

PRIORITY LINCOLN: The future.

2008 - 2009 Mayor's Recommended CITY OF LINCOLN Annual Operating Budget

"We must balance frugality with quality of life and practicality with high expectation."

Mayor Chris Beutler shares a story with first graders from Arnold Elementary celebrating the last day of school at the Lincoln Children's Zoo.

Monday, Aug. 11

The City Council holds a public hearing on the proposed budget from 2:30 - 6 p.m. and 6:30 - 10:30 p.m.

Wednesday, Aug. 13

The City Council votes on changes to the Mayor's recommended budget at 9 a.m.

Monday, Aug. 25

The City Council adopts the budget at its 5:30 p.m. meeting

These meetings are in the City Council Chambers, first floor of the County-City Building, 555 South 10th Street.

Dear Citizens of Lincoln,

Every day, those of us who live in this great City benefit from the decisions, plans and sacrifices made by those who came here before us. Today, City leaders must have the vision to do not just what is right for today, but what is right for the future of our community.

As we faced another year of expenses outpacing revenues, I turned to you for help. Through PRIORITY LINCOLN, we elevated the community interest above the narrow demands of the special interests. I pledged to incorporate the results of that process into my budget and established my priorities:

- Solve the budget for the long term, with more expenditure cuts than revenue sources.
- Avoid the use of one-time money for ongoing operations.
- Preserve public safety.
- Increase efficiencies through restructuring.
- Prevent further decay of community assets and services.

This publication reflects many difficult budget decisions, including the reduction of 61 positions. But at some point, we can no longer cut our way into prosperity. I proposed a one-cent increase in the City's property tax rate to preserve important services.

But City government does not operate in isolation. With word of an increase in electricity rates, I withdrew my proposal for a property tax increase. Instead, I propose covering the gap with about \$1.7 million from the special assessment fund. I'm disappointed that we must resort to one-time funds to balance the budget. But I am convinced that deeper cuts will be harmful to Lincoln's future.

While not a final solution, this budget does take another important step toward fixing the structural imbalance between the City's revenues and expenditures. With that issue behind us, we can focus more of our attention on the future of this City.

There are some in this community who would rather criticize City government than work for positive change. But I believe the majority of citizens recognize and appreciate the high quality of life we enjoy. I invite you to work with me to make the decisions, plans and sacrifices needed to keep our City a great place for future generations.

Sincerely,



Chris Beutler
Mayor of Lincoln

"PRIORITY LINCOLN: We're listening."

Earlier this year, the City made an unprecedented effort to find out how you want your tax dollars spent.

About 2,000 people participated in PRIORITY LINCOLN through a scientific phone survey, a follow-up discussion, a non-random survey, a series of town hall meetings and a small focus group. The Mayor's proposed City budget reflects that input:

- You named safety and security as your top priority. The Mayor's budget calls for no reductions in police, fire or 911 services.
- You said you want greater efficiency. Departments were restructured. Over a two-year period, Mayor Beutler has proposed cutting about 124 positions.
- You wanted the City to explore new ways of doing business. Some human service functions are being transitioned to the non-profit sector.
- You said economic growth also was a priority. The Mayor proposed the creation of a Fast Forward Fund, a Development Services Center and a home owner stimulus plan.

PRIORITY LINCOLN is available at lincoln.ne.gov (keyword: priority).



lincoln.ne.gov

SUMMARY

Tax funds only

Where the money comes from:

Property tax - 30%	\$40,963,759
Sales tax - 42%	\$56,964,834
Occupation tax - 7%	\$9,978,214
Appropriated balances - 4%	\$5,121,252
Fees/other revenue - 17%	\$22,704,481
TOTAL REVENUES:	\$135,732,540

Where the money goes:

Police - 27%	\$36,603,272
Fire - 19%	\$25,024,526
Parks and Rec - 9%	\$12,674,446
Libraries - 6%	\$7,329,422
Debt service - 6%	\$8,584,724
Transfers - 12%	\$16,338,918
CIP - 0%	\$220,300
Other departments - 21%	\$28,956,932
TOTAL EXPENDITURES:	\$135,732,540

This year's budget is a 2.9% increase over the 2007-2008 budget of \$131,937,417. Subtracting the inflation rate of 4.2%, tax-funded City government is reduced by 1.3%.

STAFFING CHANGES

In full-time equivalents (FTEs)

Positions Eliminated:	FTEs
Classified.....	42.25
Unclassified.....	33.15
Total Reductions.....	75.40
Positions Added:	
Classified.....	11.50
Unclassified.....	3.15
Total Added.....	14.65

Total Positions Eliminated.....60.75

The number of current employees whose positions are being eliminated in the Mayor's proposed budget is estimated at 12 to 15.

The savings from tax funds is \$1.8 million, and the total savings from all funds is \$2.1 million.

DOING MORE WITH LESS

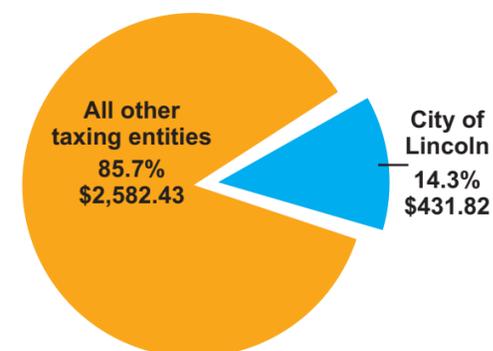
Fiscal Year	CITY STAFFING		CITY GROWTH	
	Fire, Police, 911 FTEs	Other FTEs	Population	Area
1990 - 2001	589	1,435	191,972	63.5 sq. miles
Recommended 2008 - 2009	740	1,365	245,000	88.7 sq. miles
Percentage Change	25.6%	-4.87%	27.6%	39.7%

Since 1990-91, the City's population has increased by 27.6 percent, and the City's size has increased 39.7 percent. Over that same time period, the number of City employees other than public safety has decreased. In 1990-01, there was one City employee for every 95 citizens. In 2008-09, there will be one City employee for every 117 citizens.



Current Year Breakdown of Property Tax Levy

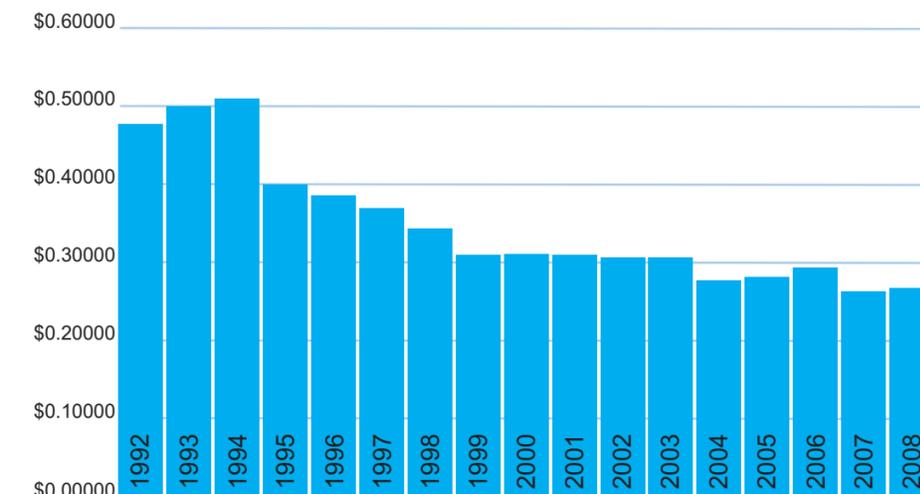
On a property valued at \$150,000



Out of every property tax dollar paid by Lincoln homeowners, only 14.3 cents goes to support City government. An individual's total property tax bill is determined by the budget actions of all governmental entities, including Lancaster County (13.7 cents) and the Lincoln Public Schools/ESUs (64.1 cents). Each elected body sets its tax rate independently.

City Property Tax Rate

Fiscal year ending August 31st of each year

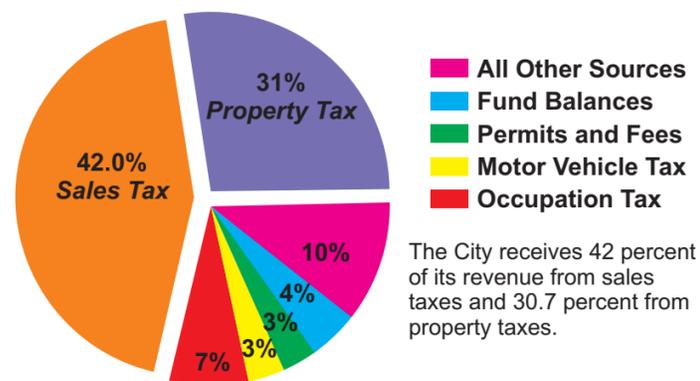


The City property tax rate has dropped 44.7 percent since 1993-94. All tax rate increases since the 1994-95 fiscal year have been for voter-approved bond issues. The tax budget as a percentage of personal income has dropped from 1.65 percent to 1.42 percent from 1990 to 2006. Of the state's top ten largest cities, Lincoln's City property tax rate is among the lowest, behind Bellevue, Hastings, North Platte, Omaha, Fremont and Columbus.

REVENUES

WHERE THE MONEY COMES FROM

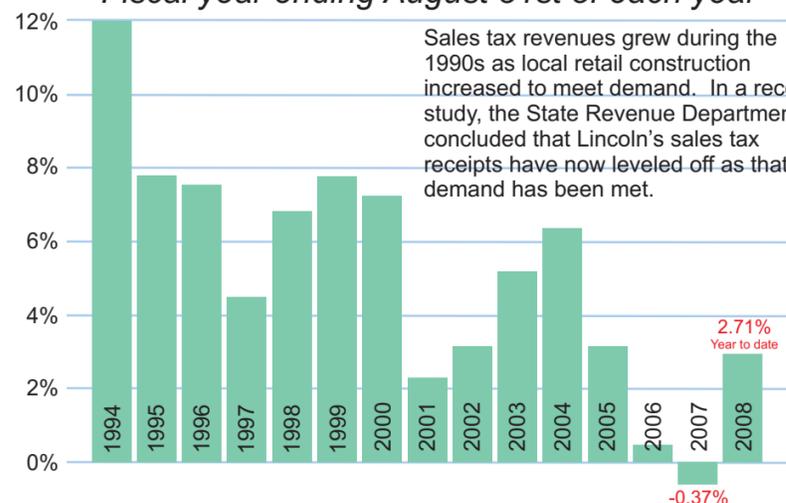
Mayor's Recommended Budget 2008-2009



The City receives 42 percent of its revenue from sales taxes and 30.7 percent from property taxes.

PERCENTAGE CHANGE IN SALES TAX

Fiscal year ending August 31st of each year



Sales tax revenues grew during the 1990s as local retail construction increased to meet demand. In a recent study, the State Revenue Department concluded that Lincoln's sales tax receipts have now leveled off as that demand has been met.

EXPENDITURES

WHY DO COSTS GO UP?

INFLATION - The inflation rate since May 2007 is 4.2 percent. Over the last six months, the inflation rate is an annualized 6.1 percent.

UNFUNDED MANDATES

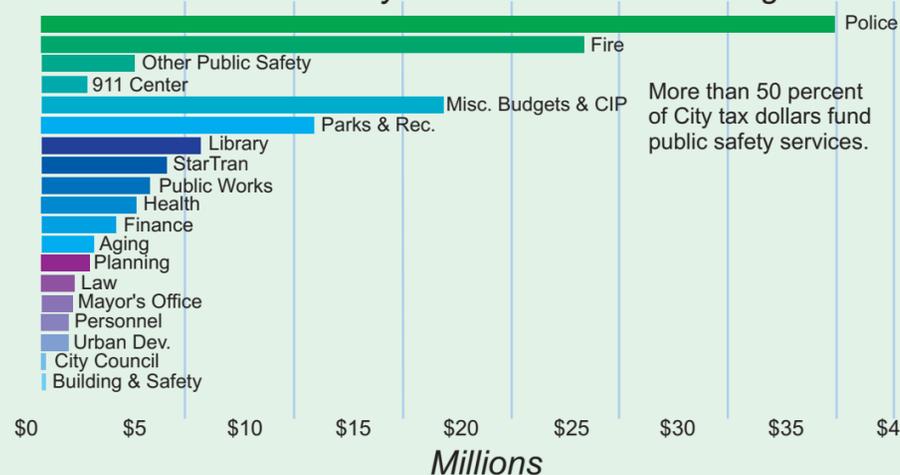
FUEL PRICES - Each year, the City burns 500,000 gallons of unleaded fuel and 700,000 gallons of diesel. From July 2007 to July 2008, unleaded fuel prices went up 37 percent, and diesel prices went up 68 percent. The increased cost to the City over that year is \$1.7 million.

UTILITY COSTS

SALARIES AND BENEFITS - Several labor contracts are pending. State law mandates that City salaries and benefits be comparable to those of other cities our size.

TAX DOLLARS BY DEPARTMENT

2008-2009 Mayor's Recommended Budget



More than 50 percent of City tax dollars fund public safety services.

BALANCING THE BUDGET

Mayor's proposed actions:

All departments

- Creation of a home ownership stimulus package would help address the decline in local home building. The plan uses about \$610,000 in unspent stormwater bond interest to pay outstanding bonds, freeing up funds for the stimulus package.
- Creation of a Fast Forward Fund would make money available for economic development projects jointly approved by the Mayor and City Council. About \$6.435 million of the \$10 million Special Assessment Revolving (SAR) Fund would be used. The SAR Fund is used to create special assessment districts, but the demand for those districts has declined.
- A 4.6-percent reduction in health insurance rates due to positive claims experience saves about \$1 million compared to current rates.
- Budgeted amounts for fuel and equipment use rates have been increased to cover higher fuel costs. Over the last 12 months, the annual costs of all City operations have increased by about \$1.7 million because of fuel price hikes.

Parks and Recreation

- The City is partnering with non-profit organizations to provide before-school and after-schools programs and Community Learning Centers (CLCs). This and other programming changes results in the reduction of four full-time and about 27 part-time City positions. All CLCs will remain open for the 2008-2009 school year.
- Positions eliminated include a public information specialist and two laborers.
- Meadow Heights pool will likely be operated by a private operator during the summer of 2009.

Building and Safety

- A slowing economy has decreased demand for permitting services, so five positions are eliminated to adjust to lower service levels.

Law

- One Civil Attorney is added to replace a position that had been eliminated in the 2007-2008 budget.

Urban Development

- Two positions are eliminated due to a lack of federal funding.

Lincoln City Libraries

- Library staffing is reduced by 5.5 positions.
- Hours at the Bennett Martin Public Library are reduced. This downtown library will no longer be open from 6 to 8 p.m. Monday through Thursday. Hours are maintained at all other branches.
- The lower level of Bennett Martin Public Library lower level is closed, and some periodicals are moved to the first floor.

Public Works and Utilities

- Increases are made in equipment and overtime for snow removal operations.
- As a result of employees accepting retirement incentives, positions and duties were reorganized, and some positions were replaced with lower-cost job classifications.
- Eliminating non-peak service on most StarTran routes results in \$589,000 in savings, including the reduction of 10.5 positions.
- Eligibility for the StarTran "Ride For Five" program is expanded to increase the number of riders.
- A federal law no longer allows public buses to be used for sightseeing tours, so StarTran's Holiday Light Tours are eliminated. The Big Red Express service will continue.
- Two engineering specialists are added in the Engineering Services Division.

Lincoln Fire and Rescue

- Administrative support is increased with the addition of 1.4 positions.

Finance - Emergency Communications (911)

- One emergency services dispatcher position is added.

Lincoln-Lancaster County Health Department

- Staffing is reduced by 2.25 positions.

Lincoln Area Agency on Aging

- The Lifetime Health Program is transferred to non-City funding and is no longer included in the City budget.

Lincoln Police Department

(The following two positions were added during the current year and are shown in the 2008-2009 budget for the first time.)

- One Mayoral aide position was added to address neighborhood issues.
- An identification laboratory technician was added for DUI equipment testing.

Mayor's Office

- An Affirmative Action Officer is added to meet federal regulations.

Proposed revenue changes - \$134,023

- Several Parks and Recreation fees are increased - \$67,909.
- Planning Fees are increased - \$25,000.
- Fees are increased in the City-County Health Department, mostly in Environmental Health - \$41,114.

One-time and short-term funding sources - \$8,768,264

- Use 2005 stormwater bond interest for debt service - \$610,000.
- Transfer from Special Assessment Revolving Fund to General Fund - \$1,723,264.
- Transfer from Special Assessment Revolving Fund to Fast Forward Fund - \$6,435,000.

AUDIT BOARD UPDATE

To provide more accountability and find savings for taxpayers, Mayor Beutler proposed the creation of a City Audit Advisory Board. The board will assist the City in managing performance, financial and internal audits, as well as operational reviews. The City Council enacted an ordinance creating this board late last year.

The six-member board includes three citizens appointed by the Mayor and three appointed by the City Council. The ordinance requires that at least one of the Mayor's appointees and at least one of the Council's appointees be either a CPA, a certified internal auditor, or have experience in conducting performance audits.

Beutler said performance audits give the City a way to measure performance against the mission and goals of City government. "Performance audits offer us the potential for a government that is more efficient and more effective," he said. "Performance audits will give us more ideas and more solutions and save more money. This new concept allows us to broaden our approach and implement performance as well as other kinds of audits."

Under the ordinance, the Council submits auditing suggestions to the board, and the board decides the scope of the audits. "This independent approach is critical to ensuring public confidence in the auditing process," said Beutler. "Citizens must be convinced beyond a shadow of a doubt that the board is operating in the public interest."

The City then contracts with auditing experts in the field or department chosen for examination, and the board recommends changes in City operations based on the auditor's report. About \$100,000 had been budgeted by the Council for an internal auditor, and those funds are now available for contract auditors.

Beutler had experience with performance audits as Chair of the State Legislature's Performance Audit Committee. "Performance audits provided the expertise and focus we needed to make real, long-lasting change in government," he said.

FEEDBACK

The City of Lincoln wants to hear from you. You can express your opinion by sending an e-mail to mayor@lincoln.ne.gov or by contacting the Mayor, City Council or City Departments at the phone numbers and addresses listed on this page.

CITY COUNCIL'S PROPOSED CHANGES TO MAYOR'S RECOMMENDED BUDGET

TAX-FUNDED BUDGET: reduction of \$1,011,000 total

- * Delay home ownership stimulus program - \$610,000.
- * Cut consultant services and eliminate Lincoln Fire and Rescue study of coverage areas and response time - \$165,000.
- * Temporarily suspend Urban Development Department commitment to downtown Lincoln retail incentive project - \$100,000.
- * Cut contingency fund from \$350,000 to \$250,000 - \$100,000.
- * Reduce data processing in Planning - \$20,000 total: \$16,000 from SAR transfer and \$4,000 from County revenue.
- * Cut in Criminal Justice Information System - \$16,000.
- Move \$10,000 special program funding (travel for Economic Development Aide) to Mayor's budget - no budget impact.

* These proposed cuts would reduce the amount of the transfer from the Special Assessment Revolving (SAR) Fund to the General Fund.

NON TAX-FUNDED BUDGET: reduction of \$6,309,217 total.

- * Delay all but \$235,000 from Mayor's proposed Fast Forward Fund - \$6,200,000.
- Cut two new positions in Public Works and Utilities, Engineering Services Revolving Fund - \$108,917.
- Cut \$300 for replacement of office chair in Public Works and Utilities, Fleet Services - \$300.

BOND RATINGS

Lincoln is one of about 40 cities in the nation to have the highest ratings from the two major bond rating agencies — Moody's and Standard and Poor's. The triple-A bond ratings help Lincoln borrow at the lowest possible interest rate. One reason for the City's high rating is the City's policy for maintaining a General Fund reserve balance. The City follows a formal policy of maintaining a General Fund reserve of at least 15 percent over the five-year forecast.

VISIT lincoln.ne.gov

About 18,000 individuals use InterLinc, the City-County Web site, each day. Features include public records, interactive maps, forms, permits and traffic cameras. Other services include:

- ACTION (Acting with Citizens to Improve our Neighborhoods), an interactive system that allows citizens to request non-emergency services or express concerns online.
- Online animal license renewals.
- Payment of parking tickets, property taxes, pool passes and water/sewer bills.
- Criminal history checks.
- Reserved event parking and two pre-paid parking card options.
- Online applications for City and County job openings.
- A local government calendar listing all meetings open to the public.
- Online tee time reservations at City-owned golf courses.

The County-City Building at 555 South 10th Street is equipped with free wireless connectivity to the Internet, and Government Square Park at 10th and "O" streets is the City's first WI-FI park.

Two cable channels — 5 CITY-TV (government access) and 21 Educational Access — are available on InterLinc, with live video-streaming. Many programs also are available through video-on-demand.

MAYOR CHRIS BEUTLER

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Economic Development - Mike Lang
Ombudsman - Lin Quenzer

DEPARTMENTS/DIVISIONS

Lincoln Area Agency on Aging
Director June Pederson - 441-7070

Building and Safety
Director Mike Merwick - 441-7521

Citizen Information Center
Manager Diane Gonzolas - 441-7375

Finance
Director Don Herz - 441-7411

Fire and Rescue
Chief Niles Ford - 441-7363

Health
Director Bruce Dart - 441-8000

Human Rights
Director Larry Williams - 441-7624

Law
City Attorney John Hendry - 441-7281

Library
Director Carol Connor - 441-8500

Parks and Recreation
Director Lynn Johnson - 441-7847

Personnel
Director Don Taute - 441-7597

Planning
Director Marvin Krout - 441-7491

Police
Chief Tom Casady - 441-7204

Public Works and Utilities
Director Greg MacLean - 441-7548

Urban Development
Director David Landis - 441-7606



LINCOLN CITY COUNCIL

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Front row from left, Doug Emery, Vice Chair, Northeast District; Robin Eschliman, Chair, At Large; Jon Camp, Southeast District. Back row from left, Jonathan Cook, Southwest District; Dan Marvin, At Large; John Spatz, Northwest District; Ken Svoboda, At Large.