Annual Budget
For Calendar Year
2019

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
Kevin Andersen.................................................................................................................Deputy Chief of Staff - Economic Development & Development Services
Troy Anderson....................................................................................................................Deputy Chief of Staff - Economic Development & Development Services

Allen Herink, City Comptroller
Andrew Brott, Budget Manager

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Elizabeth Butler, City Clerk
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City of Omaha
Budget Process

3/27/2018
OPERATING REQUEST PREPARED

4/20/2018
Submitted to Finance

6/20/2018
REVIEW BY FINANCE & SUBMITTED TO MAYOR STOTHERT

7/31/2018
Public Hearing

7/17/2018
Submitted to City Council

8/21/2018
CITY COUNCIL ADOPTED BUDGET

9/11/2018
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 2019 Budget process began approximately February 1st, 2018 with the process of forecasting 2019 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 2019 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 2019 Budget database included the following: (1) all classified and full-time employees listed by classification and salary step as of March 10th, 2018; (2) all non-personal service expenditure line items detailing 2017 expenditures and 2018 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 2017; (5) 2019 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 27th, 2018. 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 27th through April 20th, 2018 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 2017 Actual and 2018 Budget information was performed by the Budget Division. Revised forecasts of 2018 and 2019 revenues were prepared. These forecasts were reviewed by the Finance Director and City Treasurer.
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 2019 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 2019 Budget was conducted by the Mayor in the time frame of April 25th, 2018 to June 20th, 2018 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 2019 Recommended Budget was presented to the Omaha City Council on July 17th, 2018.
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 July 31st, 2018 at 6:30 p.m. in the Legislative Chambers of the Omaha/Douglas Civic Center. Section 5.06 of the Home Rule Charter stipulates that the public hearing must be held at least ten days prior to the tax levy certification date. The public hearing was held in the evening hours to provide as many citizens as possible with the opportunity to offer testimony to the City Council. The budget presentation generates press coverage. Daily newspapers, internet, television and radio stations report budget highlights and statistics. Following the budget presentation, the Mayor's Recommended Budget is available to the general public for inspection and study at the twelve public libraries via the Internet, in the City Clerk's office and in the Finance Department. The budget is also posted on the City of Omaha website.

Adoption of the Budget and Tax Levy Certification

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

After adopting the budget, but no later than October 13th of 2018, 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 2019 Budget was adopted on Tuesday, August 21st, 2018. On September 11th, 2018 the City Council certified a single tax levy rate of $.47922 per $100 of actual valuation for 2019 consisting of $.25979 for the General Fund, $.18743 for the Debt Service Fund, $.00600 for the Judgment Fund and $.02600 for the Redevelopment Fund.

Amending the Budget

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

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

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

To meet a public emergency threatening serious loss of life, health or property, the City Council may, by ordinance, make emergency appropriations or transfers. An ordinance may be passed as an emergency measure after one reading when the City Council finds that an emergency exists pursuant to the Home Rule Charter, Section 2.13. If there are no unappropriated monies available, the City Council may, by ordinance, authorize the issuance of emergency notes.
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, 2018.

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 is committed to four priorities that address our challenges and are focused on the areas that will make the biggest impact in Omaha:

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

**Commitment to our Priorities in the 2019 City of Omaha Budget**

**Improving public safety**
- The City of Omaha will be adding a fifth Police Precinct. This new West Precinct is scheduled for completion in 2019. In addition to the Uniform Patrol Officers and staff, the West Precinct will also include the Traffic Unit, SWAT, and Bomb Squad personnel.
- Police will elevate authorized staffing to 902 Police Officers, an increase of 22 sworn officers as compared to the 2018 budget. The increase in personnel will ensure staffing of the new precinct and provide better coverage citywide.
- 36 Ford Explorer Police Utility vehicles will be added to the fleet in 2019.
- Police continues to work on the transition to NIBRS (National Incident-Based Reporting System). NIBRS is expected to be implemented by 2021. NIBRS will 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.
- The 911 budget was increased by 11% to help better staff the 911 center and to support the fifth Police Precinct.
- Fire will be adding one grant funded Civilian (Community Safety Education Specialist) for a total of 8 civilians. In addition there are 658 Fire Sworn positions in the 2019 budget.
- The CIP includes the replacement of Fire Station 31 in South Omaha. It also includes the scheduling of fire apparatus replacement.

**Managing the Budget**
- The overall growth of the General Fund budget (including annexations) has been limited to 3.67%.
- The City has made a concerted effort to increase both the Cash Reserve Fund and the Contingent Liability Fund. In 2019 we have budgeted $400,000 of transfers from the General Fund to the Cash Reserve fund.
City of Omaha Budget Message

- The City’s objective for the year end General Fund balance will be a minimum of 1% annual General Fund revenues carried forward two years. The General Fund carryover used in the 2019 budget is $11,347,628.
- The Finance Department monitors the budget and produces budget projections to help departments keep within their allocated annual budgets.
- The City has a grants team that works with departments to pursue funding that helps further City services without increasing the local tax burden. Additionally, the philanthropic community has been active in their contributions to the City. For example, the City Parks Department has received approximately five million dollars donated towards renovations, expansions, and other projects. The Parks department will continue to expand upon future projects that will provide a free resource to the public and will serve as an opportunity for people to stay active and live a positive, healthy lifestyle.
- The CIP includes funding for a Riverfront Revitalization project that includes 240 million of private philanthropic donations.
- Ongoing efforts and coordination with OPPD (Omaha Public Power District) continue towards implementation of LED streetlights to lower the annual costs and improve service with regard to street lighting.

**Job growth & economic development**

- The City allocated $700,000 of General Funds for the demolition of dilapidated houses and typically has access to another $400,000 through the commitment of Community Development Block Grant funds and private donations through Habitat for Humanity. There are currently 132 properties on the confirmed demolition status list. The City will be able to demolish up to 100 houses. It costs approximately $11,000 for demolition of one house. Anticipated funding:
  - General Fund - $700,000
  - CDBG/Community Partners - $400,000
- The Neighborhood Planning Section has established and renewed partnerships with neighborhoods in eastern Omaha. They are in the process of evaluating and updating the Neighborhood Directory.
- The Housing and Community Development Division’s Holistic Neighborhood Revitalization Initiative continues to focus on the Neighborhood Action and Facts Association. This initiative leverages public and private funds to spur neighborhood-based community redevelopment.
- Tax Increment Financing (TIF) continues to be an important development tool for the City, and in 2018, the City approved the first Property Assessed Clean Energy (PACE) project in Omaha. TIF and PACE will continue to support and promote development in Omaha.
- The City Community Services budget contributes funds to the Omaha Municipal Land Bank, which works to acquire delinquent properties and transform the properties for sale.
- The City of Omaha has budgeted funds in support of the Greater Omaha Chamber of Commerce, Heartland Workforce Solutions, and a Summer Jobs program. These initiatives help to support job growth and economic development.
- The Public Works and Human Rights and Relations departments work to award contracts through our small and emerging business program to support small businesses in our community.
- The Parking Management Group is focused on economic development and working toward an overall parking system including negotiations for City owned garage construction for upcoming developments.
The CIP includes funding for a three year (2019-2021) Riverfront Revitalization project. The significant plan defines an achievable vision that will attract residents, businesses, and visitors to the area while supporting growth and enhancing connectivity.

Improving customer service

- The Planning Department continues to expand the use of Accela productivity and engagement software across its Divisions. Accela allows planning applications and reviews to be completed online. This increases accuracy and productivity, optimizes review timelines, and improves public transparency. The City will expand the planning software in 2019, which will upgrade and expand citizen access to data.
- The Library will be finalizing the installation of the Radio Frequency Identification (RFID) equipment in every branch.
- The Library materials budget went up by $105,000 in 2019.
- The Library plans on hiring additional security and updating their security cameras.
- Omaha’s Convention & Visitors Bureau (CVB) will assist in tourism product development that will enhance Omaha as a visitor destination. They will work with local community groups to inventory current attractions and identify potential enhancements and additions to the City’s tourism landscape.
- CVB will enhance the airport experience for visitors traveling to the Omaha metro area by partnering with regional metro organizations to redesign the Visitor Information kiosks at Eppley Airfield.
- The Mayor’s Hotline is fully funded in this budget. This tool allows citizens to obtain information regarding city services and gives them the opportunity 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 Mayor’s budget includes funding for employees whose primary duties include communication with the citizens of our community.
- A new feature on the city website gives citizens a real-time progress report on snow operations. City snow plows are equipped with AVL technology (Automated Vehicle Location). These plows are marked on the map with white arrows within black circles. The locations update every 60 seconds.

Budget Drivers

Highlights in connection with the City’s adoption of its 2019 budget, passed on August 21, 2018, include the following in regards to both the revenue and expense sides of the budget:

Revenue

- The City Council approved an annexation package in 2018 which increased the 2019 General Fund budgeted revenues by $965,708.

- Sales tax for 2019 is budgeted to be up 5.56% over 2018. Net sales tax receipts for 2019 are projected at $168.6 million. Sales tax continues to be the major revenue source for the General Fund at 42% of total General Fund revenues.
- Property tax valuations increased by an estimated $1,072,672,490 due to the aforementioned annexation package. The property tax levy continues to be a major revenue source and accounts for 23% of General Fund revenues.

- The restaurant fee is forecasted at $34 million in 2019, which is a 2.45% increase over the 2018 budget.

- Net General Fund revenue increased by 3.67% in the 2019 budget when including annexation.

**Expenses**

- **Labor Costs.** Approximately 80% of the City of Omaha’s General Fund is used for labor costs. Personnel costs are calculated using 2019 pay scales for Police Sworn. Fire Sworn are on the 2018 pay scale. Civilians are on the 2017 pay scale. Any potential salary adjustments for civilians are included in the wage adjustment account.

- **Health Care Costs.** Total health care costs included in the 2019 budget are $68.2 million of which $48.5 million is for active employees and $19.7 million for retirees. This is a 9.47% increase from 2018 budgeted costs. Health care costs are budgeted at an annual cost of $16,099 per employee for Civilian, Police, and Fire Management. Fire Sworn is budgeted at $18,780 per employee. These costs do not include employee contributions.

- **Utilities.** The City of Omaha maintains numerous facilities including police stations, a police headquarters building, fire stations, libraries, community centers, public swimming pools, ice arenas, golf courses, tennis courts, public parking garages, the Missouri River Wastewater Treatment Plant, Papio-Creek Wastewater Treatment Plant, Elkhorn Wastewater Treatment Plant, Burt-Izard Pump Station, maintenance facilities, City Hall, and many others. Total square feet of building space is approximately six million. The 2019 budget includes the following utility related assumptions:
  - OPPD increase of 0% over 2017 expended.
  - MUD Water increase of 2.5% over 2017 expended
  - MUD Natural Gas increase of 2.5% over 2017 expended
  - MUD Sewer increase of 5.5% over 2017 expended

**Budget Challenges**

- **Combined Sewer Overflow Program (CSO):**
  - Continues to be the largest Public Works project in history in the State of Nebraska
  - Cost estimated at $2 billion (current dollars) over 15-20 years
  - The program continues to be a financial strain on ratepayers
  - Continuous evaluation of CSO progress based on monitoring and assessment to build only what we need to keep costs down.

- **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. Current City’s contribution to Pension:

- Civilian - 18.78%
- Police – 34.42%
- Police Management – 33.17%
- Fire Bargaining – 32.97%
- Fire Management – 33.17%

**Post-Employment Benefits (Retirement Health Insurance):**

- The post-employment benefits equaled $252.0 million at 12/31/17; this is an increase of appx 9.36% over 2016.
- The City continues to negotiate with bargaining groups to increase premiums paid by employees and to reduce health costs.

**General Fund:**

- LB775 and LB312 refunds remain somewhat unpredictable and remain at high levels.
- Total health care costs for 2019 are projected at $68.2 million. The City will continue to manage this cost, as well as pursue negotiations on employee shared costs.
- The Emerald Ash Borer continues to devastate the City of Omaha’s ash trees. A concerted effort is being made by the City and the Parks Department to manage this problem, and we have included funding to address this ongoing challenge.
- The Solid Waste contracts are unclear at this point, but are forecasted to be an upcoming financial challenge for the City of Omaha.

**Reserves/other:**

- The City has made a concerted effort to increase both the Cash Reserve Fund and the Contingent Liability Fund. The 2017 ending balance for the reserve funds is approximately $15 million consisting of the Contingent Liability Fund ($6,552,645) and Cash Reserve Fund ($8,392,859) after the transfers. Legal has projected large expenses in the coming years.
- In 2019 we have budgeted $400,000 of transfers from the General Fund to the Cash Reserve fund.

**Conclusion**

The 2019 budget sets our spending priorities and positions the City for continued growth, stability and safety in the future. The budget is based on the priorities of our citizens, our administration, and the Omaha City Council members. Thanks to all those who contributed their time and energy into crafting this balanced budget in alignment with our City Charter.
It is an honor to present our recommended 2019 budget and our six-year Capital Improvement Program. The preparation and analysis that goes into these two documents is considerable. For dozens of staff and department leaders, budget preparation is a year-round effort. The end results are much more than words and numbers on paper. These documents reflect the priorities of our city and how we connect and serve our citizens.

It is our responsibility to provide the services and programs that support their safety, and quality of life. My thanks to each councilmember for your input as we have developed this budget. I appreciate your suggestions.

The 2019 General Fund budget highlights are as follows:

- A modest 3.5 percent budget increase compared to 2018.
- Maintain our low property tax rate.
- Financial benefit from prior year surpluses.
- Reserve and contingency funds at the highest levels in history.
- And, strong funding increases to address our most important priorities.

This is my sixth recommended budget since I have been honored to serve as mayor. During this time, we have been able to fund our priorities and contribute to the overall growth, stability, and safety of Omaha.

Our transparent and strategic approach to budgeting has resulted in five years of significant year-end balances, high savings account reserves, lower property tax rates, and efficiencies in how we manage resources. Omaha’s well-managed finances will allow us to meet pressing needs in the year ahead with the goal of making Omaha stronger and better.

In addition to our General Fund budget we are required by the city charter to plan upcoming capital expenses for the next six years. These are long-term, major investments for public safety, streets, parks, public facilities, and sewer systems. As proposed, our capital improvement program will total nearly two billion dollars and will impact every Omaha citizen.
The benefits to Omaha by continuing sensible, long-term investments through our capital budget are clear. This important work will continue without delay, thanks to voter support of our five bond proposals. I believe this is a reflection of strong public support for our financial and budget track record. We will keep our commitment to taxpayers to pay off these new bonds without a tax increase, something we can do as older bonds are retired and through careful expense management.

I believe we all agree on our most important priorities: public safety and street repair.

Our budget increases the police and fire departments by 4.5%, and 3.4% respectively, and provides for these important enhancements:

- Funding for 900 sworn police officers, up from 880 this year.
- Equipment, officers and staff for our new west police precinct in Elkhorn that is scheduled to be open one year from now.
- 36 new SUVs for the police fleet.
- One additional deputy police chief position
- And, thanks largely to private donors, we will increase the number of body worn police cameras to 575.

In the fire department, the number of sworn firefighters will remain at 658, while the capital budget provides for new fire apparatus, equipment, and replacing two fire stations. The first of the stations - Station 31 in south Omaha – could start as early as next year.

In addition to public safety, road construction and maintenance remains a top priority. Next year, we propose adding a half million dollars to the street resurfacing budget, resulting in the highest level of funding ever planned through the annual budget process. In addition, the CIP includes $328 million in funding for important transportation projects, many of which will start next year.

We will add six public works employees for snow removal and road repair and eight employees in the sewer maintenance division. This will increase our ability to proactively inspect nearly 2,000 miles of our combined sewer systems on a continual basis. A team specializing in median maintenance will also be formed. And, work continues to reduce the overall cost of our massive federally mandated sewer separation project.

Our Parks Department programs and facilities will continue next year as they do today. We also have significant funds for parks in the CIP. Much of that is due to one incredibly exciting project that I will touch on in a moment. Our Parks Director and community partners have done a tremendous job engaging the donor community in Omaha. Nearly $5 million has been committed to improve city facilities. This will happen at special places like the Kerrie Orozco Memorial Ballfield at Miller Park, the Levi Carter Park playground, and Memorial Park’s military service memorials.
Funding for library operations will increase by 2.5% and we are of course, very excited about two library facilities included in the CIP; a replacement for our main downtown library and a new, 13th library in southwest Omaha.

Among the other notable and significant expenses in 2019 are an expected increase of 9 ½% in health care costs for our employees and retirees. A total of approximately $68 million is budgeted for health care.

We have also included over $7 million in the wage adjustment account for salary changes when we reach a contract agreement with the civilian employees unions.

The community service programs that we support are funded for next year at a level similar to last year, approximately six and a half million dollars. Over 20 organizations will receive community service funding so they can positively impact job training and workforce support, public safety programs, economic development and neighborhood projects.

Omaha has two primary sources of revenue to fund our general fund budget; property tax and sales tax. We always cautiously project revenues for the next year. We anticipate property tax revenue will increase by just over 4% percent compared to 2018. We expect sales tax revenue to increase just over 5%.

Following the recent decision by the United States Supreme Court that on-line retailers may be required to collect sales tax, our estimate includes a small increase, assuming the state of Nebraska will adopt this change. I support this change in state law because I believe it will make our sales tax collection policy more clear and easier to comply with. It will also level the playing field for those who take the risk of operating “brick and mortar” retail stores.

Last month, we announced a project that will have a significant and lasting impact on Omaha and the quality of life for our citizens. It will also have an impact on our capital budget.

The riverfront revitalization project is transformational. In the next few years, we will see a sprawling new park in downtown Omaha; beautiful and lasting improvements to the Gene Leahy Mall, Heartland of America Park, and Lewis and Clark Landing.

I believe this will be one of the most significant projects, and public-private partnerships in Omaha’s history. It will spur development, grow our economy, create jobs, and enhance recreation and event opportunities. We will draw new employers and appeal to their new employees, many of whom are part of a younger workforce who are drawn to urban living and work.

The entire project will cost an estimated 290 million dollars and we have provided for this new project in the Capital Improvement Plan. Private donors will fund about 80% of this effort. The City will contribute $50 million with lease-purchase bonds issued over three years. This will not result in a tax increase.

We are very fortunate in Omaha to have a high level of private support for many of our most important landmarks and programs. I would like to thank project leaders for their generous vision. The riverfront project reflects that generosity, the beauty of the riverfront, and our faith in Omaha’s future. It will be Omaha’s new, impressive signature and I can’t wait to enjoy it with our grandchildren.
Finally, the draft Capital Improvement Plan and recommended budget have been posted on the City of Omaha website and I encourage citizens to review them both.

Thank you again to the citizens of Omaha. I hear from you every day on the issues important to you.

A public hearing on our proposed budget will be held in this chamber on July 31st at 6:30 p.m. I encourage you to attend and provide your feedback.

We work very hard to be good stewards of your tax dollars while providing excellent city services. Spending the taxpayer’s money is an enormous responsibility. Doing it the right way, every time, is very important to me.

I look forward to the council’s approval of the 2019 budget and Capital Improvement Program.