

# 2007 - 2008 MAYOR'S RECOMMENDED CITY OF LINCOLN ANNUAL OPERATING BUDGET

## Dear Citizens of Lincoln,



It is a great honor to serve as Mayor of a growing and dynamic City. We have a great deal to be proud of – visionary leaders, innovative businesses, a well-educated workforce and the willingness to create public-private partnerships. Lincoln is a great place to live because of our outstanding school system, excellent parks and trails, thriving arts community, quality health services and caring citizens.

At the same time, we face many challenges, and one of those is the City budget. We must invest in our future to encourage growth and economic prosperity. I believe our citizens want to invest in that future but want assurance that we have done all we can to fix our budget problems. I am confident that my budget proposal is the first step in creating an even brighter future.

Over the past year, Lincoln has grown by three square miles and 2,197 people. But our budget situation demands that City employees continue to serve our growing City with less staff. That's why I ordered the City's directors to re-organize their departments and find savings wherever possible.

As a result, my first budget holds City government growth to less than the rate of inflation and closes the \$9 million budget gap while protecting public safety, maintaining the City's sound financial position and continuing our progress on the Antelope Valley project.

My budget fulfills my pledge to hold the City's property tax rate steady. The only increase is for the stormwater bond issue approved by the voters in May.

My budget includes cuts of about 70 positions. In many cases, we were able to effectively re-organize with little negative effect on services. In some cases, however, the public will notice the impact.

Long-term budget solutions cannot be accomplished with quick fixes. That's why I sought to minimize the use of one-time funding sources. Steady growth in revenues is the key for a steady budget.

I have asked the Nebraska Department of Revenue to study the reasons for our lagging sales tax revenues, the largest source of funds for City government.

Our work is not done. We must have a serious community discussion about the kind of City government we want in the future. I invite you to join that discussion as we work to keep Lincoln the kind of community we are proud to call home.

Sincerely,

Chris Beutler  
Mayor of Lincoln

### ANTELOPE VALLEY PROJECT

Progress continues on this flood control, traffic improvement and community revitalization project. The bridge on "P" Street (above) and the one on "Q" Street opened in July. Construction of the channel will proceed as far south as "S" Street by the end of the year, and the budget proposals of the President, the House and the Senate include \$9 million for the completion of the channel work. When completed, the project will eliminate the flooding threat from hundreds of homes and businesses and open up 50 acres of the UNL campus for research facilities.

### Monday, Aug. 6

The City Council holds a public hearing on the proposed budget at 2:30 p.m.

### Wednesday, Aug. 8

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

### Monday, Aug. 20

The City Council adopts the budget at 1:30 p.m.

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

*The City Council will hold a public hearing and adopt the final tax rate prior to October 15.*

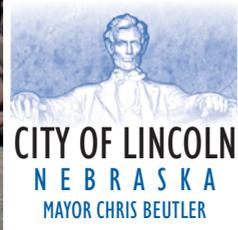
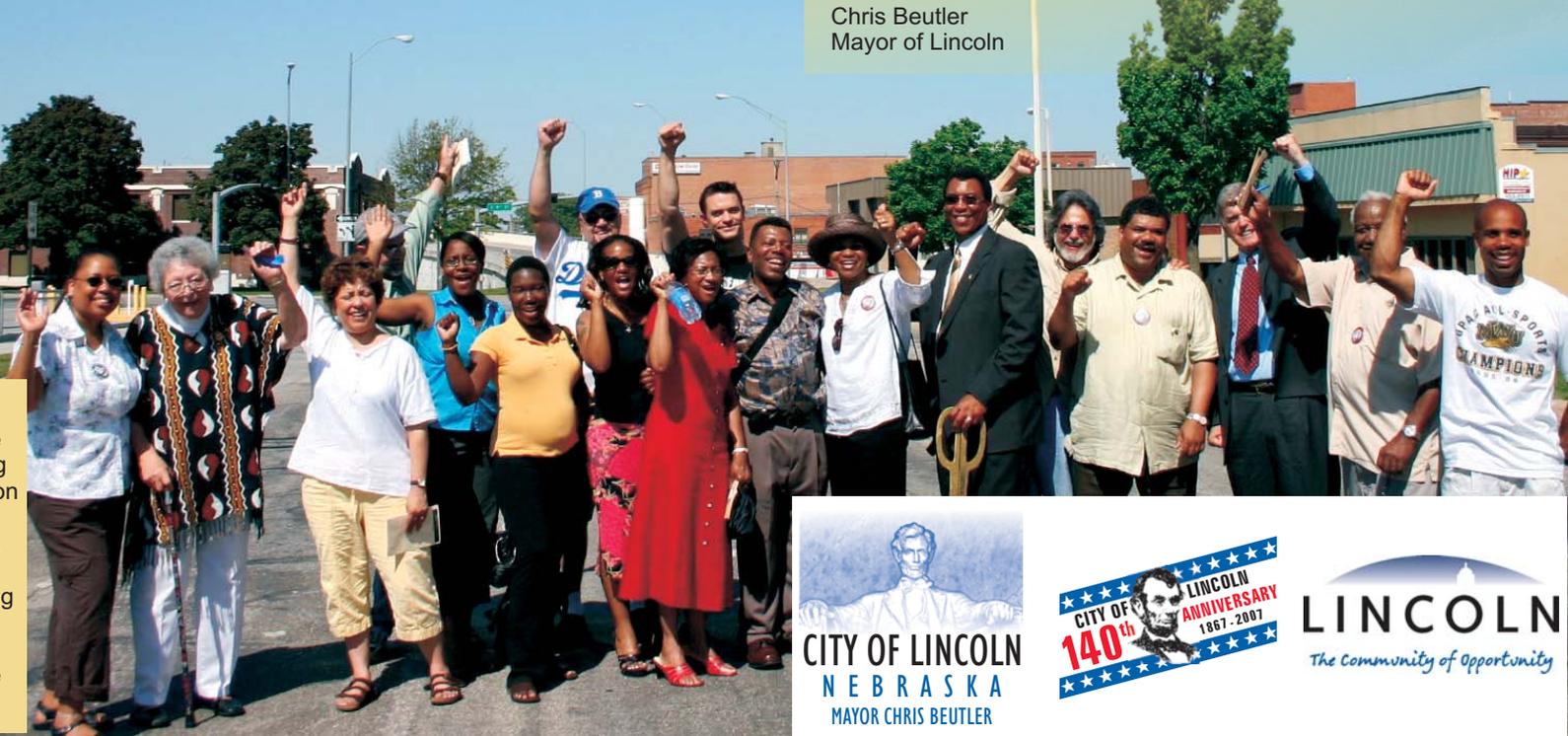


### SOUTH STREET IMPROVEMENTS PROJECT

This project from 8th to 18th streets includes roadway resurfacing, replacement of medians and traffic signals, new pavement markings, new streetscape enhancements and replacement of the water main and storm sewers. Completion is expected by the end of July.

### ROSA PARKS WAY

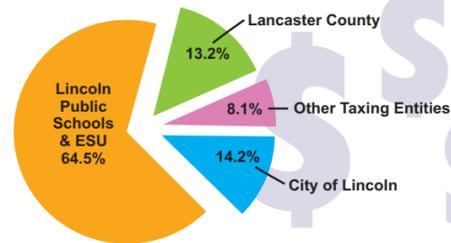
Mayor Beutler joined the community in celebrating the re-naming of a section of Capitol Parkway as Rosa Parks Way in May. The local chapter of the NAACP led a fund-raising effort to cover the expenses of re-naming the street in honor of the late civil rights leader.



## PROPERTY TAX FACTS

- Out of every property tax dollar paid by Lincoln homeowners, only about 14 cents goes to support City government.
- 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 approved bond issues.
- Under the Mayor's proposed budget, the City's estimated property tax rate would drop from \$.28337 to \$.28313. This lowers the City property tax bill for an average home (valued at \$147,750) by 36 cents. The stormwater bonds approved by voters earlier this year will add \$6.63 to the average homeowner's property tax bill, for a net increase of \$6.27.
- An individual's total property tax bill will be determined by the budget actions of the other governmental entities.

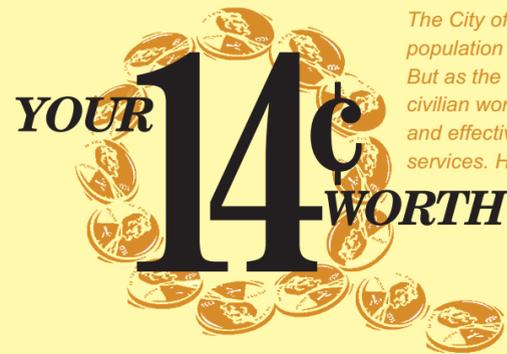
## Breakdown of the Property Tax Levy Paid by Lincoln Residents for 2006-2007



## CITY STAFFING (in FTEs)

| Fiscal Year             | Fire, Police, 911 | Other | Population | Area           |
|-------------------------|-------------------|-------|------------|----------------|
| 1990 - 2001             | 589               | 1,435 | 191,972    | 63.5 sq. miles |
| Recommended 2007 - 2008 | 733               | 1,435 | 241,410    | 88.3 sq. miles |
| Percentage Change       | 24.4%             | 0     | 25.7%      | 39.1%          |

The City of Lincoln has grown a great deal in population and square miles over the last 17 years. But as the chart at right shows, the City of Lincoln's civilian workforce has remained the same. Efficiency and effectiveness are the keys to providing City services. Here are some examples:



### Urban Development -

- In the past five years, the number of redevelopment plans being implemented by staff has more than doubled, while staffing levels have remained static.
- Since 2002, funds from the Job Creation and Facade Improvement Program created or retained 459 jobs and improved 30 buildings. The \$3.36 million in federal funds were leveraged with more than \$45 million in private investment.

### Lincoln-Lancaster County Planning Department -

- The Planning Department is serving a City that has grown 40 percent over the past 20 years with 22 percent fewer employees.
- The preliminary plat review, which used to require a minimum of 76 days, can now be done in as few as 27 days.

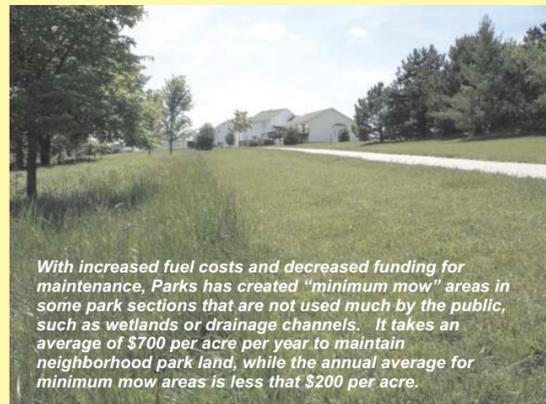
### Parks and Recreation -

- Over the past 15 years, the amount of City park land has increased 64 percent (2,382 more acres) and the number of playgrounds has increased 33 percent. Over that same period, the number of employees in Parks and Recreation has decreased. New facilities added since 1990 include Star City Shores, the Ager Indoor Play Area, the Belmont Recreation Center, the "F" Street Community Center, the Park Teen Center, the Highlands Golf Course and the Highlands Swimming Pool.
- In 1991-92, Parks had one maintenance person for 58 acres of parkland. In the proposed budget, the ratio will be one person for 96 acres.

### Public Works and Utilities Department -

- An annual crash study helps the department determine where its limited resources can best be used for traffic safety improvements. The City aggressively seeks federal funds for safety projects and since 1997, has obtained more than \$4 million for 11 separate safety projects. Despite an increase in population and vehicle miles traveled on City streets, the number of injury crashes in Lincoln has decreased 22 percent over the last nine years.
- Implementing the Rural to Urban Transition Streets (RUTS) plan will allow the City and County to work together to build roads at a lower cost as the urban area expands to include rural roads.

- The City's Pavement Management System extends the life of existing pavement and make the best use of resurfacing funds.
- Increasing the use of durable pavement markings reduces the amount of time crews are working in roadways.
- While the number of water users has increased 18 percent over the past 15 years, the number of employees in the Lincoln Water System (LWS) increased only 11 percent. Over the same period, treatment plant capacity has increased 83 percent; three pumping stations and four reservoirs have been added; and the miles of pipeline have increased 29 percent.
- Over the last 15 years, the number of employees in the Lincoln wastewater system decreased 13 percent, but the miles of pipeline have increased 40 percent.
- A national survey of 202 water and wastewater systems shows that the median number of accounts per employee is 467. LWS handles 665 accounts per employee. For wastewater systems, the median number of accounts handled per employee is 626, and Lincoln's rate is 753.
- When electricity rates rose a few years ago, the Ashland Water Production Division devised an efficiency plan for the plant's numerous pumps, which saved the City \$122,000 that year compared to the year before, while pumping almost the same amount of water. The plant efficiency, measured in "dollars per million gallons pumped," went from \$42.60 during fiscal year 2002-2003 to \$35.30 in 2003-2004.



With increased fuel costs and decreased funding for maintenance, Parks has created "minimum mow" areas in some park sections that are not used much by the public, such as wetlands or drainage channels. It takes an average of \$700 per acre per year to maintain neighborhood park land, while the annual average for minimum mow areas is less than \$200 per acre.

## STAFFING CHANGES

in full-time equivalents (FTEs)

| POSITIONS ELIMINATED      | FULL-TIME EQUIVALENTS |
|---------------------------|-----------------------|
| Classified                |                       |
| Hiring Freeze.....        | 17.00                 |
| Retirement Incentive..... | 17.97                 |
| Other.....                | 11.89                 |
| Unclassified.....         | 16.15                 |
| Total Reductions.....     | 63.00                 |
| Positions Added:          |                       |
| Classified.....           | 2.00                  |
| Unclassified.....         | 2.00                  |
| Total Added.....          | 4.00                  |

**Total Positions Eliminated..... 59.00**

*Departments' discretionary cuts will likely result in six to 12 more job cuts.*

*Many positions have not been filled since a hiring freeze went into effect in late 2006. The City also offered a retirement incentive for those age 62, or those age 55 with at least 20 years of service. Mayor Beutler encouraged departments to reorganize job functions using these vacancies. As a result, the number of current employees whose positions are being eliminated in the Mayor's proposed budget is 10 or fewer.*

*The savings from tax funds is \$1.7 million, and the total savings from all funds is \$2.7 million.*



Most of the City's 406 traffic signals and 2,411 pedestrian signals have converted from incandescent bulbs to LED lighting, saving \$30,000 a year. The City is conducting a test with the Lincoln Electric System to determine if it is economically feasible to begin using LED streetlights.

### Libraries -

- Last fiscal year, Lincoln City Libraries had 1.6 million visitors – that's 6.4 visits per capita, compared to 4.6 nationally.
- Lincoln's annual circulation per capita is 62 percent higher than the national average. The number of items circulated per full-time employee has increased from 14,310 in 1984-85 to 24,774 in 2004-05.

### Lincoln-Lancaster County Health Department -

- About 43 percent of the budget for the Health Department comes from more than 70 federal, state and local grants and contracts. About 21 percent of the revenue comes from user fees, interest and other sources. If every resident of Lincoln and Lancaster County received a bill for the protection and services of the Health Department, it would total about \$2.31 per month.

### Lincoln Area Agency on Aging-

- Since 2003, Aging has reduced City paid staff from 61 to 50 while the number of people over the age of 60 in Lancaster County has increased 12 percent.
- The agency serves more than 12,000 Lincoln and Lancaster County residents over the age of 60 at a per capita cost of \$13 per year.

## BALANCING THE BUDGET

### EXAMPLES OF PROPOSED SAVINGS

#### Parks and Recreation:

- Cut two Arborist positions, reduce number of street trees trimmed by 1,000, extend pruning cycle for public trees from 13.9 to 15.9 years.
- Close three park restrooms and have nine others open only with associated shelter rental or ballfield use.
- Cut Equipment Operator.
- Reduce seasonal labor by 8,050 hours.
- Transfer 134 addition acres to "minimum mow" status, saving \$500 per acre per year.
- Close Kuklin Pool due to structural failure. (Area to be served with Trago Park water playground.)
- Cut Athletics Program Supervisor and discontinue 14 youth sports programs, camps and tournaments.

#### Lincoln City Libraries

- Reduce hours at the Polley Music Library due to declining trust income.
- Eliminate 4.7 positions.

#### Public Works and Utilities

- Reduce painted pavement markings by half. (An additional \$125,000 in non-tax funds is added for durable street markings.)
- Reduce contractual cleaning and improvements in the stormwater drainage system.
- Cut one Office Specialist and two summer seasonal workers in Traffic Engineering and .38 internship trainee in Watershed Management. (Ten other non-tax-funded positions eliminated.)
- Eliminate HandiVan/brokerage service from 7 to 10 p.m.
- Eliminate night customer phone service for schedule information.

#### Lincoln Fire and Rescue

- Eliminate one Delivery Clerk Position.
- Reduce collection fees with new contractor provider from the EMS Enterprise Fund: \$84,000.
- Additional department's discretionary cut: \$250,000.

#### Lincoln-Lancaster County Health Department

- Reduce staffing by 5.5 positions. (Will result in 530 fewer dental patient visits, longer waiting periods for dental services and reductions in the Indoor Air Program.)

#### Lincoln Area Agency on Aging

- Eliminate Lifetime Health Program.
- Make temporary closing of Calvert ActivAge Center permanent.
- Cut 5.83 positions.
- Additional department's discretionary cut: \$444,444.

#### Lincoln Police Department

- Eliminate 5.85 positions, including Assistant Chief, Administrative Officer, Record Technician, Office Specialist and 1.75 positions in Parking Enforcement Program.
- Additional department's discretionary cut: \$190,000.

### PROPOSED REVENUE INCREASES - \$321,817

- Increase several Parks and Recreation fees and make programming changes: \$99,925.
- Increase library fines: \$77,128.
- Increase Health Department fees, mostly in Environmental Health: \$26,614.
- Increase animal licensing fees: \$123,150.

### ONE-TIME AND SHORT-TERM FUNDING SOURCES - \$2,906,673

- Transfer Tax Sale Fund to General Fund: \$718,000.
- Use 2002 stormwater bond balance for debt service: \$830,000.
- Use nearly all of the StarTran Acquisition Fund balance as match for future bus purchases: \$315,200.
- Use all of Building and Safety Fund balance generated from General Fund transfers: \$263,473.
- Use Municipal Infrastructure Redevelopment Fund (MIRF) revenue to offset General Fund revenue needs for the Capital Improvement Program: \$780,000 (\$520,000 available for 2008-09).

### PROPOSED SPENDING ADDITIONS

- Add two Bus Operators to provide service to west Lincoln during Harris Overpass construction.

## Highway Allocation Bonds

On November 13, 2006, the City Council passed an ordinance authorizing the issuance of \$27 million of Highway Allocation Bonds for street projects. As part of the ordinance, the Council declared its intent to adjust the City's property tax levy in an amount sufficient to replace the street funds needed for debt service (principal and interest on the bonds). The ordinance also states that the action would be phased in over a three-year period beginning with the 2007-08 fiscal year. Mayor Beutler did not include the debt service replacement in his budget. If the Council proceeds with the ordinance, the property tax bill for the average home (valued at \$147,750) would increase \$6.95.

# MAYOR PROPOSES CREATION OF AUDIT BOARD

To provide more accountability and find savings for taxpayers, Mayor Chris Beutler has proposed the creation of an audit board to assist the City in managing performance and internal audits.

An internal auditor has been included in the City budget for two years, but the search was hampered by a lack of qualified applicants. Beutler said the audit board takes the position a step further. "I want to change the internal auditor under the Mayor's office into an audit committee under the general direction of the Council, empowered to effectuate performance audits as well as internal or financial 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, 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."

The board would contract with performance auditing experts in the field or department chosen for examination. About \$100,000 was budgeted by the Council for an internal auditor, and those funds would be used by the Board to contract for performance auditors. The board would have seven members:

- three members nominated by the Mayor and approved by the City Council;
- three members nominated and approved by the City Council; and
- an ex-officio, non-voting member who has an auditing background in order to maintain continuity.

Each year, the board would receive auditing suggestions from the City Council, and the board would decide how to conduct 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."

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."

# 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.

# MAYOR CHRIS BEUTLER

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Economic Development - Darl Naumann  
Ombudsman - Lin Quenzer

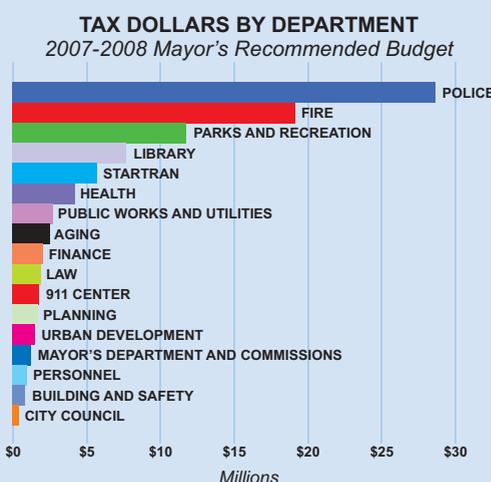
# DEPARTMENTS/DIVISIONS

- Affirmative Action**  
Director Joyce Welsch - 441-3871
- 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**  
Interim Chief Danny Wright - 441-7363
- Health**  
Director Bruce Dart - 441-8000
- Human Rights**  
Director Larry Williams - 441-7624
- Law**  
City Attorney Dana Roper - 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 Karl Fredrickson - 441-7548
- Urban Development**  
Director David Landis - 441-7606
- Women's Commission**  
Director Bonnie Coffey - 441-7716

# 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.

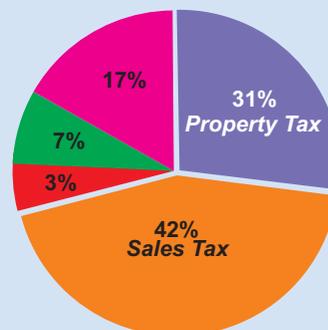


# 2007-2008 BUDGET SUMMARY: (TAX FUNDS ONLY)

**Where the money comes from:**  
Sales tax - 42%, \$55,390,453  
Property tax - 31%, \$40,727,181  
Occupation tax - 7%, \$9,253,240  
Appropriated balances - 3%, \$4,282,111  
Fees/other revenue - 17%, \$22,055,292  
**TOTAL REVENUES: \$131,708,277**

**Where the money goes:**  
Police - 22%, \$29,267,674  
Fire - 15%, \$19,527,199  
Transfers - 12%, \$16,128,611  
Parks and Rec - 9%, \$11,282,920  
Libraries - 6%, \$7,440,710  
Debt service - 6%, \$8,212,502  
CIP - 0%, \$64,000  
Other departments - 30%, \$39,784,661  
**TOTAL EXPENDITURES: \$131,708,277**  
1.34 percent increase over 2006-2007 budget of \$129,968,597.

# PROJECTED REVENUES FOR THE CITY OF LINCOLN 2007-2008



- Fees and other revenue
- Occupation tax
- Appropriated balances

# 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.

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. A WI-LINC Commission is studying the viability of wireless Internet access for the Lincoln area and the roles government and private business should play in facilitating that access.

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.

The City Council is making proposed changes to the Mayor's recommended budget. For a list of those changes, see the City Web site at lincoln.ne.gov. Copies also will be available at the City Council office and will be distributed at the public hearing on the budget August 6.

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



# LINCOLN CITY COUNCIL

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