CITY OF LINCOLN
NEBRASKA
2003 - 2004 ANNUAL OPERATING BUDGET

Mayor's Recommended

LINCOLN EARNS HIGHEST BOND RATINGS

High ratings are positive for the community's economic development and infrastructure financing efforts.

In June 2003, Moody's, a national bond rating agency, awarded its top rating of Aaa to the City's general obligation bonds. The City has had the top AAA rating from Standard and Poor's for 25 years. Only 39 cities in the nation have the top bond rating from both agencies, according to available ratings.

The consistently high ratings are important to keep the interest rates low on money borrowed by the City. The ratings send a strong message that Lincoln is a good investment, a positive development as the City pursues increased bonding for infrastructure financing.

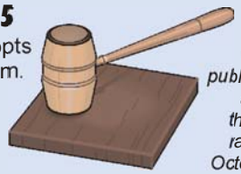
The City requested a review of its rating by Moody's in preparation for the issuance of the storm sewer bonds that voters passed in May. One reason for the City's high bond rating is a strong general fund balance. The City now has a formal policy of maintaining a general fund reserve of at least 15 percent at a point five years in the future, which is recognized as important to a city's financial stability.

Moody's report cited the City's stable local economy, healthy tax base, population growth, strong financial operations, additional revenue flexibility and low debt burden. The report also says that Moody's expects the City's tax base to be further enhanced by the Antelope Valley Project.

Monday, Aug. 11
The City Council holds a public hearing on the proposed budget at 5:30 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 1:30 p.m.



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

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

Dear Citizens of Lincoln,

It is a privilege to serve as Mayor and a responsibility I take very seriously. As Lincoln continues to grow, leadership is needed at all levels to make the important decisions about the future of this community.

As many cities face difficult economic times, Lincoln is prospering, sales tax revenues continue to grow, and the City's finances are in excellent shape. I am very pleased to propose a City budget that maintains library and pool hours, senior centers, bus routes and other services and programs important to our citizens' quality of life. We are fortunate that we can consider improvements in the important areas of public safety and infrastructure.

I know that taxpayers are concerned about the recent property revaluations in Lancaster County. As I promised, my proposed budget does NOT take advantage of the revenue windfall possible with higher property valuations. The new property tax revenue in my budget is limited to real growth in the tax base and the cost of the storm sewer bonds voters approved in May.

I AM PROPOSING THE CITY PROPERTY TAX RATE DECREASE 7.7 PERCENT. HOME OWNERS WON'T PAY MORE JUST BECAUSE THEIR ASSESSMENTS WENT UP.

Lincoln's growth presents us with two major challenges. The first is to finance the maintenance and construction of infrastructure called for in the Comprehensive Plan. Lincoln must grow to remain prosperous and to attract new jobs. The "Building Lincoln" initiative outlined in this publication provides sound, balanced financing for a logical, realistic capital construction program.

The second growth challenge is in the area of public safety. Our Hometown Security initiative supports adding 12 new police officers, partly funded by federal grants. The budget also includes the addition of another 911 dispatch position, which requires five new employees because it is a 24-hour operation. This would be financed through an increase in the 911 surcharge.

Both of these challenges were tackled by citizen committees working with the City. I want to commend the leaders and members of the Infrastructure Finance Committee and the Hometown Security Study Committee. I also want to thank all those involved in the community economic development study released this spring, those leading the convention center study and our partners in the Antelope Valley Project.

The commitment and hard work of these groups is an indication of Lincoln's strong community spirit. Their work also is an example of finding solutions to tough issues by working TOGETHER. This is the type of leadership and investment we all need to make as we "Build Lincoln" for future generations.

Coleen J. Seng

Coleen J. Seng, Mayor of Lincoln

PROPERTY TAX FACTS

- The current property tax rate for Lincoln is $2.027 per $100 of assessed valuation. The City government share is $.31452 or 15.5 percent. By comparison, the Lincoln Public Schools share is $1.28 or 63.3 percent.
- The recent property revaluations have resulted in a large increase for many existing properties (prior to protest rulings). The overall tax base increase is estimated at 14.8 percent including revaluations and "real" growth from new construction, improvements and annexations.
- If the existing City property tax rate of $.31452 was continued, the City share of property tax revenue would increase nearly $4.7 million.
- To avoid reaping a revenue windfall from revaluations, Mayor Seng's proposed $121 million tax-funded budget calls for increased property tax revenue of only $1.9 million, limiting the increase to the amount from the real growth in the tax base and the cost of the voter-approved storm sewer bonds.
- Mayor Seng's budget drops the City's preliminary property tax rate 7.7 percent from $0.31452 to $0.29044 per $100 of assessed valuation.
- Despite this property tax rate decrease for City services, budget actions by other governmental entities may result in an overall increase in an individual's total property tax bill. Each property owner's situation will be different.

INFRASTRUCTURE FINANCING PLAN PROPOSED

The City of Lincoln has a new plan to finance water, sewers, parks and streets in new and existing areas of Lincoln. The work of the Infrastructure Finance Committee has resulted in a balanced, comprehensive and aggressive approach to finance the City growth projected in the Comprehensive Plan. Mayor Seng calls the initiative **"Building Lincoln."**

The "Building Lincoln" initiative is proposed to fund the six-year Capital Improvement Program (CIP). For the first time in the City's history, the Comprehensive Plan and the CIP are linked with a funding plan.

The City began studying the issue of infrastructure financing in June 2000. The "growth gap" in capital improvement projects over the next 12 years is estimated at $260 million for water and wastewater, $48 million for stormwater, $225 million for streets and highways and $12 million for parks and trails.

The City took the first steps in funding that gap earlier this year with City Council adoption of impact fees. Mayor Seng advanced to the City Council the key recommendations from the Infrastructure Finance Committee:

- An occupation tax on retail sales of gasoline equal to 5 cents per gallon.
- A $5 increase in the wheel tax in 2004, 2007 and 2010.
- A three-percent increase in water rates and a seven-percent increase in wastewater rates for 2004 followed by periodic rate increases in both water and wastewater rates of three to five percent over the next 12 years.
- A $106 million bond issue for street and trail construction and sidewalk maintenance. Other cities have used general obligation bonds to fund construction, but this would be the first time Lincoln has used them. Seng said current conditions for a bond issue are very favorable with the historically low interest rates and the recent upgrade in the City's bond ratings. The proposed $106 million bond issue would provide $91.5 million for street construction, $5 million for street rehabilitation, $6 million for sidewalks and $3.5 million for trails. In the fourth year, the annual cost of the whole finance package to a typical Lincoln household would be about $200.

The infrastructure financing plan is offered as a total package. If the financing strategy is not approved or if parts of it are not adopted, then the CIP shows which projects will not be built. Mayor Seng is calling for carefully planned and financed growth guided by the Comprehensive Plan.

"The financial support we provide today really is about preparing a community for the next generation," said Seng in her State of the City Address. We must give our children and grandchildren the quality of life they deserve. We must 'Build Lincoln,' and we must provide the resources to do it."

Infrastructure improvements included in the proposed general fund budget include:

- $250,000 in additional funding for sidewalk maintenance and repair, bringing the total for 2003-2004 to $500,000.
- $775,000 for interest and principal payments for the storm sewer bond issue passed by voters in May 2003.
- $128,000 for three added positions at the Lincoln Water System.
- $86,000 for maintenance and added staff at parks, facilities and trails.

WORK UNDER WAY ON ANTELOPE VALLEY PROJECT

After years of planning, construction has begun on the Antelope Valley Project. The project will provide flood control, traffic improvements and community revitalization in the core of the City.

The $1.8 million of general fund support for the Antelope Valley project in the Capital Improvement Program includes more than $1 million for the one-time purchase of properties. Future general fund support for the project will be $800,000 to $1.3 million annually.

Work began in 2002 on the 29.5-acre Northeast Community Park near 30th Street and Leighton Avenue. Construction also is under way to modify the Antelope Creek channel on the west side of the Devaney Sports Center from Salt Creek to the Burlington Northern Santa Fe tracks. Additional channel construction projects will progress to "J" Street. After all construction phases are done, more than 800 homes and 200 businesses will no longer be in the 100-year floodplain. Other roadway and waterway projects will include the construction of 13 bridges and 6.2 miles of new roadway over the next nine years.

Antelope Valley is a partnership of the City of Lincoln, the University of Nebraska and the Lower Platte South Natural Resources District. Federal agencies also are providing funding. The project is expected to cost $223 million over the next six to ten years.

STAFFING CHANGES

Full-time equivalent positions (FTEs)
Dollar figures are approximate

New FTEs in 2003-2004:

Police		12.0
911		5.0
Parks and Recreation *(mostly seasonal)*		7.2
Public Works/Utilities		7.5
Water	3.0	
Traffic Engineer	1.0	
Bus Driver	1.0	
Other	2.5	
Aging		2.0
Citizen Information		0.6
Total new FTEs		34.3
FTEs added in 2002-2003		12.0
Positions eliminated and other changes		- 4.8

INCREASE IN FTEs 41.5 *(22.5 in Public Safety)*

Total cost of additions	$1,730,000
Tax-funded portion	$510,000

BALANCING THE BUDGET

Proposed Initiatives

Public Safety -

- Add one 24-hour 911 dispatcher position (requiring the hiring of five dispatchers), a new 911 phone system and radio equipment: $625,000 funded through an increase in the 911 surcharge.
- Add 12 police officers: $597,000 total with $310,000 from federal grant funding.
- Increase the City contribution to the Police and Fire Pension Fund to bring it closer to actuarially determined cost: $250,000.

Aging -

- Reinstate one counselor position eliminated during current fiscal year: funded through reduction in contractual services.

Parks and Recreation -

- Add day camps, an additional senior aerobics class, extended hours at indoor playground and staff for maintenance of new parks, facilities and trails: $135,000.

Public Works -

- Fund Antelope Valley Project construction: $20.7 million from City, State, NRD and federal funds.
- Fund storm sewer bond approved by voters in May 2003: $775,000.
- Double general fund support for sidewalk maintenance and repair to bring total for 2003-2004 to $500,000: $250,000.
- Add three positions at the Lincoln Water System to provide services related to growth of the City: $128,000.
- Implement new bus route to service Arnold Heights and Highland neighborhoods, the new North Star High School and surrounding areas: $45,000.
- Add an engineering specialist to increase traffic signal work: $41,000.
- Provide funds for a Haymarket shuttle bus study: $25,000.
- Increase use of more durable street markings: $20,000.
- Provide impact fee subsidies for low- and moderate-income home buyers: $210,000.

Proposed Revenue Changes

- Expansion of the sales tax base as authorized by the 2003 Nebraska Legislature to include services not previously taxed beginning in December 2003: +$1.2 million.
- Increase the 911 surcharge on phone bills by 50 cents: +$625,000.
- New revenue from expansion of Parks and Recreation programs: +$144,980.
- Increase in various Lincoln-Lancaster County Planning Department fees for first time in four years: +$40,000.
- Increase in Parks and Recreation fees, including day camps ($60 to $65 per week); Nature Center pre-school ($5 increase per student); and lowering age for free pool admission to three: +$33,526.
- Reduction in state aid: - $760,000.
- Lincoln Public Schools' cancellation of contract to share cost of school resource officers: - $381,124.
- Elimination of the Municipal Equalization Rollover Payments: - $140,000.

This does not include the infrastructure financing plan outlined above.

HOMETOWN SECURITY: CLOSING THE GAP IN PUBLIC SAFETY

Public safety remains a top priority of local government. In February 2003, the back-up Emergency Communications/911 Center opened to add an additional level of security to our safety services. Lincoln also is one of the first cities in the nation to offer a new personal computer based alert system to provide rapid notification of local, state and national emergency warnings.

However, the growth of the City by nearly 16 square miles and more than 34,000 new residents since 1990 has stretched the resources of the Police, Fire and Rescue and the 911 Center, creating a growth gap in public safety coverage.

The Hometown Security Study Committee was charged with determining the public safety needs in Lincoln and the options to deal with those needs and suggesting a financial plan for the City to address the issue. Mayor Seng included three recommendations from the committee's report in the fiscal year 2003-2004 City budget:

- Adding one additional 911 dispatch position. This would require hiring five additional 911 dispatchers because the center operates 24 hours a day, 365 days per year.
- Raising the 911 telephone surcharge 50 cents to pay for the additional personnel and a new 911 telephone system. In future years, the funds would be used for replacing police and fire radios, other equipment upgrades and additional 911 staff when needed.
- Adding 12 police officers in fiscal year 2003-2004 using a combination of federal grant funds and general property taxes. The committee recommended a ratio of 1.5 officers per 1,000 residents. The addition of 12 officers would increase the City's ratio from 1.32 to 1.36 officers per 1,000 residents.

PROGRESS REPORT

The face of Lincoln continues to change in many exciting ways. We welcomed the new **Southwest High School** last fall and are looking forward to the opening of **North Star High School** this year. At the same time, the City is moving forward with the two biggest public works projects in City history: federal approval was given to proceed with the **South Beltway**, and construction has begun on the **Antelope Valley Project**.

Major street construction projects are resulting in a better and safer traffic system:

- The first phase of the **East "O" Street** widening project was completed ahead of schedule, and phase two will be finished in the fall.
- The **84th Street** project, which included widening 84th between Pinedale Avenue and Northwoods Drive and installing a new water main, also was completed ahead of schedule.
- Work is under way on the new railroad overpass at **3rd and "A" streets** and on surrounding access streets.
- The first **roundabout** was successfully introduced at 33rd Street and Sheridan Boulevard, and a new one is being planned for 40th and Sheridan.
- The City hired a **traffic engineer**.
- Repairs were made to more than 3.5 miles of **arterial streets**.
- The City rehabilitated more than 100 blocks of neighborhood **residential streets**.

Changes also continue in the heart of our City, downtown:

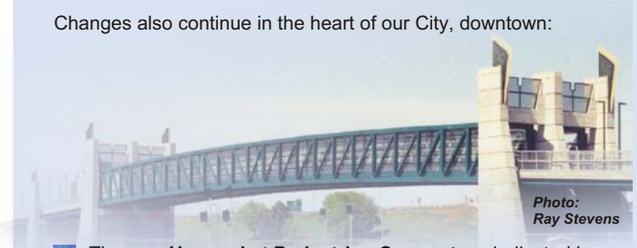


Photo: Ray Stevens

- The new **Haymarket Pedestrian Connector**, dedicated in July 2002, connects Haymarket Park with the Haymarket area of downtown, providing a safe and convenient crossing for walkers and bikers.
- The new 400-space **Haymarket Parking Garage** at 9th and "Q" streets opened in September and won the Mayor's Arts Award for Urban Design.
- The privatization of the **Old Federal Building** was finalized this spring, and it is being redeveloped into residential and commercial space.
- The Douglas Theatre Company is working on plans for a 14-screen entertainment center, **"The Grand,"** on the block bounded by 11th, 12th, "O" and "P" streets.

The City's nationally recognized **trail system** has had improvements over the past year. Recently completed were the new Highlands Trail; the new trail around the south and west parts of Oak Lake to connect with Haymarket Park; and the Tierra/Williamsburg Trail connector and Pine Lake connector, which provide a continuous trail from Tierra Park to Cavett Elementary.

Over the next year work will continue on the Husker Link Trail to complete the MoPac Trail west from 30th and "X" streets to about 18th Street; the trail along Old Cheney from 56th to 70th; the Jamaica North Trail through Wilderness Park and an additional bridge; the 84th Street Trail being built in conjunction with the 84th street water main and street project; the Yankee Hill Road Trail from 27th to 40th; the Rock Island Trail from Old Cheney to Densmore Park; and the Antelope Creek Trail from Holmes Lake Dog Run to Old Cheney.

Parks expected to be completed in 2003 are Stransky Park at 17th and Harrison streets and Mendoza Park on 98th Street. Work continues on the Northeast Community Park near 30th and Leighton; the Woods Park sprayground and improvements to the plaza and tennis facilities at Woods; and the Holmes Lake Restoration and Watershed Management Project.

Construction is expected to begin next year at Schleich Park on North 33rd Street; McAdams Park at 44th and "Y" streets; the Peter Pan soccer field near 33rd and Holdrege streets; and Phares Park at 84th and Glynoaks Drive. The City also gained 55 acres of new park land on the east border of Pioneers Park, funded from the sale of 2.31 acres of unused land at Holmes Golf Course.

Voluntary private donations also are providing more park improvements. The City received a donation of 14 acres of land for **Burns Park**, a new park along Stevens Creek at 98th and Adams. The **Lincoln Cares** voluntary donation program through the Lincoln Electric System has already funded air conditioning for the Ager Play Center and Bethany Park enclosed shelter as well as scholarships for low-income youth to participate in Parks and Rec programs. Private fund raising is under way for the first major renovation of the Sunken Gardens in its 73-year history.

Progress Report continued on next page

LINCOLN

The Community of Opportunity

PARTNERSHIPS SPUR ECONOMIC DEVELOPMENT EFFORTS

"Lincoln - The Community of Opportunity" is the City's new slogan unveiled in July 2003. You'll be seeing a lot more of the new slogan and new logo throughout the community, including this budget publication. It's all part of Lincoln's rejuvenated economic development plan.

Despite a slow national and regional economy, Lincoln's growth has continued. For the first time in the City's history, the value of building permits exceeded $500 million last year, 13 percent over the previous year. The City's unemployment rate is the fourth lowest in the nation among cities our size. While some manufacturers experienced lay-offs, thousands of new jobs were created in Lincoln.

To more aggressively pursue economic opportunities, the City, Lancaster County and the Lincoln Electric System partnered in May 2002 to hire an economic development coordinator to work for all three partners to facilitate job creation in the private sector. In addition, the Mayor's Technology Council completed its "technology audit" of Lincoln, which led to the Lincoln Partnership for Economic Development (LPED) beginning a new strategic plan for economic development.

The new plan for the Lincoln area was developed as a result of a comprehensive economic development analysis and review by AngelouEconomics, which issued its recommendations for a five-year plan of action in May 2003. Developing an identity and slogan for Lincoln in integral part of that plan.

The strategic plan specifies that Lincoln should have an economic liaison to coordinate all planning, permitting, incentives and infrastructure and provide a smoother and quicker process for new and existing economic development clients. In cooperation with LPED, Lincoln will conduct benchmark studies with competitor cities as part of the Mayor's Initiative on Regulatory Streamlining.

For more information on the AngelouEconomics report, see the City web site,

www.ci.lincoln.ne.us

Click on Market Lincoln.

LINCOLN CITY COUNCIL

Front row from left - Terry Werner, Vice Chair, At Large; Jon Camp,Chair, Southeast District; Ken Svoboda, At Large. Back row from left - Glenn Friendt, At Large; Annette McRoy, Northwest District; Jonathan Cook, Southwest District; Patte Newman, Northeast District.

CITY COUNCIL'S TENTATIVE AMENDMENTS TO MAYOR'S RECOMMENDED BUDGET

All decisions are tentative pending the public hearing August 11.

Tentative changes approved by the City Council on Monday, July 28:

	Total budget impact	*Tax funds only*
Double funding for sidewalk repair and maintenance from $500,000 to $1 million. This would be funded through $362,000 remaining in the snow removal budget from last winter and $138,000 in general fund balances.	+$500,000	+$138,000
Reduce City Department allocations for schools and conferences by $215,928. This includes $137,775 in non-tax funds and $78,153 in tax funds.	-$215,928	-$78,153
Remove $25,000 for the study of a downtown/Haymarket shuttle bus, reduce the StarTran promotion budget by $15,000, and reduce the general fund subsidy to StarTran by reappropriating $30,000 of unspent funds from the 2002-2003 budget. Savings are to be used to reduce the property tax rate.	-$70,000	-$70,000
Increase funding for street trees by $35,000, and add $5,000 for a program to educate the public on tree maintenance. This would be funded by the savings generated from other reductions.	+$40,000	+$40,000
Add up to $100,000 for a new internal auditor position, funded by reducing the expenditure for data processing systems development by the same amount.	0	0

Progress Report continued from previous page

This spring the City of Lincoln received grants from the Nebraska Environmental Trust for the **Holmes Lake Restoration Project**, the **Eastern Saline Wetlands Project** and the **Wilderness South Project**. Also this spring, the **Mayor's Floodplain Task Force** released its report, which includes proposed standards for building in floodplains. The standards are designed to reduce future flooding threats and be a long-term sustainable approach to managing floodplains while continuing growth.

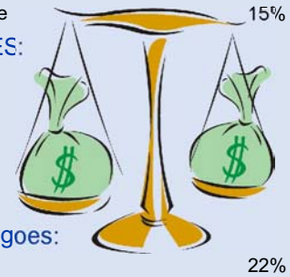
The City of Lincoln has also made significant progress in the use of technology to better serve the community. Citizens can now conduct business with the City 24 hours a day through the web site, www.ci.lincoln.ne.us. The current **"e-pay" services** include payment for animal license renewals, parking tickets, property taxes and sewer/water bills. Criminal histories are also available on line with a fee. The City also is partnering with the J.D. Edwards Honors Program at UNL on **ServiceLinc**, a prototype computer system to track and respond to the concerns of constituents.

2003-2004 BUDGET SUMMARY

(TAX FUNDS ONLY)

Where the money comes from:

Sales tax	43%	$51,996,216
Property tax	28%	$33,404,099
Occupation tax	8%	$9,651,923
Appropriated balances	6%	$7,402,496
Fees and other revenue	15%	$18,586,073
TOTAL REVENUES:		$121,040,807



Where the money goes:

Police	22%	$26,070,163
Fire	15%	$17,524,913
Transfers	13%	$15,471,062
Parks and Rec	9%	$10,308,582
Libraries	5%	$7,053,388
Debt service	5%	$5,785,186
CIP	2%	$2,701,300
Other departments	29%	$36,126,211
TOTAL EXPENDITURES:		$121,040,807

MAYOR COLEEN J. SENG

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Women's Commission
Director Bonnie Coffey - 441-7716

FEEDBACK

The City of Lincoln wants to hear from you. Do you find this budget publication helpful and informative? From August 2 through September 2, consider calling **434-7503** and leaving a message about whether you find this publication helpful or your comments on the City budget. You also can express your opinion by sending an email to mayor@ci.lincoln.ne.us or by contacting the Mayor, City Council or City Departments at the phone numbers and addresses listed on this page.

Visit the City web site at www.ci.lincoln.ne.us

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