



Mayor Pete Buttigieg

# **Overview of City Budget 2019 Resident Input Session**

**DEPARTMENT OF ADMINISTRATION & FINANCE**



# Overview

- Introductions
  - Key Budget Concepts
    - Funds
    - Overall Budget Balance
    - Revenue
    - Expenses
  - Budget Fun Facts
  - Budgeting Priorities
  - 2018 Neighborhood Budget Summary
  - 2019 Budget Drivers
  - What Can You Expect Next?
  - How Can You Stay Involved? (Upcoming Budget Hearing Dates)
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# Key Budget Concepts: Funds

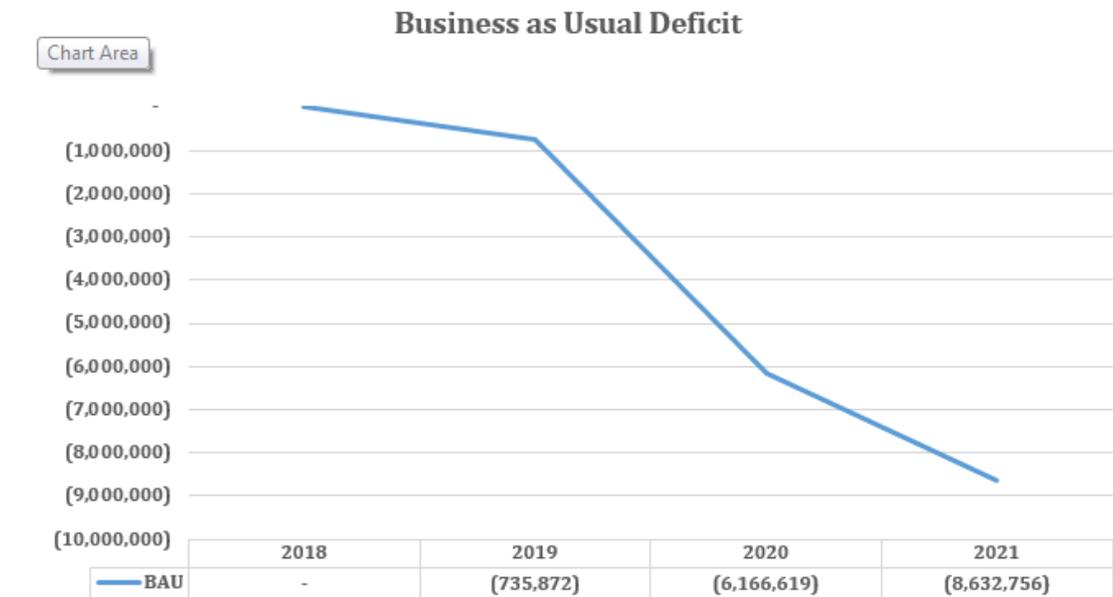
- What is a “fund”?
    - Different “pot of money” based on legal requirements
  - Fund Types
    - **General** – covers expenses for general city government including Police, Fire, Mayor’s Office, City Clerk, Common Council, Legal, Administration & Finance and Human Rights
    - **Internal Service** – includes departments that provide services across the city including Central Services (fleet, radio, print shop and central purchasing), 311 Call Center, Innovation & Technology, Self Funded Benefits and Liability Insurance
    - **Enterprise** – includes city services that operate like a business including Water Works, Waste Water and Sewage Works, Solid Waste, Century Center and EMS
    - **Special Revenue** – includes services that are paid for with legally restricted funds including Community Investment, Streets and Venues, Parks and Arts
    - **Capital & Debt**– includes funds set aside (usually from bonds and leases) used to pay specifically for capital projects such as vehicles and equipment for all departments.
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# Key Budget Concepts: Overall Budget Balance

- **Balanced Budget:** Revenues = Expenditures
  - The City strives to have a balanced budget in the major funds each year (General fund, County Option Income Tax (COIT) fund and the Economic Development Income Tax (EDIT) Tax fund)
- **Budget Surplus:** Revenues greater than expenditures creating a “savings account”
  - If the fund has a surplus, the “extra” revenue goes into the fund balance (similar to a savings account)
    - The fund balance can be used for various one-time payments such as capital improvements, equipment or land purchases as well as covering periodic deficit spend years
- **Budget Deficit:** Expenditures greater than revenues thus dipping into a “savings account”

# Key Budget Concepts: Overall Budget Balance

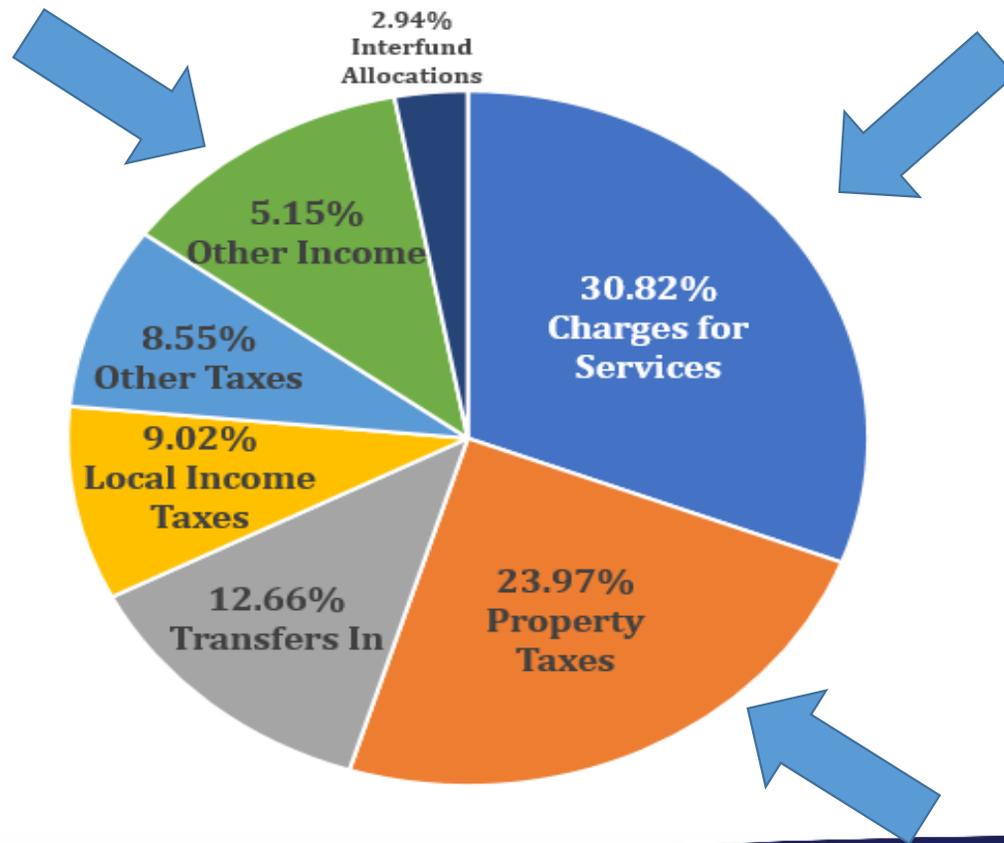
- If the City continues to run in a business as usual manner, we project major deficits in the general, COIT and EDIT funds.



# Key Budget Concepts: Revenues

- Where does revenue come from?
  - **Charges for Services** – paid by users of particular services (i.e. utilities, solid waste, parks programs)
  - **Real Property and Tax Increment Financing Taxes (TIF)** – paid by residents and business owners at 1%, 2% or 3% of real property value
  - **Personal Property Tax** – paid by business owners on personal property values
  - **Local Income Tax (formerly County Option Income Tax)** – income tax rate of 1.75% paid on wages earned by residents
  - **Wheel Tax and Gas Tax** – paid by those who use the streets; covers costs of street maintenance
  - **Grants** – received from State and Federal government funding for specific purposes (i.e. Human Rights, community development projects, workforce development)
  - **Other Revenues** - Interest Earnings, Fines & Forfeitures and Donations

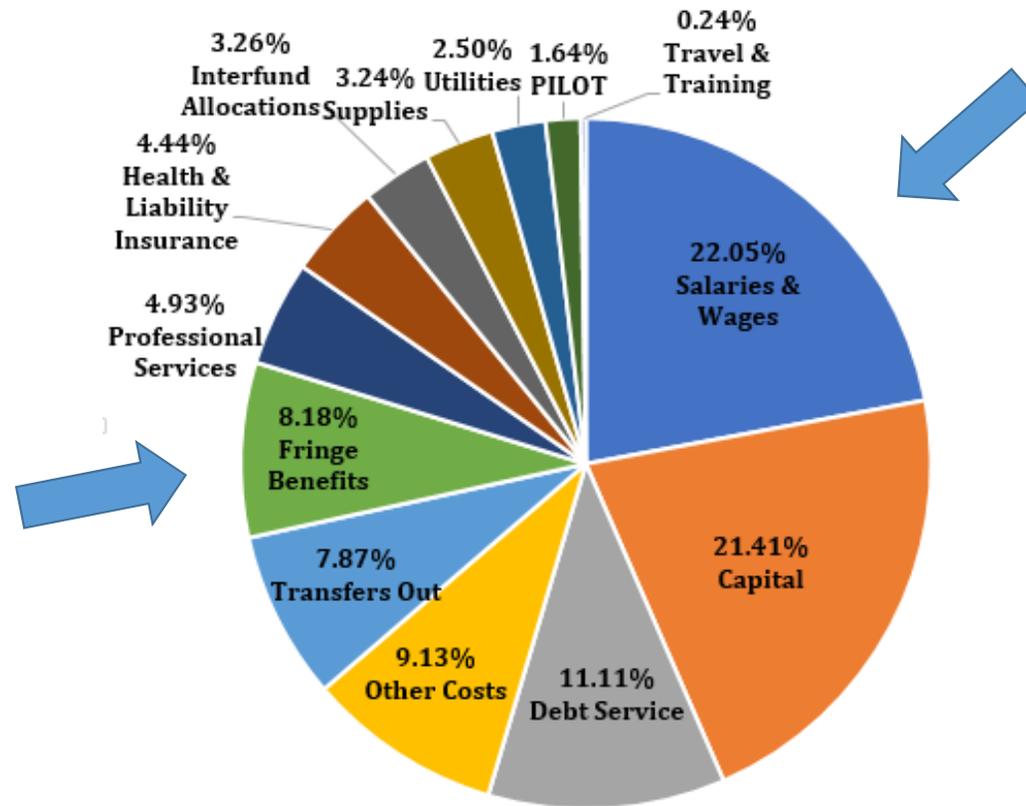
# Key Budget Concepts: Revenues



# Key Budget Concepts: Expenditures

- Where do we spend our money?
  - Biggest expenditure of the City is personnel and related benefits
    - Approximately 1,120 full time employees
    - Approximately \$17,000 per full time non-bargaining employee is incurred for health and other benefits
  - Other large expenditures include:
    - Utility Operations, including Combined Sewer Overflow (CSO) mandate and capital needs
    - Street, Curbs and Sidewalk Maintenance
    - Various Community Investment Projects (funded through TIF)
    - Venues, Parks and Arts programs and park maintenance
    - Debt Services payments on bonds and capital leases

# Key Budget Concepts: Expenditures



# Fun Budget Facts

- Average annual cost:
  - to run street lights - \$1,650,000
  - to maintain City vehicles - \$1,200
  - of insurance benefits for a City employee - \$17,000
- Average cost of:
  - outfitting a firefighter - \$5,650
  - training for new firefighter- \$3,000
  - training for new police officer - \$7,500
  - a fire truck – between \$500,000 and \$1.2 million
  - a police vehicle - \$33,500

# 2018 Council Budget Goals

- 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
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# 2018 Administration Budget Goals

- 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 Neighborhood Budget Summary

## ✓ 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)
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# 2018 Neighborhood Budget Summary

## ✓ 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
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# 2018 Neighborhood Budget Summary

## ✓ 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 Resources Connection (\$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)
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# 2019 Budget Drivers

- Expenditures continue to rise at a rate faster than revenues are increasing
    - Currently working with the County to ensure the property taxes being collected are appropriate; property tax revenue appears to be rising faster than in years past
  - Working with insurance consultants to better control the cost of health care
    - With 1,120 full time employees, health care costs are roughly \$17 million annually; just a 5% savings would save the city roughly \$850,000
  - Working on plans to improve neighborhoods including improved streets, curbs and sidewalks
    - Will be able to use funding received through increases in gas tax
  - County-Wide 911 Center costs continue to increase
    - Due to funding being from local income taxes, the continued increase in costs at a rate higher than the increase in revenues is a concern
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# What Can You Expect Next?

- Budget discussions begin within departments in June
  - Individual department meetings are held with Council beginning in August
    - Meetings will discuss the upcoming budget requests, including:
      - Requested changes in personnel
      - Requested changes in rates charged to residents
      - Requested changes in other budget items
    - Meetings also review past performance in various departments/funds
  - Residents are encouraged to share budget ideas with their council person prior to the budget hearings beginning in August (the sooner, the better!)
  - Budget is reviewed throughout August and September and passed by Council in October
  - All information posted to City website 48 hours prior to the hearing
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## How Can You Stay Involved?

- Stay after this meeting to speak with Council Members and Department Representatives to let us know what you would like to see in your 2019 budget
  - Complete the survey available at the door to let us know your ideas and how we can improve future meetings
  - Reach out to your Council Member to let them know your ideas
  - Attend upcoming budget hearings to hear what each department is doing
  - Reach out to your Council Member, the Finance team or the specific department if you would like clarification on budget items that were presented in the Council budget hearings
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# How Can You Stay Involved?

- Upcoming Budget Hearings (County-City Building in the Informal Council Room at 5:00pm)
  - August 1: City-Wide Budget Overview
  - August 1: Mayor's Office, City Clerk and Common Council
  - August 8: Legal Department, Administration & Finance, Human Capital & inclusion
  - August 15: Public Works (Streets, Utilities, Solid Waste, Traffic & Lighting and Engineering)
  - August 22: Venues, Parks & Arts (Parks, Morris and Century Center)
  - August 29: Police Department
  - September 5: Fire Department, Code Enforcement and Animal Care & Control
  - September 12: TRANSP0, Innovation & Technology, Building Department
  - September 17: Department of Community Investment
  - September 19: Salary Ordinance Overview Discussion
  - September 24: Public Hearing on the 2019 Budget
  - October 8: Adoption of the 2019 City Budget

Please note the meetings above are subject to change. Meetings will be posted on the City of South Bend website.

THANK YOU!

Should you have further questions or suggestions,  
please contact your Council Member

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