Annual Budget
For Calendar Year
2017

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

Ben Gray
District 2
City Council President

Chris Jerram
District 3
City Council Vice President

Pete Festersen
District 1
City Council Member

Garry Gernandt
District 4
City Council Member

Rich Pahls
District 5
City Council Member

Franklin Thompson
District 6
City Council Member

Aimee Melton
District 7
City Council Member
Department Officials

DEPARTMENT DIRECTORS
Paul Kratz........................................................................................................City Attorney
Mikki Frost..........................................................................................................Human Resources Director
Spencer Danner..................................................................................................Finance Director
Stephen Curtiss..................................................................................................Planning Director
James Thele.........................................................................................................Police Chief
Brook Bench.......................................................................................................Interim Fire Chief
Daniel Olsen........................................................................................................Convention & Tourism Director
Todd Schmaderer...............................................................................................Public Works Director
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
Cassie Paben........................................................................................................Deputy Chief of Staff - Economic Development

Allen Herink, City Comptroller
Andrew Brott, Budget Manager

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Jack Morine, Steve Driscoll, and Nancy Hess

Buster Brown, City Clerk
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**Public Library**  

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City of Omaha
Budget Process

3/29/2016
OPERATING REQUEST PREPARED

4/20/2016
Submitted to Finance

6/22/2016
REVIEW BY FINANCE & SUBMITTED TO MAYOR STOTHERT

7/19/2016
Submitted to City Council

8/9/2016
PUBLIC HEARING

8/23/2016
CITY COUNCIL ADOPTED BUDGET

9/13/2016
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 2017 Budget process began approximately February 3rd, 2016 with the process of forecasting 2017 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 2017 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 2017 Budget database included the following: (1) all classified and full-time employees listed by classification and salary step as of March 12th, 2016; (2) all non-personal service expenditure line items detailing 2015 expenditures and 2016 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 2015; (5) 2017 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.

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The database was opened to the departments, divisions and agencies on March 29th, 2016. 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 29th through April 20th, 2016 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 2015 Actual and 2016 Budget information was performed by the Budget Division. Revised forecasts of 2016 and 2017 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 2017 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 2017 Budget was conducted by the Mayor in the time frame of April 27th, 2016 to June 22nd, 2016 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 2017 Recommended Budget was presented to the Omaha City Council on July 19th, 2016.
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 9th, 2016 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, 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 2016, 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 2017 Budget was adopted on Tuesday, August 23rd, 2016. On September 13th, 2016 the City Council certified a single tax levy rate of $.47922 per $100 of actual valuation for 2017 consisting of $.26307 for the General Fund, $.19421 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 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.
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, 2016.

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.
The City of Omaha 2017 budget reflects the contributions of many. Our team has worked diligently to provide a budget that is balanced and continues to be aligned with the strategic priorities of Mayor Jean Stothert and her administration. These priorities are to:

- Enhance public safety and the perception of safety
- Optimize the delivery of city services
- Maximize development in disadvantaged areas
- Enhance and expand job and business growth
- Build trust through managed communications
- Influence change in state policy

**Budget Drivers:**

**Revenue**
- The City Council approved an annexation package which increased the 2017 General Fund budgeted revenues and expenses by $396,878.
- Gross sales tax continues to increase at a steady pace. Sales tax for 2017 is budgeted to be up 4.4% over 2016. LB 775 and LB 312 refunds remain somewhat unpredictable. Refunds are budgeted at $10 million in 2017. With the refunds, net sales tax receipts are projected at $155.9 million, a 5.4% increase over what was received in 2015. Sales tax continues to be the major revenue source for the General Fund at approximately 42% of revenues.
- Property tax valuations increased by an estimated $456,291,774 due to the annexation package.
- Additionally, property tax valuations also increased due to the State of Nebraska Tax Equalization and Review Commission ruling that stated the Douglas County Assessor had undervalued or overvalued some properties, and this resulted in an overall increased valuation. The properties that were adjusted were all residential, and there were about 20,000 that were adjusted down by 8% and about 78,000 that were adjusted up by 7%. The property tax levy in total was reduced by a penny, making the total City levy .0047922 per dollar of County assessed value. Property tax continues to be a major revenue source and accounts for almost 23% of General Fund revenues.
- Restaurant tax continues to perform well and is forecasted at $31 million in 2017, which is a 6.4% increase over the 2016 budget.
- Net General Fund revenue increased by 3.1% in the 2017 budget when including annexation.

**Expenditures**
- Labor Costs: A majority of the General Fund expenditures are for labor costs, most of which are under current contracts. The Police Sworn contracts have not been finalized at the time of this writing. Specifically in 2017, the following wage increases are budgeted:
  - Civilian Personnel: 2.0%
  - Fire Sworn Personnel (Non-Mgmt.): 3.0%

All wage increases are budgeted in the respective department budgets, with the exception of Police Sworn due to no current contract being in place. Police Sworn personnel total dollar value of wage
increases included in the Wage Adjustment Account is $6,734,887, all of which is attributable to the General Fund. There is $5 million allocated for wages and $1.7 million for pension contributions.

- Health care costs: Health care continues to be a significant cost to the City. At the time of this writing the City currently has 1,944 active full-time employees receiving health insurance as a benefit of employment, with 3,771 total dependents. In addition to this the City also funds a Fire Trust health plan with a set rate per plan category based on the latest contract. This plan currently has 631 employees and their dependents on it. The City also has 724 retirees receiving health insurance up to the age of 65, with 989 dependents. Fire retirees that retired on or after May 19, 2010 and their dependents are on the Fire Trust plan.

Total health care costs included in the 2017 budget are $61.8 million of which $44.9 million is for active employees. This is budgeted at an annual cost of $15,516 per employee for Civilian, Police, and Fire Management. Fire Sworn is budgeted at $17,268 per employee. Under the Fire contract, the Fire Sworn health care rate for each coverage option will remain flat through 2018. The savings from the new fire health care program will be seen in subsequent years.

- Utilities: The City of Omaha owns numerous facilities including police stations, fire stations, libraries, public parking garages, community centers and swimming pools, golf courses, wastewater treatment plants, pump stations, maintenance facilities, and others. Total square footage of building space is approaching six million. The 2017 budget includes the following utility related assumptions:
  - OPPD increase of 4% over 2015 expended.
  - MUD Water increase of 9% over 2015 expended
  - MUD Natural Gas increase of 3% over 2015 expended
  - MUD Sewer increase of 20% over 2015 expended
  - Gasoline estimated at $2.50 per gallon, which is 26% below the 2016 budget.

Status of Major Financial Challenges
The City of Omaha continues to consider all major projects and expenditures so that our citizens have the most effective and economical city government.

- Combined Sewer Overflow Program (CSO):
  - Largest Public Works program in the history of 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. The City is working with the NDEQ to address the affordability of the Program.
  - Continual evaluation of CSO progress including project scope reduction based on current results.
  - Final plan submitted in Oct 2009 and approved in Feb of 2010 to deal with this federal mandate. The original completion date was Oct 2024, but due to the floods of 2011 that has been extended to Oct 2027.

- 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 25 years.
  - Annual contribution increases of 7% from the City were implemented for 2014-2018 for civilian groups; the fire pension system was unchanged in the last contract that goes until 2018. Police are still in the negotiation process.
• **Post-Employment Benefits:**
  - The City continues to negotiate with bargaining groups to increase premiums paid by employees and reduce health costs.
  - The post-employment benefits equaled $221.6 million at 12/31/15; this is an increase of approximately 12% over 2014.

• **General Fund:**
  - LB775 and LB312 refunds remain somewhat unpredictable and remain at high levels.
  - Total health care costs for 2017 are projected at $61.8 million. The City will continue to manage this cost, as well as continue negotiations on employee shared costs.
  - The Emerald Ash Borer has become a threat to the City of Omaha’s ash trees. A concerted effort is being made by the City and the Parks Department to manage the threat, and we have included funding to address this challenge.

• **Reserves/other:**
  - The City has made a concerted effort to increase both the Cash Reserve Fund and the Contingent Liability Fund. These combined funds are projected to be at approximately $12 million by the end of 2017.

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**Commitment to our Strategic Priorities**

• Police will increase authorized staffing to 860 police officers including the officers added with the annexation package. A recruit class is anticipated in 2017.

• A Fire recruit class is anticipated at the beginning of 2017.

• Fire will have two major equipment replacement programs in 2017: (1) Station Alerting estimated at $2 million with lease purchase bonds and (2) Portable Radios with $2.5 million in federal grant dollars.

• Street resurfacing is a priority, and the budget provides increased funding levels for this activity. The 2017 budget includes an increase of $2 million to almost $10.8 million. Residential brick street repair was also increased by $100,000 to $500,000.

• The Library General Fund budget will maintain normal operations in 2017. All branches will remain open and operating hours will not be reduced. The increase includes approximately $217,000 for a one-time technology upgrade to increase connectivity speeds at all library branches.

• The Library has been allocated $900,000 in CIP funding to implement RFID (Radio-frequency identification) software to improve efficiencies with check-out, sorting, and inventory processes in the branches.

• The Mayor’s hotline is staffed and managed so that every citizen can expect courteous and helpful service from the staff.

• Human Resources and Finance will implement a Human Resource Management and Payroll Information system with a go live date of January 2018. This is a significant undertaking for all Human Resources and Payroll staff, and will require data cleanup, process automation, and staff training.

• Human Resources will work with operational departments to develop targeted prevention strategies to address high incident workplace injuries.
Convention and Visitors Bureau will be receiving a $200,000 increase in General Funds to help support an increase in advertising spending. They will also be hiring a National Sales Manager and a Communications Manager to help increase convention sales and expand convention media marketing.

The Parks Department budget will fund two Tree Trimmers and purchase related equipment to assist with the Emerald Ash Borer infestation. In addition, $1 million in the CIP in 2017 has been allotted for the endeavor.

The Planning Department, in continuing with the expansion of the use of Accela, will begin working on the Accela Planning Module. This will allow all planning applications and reviews to be completed online, decreasing review time and improving public transparency. We anticipate a completion of this module in 2018.

We have set aside funds for demolition of dilapidated homes in our city that breed unwanted, and in some cases criminal activity. There are currently approximately 152 properties on the immediate demolition list. This funding will permit the demolition of approximately 75 to 90 properties using the following funding sources:

<table>
<thead>
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<th>Amount</th>
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<td>CDBG</td>
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<td>Habitat for Humanity</td>
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</tbody>
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**Conclusion**

Preparing the annual budget for a city of our size is challenging and requires considerable communication and coordination. It is important to note the contributions from all of the departments in completing this comprehensive annual budget in alignment with the strategic priorities cited earlier. Through the combined efforts of many, the General Fund budget is balanced, and we move forward in our desire to properly manage the resources of the taxpayer's of the City of Omaha.
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President Gray, City Council Members, and citizens of Omaha,

It is a privilege to be with you today to present our recommended 2017 City of Omaha budget. This is the fourth budget I have prepared since I became Mayor of our great city.

During this time, we have significantly improved the city’s financial standing. We have managed operations more efficiently, reduced property tax rates, ensured strong year-end balances, increased our savings, and stabilized other factors that will affect our finances in the future. I am very pleased with our results over the last three years. The hard work by many has paid off.

Our proposed 2017 budget continues the progress we’ve made to spend wisely, reduce spending where possible, and be good stewards of the taxpayers’ hard-earned money. I always remember, it is not the government’s money we are spending. We are spending the people’s money on services and projects to benefit them.

To fully appreciate the progress we’ve made, consider what we faced just a few years ago: When I took office in 2013, the projected budget deficit was $13 million. The anticipated shortfall for 2014 was even greater, $19 million. Rampant and unchecked overspending in some of our largest departments, bare-minimum savings account balances, outdated and increasingly expensive labor agreements, runaway health care costs, and, increased property taxes with no relief in sight.

We’ve changed all that, you’ve changed all that. The hard working men and women of the City of Omaha changed all that. I won’t dwell on the past but reviewing our progress is important. It helps bring the focus and discipline needed to prepare and manage an $850 million total budget.

For 2017, I am recommending a property tax rate cut of two percent, the second tax rate cut in three years. This represents tax relief of over $3 million for our citizens.

Two percent is the same amount we proposed and you adopted, that went into effect last year. The question we’ve asked is, “Can we reduce the property tax rate again and still meet our obligations to the taxpayers for public safety, infrastructure improvements, and city services?” To that, our answer is yes!

We are able to propose a property tax cut again this year for two reasons.
First, prudent management, a strong economy, a growing city, strong prior year carryovers, and department spending that is on or under budget.

Second, the ruling by the Nebraska Tax Equalization and Review Commission, known as “TERC”, will result in higher than expected property tax revenues to the city. As you know, the three-person “TERC” board adjusted property values for 2017 affecting about 100,000 Omaha properties. Most owners received notice of an arbitrary seven percent valuation increase. Others in northeast Omaha received a valuation decrease of eight percent. The net effect of this will be increased revenue to the City of about $3.7 million.

It’s clear from the calls and questions we all receive that there is a lot of public confusion about property valuations, and property taxes.

Only the Douglas County Assessor can put a value on the property. Our responsibility is to set a fair tax rate. We cannot simply reduce tax rates for only the properties affected by the “TERC” ruling. The rate we adopt must apply equally to all taxpayers.

However, what we can do is provide broad tax relief to all property owners. The City of Omaha can also set the right example for other taxing entities to follow, like school districts and the county.

The City of Omaha’s share of a resident’s total property tax bill is just 22%. Clearly, if more taxing entities would reduce their property tax rates too, property owners would benefit greatly.

In the three years I’ve had the privilege to serve as Mayor, people have never been shy about providing their opinions and sharing ideas. I wouldn’t have it any other way. We’ve held 21 Town Hall meetings in your city council districts; seven more are scheduled this fall.

Our Mayor’s Hotline answers more than 6,000 questions and requests for assistance each year. We hear from citizens through letters, e-mails, messages on social media, through our website, and at community events. They are open about their views on property taxes but they also share opinions on their priorities, what’s important to their families, and areas they believe we can do better. We’ve listened.

As a result, we are recommending key changes and enhancements to the budget for next year. These are the most important changes:

First, public safety. We propose to add nine additional police officers in 2017. Five are funded with this budget, four more with your approval of our annexation plan. With this increase, we will exceed our police staffing goals outlined in our three-year plan. Most importantly, these efforts are paying off for our citizens and their safety.
As we reported to you in the State of the City address in February, the 2015 year-end crime statistics show significant improvement.

There was an overall 14% reduction in both violent and property crimes. Of the seven index crimes we track, six were lower. The one unacceptable increase last year was homicide. In the first half of this year, violent crime is again trending down. We have had 15 homicides, a nearly 50 percent decline over 2015. With the hard work of our police department, arrests have been made in all but two of these cases.

We are committed to making Omaha a safe community by increasing the number of officers, providing training and resources and building trusting relationships.

The job of a police officer is harder than my job, and harder than yours. It requires judgment, enforcement, compassion, and life-saving; all while putting their own lives at risk. I am proud to lead a city with impressive sworn officers, support personnel, and command leaders.

Public safety also requires an investment in our infrastructure, so we are recommending an even greater emphasis on street repair and maintenance.

We announced a series of actions that will have a positive effect on the drivers, pedestrians, cyclists, and others who share our city streets.

The resurfacing budget will increase by over 22 percent. We will add $2 million, bringing the total to $10.8 million.

Residential brick street repair will also increase, from 400 thousand to 500 thousand dollars.

We propose adding sixteen new employees in the street maintenance division, dedicated to street repair and maintenance in the summer and fall, snow removal in the winter, and pothole repair in the spring.

Omaha has nearly 300 lane miles of unimproved streets, most built decades ago. Taxpayers who live on these streets are frustrated and deserve our commitment that we will find a way to fix this problem at a reasonable cost. We have allocated $4 million in the Capital Improvement Plan to replace these streets and we are finalizing our long-term, cost-sharing solution to offer a more affordable price for homeowners and the City. These steps offer an alternative to the long-standing practice that put the entire financial burden on the property owners.

Other budget highlights include an additional housing inspector in our improved, customer-focused planning department. We will expand our Acella program, which has already improved the process and
reduced wait times for permit applications and plan reviews. Our budget adds an Accela Analyst to ensure we are taking full advantage of the customer service tools Accela offers.

We will also increase the demolition budget by $100,000 dollars to over $1 million. With that increase, we can tear down more than 90 unsafe properties. This will enhance the appearance, value and safety of our neighborhoods.
Support for our first class city libraries will increase next year by well over five percent and all branches will remain open.

We are providing significant funding for technology upgrades for our libraries.

This includes running fiber to all branches to increase speed and connectivity. Currently, we are still using cable modems.

The Capital Improvement Plan includes nearly $1 million for an RFID system. Radio frequency ID tags on every item available for checkout will improve service for our customers and provide internal efficiencies, including inventory and maintenance of the library collections.

Our proactive planning for the tree damage caused by the Emerald Ash Borer is paying off. We have hired additional tree trimmers and purchased equipment. We are also adding one-million dollars annually for the next four years to the Capital Improvement plan to treat, remove and replace trees on public property.

A big expense for any organization in the private or public sector is the cost of health care. Estimates show most health care budgets will continue to increase annually. Our health care expenditures are going up at a rate lower than the national average, and we are still able to reduce the overall budgeted health care expenses by nearly $2 million. We are doing this through aggressive medical management and provider discounts. We continue to look for ways to manage our health care costs.

For the fourth year, we are putting money into our cash reserves to maintain our historic high level of $12 million.

With a small increase in the general fund budget, under three percent, let me briefly cover the revenue sources that provide the funds necessary to implement our priorities.

The two largest sources of city revenues are property taxes and the city sales tax. Without the state-ordered property valuation changes, the projected citywide property values would have been essentially unchanged, or flat. Consequently, that revenue source will increase only slightly. Most of it will be returned to taxpayers in the form of a property tax rate cut, the remainder will go to street improvements.
Our sales tax revenues are projected to increase next year by 4.5 percent. Restaurant tax receipts will increase about six percent next year. As we prepared this budget, I again considered a reduction in the unpopular and unfair restaurant tax. I made the decision to pursue another property tax rate cut instead.

Estimates show thirty percent of the restaurant tax collected is paid by out-of-town visitors. But everyone who owns property in Omaha pays property tax and will benefit from another tax rate cut. It is broad-based and fair.

My focus on reducing property tax rates, twice during my term, reflects one of the biggest promises I made three years ago; to reduce the tax burden for citizens of Omaha.

Another commitment, in fact my most pressing commitment, is to enhance public safety. By increasing the number of officers, from 804 in 2013, to 860 in 2017, we have exceeded that commitment. Never before has the Omaha Police Department had this level of sworn officers. I could have proposed a significant cut in the restaurant tax, but we could not have 860 police officers and significantly more spending on street repair and maintenance. That is not a tradeoff I am willing to make.

What I hear from citizens every day is, make my city safer, fix my streets and lower my taxes.

Public safety and property tax rate reductions have been my top priorities, and reducing the restaurant tax remains a goal of my administration.

The people I talk to each day are proud of their city. They are proud of our past and hopeful for our future. They love Omaha and all we have to offer. I pledge to work with you to finalize a budget that reflects the optimism and confidence of the people we are privileged to serve.
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