



# **2020 Budget Overview**

# **Opening Budget Discussion**

July 31, 2019



# Context for 2020 Budget

## Fiscal Curb

- 2020 Fiscal Curb is here
- Projected \$1.4 million decrease in property tax revenue

## Continuation of Strategic Priorities

- Investment in Neighborhoods and Community remains paramount.

## Planning for Long-term Financial Stability

- Budgets in 2020 are lower on significant capital spending, higher on maintenance costs and ongoing strategic initiatives.



# City of South Bend Strategic Priorities

## We Deliver Services that Empower Everyone to Thrive

### MAKE THE BASICS EASY



Safe Community for Everyone



Robust & Well-Planned Infrastructure

### DELIVER GOOD GOVERNMENT



Well-Governed & Administered City

### INVEST IN PEOPLE & PLACES



Strong, Inclusive Economy



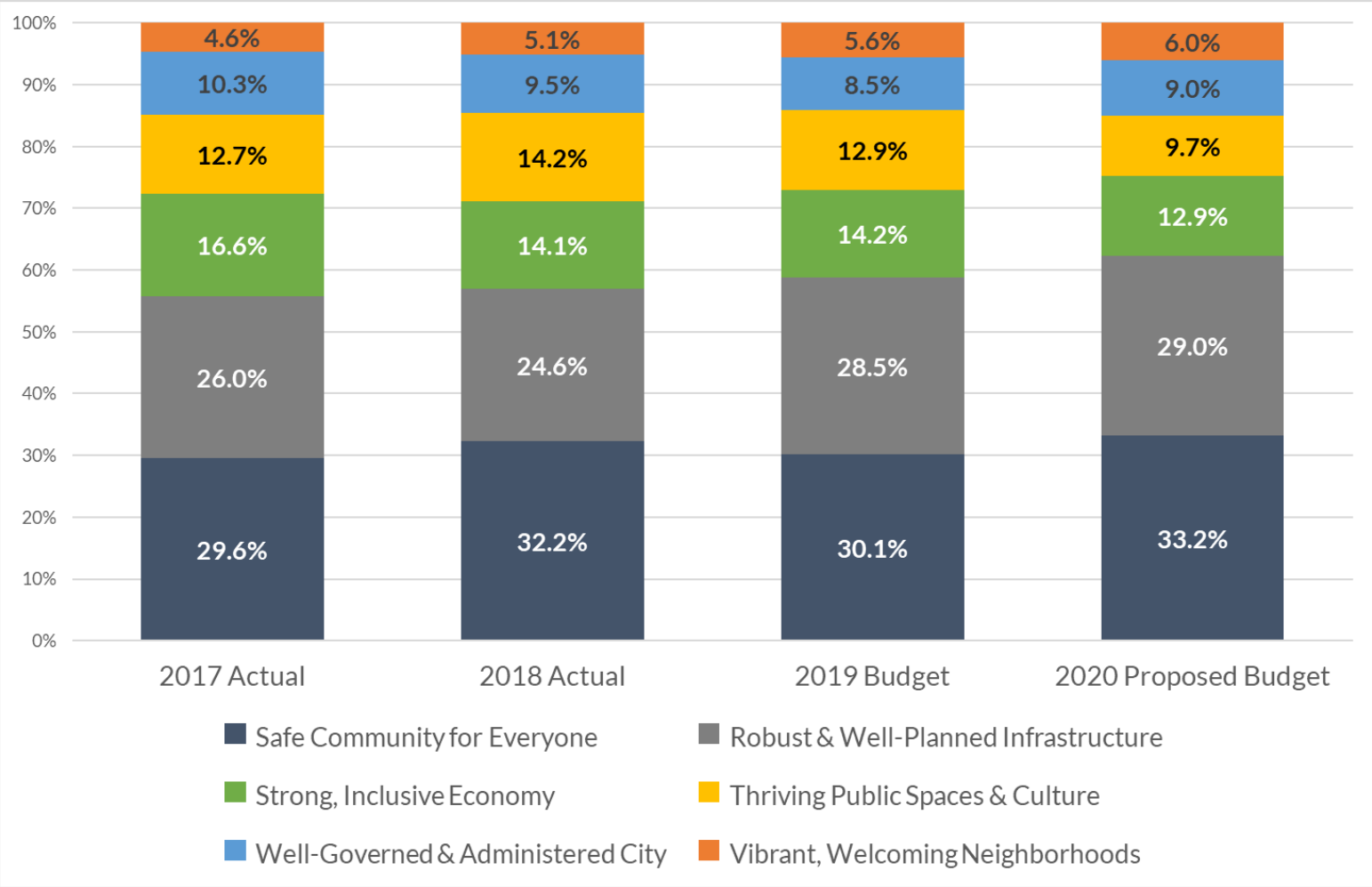
Thriving Public Spaces & Culture



Vibrant, Welcoming Neighborhoods



# Resource Allocation follows Strategic Priorities



Note: Excludes interfund transfers and costs of health insurance, parts, and IT that are directly charged back to departments.



# What's included in the 2020 Budget?



## • Safe Community for Everyone

- **Council Request:** Various programs and initiatives to combat violence and foster sense of community:
  - In 2020, the Administration is proposing the creation of “Community Initiatives” Department under the Mayor’s Office to house Group Violence Initiative (GVI), the S.A.V.E. team, and other violence prevention initiatives.
- **Council Request:** Full funding for South Bend Police Department sworn officers
- **Council Request:** Expansion of Fire Department’s Community Paramedicine Program
- **Council Request:** Additional inspectors for Code Enforcement’s Rental Safety Verification Program (RSVP).



# What's included in the 2020 Budget?



## • Robust & Well-Planned Infrastructure

- **Council Request:** Additional funding for streets
  - The 2020 proposed budget includes an increase in income tax subsidy for street maintenance and paving, and aims to maintain or increase number of lane miles paved from 2019 original budget.
- **Council Request:** Continue funding for traffic calming
  - 2020 proposed budget includes \$250,000 specifically for traffic calming
- **Council Request:** Continue funding for Light Up South Bend
  - \$200,000 specifically set aside for Light Up South Bend
- Continue investment in Water Works and Wastewater capital, including storm drainage projects.



# What's included in the 2020 Budget?



## • Strong, Inclusive Economy

- **Council Request:** Additional resources are included in the 2020 proposed budget for Diversity & Inclusion.
  - Including resources to provide diversity training for outside organizations.
- Continued work with Community Development Block Grant (CDBG) and funding for Housing Financing Gap Assistance
- Continued funding for small business development & workforce development programs
- Funding for innovative financing options, including microlending



# What's included in the 2020 Budget?



## • Thriving Public Spaces & Culture

- Completion of the MySB Parks & Trails Initiative
- Continued funding of Parking Garage improvements.
- Funding for resurfacing tennis & basketball courts in the community.
- Beginning of campaign to fund improvements at the Morris Performing Arts Center.





# What's included in the 2020 Budget?



## • Vibrant, Welcoming Neighborhoods

- **Council Request**: Continued funding for Curbs & Sidewalks and Home Repair program
  - 2020 proposed budget includes significant funding for both initiatives.
- **Council Request**: Continued funding for neighborhood organization support
- Significant funding for neighborhood planning and neighborhood empowerment grants through the Department of Community Investment (DCI).



# What's included in the 2020 Budget?



## • **Well-Governed & Administered City**

- Continuing to promote transparency with new data tools & continued responsiveness to Access to Public Records Act (APRA) requests.
- Continuing to fund parental leave and volunteer time off policies.
- Completion of the implementation of the City's new financial software system and continued implementation of enterprise-wide Cityworks solution.
- Continued funding for employee recognition and employee wellness initiatives, including continuing investment in the Activate Wellness Clinic.



# 2020 Budget - Financial Overview



# City-Wide Proposed 2020 Budget

	2017 Actual	2018 Actual	2019 Budget (Original)	2020 Proposed Budget	Year Over Year Variance (\$)	Year Over Year Variance (%)
<b>Revenue</b>						
Property Taxes	77,136,347	80,788,795	78,885,295	77,482,325	(1,402,970)	-1.8%
Local Income Taxes	28,360,244	32,712,559	32,412,051	33,222,352	810,301	2.5%
Charges for Services	77,094,535	79,460,035	81,355,309	84,685,972	3,330,663	4.1%
Other Revenue	67,487,633	75,322,124	65,319,117	65,426,377	107,260	0.2%
Interest Earnings	1,960,479	4,352,557	2,262,558	3,076,475	813,917	36.0%
Transfers In	48,664,234	45,853,517	51,370,795	54,816,101	3,445,306	6.7%
Interfund Allocation Reimb	14,957,009	16,053,826	22,427,153	21,029,141	(1,398,012)	-6.2%
Debt Proceeds	43,629,978	23,645,347	2,034,625	4,329,076	2,294,451	112.8%
<b>Total Revenue</b>	<b>359,290,460</b>	<b>358,188,759</b>	<b>336,066,903</b>	<b>344,067,819</b>	<b>8,000,916</b>	<b>2.4%</b>
<b>Expenditures</b>						
Salaries & Wages	79,045,143	82,510,428	88,137,692	89,010,336	872,644	1.0%
Fringe Benefits	27,552,466	28,527,829	26,695,090	28,277,776	1,582,686	5.9%
Professional Services	16,328,642	14,764,511	16,841,403	15,495,672	(1,345,731)	-8.0%
Repairs & Maintenance	13,437,922	14,297,924	14,772,466	14,984,145	211,679	1.4%
Supplies	9,974,500	11,069,566	13,476,721	15,366,969	1,890,248	14.0%
Debt Service	47,876,394	32,269,040	33,654,877	33,759,108	104,231	0.3%
Other Expenses	40,855,764	47,484,074	49,954,071	49,959,148	5,077	0.0%
Transfers Out	36,923,732	45,853,457	51,370,795	54,816,101	3,445,306	6.7%
Other Interfund Allocations	15,014,496	16,042,071	22,468,191	21,045,077	(1,423,114)	-6.3%
<b>Operating Expenditures</b>	<b>287,009,058</b>	<b>292,818,900</b>	<b>317,371,306</b>	<b>322,714,332</b>	<b>5,343,026</b>	<b>1.7%</b>
<b>Operating Income</b>	<b>72,281,402</b>	<b>65,369,859</b>	<b>18,695,597</b>	<b>21,353,487</b>		
Capital	39,372,501	45,213,437	50,856,403	31,782,255	(19,074,148)	-37.5%
<b>Rev in Excess of Exp</b>	<b>32,908,901</b>	<b>20,156,422</b>	<b>(32,160,806)</b>	<b>(10,428,768)</b>		

Total Proposed Expenditures:  
**\$354 million**



# 2020 Budget

- 2020 Budget is balanced in General Fund, Economic Development Income Tax Fund (EDIT), and County Option Income Tax Fund (COIT).
- Overall budget has ~\$10.4 million deficit. This deficit is driven largely by:

Capital spend from reserves in Wastewater	\$3.4 million
Targeted spend down of reserves in internal service funds (liability ins., health ins., & IT)	\$4.3 million
Spend down of reserves in street maintenance funds	\$1.4 million
Solid Waste Operations	\$640,000
- The City is continuing its move toward long-term sustainability with this budget, which is designed to make use of current reserves but also plan for the future.



# 2020 Budget – General-Plus Funds

	2017 Actual	2018 Actual	2019 Budget (Original)	2020 Proposed Budget	Year Over Year Variance (\$)	Year Over Year Variance (%)
<b>Revenue</b>						
Property Taxes	39,568,076	40,719,333	41,142,970	39,697,892	(1,445,078)	-3.5%
Local Income Taxes	20,892,626	24,225,223	23,781,140	24,375,668	594,528	2.5%
Charges for Services	1,609,152	1,379,733	1,538,477	5,171,177	3,632,700	236.1%
Other Revenue	7,840,516	8,992,303	8,369,380	8,374,459	5,079	0.1%
Interest Earnings	398,872	919,709	535,000	735,000	200,000	37.4%
Transfers In	6,943,572	7,085,069	7,290,990	9,481,802	2,190,812	30.0%
Interfund Allocation Reimb	4,976,976	5,428,374	7,460,048	8,523,017	1,062,969	14.2%
Debt Proceeds	-	-	-	-	-	0.0%
<b>Total Revenue</b>	<b>82,229,791</b>	<b>88,749,744</b>	<b>90,118,005</b>	<b>96,359,015</b>	<b>6,241,010</b>	<b>6.9%</b>
<b>Expenditures</b>						
Salaries & Wages	32,875,236	35,265,084	36,663,554	41,206,913	4,543,359	12.4%
Fringe Benefits	12,764,266	13,256,488	12,476,713	14,111,227	1,634,514	13.1%
Professional Services	5,768,409	3,717,812	5,490,054	5,564,970	74,916	1.4%
Repairs & Maintenance	3,643,029	2,994,613	2,851,760	3,266,643	414,883	14.5%
Supplies	1,969,701	1,884,097	2,044,122	2,577,728	533,606	26.1%
Debt Service	1,893,156	1,831,683	2,134,064	2,224,217	90,153	4.2%
Other Expenses	5,322,122	6,226,903	8,673,935	7,302,590	(1,371,345)	-15.8%
Transfers Out	10,110,074	9,360,651	11,153,902	12,963,596	1,809,694	16.2%
Other Interfund Allocations	5,960,244	5,753,246	7,635,883	6,975,831	(660,052)	-8.6%
<b>Operating Expenditures</b>	<b>80,306,236</b>	<b>80,290,578</b>	<b>89,123,987</b>	<b>96,193,715</b>	<b>7,069,728</b>	<b>7.9%</b>
<b>Operating Income</b>	<b>1,923,555</b>	<b>8,459,167</b>	<b>994,018</b>	<b>165,300</b>		
Capital	264,572	191,962	945,000	165,300	(779,700)	-82.5%
<b>Rev in Excess of Exp</b>	<b>1,658,983</b>	<b>8,267,205</b>	<b>49,018</b>	<b>0</b>		

The General-Plus Funds include:  
 General Fund (101)  
 COIT (404)  
 EDIT (408)



# Format of 2020 Budget Presentations

- 2020 Departmental Goals & Challenges
- 2020 Proposed Budget Overview
- Operational Budget Changes
  - *Personnel changes (including requested promotions, new positions, etc.), significant increase/decrease in spending on a particular initiative, etc.*
- Capital Projects
  - *Significant one-time, non-operational requests*
  - *Note: per guidance from DLGF, the City will begin appropriating capital projects **one time**, then carrying forward the appropriation to future years if needed.*
- Special Initiatives *(if applicable)*
- Questions



# Format of 2020 Budget Packets

- Copy of each PowerPoint Presentation
- Budget Summary Sheets
  - Summary of Spending **by Fund**
- Staffing Summary
  - High level full-time staffing summary, including changes from 2019
  - More information will be presented at the Salary Ordinance Budget meeting on September 16.
- Line Level Budget Detail





# Order of 2020 Budget Presentations

<u>2020 Budget Schedule</u>			
Budget Hearings	Date	Time	Department
Overview	July 31, 2019	5:00 P.M.	2020 City-Wide Budget Overview Meeting
#1	July 31, 2019	5:30 P.M.	Innovation & Technology Administration and Finance Human Resources Legal Department
#2	August 7, 2019	5:00 P.M.	Public Works
#3	August 14, 2019	5:00 P.M.	Venues, Parks & Arts
#4	August 21, 2019	5:00 P.M.	Fire Department & EMS
#5	August 28, 2019	5:00 P.M.	Police Department
#6	September 4, 2019	5:00 P.M.	Code Enforcement Animal Care and Control Diversity and Inclusion Human Rights
#7	September 11, 2019	5:00 P.M.	Transpo Building Department Community Investment Redevelopment Controlled Funds as Info Only City Clerk Common Council Mayor's Office
#8	September 16, 2019	5:00 P.M.	Salary Ordinance
#9	September 18, 2019	5:00 P.M.	Special Initiatives & Follow up Questions
	September 25, 2019	5:00 P.M.	Council Hearing Backup date if required
#10	October 2, 2019	5:00 P.M.	Budget Summary & Follow-up Questions



**Questions?**