



CITY OF SOUTH BEND

EXCELLENCE | ACCOUNTABILITY | INNOVATION | INCLUSION | EMPOWERMENT

2018 Budget Presentation and  
Public Hearing  
October 9, 2017

# 2018 Budget

- ✓ We are prioritizing our neighborhoods
- ✓ We are focusing on quality of life for our residents
  - ✓ Opportunities: parks, public safety administration, mobility, early childhood
  - ✓ Challenges: lead, homelessness, substance abuse and addiction

# 2018 Budget

- ✓ The main areas of focus in 2018 will be on:
  - ✓ Vibrant Neighborhoods
  - ✓ Public Safety
  - ✓ Health & Human Services
  - ✓ Business Development
  - ✓ Capital Investments
  - ✓ Quality of Place
  - ✓ Regional Economic Growth
  - ✓ Supporting City Workforce and Departmental Effectiveness

# 2018 South Bend Common Council's Priorities

- Quality of Life & Neighborhoods
  - Stronger Residential Development from Community Investment (Specifically in the most challenging Districts)
  - Affordable Housing
  - Expansion of “Light Up South Bend” Initiative
  - Code Enforcement
  - Vacant and Abandoned Housing Phase Development Phase II
- Economic Development, Job Training
- Public Safety & Traffic Patrols
- Parks & Recreation
- Infrastructure (Curbs, Sidewalks, Streets, CSO)
- City Corridors
- Diversity in the Workforce

# 2018 Budget Priorities

- ✓ Safe Community for Everyone
- ✓ Strong, Inclusive Economy
- ✓ Thriving Public Spaces
- ✓ Vibrant, Welcoming Neighborhoods
- ✓ Robust and Well-Planned Infrastructure
- ✓ All Residents Empowered with Education,  
Mobility and Technology

# 2018 Budget Highlights

## ✓ New Budget Items for 2018

- ✓ Major investment in MY SB Parks & Trails plan, including \$24.3 million of bonds (subject to approval) and \$5 million Regional Cities grant
- ✓ Funding for South Shore Relocation Project (\$25 million total; estimating \$1.5 million to be paid in 2018 – all funded through River West TIF)

# 2018 Budget Highlights

## ✓ New Budget Items for 2018

✓ **Based on community conversations, the following are included in the 2018 budget:**

### ✓ Public Health

- Address lead exposure in Children: Expanded funding for residential lead mitigation and regulatory intervention (up to \$400,000)
- “Healthy homes” rental safety inspection pilot program (\$180,000)
- Expand access to treatment for substance use and overdose (\$74,500)

✓ Early Childhood Education: Capacity-building to increase access to quality pre-k for local families (\$100,000)

✓ Community Oriented Policing: Strategic Focus Outreach Unit (\$130,000 per year over 3 years)

✓ Permanent Supportive Housing funds to assist with chronic Homelessness (\$100,000) and Gateway Shelter (\$1.5 million in TIF)

# 2018 Budget Highlights

## ✓ Safe Community for Everyone

✓ **Council Request:** Funding of Public Safety and Neighborhood & Traffic Patrols

✓ What is included in the 2018 Budget:

✓ South Bend Police Department

✓ Funding for 251 Police Officers (including 6 recruits)

✓ Funded programs include:

✓ Basic Patrol and Operations (\$15 million)

✓ Criminal Investigations (\$4 million)

✓ Strategic Focus Unit (\$1.1 million)

✓ School Resource Officers and Crossing Guard Programs (\$779,000)

✓ Community Policing (\$600,000)

✓ Large Expenditures Include:

✓ Fuel, Repair and Maintenance for Police Vehicles (\$1.3 million; roughly \$4,000 in maintenance for each vehicle)

✓ Training costs for officers (\$278,000; roughly \$1,100 per officer)

# 2018 Budget Highlights

## ✓ Safe Community for Everyone (continued)

### ✓ What is included in the 2018 Budget:

#### ✓ South Bend Fire Department

##### ✓ Funding for 210 Firefighters

##### ✓ Funded programs include:

##### ✓ Emergency Medical Response (\$13.5 million)

##### ✓ Fire Suppression (\$3.2 million)

##### ✓ Fire Marshall Inspections (\$450,000)

##### ✓ Large Expenditures Include:

##### ✓ Fire Station 9 and Training Center “Hot” Classroom (\$5 million bond (subject to approval) - \$183,000 in 2018 budget)

##### ✓ Aerial Truck (\$1 million - purchase in 2018, lease payments to begin in 2019)

##### ✓ Ambulance and Medic Refurbishment (\$485,000)

# 2018 Budget Highlights

## ✓ Safe Community for Everyone (continued)

- ✓ Director of Public Safety (new position in 2018 funded through Public Safety LOIT)
  - ✓ Director will be responsible for:
    - » Supporting the Public Safety Chiefs with Policy
    - ✓ Supporting Group Violence Intervention programs
    - ✓ Ensuring services provided and developmental plans are of the highest quality
    - ✓ Strategic planning for use of resources
    - ✓ Coordinating the activities of the Police and Fire departments with those of other local departments
    - ✓ Hands-on management of City role in PSAP
  - ✓ Lead the administration with community engagement
  - ✓ Will support continued efforts to improve Quality of Life and Neighborhoods throughout the City
  - ✓ Comparable to other cities throughout the U.S. with a similar position on staff including: Lincoln, NE; Pittsburgh, PA; Columbus, OH; Denver, CO
  - ✓ Model previously existed in South Bend under former Mayor Nemeth in the late 1970's and early 1980's

# 2018 Budget Highlights

## ✓ Strong, Inclusive Economy

✓ **Council Request:** Funding for Economic Development & Job Training

✓ What is included in the 2018 Budget:

✓ Department of Community Investment

✓ Funding for Small Business and Workforce Development of \$529,000

(including Pathways Program, WorkOne programs, and training & workshops on doing business within the City)

✓ Funding for South Shore Relocation Project (\$25 million total; estimating \$1.5 million to be paid in 2018 – all funded through River West TIF)

✓ Funding of Façade Improvement Grants (\$400,000)

✓ Continuing with Diversity & Inclusion efforts through training of both internal staff and business owners, software to assist with vendor notification of bids and updating of a vendor handbook (\$130,000)

# 2018 Budget Highlights

## ✓ Thriving Public Spaces

### ✓ **Council Request:** Funding for Parks & Recreation

#### ✓ What is included in the 2018 Budget:

- ✓ Major investment in MY SB Parks & Trails plan, including \$24.3 million of bonds (subject to approval) and \$5 million Regional Cities grant
- ✓ Continued work on the Cemetery and related projects (\$100,000; plus TIF funding)
- ✓ Funding for Tree Maintenance Program (\$130,000)
- ✓ Partial funding for Homeless Outreach Coordinator through DTSB (\$25,000 – funding through savings from VPA consolidation)

# 2018 Budget Highlights

## ✓ Vibrant, Welcoming Neighborhoods

✓ **Council Requests:** Funding for Quality of Life & Neighborhoods including:

a) stronger residential development,

b) affordable housing,

c) expansion of Light Up South Bend,

d) continued Code Enforcement Improvements

e) Vacant & Abandoned Housing Achievements

# 2018 Budget Highlights

## ✓ Vibrant, Welcoming Neighborhoods

### ✓ What is included in the 2018 Budget:

- ✓ Funding for New Housing Construction initiative (\$1 million) and Housing Rehab initiative (\$300,000)
- ✓ Increased funding for Traffic Calming (\$100,000)
- ✓ Increased funding for neighborhood engagement through Neighborhood Resource Connections (\$100,000)
- ✓ Funding to address Vacant & Abandoned houses (\$500,000) and related grants (\$100,000)
- ✓ Maintaining funding for Light Up South Bend (\$200,000) as well as lighting improvements through the MY SB Parks & Trails projects
- ✓ Funding for School Zone Flashing Beacons (\$100,000)
- ✓ Historic Preservation oversight through DCI (\$158,000)

# 2018 Budget Highlights

## ✓ **Robust and Well-Planned Infrastructure**

### ✓ **Council Request:** Funding for Curbs & Sidewalks, Sustainability Projects and Streets/City Corridors

#### ✓ What is included in the 2018 Budget:

- ✓ Funding for median channelization devices for expanded railway Quiet Zones (\$120,000)
- ✓ Funding for Lincoln Way/Charles Martin Streetscape Project (\$2 million)
- ✓ Funding for Curbs & Sidewalk Program (\$1,500,000)
- ✓ Funding for potential Energy Savings Contracts, including solar, in various City Departments (\$3-5 million, depending on ESCO contractors; \$300,000 for solar at new Fire Stations)
- ✓ Funding for a series of Green Storm Water infrastructure improvements as part of the LTCP (\$150,000)
- ✓ Continue funding for water and wastewater operations and capital improvement through user fees

# 2018 Budget Highlights

## ✓ All Residents Empowered with Education, Mobility and Technology

✓ **Council Requests:** Increase technology access for the public to utilize city services, Improved City Website

✓ Funding for Fire Department High School Dual Credit program (self-funding program through payments from High Schools)

✓ Increased funding for Youth Scholarship Fund through VPA (\$75,000)

✓ Funding of MetroNet Build Out (\$373,000)

✓ Funding for expansion of wireless connections at Neighborhood Centers (\$6,800)

# 2018 Budget Highlights

## ✓ **Great Employer with Great Employees**

- **Council Request:** Diversity in the Workforce
  - What is included in the 2018 Budget:
    - Continuing to fund diversity efforts for City workforce through various recruitment efforts, training for staff, and Diversity & Inclusion Intern program (total of \$37,000)
    - Improving on the current Employee Recognition Program by researching options for an overall Employee Morale program and Employee Resource Groups to impact more employees in the coming years (\$18,000)
    - Parental Leave Program for all full-time employees will be funded (\$156,000)

## ✓ **Excellent Services and Efficient Processes**

- What is included in the 2018 Budget: Improved efficiencies through consolidation of Purchasing within Central Services

## ✓ **Modeling our Values (Excellence, Accountability, Innovation, Inclusion and Empowerment)**

- What is included in the 2018 Budget: Employee Performance Management Based on Values in conjunction with HRIS implementation

# 2018 Budget Highlights

- ✓ **Robust Physical and Technological Capital Assets**
  - What is included in the 2018 Budget: Funding for the replacement of the City's outdated ERP System
- ✓ **Reliable Compliance with Regulations and Well-Managed Risk**
  - Proactive claims investigation and evaluation leading to lower claims being paid out by the City
  - 24-48 hour average turn around time for APRA requests in 2017
- ✓ **Effective, Responsive Leadership and Communication**
  - Continuing to promote transparency and responsiveness with residents and business owners
  - Further integrating improvements based on 311 data (Code Enforcement and Building Department)
- ✓ **Enduring Financial Strength**
  - Balanced budget for General Fund, PS LOIT, EDIT, and COIT
  - Keeping other funds on track for long term balance

# City Budget Process/Components

- Proposed annual City budget presented by Mayor to Common Council on August 16, 2017
- Two (2) resident budget workshops were held prior to the official start of the budget process and ten (10) public meetings have been held beginning August 16<sup>th</sup> for resident input
- City budget is divided into seven (7) categories of activity (107 funds):
  - General Fund (1 fund; 12 active departments)
  - Special Revenue Funds (34 funds)
  - Debt Service & Capital Funds (20 funds)
  - Enterprise Funds (22 funds)
  - Internal Service Funds (8 funds)
  - Trust & Agency Funds (6 funds)
  - Redevelopment Funds (approved by the Redevelopment Commission) (16 funds)
- Common Council holds budget hearings to review budget submissions
- Common Council approval required for each Civil City Fund
- State DLGF approval required for certain “controlled funds” (i.e. General Fund)

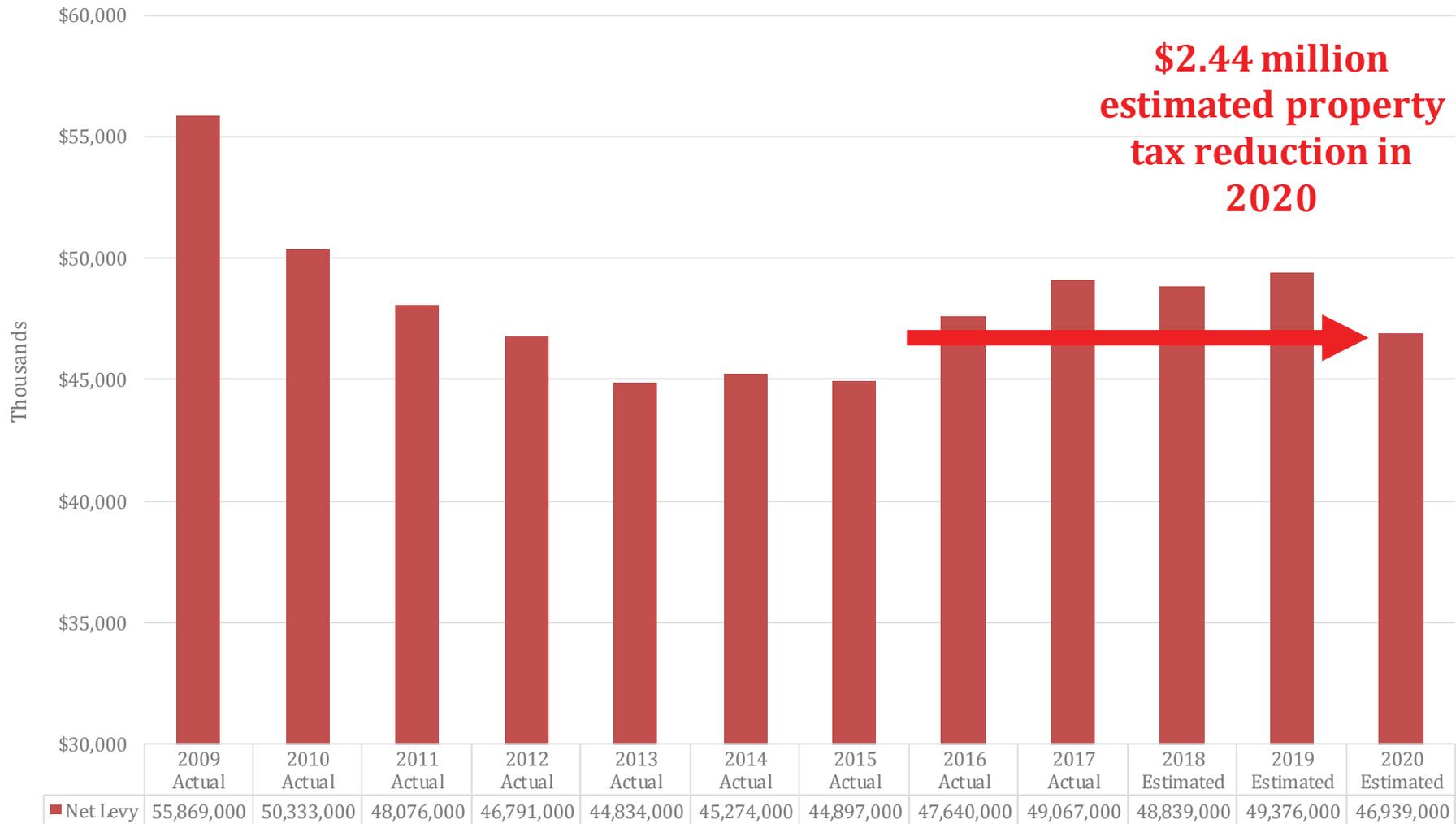
# 2018 Key Budget Dates

- May 31 – Budget Kick Off Meeting at Century Center
- July 20 through July 25 – Mayor’s review of Departmental Budgets
- August 16 – Budget Overview Presentation to Council
- August 16 through October 4 – Personnel & Finance Committee Public Budget Meetings
- September 14 – Deadline to Advertise Budget in Gateway System
- September 18 – Resident Input Hearing (All Departments)
- October 9 – Public Hearing on the Budget
- October 23 – Budget Adoption Public Meeting
- November 1 – Deadline to Adopt 2018 Budget
- February 15, 2018 – Deadline for the DLGF to Certify 2018 Budget

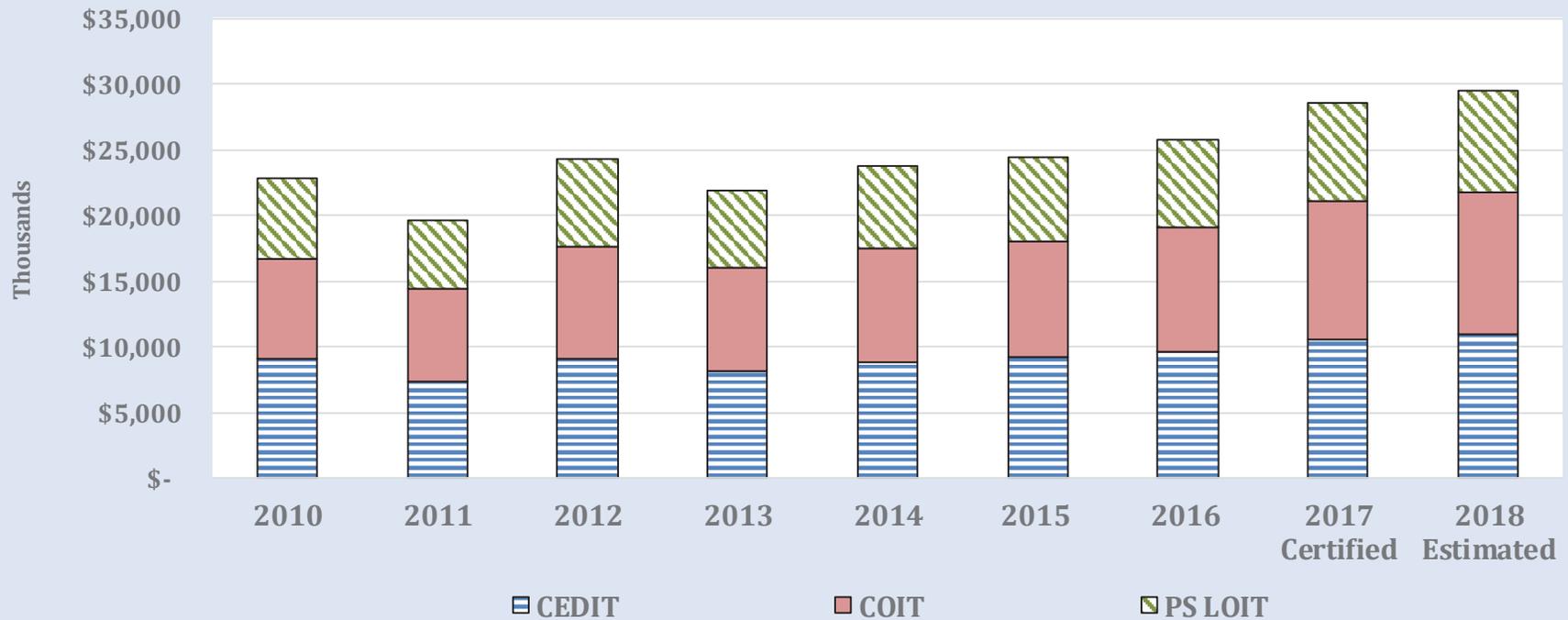
# Revenue & Expenditure Summary

Fund Name	2014 Actual	2015 Actual	2016 Actual	2017 Amended Budget	2018 Proposed Budget	2017-2018 Change	2017- 2018 Percent
<b>Revenues</b>							
General Fund	\$ 55,106,223	\$ 53,719,617	\$ 56,474,525	\$ 59,191,016	\$ 60,006,889	\$ 815,873	1%
Special Revenue Funds	55,527,522	58,056,013	67,801,179	78,547,050	71,817,422	(6,729,628)	-9%
Capital & Debt Service Funds	2,990,005	3,781,829	4,926,841	12,833,223	12,361,999	(471,224)	-4%
Enterprise Funds	81,994,452	94,852,365	94,282,102	98,113,929	98,233,342	119,413	0%
Internal Service Funds	23,646,013	23,608,505	28,766,463	35,281,256	36,410,851	1,129,595	3%
Trust Funds	11,250,795	11,427,272	10,888,596	11,149,171	11,222,888	73,717	1%
Tax Increment Financing Funds	28,311,909	35,281,242	30,052,570	35,218,628	28,789,997	(6,428,631)	-18%
Redevelopment Funds	2,878,464	195,118	23,583	306,660	6,535	(300,125)	-98%
Debt Service Funds	9,306	18,912	29,942	8,950,559	5,332,700	(3,617,859)	-40%
<b>Total Revenue</b>	<b>\$ 261,714,689</b>	<b>\$ 280,940,873</b>	<b>\$ 293,245,801</b>	<b>\$ 339,591,492</b>	<b>\$ 324,182,623</b>	<b>\$ (15,408,869)</b>	<b>-5%</b>
<b>Expenditures</b>							
General Fund	\$ 54,686,374	\$ 51,988,226	\$ 52,482,273	\$ 60,110,305	\$ 59,917,756	\$ (192,549)	0%
Special Revenue Funds	58,525,465	64,812,979	61,963,073	84,711,124	75,713,118	(8,998,006)	-11%
Capital & Debt Service Funds	7,580,704	5,511,960	4,472,162	28,531,055	46,765,141	18,234,086	64%
Enterprise Funds	90,470,162	95,696,921	99,861,764	112,943,300	112,210,649	(732,651)	-1%
Internal Service Funds	24,682,209	24,334,214	26,190,507	35,580,593	36,834,909	1,254,316	4%
Trust Funds	12,156,033	11,547,460	11,557,934	11,528,158	11,720,909	192,751	2%
Tax Increment Financing Funds	19,106,018	36,572,461	30,660,319	67,378,709	38,868,616	(28,510,093)	-42%
Redevelopment Funds	1,568,169	3,023,509	143,242	2,254,500	54,500	(2,200,000)	-98%
Debt Service Funds	9,477	18,002	22,200	10,168,107	5,266,623	(4,901,484)	-48%
<b>Total Expenditures</b>	<b>\$ 268,784,611</b>	<b>\$ 293,505,732</b>	<b>\$ 287,353,474</b>	<b>\$ 413,205,851</b>	<b>\$ 387,352,221</b>	<b>\$ (25,853,630)</b>	<b>-6%</b>
<b>Net</b>	<b>\$ (7,069,922)</b>	<b>\$ (12,564,859)</b>	<b>\$ 5,892,327</b>	<b>\$ (73,614,359)</b>	<b>\$ (63,169,598)</b>	<b>\$ 10,444,761</b>	<b>-14%</b>

# Flat Projected Property Tax Revenues Due to State Circuit Breakers Tax Cut (General Fund, CCD and Parks Only)

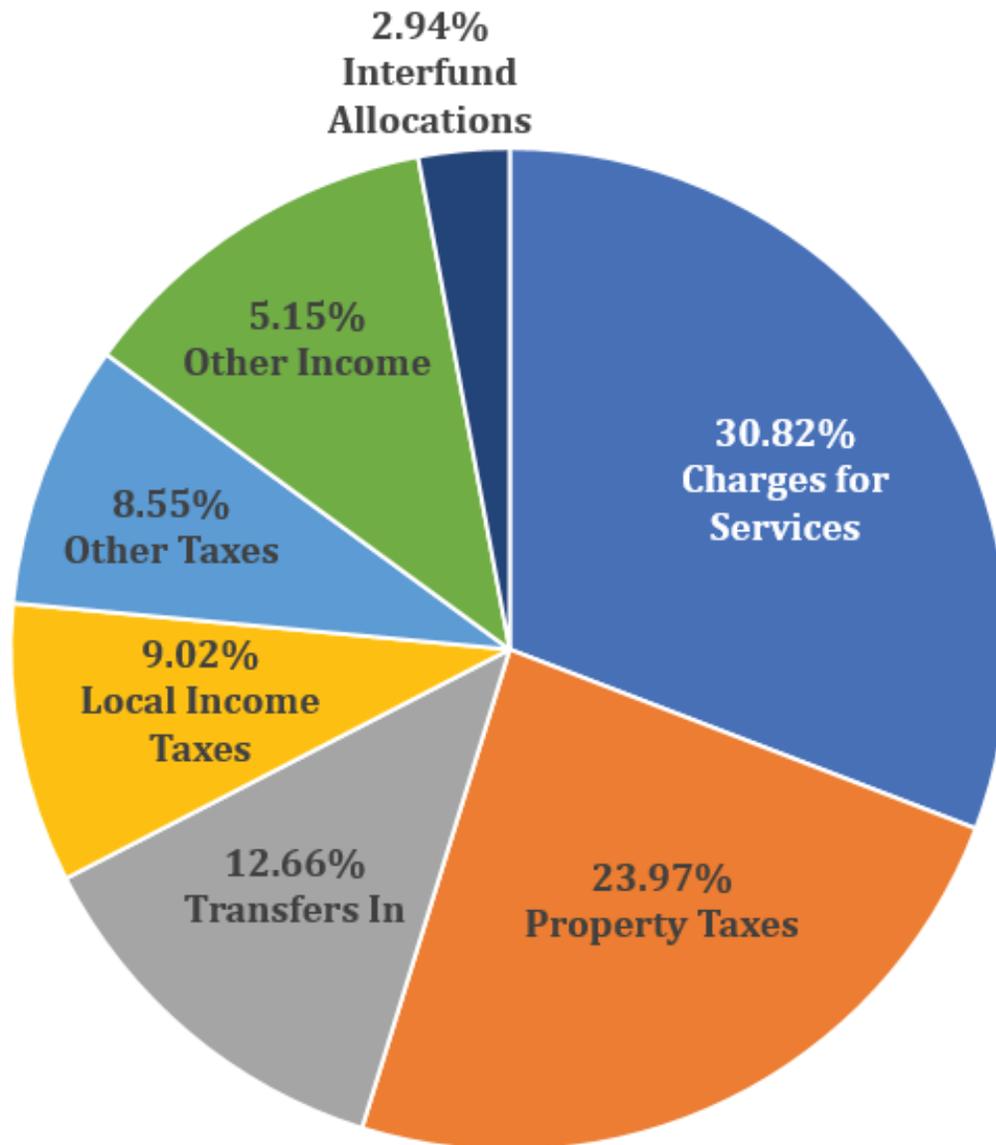


## Local Income Tax Revenue (LIT) - 2010 to 2018



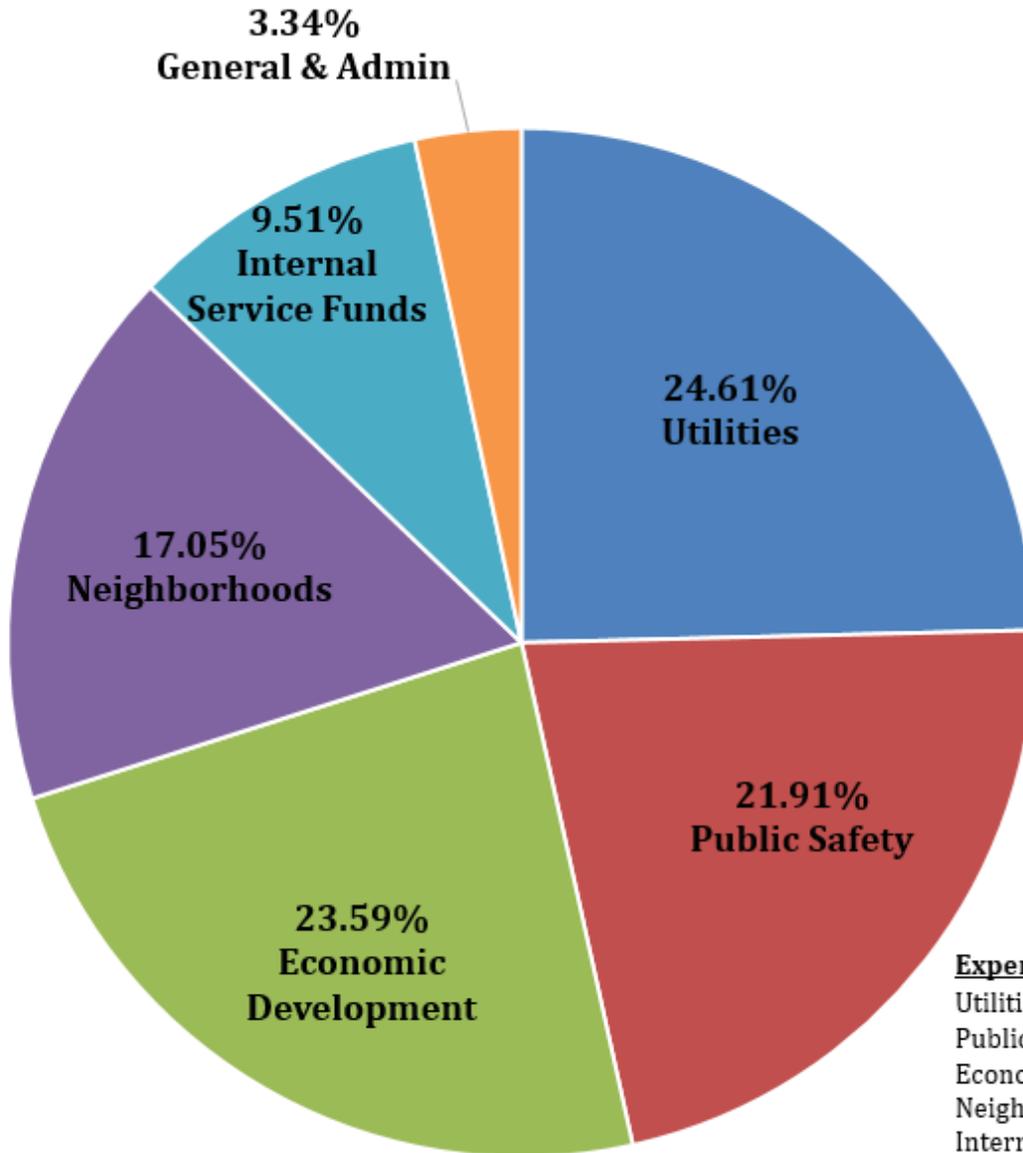
Year	CREDIT	COIT	PS LOIT	Total	Percent Change
2010	\$ 9,090,415	\$ 7,648,824	\$ 6,078,454	\$ 22,817,693	----
2011	7,300,866	7,097,462	5,293,619	19,691,947	-13.70%
2012	9,068,785	8,610,742	6,605,601	24,285,128	23.33%
2013	8,177,352	7,846,939	5,892,386	21,916,677	-9.75%
2014	8,796,821	8,645,811	6,380,029	23,822,661	8.70%
2015	9,181,206	8,859,912	6,466,190	24,507,308	2.87%
2016	9,594,602	9,454,023	6,791,160	25,839,785	5.44%
2017	10,600,122	10,459,265	7,467,618	28,527,005	10.40%
2018 Estimated	10,919,931	10,906,293	7,629,539	29,455,763	3.26%
Percent Change	3.02%	4.27%	2.17%	3.26%	

# 2018 Budgeted Revenues



Revenue Type	2018 Proposed Budget	2018 Percent of Total
Charges for Services	\$ 99,910,245	30.82%
Property Taxes	77,700,690	23.97%
Transfers In	41,036,491	12.66%
Local Income Taxes	29,256,797	9.02%
Other Taxes	27,718,675	8.55%
Other Income	39,025,128	12.04%
Interfund Allocations	9,534,597	2.94%
<b>Total Revenues</b>	<b>\$ 324,182,623</b>	<b>100.00%</b>

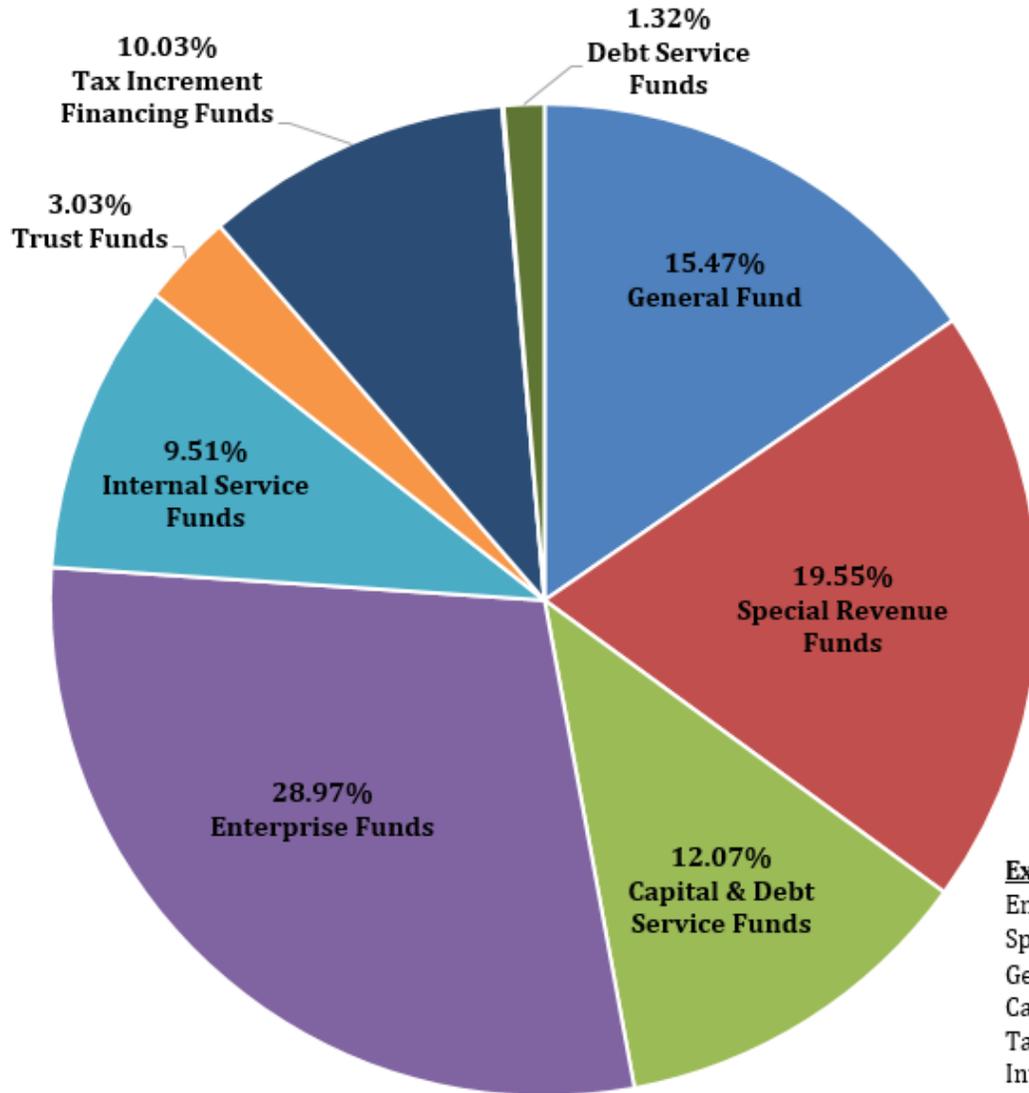
# 2018 Budgeted Expenditures By Activity



## Expenditures by Activity

	2018 Proposed Budget	2018 Percent of Total
Utilities	\$ 95,328,460	24.61%
Public Safety	84,866,655	21.91%
Economic Development	91,358,255	23.59%
Neighborhoods	66,028,379	17.05%
Internal Service Funds	36,834,909	9.51%
General & Admin	12,935,563	3.34%
<b>Total Expenditures by Activity</b>	<b>\$ 387,352,221</b>	<b>100.00%</b>

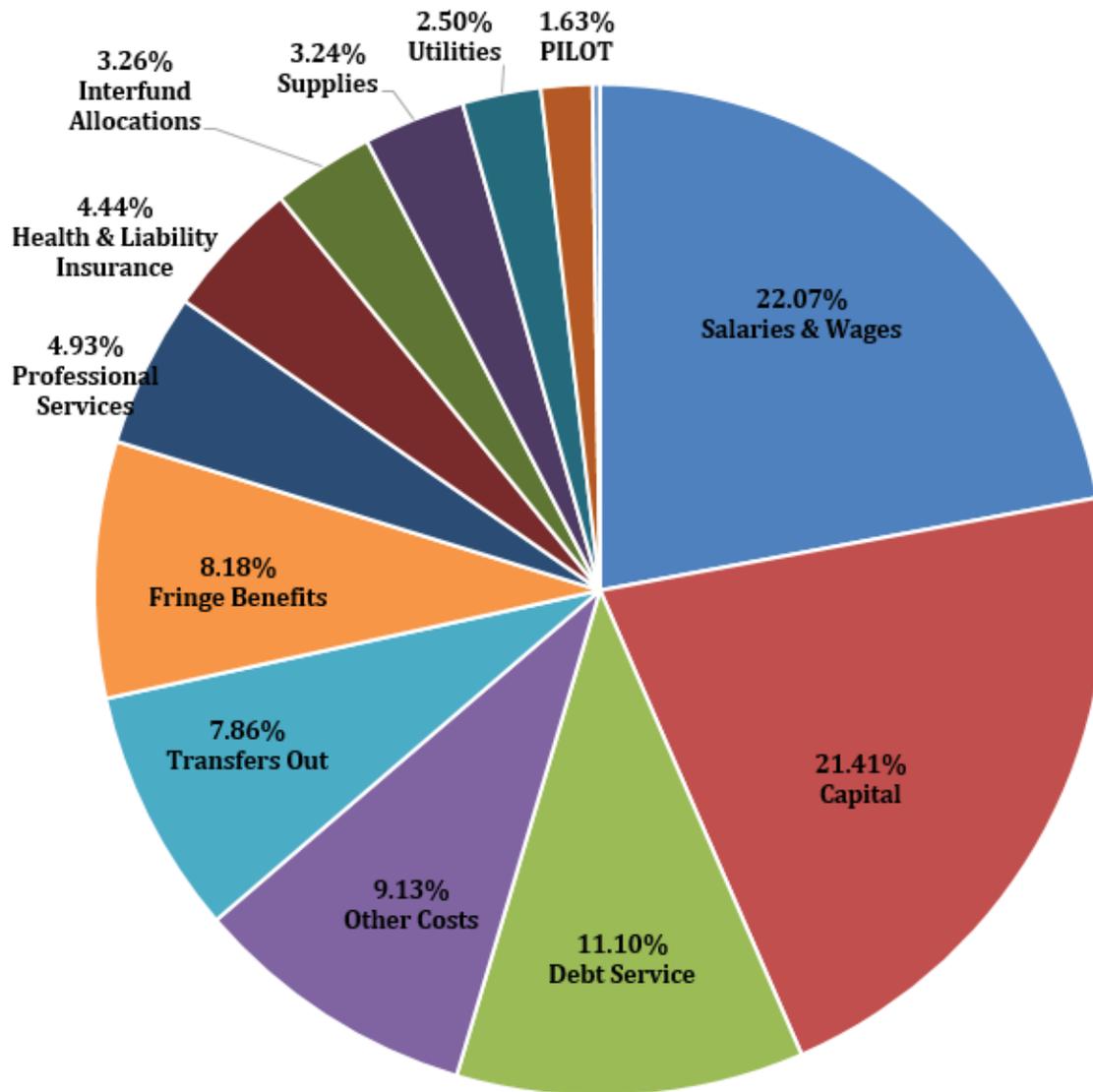
# 2018 Budgeted Expenditures By Fund Type



## Expenditures by Fund Type

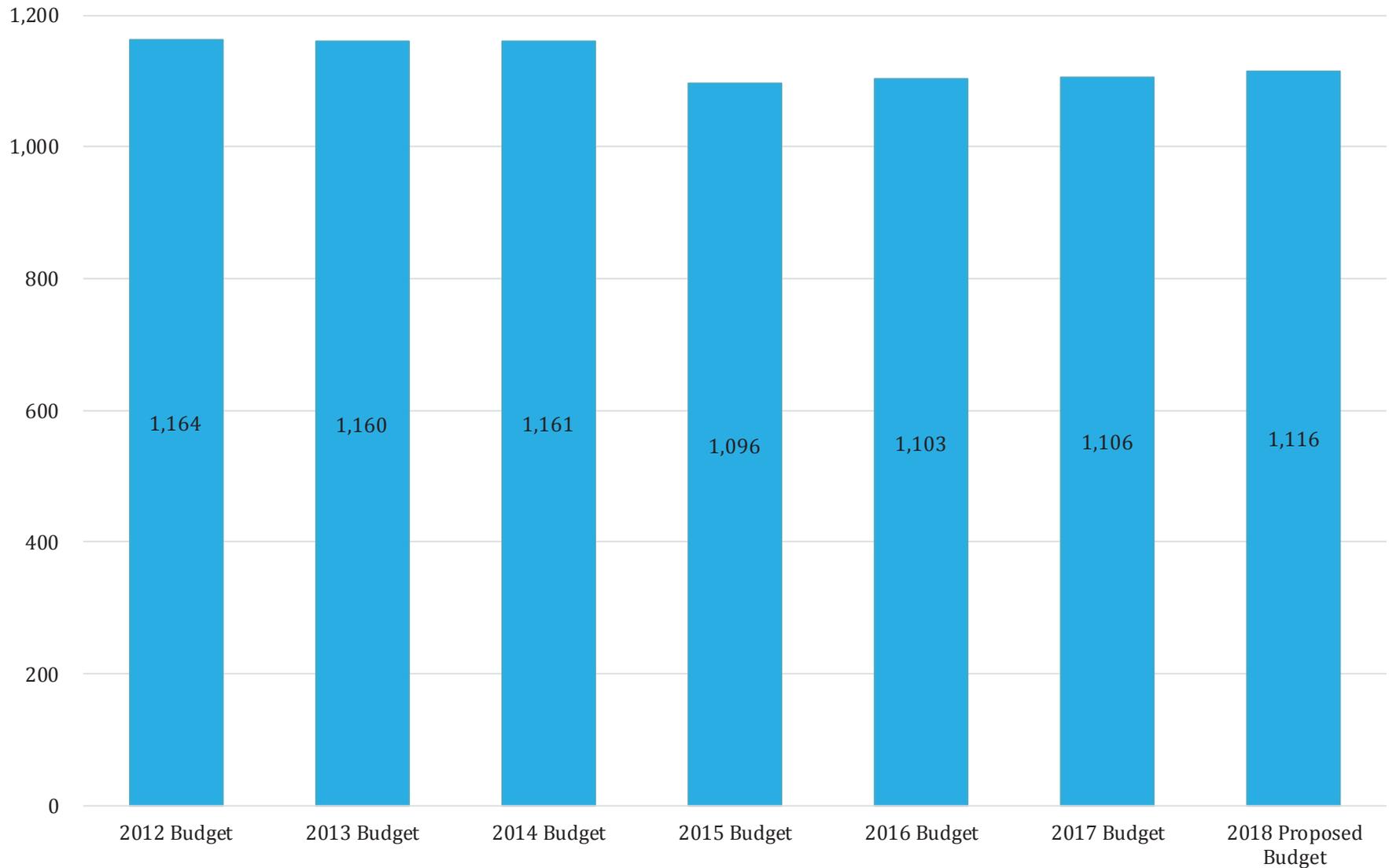
	2018 Proposed Budget	2018 Percent of Total
Enterprise Funds	\$ 112,210,649	28.97%
Special Revenue Funds	75,713,118	19.55%
General Fund	59,917,756	15.47%
Capital & Debt Service Funds	46,765,141	12.07%
Tax Increment Financing Funds	38,868,616	10.03%
Internal Service Funds	36,834,909	9.51%
Trust Funds	11,720,909	3.03%
Debt Service Funds	5,109,623	1.32%
Redevelopment Funds	211,500	0.05%
<b>Total Expenditures by Fund</b>	<b>\$ 387,352,221</b>	<b>100.00%</b>

# 2018 Budgeted Expenditures By Type

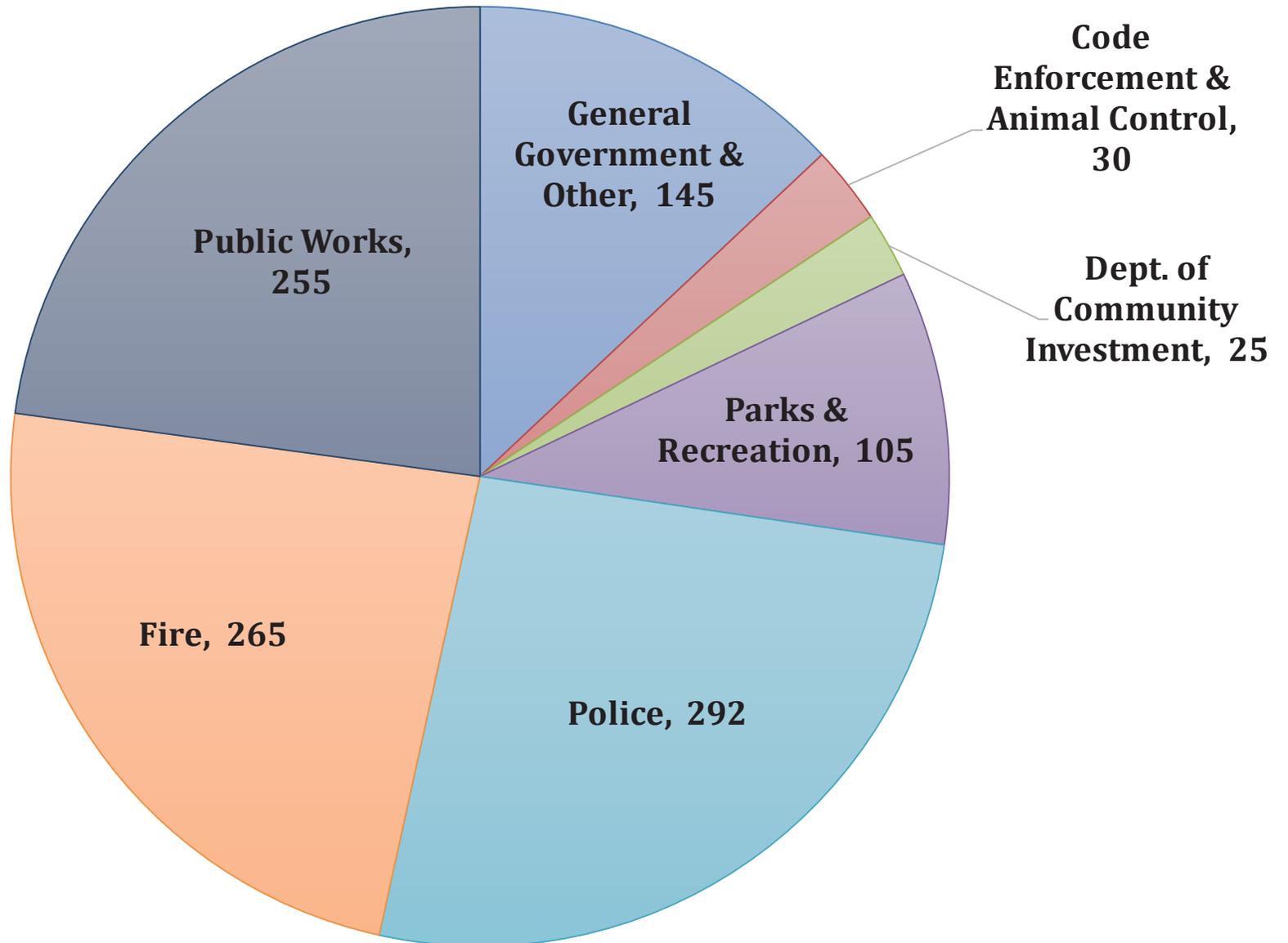


<b>Expenditures by Type</b>	<b>2018 Proposed Budget</b>	<b>2018 Percent of Total</b>
Salaries & Wages	\$ 85,490,375	22.07%
Capital	82,916,012	21.41%
Debt Service	43,010,498	11.10%
Other Costs	35,359,993	9.13%
Transfers Out	30,455,237	7.86%
Fringe Benefits	31,698,727	8.18%
Professional Services	19,081,561	4.93%
Health & Liability Insurance	17,179,275	4.44%
Interfund Allocations	12,637,914	3.26%
Supplies	12,559,061	3.24%
Utilities	9,698,141	2.50%
PILOT	6,332,487	1.63%
Travel & Training	932,940	0.25%
<b>Total Expenditures by Type</b>	<b>\$ 387,352,221</b>	<b>100.00%</b>

# Budgeted Full-Time Positions



# 2018 Budgeted Full-Time Headcount Summary





GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**City of South Bend  
Indiana**

For the Fiscal Year Beginning

**January 1, 2017**

*Christopher P. Merrill*

Executive Director

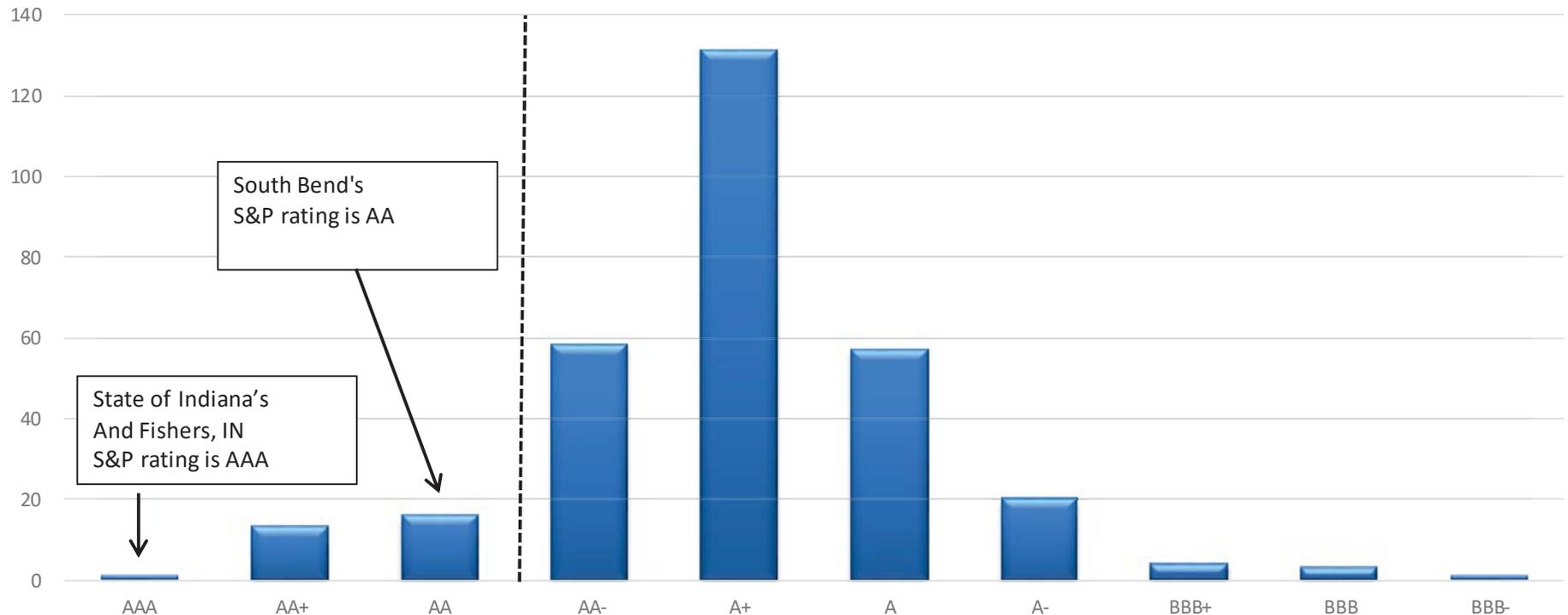
One of only three cities  
in the State of Indiana to  
currently receive such  
an award!

Review 2017 Budget  
Book at:

[www.southbendin.gov/  
2017BudgetBook](http://www.southbendin.gov/2017BudgetBook)

# Bond Rating Comparison

## Indiana Local Government Standard & Poor's Bond Ratings



### **Why is this important?**

The bond or credit rating is a measure of the City's financial reputation. A good credit rating enables the City to borrow money for construction projects and other needs at the most competitive rates available. This saves thousands of taxpayer dollars in interest payments.

# City of South Bend 2018 Proposed Budget Concluding Thoughts

- Working diligently to get ahead of the 2020 tax cut/fiscal curb
- Overall City budget of \$387 million
  - overall expenditures decreased from 2017 due to lower TIF spending expected in 2018
  - expenditures higher than revenue mostly due to timing of bond proceed usage for infrastructure investments as well as timing of TIF related projects
- General Fund, Public Safety LOIT, EDIT and COIT budget of \$90.4 million is currently a balanced overall budget
- Moving towards long-term balance while relying on modest reserves in certain other funds to sustain key expenditures
- City budget maintains our city's comeback through:
  - continued investment in our neighborhoods, city center, and people
  - use of technology and efficiency to drive results
  - maintaining resources needed to keep high levels of service
  - measuring our performance for continuous improvement
- We respectfully ask Council to approve our 2018 budget request