’s input. Not surprisingly, we all have some things in common, with public safety a priority.

In line with my personal philosophy and following through on a commitment that I made during my campaign, I have included funding for a Public Safety Auditor in this budget.

The police recruit class has already been delayed twice this year. As a result, the city is unable to replace retiring officers with new recruits. This endangers public safety and stretches the ability of our police force to do their job effectively. Therefore, I am including full funding for a police recruit class in 2010.

Additionally, many police vehicles have not been replaced for years. In 2009 we will be unable to purchase any of the 39 cruisers that were budgeted. This budget contains funding for forty-four new police cruisers, partially funded by keno revenue. This shift in the use of keno funds away from community organizations will allow them to be applied directly to the delivery of city services. I remain committed to developing a long term strategy for sustainable funding for the arts in our community.

I will also use keno funds to help restore financing to the libraries. Library hours need to be restored so that our citizens have access to the valuable services they need for their education, job search and lifelong learning.

The growth in Omaha’s recognition has happened in large part through the efforts of the Omaha Convention and Visitor’s Bureau. The city must continue to support these efforts and make Omaha the destination city that it truly deserves to be. Therefore, I am restoring the $500,000 General Fund contribution for 2010. I will also pursue a longer term stable source of funding.
DEBT SERVICE

In 2000, when the voters approved funding for the Qwest Center we stood together to build a facility that would help Omaha compete with other thriving metropolitan cities. We must follow through with this commitment.

In a little more than two years, the first principal payments must be made on the Qwest Center debt. These principal payments increase the Qwest Center annual debt payment by $8.2 million in 2012. Nine years ago, the Mayor and Council slashed the property tax levy. For the last eight years, the Mayor and Council have repeatedly delayed action to remedy the resulting shortfall. Each year the cost of failure to act increases.

The debt service fund will run out of money in 2012. Action now to avoid such a depletion will save taxpayers money. Bond Rating Agencies are asking ‘Does Omaha have the political will to get its financial house in order?’ We must take action now to resolve the Qwest Center debt to secure our long-term fiscal future and set the city on track to restoring our AAA bond rating.

It is not possible to balance the $11 million shortfall and meet the city’s debt obligation on the Qwest Center without additional revenue sources.

I am proposing a 2.4 cent property tax increase so that the city can put in place a timely plan to pay the Qwest Center debt. The city has managed to avoid a property tax increase every year for the last seven years but cannot afford to wait any longer. We must prove that we do have the political will to put our financial house in order.

CAPITAL IMPROVEMENT PROGRAM

Today, I am also presenting the 2010-2015 Capital Improvement Program. As part of the CIP, next year our citizens will see continued improvements to Hummel, Levi Carter and Lynch Parks and the Abrahams Library. We will benefit from street improvements across the city from 42nd & Q to 144th & West Dodge. New projects include a redesign of the Farnam Street Bridge over I-480 and a redesign of the pedestrian bridge at 72nd & Blondo.

FUTURE ISSUES TO RESOLVE

Beyond the scope of this budget process are other financial obstacles that must be addressed in the near term. We must implement the recommendations of the Police and Fire Pension System Task Force. We must explore our options on contracting or
collection and our recycling program. We must implement a business accounting system for the city. We must go forward with the goal of fiscal responsibility and stability.

I ask the Council to approve this budget and set us on a path to fiscal stability. Let us all rise to the occasion and to the challenges before us. This budget is more than just the first step. It is a bold and necessary step toward financial stability. We cannot focus on all of the other work that needs to be done until we are no longer distracted by the need to find emergency solutions.

This budget is how we make Omaha an even greater place to live and how we grow our community to a preeminent example of a city well managed.

Thank you.

Jim Suttle, Mayor
City of Omaha