Annual Budget
For Calendar Year
2018

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

Vinny Palermo
District 4
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
Tim Young..........................................................................................................................Human Resources Director
Franklin Thompson..........................................................................................................Human Rights & Relations Director
Stephen Curtiss...............................................................................................................Finance Director
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
Cassie Paben....................................................................................................................Deputy Chief of Staff - Economic Development

Allen Herink, City Comptroller
Andrew Brott, Budget Manager

BUDGET CONTRIBUTORS
Al Herink, Don Drazdys, Amy Hicks, Setareh Makinejad, Andrew Brott
Scott Crites, Donna Waller, Nicole Sweeney, Amy Bell, Jane Hartig, Sarah Egner
Deb Sander, Gabe McGrath, Bobbie King, Kyungae Jun, Todd Thorsheim, Tyler Leimer

PRODUCTION STAFF
Jack Morine, Steve Driscoll, and Nancy Hess

Elizabeth Butler, City Clerk
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City of Omaha
Budget Process

3/28/2017
OPERATING REQUEST PREPARED

4/19/2017
Submitted to Finance

REVENUE ESTIMATES PREPARED

6/21/2017
REVIEW BY FINANCE & SUBMITTED TO MAYOR STOTHERT

MAYOR STOTHERT
FINANCE DIRECTOR
BUDGET COMMITTEE

7/18/2017
Submitted to City Council

8/8/2017
PUBLIC HEARING

8/22/2017
CITY COUNCIL ADOPTED BUDGET

9/12/2017
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 2018 Budget process began approximately February 1st, 2017 with the process of forecasting 2018 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 2018 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 2018 Budget database included the following: (1) all classified and full-time employees listed by classification and salary step as of February 25th, 2017; (2) all non-personal service expenditure line items detailing 2016 expenditures and 2017 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 2016; (5) 2018 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 28th, 2017. 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 28th through April 19th, 2017 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 2016 Actual and 2017 Budget information was performed by the Budget Division. Revised forecasts of 2017 and 2018 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 2018 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 2018 Budget was conducted by the Mayor in the time frame of April 26th, 2017 to June 21st, 2017 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 2018 Recommended Budget was presented to the Omaha City Council on July 18th, 2017.
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 8th, 2017 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 2017, 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 2018 Budget was adopted on Tuesday, August 22nd, 2017. On September 12th, 2017 the City Council certified a single tax levy rate of $.47922 per $100 of actual valuation for 2018 consisting of $.26557 for the General Fund, $.19421 for the Debt Service Fund, $.00600 for the Judgment Fund and $.01344 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, 2017.

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.
Our 2018 City of Omaha annual budget was crafted in alignment with specific strategic priorities. Our strategic priorities are:

- 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

**Commitment to our Strategic Priorities in the 2018 City of Omaha Budget**

- **Enhance public safety and the perception of safety**
  - Police will elevate authorized staffing to 880 Police Officers, an increase of 20 sworn officers as compared to the 2017 budget. This increase in staffing will ensure better coverage citywide.
  - The Police Department expects Electronic reports entered into the new Records Management System (RMS), a relational database, to reach over 2.5 million in 2018.
  - The DNA line item in the Police budget has been increased to enhance our ability to solve violent crimes.
  - The Forensic Investigations Unit has received the ANAB (ANSI-ASQ National Accreditation Board) certification for 2018. ANAB Accreditation will ensure OPD is using best practices when collecting, storing and analyzing forensic evidence.
  - The Omaha Police Department and University of Nebraska Medical Center reached an agreement to move additional police crime lab services to UNMC. UNMC will initially provide drug testing and will continue DNA testing which has been the practice for more than 15 years. Blood alcohol and urine toxicology testing are expected to be added in early 2018.
  - Police continue to transition to NIBRS (National Incident-Based Reporting System) to improve the overall quality of crime data collected by law enforcement. NIBRS captures details on each single crime incident as well as separate offenses in the same incident.
  - A Fire recruit class is anticipated at the beginning of 2018. The class size is currently estimated at twenty-two: six new hires to accommodate Medic 78 that has been placed back into service, and sixteen recruits currently estimated to replace known attrition vacancies.
  - In the Capital Improvement Program we are continuing to schedule for Fire Apparatus replacement.
- **Optimize the delivery of city services**
  - The Planning Department is continuing to grow the use of the Accela Software across departments, allowing all planning applications and reviews to be done online to decrease review time and improve public transparency. The planning module will be expanded in 2018. The citizen access will be upgraded and expanded.
  - The Planning Department will add a Neighborhood Planning section in 2018 that will consist of one City Planner and one City Planner III. Section staff will be responsible for coordinating and communicating City planning goals to neighborhood groups and associations. They will be responsible for maintaining the neighborhood directory and will act as liaisons for the neighborhoods served. They will increase public engagement between the Planning Department and neighborhoods, and will work closely with City Planning divisions and City departments to carry out their goals.
  - Funds have been allocated to the Library’s Budget for implementing equipment upgrades to replace failing and non-RFID (Radio Frequency Identification) compliant equipment. The total project cost is $900,000 from 2017 through 2019.
  - Human Resources and Finance will implement HRIS – a human resource management and payroll information system for benefits open enrollment and payroll and Human Resources processing. This is a significant undertaking for all Human Resources and Payroll staff, and will require data cleanup, process automation, and staff training.

- **Maximize development in disadvantaged areas**
  - The City has allocated funding for demolition of dilapidated homes in our city. These homes breed unwanted, and, in some cases, criminal activity. There are currently 168 properties on the confirmed demolition status list. The 2018 funding should cover the demolition cost of up to 100 homes. It costs approximately $11,000 for demolition of one property. We have included $700,000 in funding from the General Fund and estimate $400,000 in Community Development Block Grant funding. Our total demolition budget is 1.1 million.
  - The City Community Services budget funds the Omaha Municipal Land Bank, which works to acquire delinquent properties and transform the properties for sale.
  - Our Community Service Programs budget funds the support of Compassion in Action, Homeless Day Services, the Women’s Center for Advancement, Truancy Prevention, ReConnect, La Casa Del Pueblo, PACE, Completely Kids, Victory Boxing Club, YOUTURN, and Building Healthy Futures to work within the community.
  - The City uses Tax Increment Financing to help encourage development in blighted areas.

- **Enhance and expand job and business growth**
  - The City of Omaha has budgeted funds in support of the Greater Omaha Chamber of Commerce, Heartland Workforce Solutions, Omaha by Design, and the Step-Up Summer Jobs program. These initiatives help to support the goal of enhancing and expanding job and business growth.
  - The Public Works and Human Rights and Relations departments work to award contracts through our small and emerging business program.
City of Omaha Budget Message

• **Build trust through managed communications**
  - The Mayor’s Hotline is fully funded in this budget. This is a tool for citizens to use to obtain information on city services or to provide input. Reports are generated and reviewed on a regular basis to address issues that citizens in our community have reported to the hotline.
  - The City website has been updated and is used as a communication tool for our citizens.
  - The Mayor’s budget includes funding for employees whose primary duties include communication with the citizens of our community.

• **Influence change in state policy**
  - We have funded an attorney/lobbyist in the Law department to monitor and influence state policy.
  - The budget includes specific funding for organizations that help monitor and influence state policy.

**Budget Drivers**

Highlights in connection with the City’s adoption of its 2018 budget, passed on August 22, 2017, include the following in regards to both the revenue and expense sides of the budget:

**Revenue**

- The City Council approved an annexation package in 2017 which increased the 2018 General Fund budgeted revenues by $399,458.

- Sales tax for 2018 is budgeted to be up 2.44% over 2017. Net sales tax receipts for 2018 are projected at $159.7 million, a 5.62% increase over what was received in 2016. Sales tax continues to be the major revenue source for the General Fund at approximately 41% of total General Fund revenues.

- Property tax valuations increased by an estimated $119,546,850 due to the aforementioned annexation package. The property tax levy continues to be a major revenue source and accounts for almost 23% of General Fund revenues.

- The restaurant fee is forecasted at $33.2 million in 2018, which is a 6.6% increase over the 2017 budget.

- Net General Fund revenue increased by 4.6% in the 2018 budget when including annexation.

**Expenses**

- **Labor Costs:** A majority of the General Fund expenditures are for labor costs. In 2018 all groups have a current contract except Civilians, whose wage adjustments are estimated in the wage adjustment account. All other wage adjustments in 2018 are budgeted in the respective department budgets.
- **Health care costs:** Health care continues to be a significant cost to the City. Total health care costs included in the 2018 budget are $62.3 million, of which $43.9 million is for active employees. This is budgeted at an annual cost of $14,777 per employee for Civilian, Police, and Fire Management. Fire Sworn employees are budgeted at $17,073 per employee. Under the current contract between the City and the Fire Union, health care rates for each coverage option remain flat through 2018.

- **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 approximately 4.5 million. The 2018 budget includes the following utility related assumptions:
  - OPPD increase of 0% over 2016 expended.
  - MUD Water increase of 5% over 2016 expended
  - MUD Natural Gas increase of 10% over 2016 expended
  - Sewer increase of 20% over 2016 expended
  - Gasoline estimated at $2.50 per gallon

### Budget Challenges

- **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.
  - There is a continual evaluation of the CSO progress, and this includes project scope reduction based on current results.
  - The final plan was submitted in Oct 2009 and was 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 this date has been extended to Oct 2027. We are currently in discussions to extend the end date beyond 2027.

- **Civilian and Police/Fire Pension Systems:**
  - Through contract negotiations both pension systems have stabilized long-term funding. The systems continue to be of concern to the City with fully-funded end dates in approximately 24 years.
  - The fire pension system was unchanged in the last contract that goes through 2018; annual contribution increases of .75% from the City were implemented for 2018-2020 for police. Civilian groups are still in the negotiation process.

- **Post-Employment Benefits (Retirement Health Insurance):**
  - The City continues to negotiate with bargaining groups to increase premiums paid by employees and reduce health costs.
  - The unfunded post-employment liability equalled $400.9 million at 1/1/16; as of 1/1/14 it was 400.8 million.
• **General Fund:**
  
  - LB775 and LB312 refunds remain somewhat unpredictable and remain at high levels.
  
  - Total health care costs for all funds in 2018 are projected at $62.3 million, with a large portion of this cost allocated to the General Fund. 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. The 2016 ending balance for the reserve funds is approximately $12.7 million consisting of the Contingent Liability Fund ($4,705,059) and the Cash Reserve Fund ($8,012,680) after the transfers. The combined balance of these funds is at historic highs.
  
  - In 2018 we budgeted a $400,000 transfer into the Cash Reserve Fund, a 14% increase over the 2017 budget allotment.

**Conclusion**

Preparing and compiling a budget of this size and complexity reflects the contributions and diligence of many. Our team has successfully prepared an annual budget in compliance with our City Charter, and we are thankful for the numerous contributions from City employees and the citizens of our community.
Good afternoon.

President Gray, City Council Members, and citizens of Omaha.

It is an honor to be with you today to present our recommended 2018 City of Omaha budget, and our six-year capital improvement program.

Our 2018 budget was prepared over the last 10 months with several key objectives as our guide. These objectives include:

- Providing the valuable, core city services for our citizens in the most efficient and effective ways possible.
- Increasing funding and emphasis on city responsibilities that directly respond to citizen concerns,
- Continuing to improve the fiscal discipline and professional budget management that citizens have come to expect from our administration,
- And maintaining our lower property tax rate that sufficiently funds our priorities, while recognizing the burden property taxes have on Omaha taxpayers.

Our recommended budget meets these objectives. I am proud of the work and creativity of city management - and all city employees - in developing recommendations, and responding to the financial guidelines I provided along the way.

I would also like to thank you, the City Council, for your input and suggestions during the budget process. While those of us in public office should make every effort to engage the public and listen to their concerns, nothing pushes that issue more than a local election. For me, the best part of that process is the hours and hours spent visiting with citizens. I always learn so much from conversations with Omaha families about what most impacts their quality of life.

Our recommended budget responds to these taxpayer concerns, yet strikes a balance between worthy spending ideas and the limited taxes citizens can afford. So, to the citizens of Omaha, thank you for your ideas and excitement about the future of our great city.

Here are some of the highlights of our recommended budget...

We propose to hire 20 additional police officers bringing the total number of sworn officers to 880. That will result in 76 more officers since 2014. We expect to expand that number to 900 in 2019 to prepare for the fifth police precinct headquarters based in Elkhorn, and the continued growth of our city.
Furthering our commitment to public safety, we propose to fund an additional fire department medic unit and the six new positions required to support it.

For street resurfacing, we budgeted one million dollars in additional funding next year to bring our street resurfacing budget to an all-time high of nearly twelve million dollars. This request is in addition to the five million dollars of new, one-time funds for street resurfacing we generated from city operations this year.

These additional funds became available following our successful labor contract negotiations with the Omaha police officers association and the payment of retroactive employee salaries. With these additional funds, we will complete 59 street resurfacing projects this year. Our commitment to street repair is clear: since 2016, we have increased spending on street resurfacing and repair by eight million dollars.

We will also increase staffing in the public works department and buy new equipment to improve services year-round, including pothole repair and snow removal.

We propose to further strengthen our cash reserve funds with additional funding over 2017 levels, bringing our combined saving account balances to historic highs.

Our commitment to other programs and operations that impact the public every day will also be enhanced.

This includes fully funding city library operations, additional support for the Omaha Convention & Visitors Bureau, more funding for the demolition of condemned properties, and more resources for the care and protection of our city parks.

This budget also provides funding to our community partners that provide valuable programs that support our strategic priorities; public safety, youth services, re-entry, neighborhood support and job training. We will increase funding to two highly successful employment programs, step-up summer jobs and heartland workforce solutions. We will double funding to Step-Up to one-million dollars to expand this youth employment program. And, Heartland Workforce Solutions will receive one-half million dollars. In all, more than 25 organizations will receive community service funds to provide important services to our community.

On the revenue side for 2018, Because of our strong and growing local economy, we anticipate that sales taxes revenues will increase by 2.3 percent. We estimate that receipts from the restaurant tax will be 6.6 percent higher next year, much of this revenue coming from our growing tourism and event business. And, property tax revenues will increase slightly by 3.3 percent.

These are the revenues I believe are necessary to increase public safety, provide more street resurfacing than ever before, and all the other city services and programs.

Over the last four years, I have reduced the property tax rate twice. This budget does not reduce property taxes or the restaurant tax. This year, we chose to increase the services demanded by taxpayers, and we can do all these things with existing revenue.

The proposed overall general fund budget will increase 4.5 percent for 2018. This is a very responsible and efficient budget.

I would like to mention a topic of particular interest this year. In January, the Douglas County Assessor provided very preliminary estimates for property valuations for the coming year. She provided this information earlier than ever before on the assessor’s website. Unfortunately, those preliminary valuation totals resulted in large increases; some were up significantly. And that’s after last year’s state tax board ruling that increased home values for so many people. Because of the public response and pressure from so many elected officials, including myself, the assessor re-calculated, and in many cases, reduced those initial valuations.
The overall increase for all Omaha properties was cut roughly in half, or an average increase of 2.5 percent citywide. And that’s good news.

These citizen-led changes provided us budget clarification early in the process and resulted in a more productive budget process for the city. We will not receive a tax windfall. The actual financial result of the valuation adjustments is a 2.5 percent increase in property tax revenue to the City of Omaha, or 2.2 million dollars to the general fund.

This is the fifth budget I have prepared as mayor and during this time we have significantly improved the financial standing of our city. I believe that with those years behind us it is helpful to summarize what has been accomplished, and what will be added to this record, with adoption of our recommended 2018 budget.

First, I am proud to have had city council support during my first term as mayor for two property tax rate decreases. The rate is lower today than at any time since 2010.

We will have added 76 new police officers, helping to make Omaha safer and establishing what I believe is one of the best large-city police departments in the country. Our men and women in blue have made Omaha a safer city.

We added over 27,000 citizens to Omaha through annexation and managed the expansion of their city services. Nearly all of these residents are now paying lower property taxes.

We have expanded human service and job training programs that prove they work and make a difference for those in our community who rely on them.

We will have nearly doubled the street resurfacing budget in these few short years, and brought our savings accounts to their highest levels in city history.

Thousands of new private sector jobs have been created in Omaha during this time.

We have successfully renegotiated all city employee labor contracts, saving the taxpayers millions of dollars, increased transparency of the public’s business, and modernized and improved customer service for the taxpayers we serve.

We can all be proud of this work. Our progress should give us confidence that ongoing improvements are not only possible, they are expected.

We mentioned at the outset that we are also presenting for council consideration our six-year capital improvement plan for the years 2018 through 2023. While our general fund pays for daily operations – most of which goes for employee salaries and benefits – the capital improvement plan, or C.I.P, covers capital expenditures over the next six years. At the end of each year, we add another year and budget accordingly.

The C.I.P. directs funding for the transportation, public safety, public facilities, parks, and environmental investments that are long-term in nature. The funds that support the C.I.P. come from various sources including bond funds approved by voters in prior elections. The C.I.P. is the driver for major projects and expenditures for the long-term.

Some highlights of our proposed C.I.P. include:

- 350 million dollars in total transportation projects; 61 million dollars in 2018 alone.
- This includes 1.8 million dollars in 2018 for substandard street repair and a total of 5.3 million over the six year period.
The C.I.P. includes costs associated with the new fifth police precinct in Elkhorn and construction of two new fire stations to replace aging buildings.

Two new Omaha public libraries, one downtown, another in the southwest part of Omaha,

We are supporting the public infrastructure at the University of Nebraska Medical Center’s state of the art medical education and training facility called iEXCEL.

Funding for the financial commitments we have made for the human services campus that provides housing and support services for our homeless population.

And of course, the C.I.P. outlines our expenses for our very expensive and long-term, federally mandated sewer separation project.

The draft C.I.P. is now posted on the City of Omaha planning department website and I encourage citizens to review it. This year, we redesigned this important planning document to make it easy to read and use.

Our recommended 2018 budget is also available on the finance page of the City of Omaha website.

The 2018 budget public hearing will be held in this chamber on August 8th at 7 PM and I encourage you to attend and provide your input. We look forward to councilmember questions and action on our recommended budget and the capital improvement plan. Your input has already made these recommendations better.

Finally, thank you again to the citizens of Omaha. I fully recognize and appreciate the importance of spending your money effectively - with the goal of serving you - and doing so with full transparency and the best possible outcomes.

Thank you.