



2023 Budget Hearing #1: Budget Overview

August 17, 2022

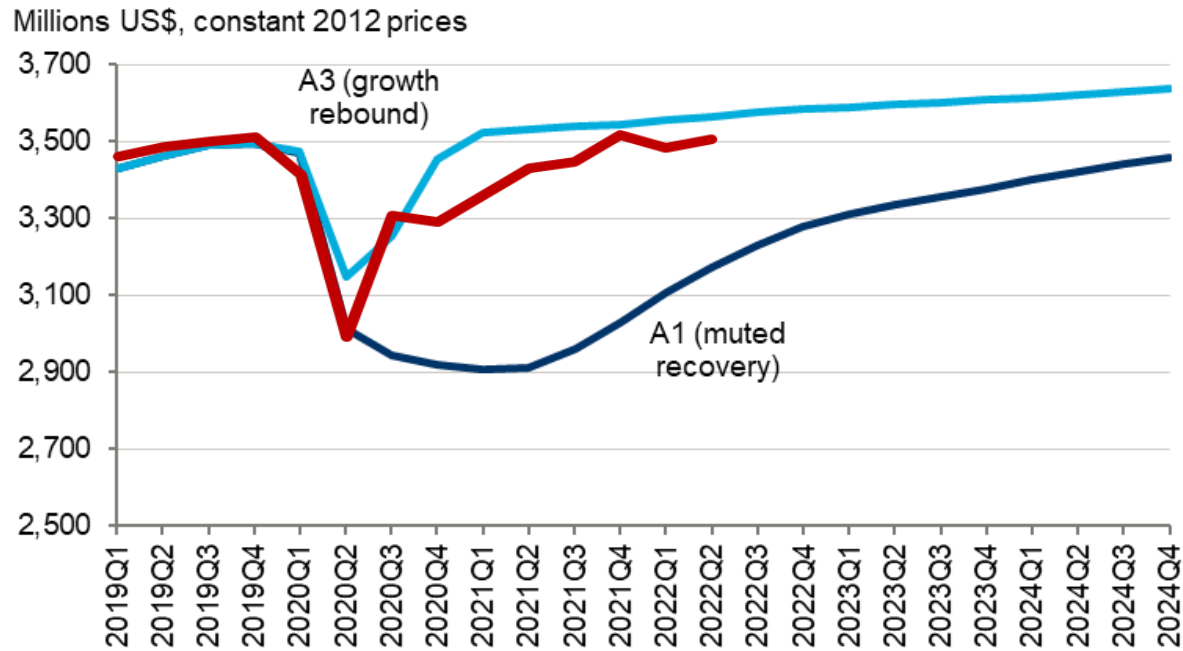


Strategic Context

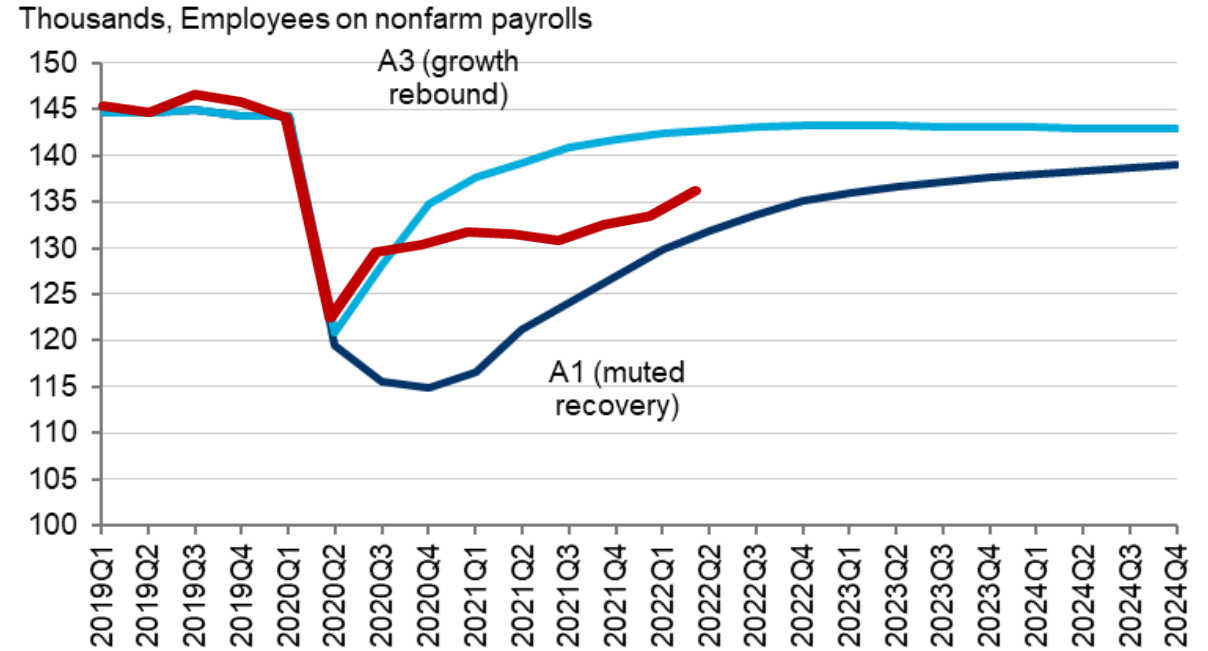


South Bend Economic Recovery

South Bend MSA GDP and employment projections by scenario



Source: Oxford Economics



Source: Oxford Economics



Federal and State Initiatives (2021 Outlook)

Initiative	Endless Frontier Act	READI	Innskeepers Tax and PSCDA	Jobs Plan- Physical Infrastructure	Rescue Plan	Families Plan- Social Infrastructure
Local Match Requirement	TBD	1:1 with state 1:3 private	NA	TBD/likely 1:4 to 1:2	NA	TBD
Local Match Primary Source	RDC	Tax abatement and RDC	NA	RDC	NA	Property or Income Tax or Rescue Plan





Federal and State Initiatives (Current Outlook)

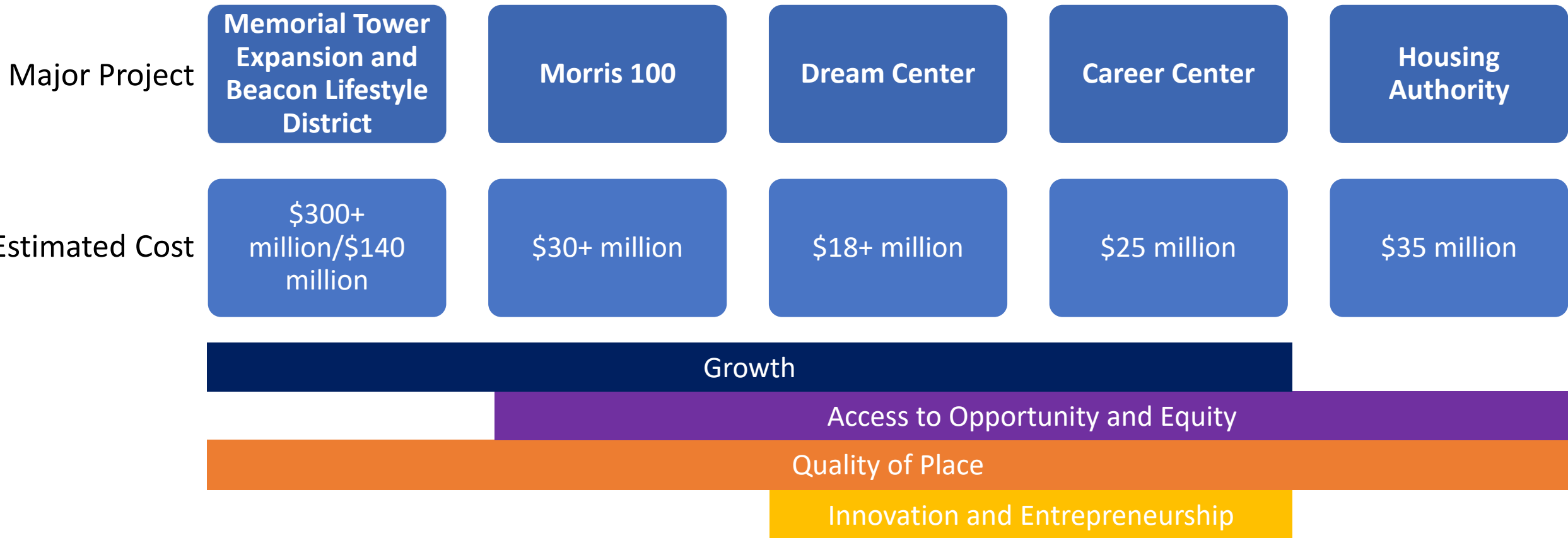
Initiative	Endless Frontier Act	READI	Jobs Plan-Infrastructure Bill	Rescue Plan	Inflation Reduction Act
Local Match Requirement	TBD	1:1 with state 1:3 private	TBD/likely 1:4 to 1:2	NA	TBD
Local Match Primary Source	RDC	Tax abatement and RDC	RDC	NA	General+, Rescue Plan, RDC

Growth	
Access to Opportunity and Equity	
Quality of Place	
Innovation and Entrepreneurship	Sustainability



READI

South Bend applicants submitted requests totaling over \$40 million in READI funds



American Rescue Plan

Total Award: **\$58,910,047**

Total Budgeted
(unrelated to this bill):
\$58,005,000

Total Spent or Committed
(as of 8/4/2022):
\$37,652,145
(~64% of total award)

	Total Budget	Spent / Encumbered	Committed Capital Projects	Total Spent / Committed
Strong Neighborhoods	18,170,000	2,445,702	3,855,719	6,301,421
Home Repair Assistance Programs	2,500,000	-	-	-
Housing Financing	2,500,000	-	-	-
Home Buying Assistance	1,000,000	-	-	-
Additional Neighborhood Infrastructure	2,500,000	691,059	-	691,059
City-wide Comprehensive Plan	500,000	209,537	-	209,537
Plan Implementation	300,000	-	-	-
Land Bank Startup Costs	250,000	-	-	-
Demolitions (Vacant & Abandoned / Commercial)	4,170,000	800,825	3,000,000	3,800,825
Neighborhood Development Assistance	150,000	-	-	-
Vacant Building Development Financing	2,000,000	-	-	-
Neighborhood Recovery Grants	200,000	-	-	-
Neighborhood Main Streets (Bike Racks, Trash Cans, etc.)	500,000	-	-	-
Athletic Court Repair	1,600,000	744,281	855,719	1,600,000
Safe Community for Everyone	13,410,000	4,366,611	5,800,000	10,166,611
Homelessness Strategy Implementation	200,000	-	-	-
County Partnerships on Homelessness & Mental Health	5,800,000	-	5,800,000	5,800,000
Gun Violence Intervention	500,000	-	-	-
Public Safety Technology Upgrades	1,500,000	2,223	-	2,223
COVID Response	1,500,000	1,448,093	-	1,448,093
COVID Facilities Upgrades	2,000,000	1,026,635	-	1,026,635
ARP Premium Pay	1,910,000	1,889,660	-	1,889,660
Robust, Sustainable Infrastructure	1,625,000	461,453	-	461,453
Green Infrastructure - Greener Homes	100,000	-	-	-
Green Infrastructure - Solarize, Switch & Save	300,000	297,000	-	297,000
Green Infrastructure - Commercial Recycling Partnership for CBD's	75,000	-	-	-
Green Infrastructure - EV Plan & Deployment	150,000	14,453	-	14,453
Green Infrastructure - Distributed Solar/Storage	1,000,000	150,000	-	150,000
Equitable Access to Opportunity	8,950,000	4,904,460	-	4,904,460
Small Business Assistance	1,750,000	-	-	-
Utility Relief	5,500,000	4,631,794	-	4,631,794
Streamlined Assistance	600,000	221,317	-	221,317
Opportunity Fund	1,000,000	-	-	-
Immigration Support	100,000	51,348	-	51,348
Youth and Workforce Development	15,850,000	1,664,162	14,154,038	15,818,200
Workforce Development	250,000	218,200	-	218,200
Dream Center	11,100,000	1,383,970	9,716,030	11,100,000
Pre-K Centers	4,500,000	61,992	4,438,008	4,500,000
Grand Total	58,005,000	13,842,388	23,809,757	37,652,145



Neighborhood Plans

Recently Developed Plans

- West Side Main Streets
- SE Neighborhood Master Plan
- NNN
- Near West Side

Plans for 2023

- LaSalle Park
- River Park
- Comprehensive Plan

Plans in Progress

- Rum Village
- NE
- Kennedy Park
- Monroe Park



Strategic Context Takeaways

- Historic opportunities for transformation
- Continued need to be bold and aggressive
- Upcoming work with Redevelopment Commission and Council on major financing package for READI and neighborhood projects



Strategic Priorities

**Strong
Neighborhoods**

**Safe
Community for
Everyone**

**Robust,
Sustainable
Infrastructure**

**Equitable
Access to
Opportunity**

**Youth and
Workforce
Development**



Strategic Priorities – Council

Strong Neighborhoods

Neighborhood Infrastructure

- Street Paving
- Curbs & Sidewalks
- Lighting (including expansion of Light Up South Bend)
- Traffic Calming
- Wi-Fi expansion to neighborhoods that lack access
- Green infrastructure

Parks, Green Spaces & Community Centers

- Creation of new City parks in areas where they don't exist (especially 5th district)
- Increase funding for tree trimming, tree management, and tree removal
- Continued investment in community centers and upgrades to parks
- Rum Village Community Center

Neighborhood Revitalization

- Residential Neighborhood Planning Completion
- Land Bank
- Update and Address Quality of Life Ordinances
- Better management of vacant lots
- More funding for repair and resurfacing of alleys.
- Demolition of vacant buildings (esp. Drewry's)

Affordable Housing

- Plan for safe and affordable housing
- Access to the Home Repair Program
- Home Repair Energy Savings Grants & Credits
- Incentivize new housing construction in distressed neighborhoods
- Mixed income housing development
- Access to lead abatement program



Strategic Priorities – Council

Safe Community for Everyone

Violence & Crime Reduction

- Proactive policing, such as real-time crime center, and drug enforcement
- Park Safety
- Police Technology upgrades

Recruiting & Retention

- Provide any possible assistance to SBPD to assist in recruiting and retention
- Increase the numbers of officers and recruits for SBPD

Protecting the Vulnerable

- Address Mental Health, including crisis response.
- Continue to proactively address homelessness



Strategic Priorities – Council

Economic Development

Youth and Workforce Development

- Create more jobs and manufacturing
- Review Youth Employment Program
- Job development & training
- Create incentives for hiring/training South Bend high school graduates for high paying jobs.
- Identify permanent funding for the Youth Council Program

Inclusivity

- Facilitate opportunity for minority and women owned businesses
- Access to minority contractors getting city contracts.
- Access to capital for minority businesses
- Expand digital inclusion across the city

Business Support

- Economic development of businesses in challenging neighborhoods
- Make South Bend a place for business
- Investing in infrastructure to generate good paying jobs to spur economic growth and post-Covid economic recovery



Strategic Priorities – Council

Leading City Team

Better Customer
Service

Retain and
attract top talent

Increased
engagement for
2023 Budget
Process



YOUR VOICE MATTERS





BUILD THE BUDGET

- **Online Feedback Survey:** <https://southbendin.gov/budget/>

Help us Build the Budget and follow the link below!

[Take our Budget Feedback Survey!](https://southbendin.gov/budget/) 

A special thank you to the Common Council for their contribution to the budget process each year.

- **Call 311:** Leave a voicemail with your budget priorities!
- **In-Person Meetings:**
 - Coming Soon!



Spending Highlights

2023 Budget



Structural Budget Highlights

- Full staffing level of officers (+8 from 2022)
- Real time crime center operations (new crime analysts)
- Rebuilding Our Streets plan fully funded
- \$300k for mental health (in addition to ~\$1.3M in 2023, ~\$1.3M in 2024 from ARP for crisis response center)
- New neighborhood plans for LaSalle Park and River Park
- Additional alley maintenance capacity (2 new positions and grading machine)
- Tree planting matching fund initiative (\$50k)
- Doubling of traffic calming funding in structural budget (\$800k in 2023)
- Major water and sewer capital projects discussed during rates
- Completion of athletic court repairs (\$600k in addition to \$1.6M in ARP)
- \$2M net (\$6M total) for Dream Center in addition to \$11.1M in ARP
- Funding for Ethnic Fest (\$300k)
- New inspectors to boost RSVP, code programs
- Continued investments in Climate Action Plan
- Revamped VPA structure, emphasizing community programming and new arts equity position
- Targeted wage increases for hard to recruit positions



Budget Takeaways

- Inflation complicates budgeting.
- Competitive wages are climbing fast.
- Healthy reserves provide flexibility in navigating uncertainty.
- Budgeted debt is not actual debt.
- Structural deficit makes new, ongoing expenditures unsustainable.



Financial Overview - Structural

2023 Budget



Step 1: Cash Reserve Requirements

Fund Category	12/31/2022 Projected Cash Balance	Cash Reserve Requirement	Variance	Reserve Requirement Explanation
General Plus Funds	82,860,184	57,904,158	24,956,026	50% of annual operating expenses
Other Operating Funds	21,212,176	15,648,381	5,563,795	Generally, 25% of annual operating expenses
Other Special Revenue Funds	20,183,565	14,127,529	6,056,036	Rainy Day Fund - 3% of total City expenses
Capital & Debt Service Funds	39,164,079	25,621,185	13,542,894	Debt service reserves
Internal Service Funds	16,186,090	8,486,914	7,699,176	Reserve requirement is for self-insured funds
All Other Funds	53,608,015	4,292,777	49,315,238	
Grand Total	233,214,109	126,080,944	107,133,165	

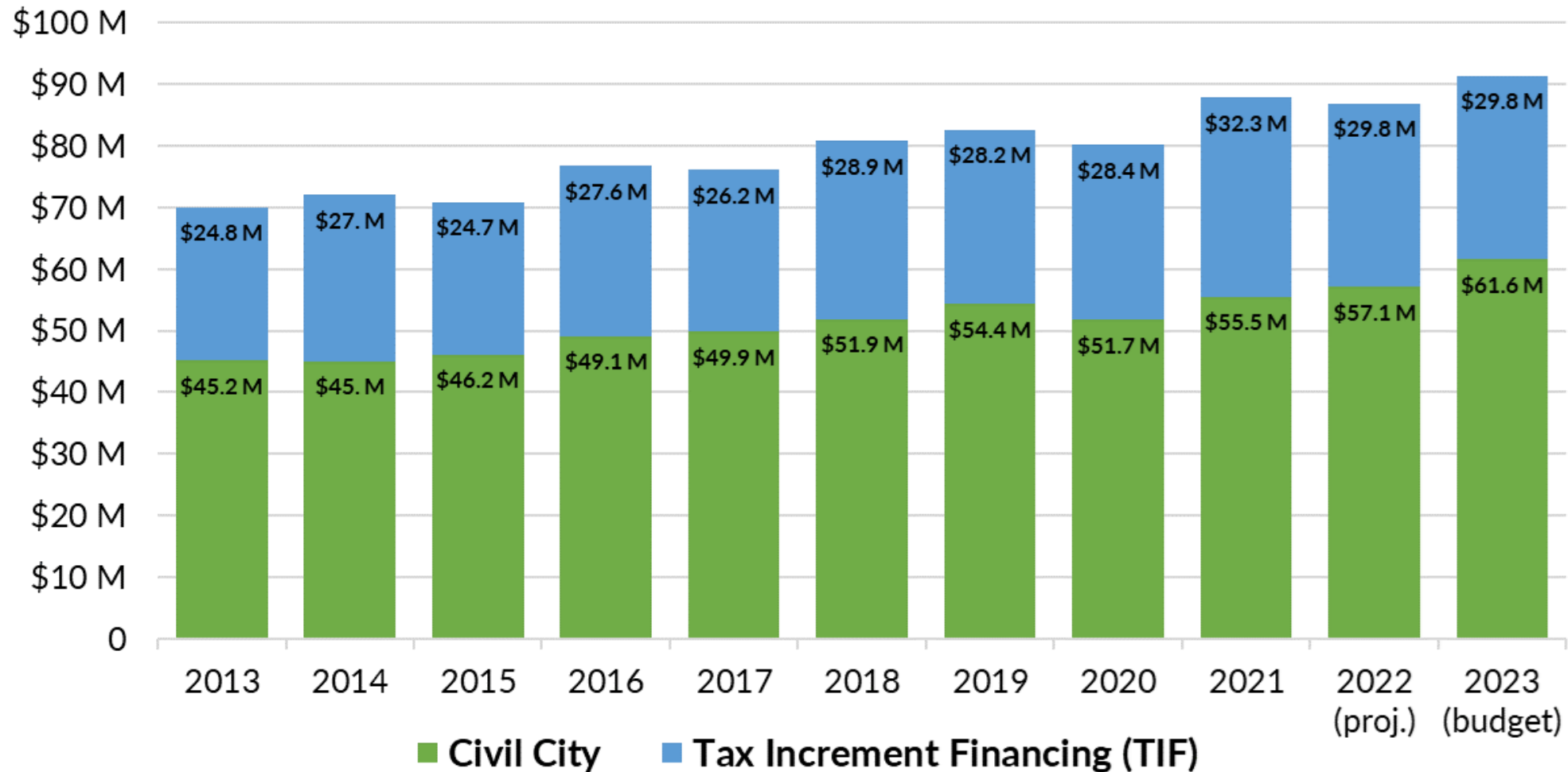


	2019 Actual	2020 Actual	2021 Structural	2022 Structural	2023 Proposed
Property Taxes	54,376,009	51,748,694	55,516,953	57,130,137	61,612,480
Local Income Taxes	34,559,628	36,873,820	35,733,172	30,064,713	32,377,457
Intergov./ Shared Revenues	26,357,577	24,774,012	25,595,557	27,290,333	27,704,386
Intergov./ Grants	7,505,897	10,037,177	10,489,409	4,977,855	4,387,255
Charges for Services	101,564,467	101,247,133	105,060,688	108,438,864	114,546,555
Fines, Forfeitures, and Fees	1,084,943	1,073,088	662,297	725,075	733,550
Licenses & Permits	1,994,397	1,619,205	1,821,899	1,920,025	1,881,225
Donations	3,939,038	3,177,302	3,169,885	2,419,000	6,603,000
Other Income	11,209,323	6,087,040	5,316,366	3,559,605	3,157,407
Interest Earnings	5,539,401	2,048,960	1,296,168	1,246,994	2,383,737
Debt Proceeds	1,472,985	11,899,923	27,792,114	7,556,000	57,111,500
PILOT	6,340,990	6,221,791	6,154,321	6,079,325	6,095,594
Interfund Allocation Reimb	22,440,553	20,960,750	25,124,917	26,096,665	26,659,591
Interfund Transfers In	45,229,210	53,051,701	59,548,925	49,395,810	61,104,395
Grand Total	323,614,417	330,820,594	363,282,670	326,900,401	406,358,132



Step 2: Revenue Projections

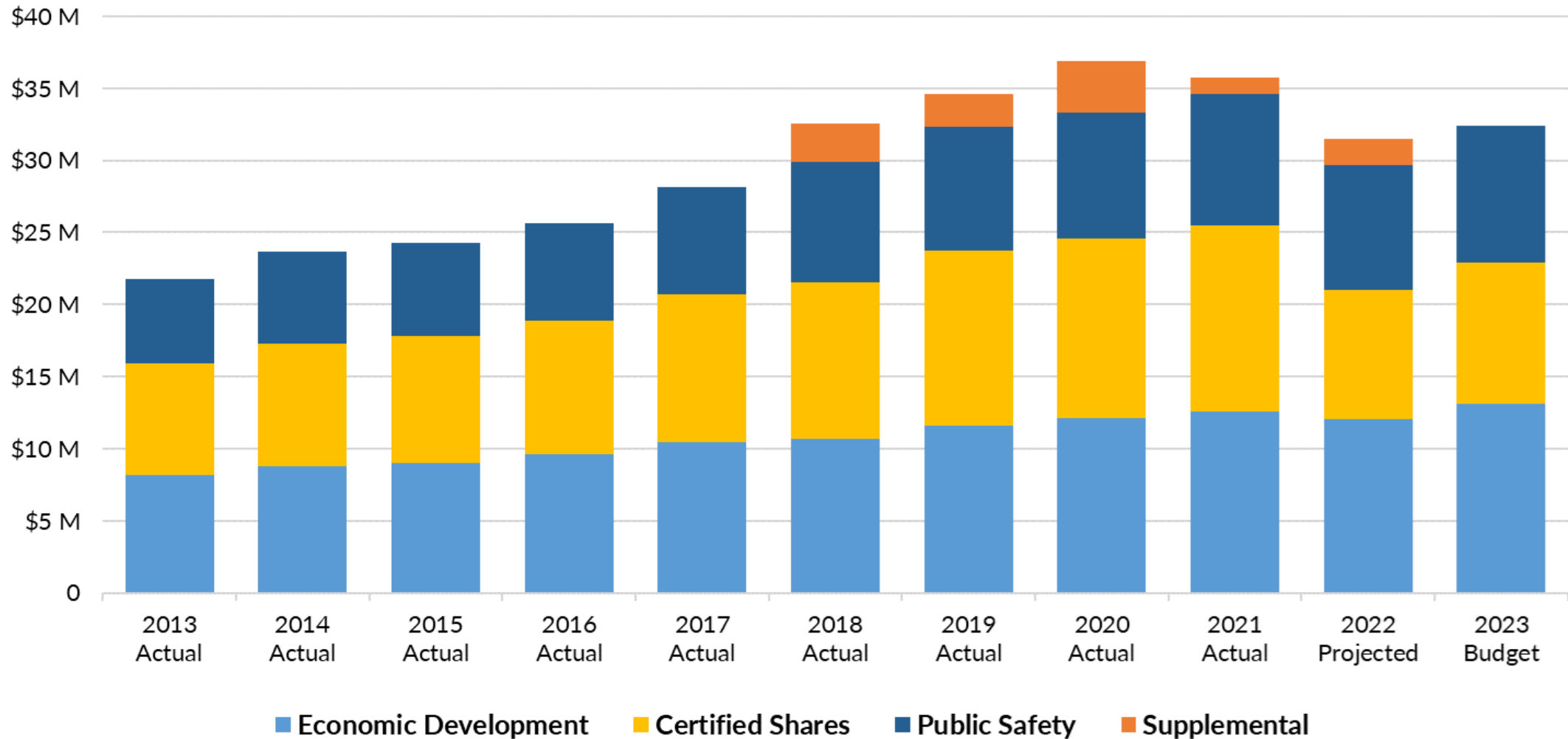
Property Taxes





Step 2: Revenue Projections

Income Taxes

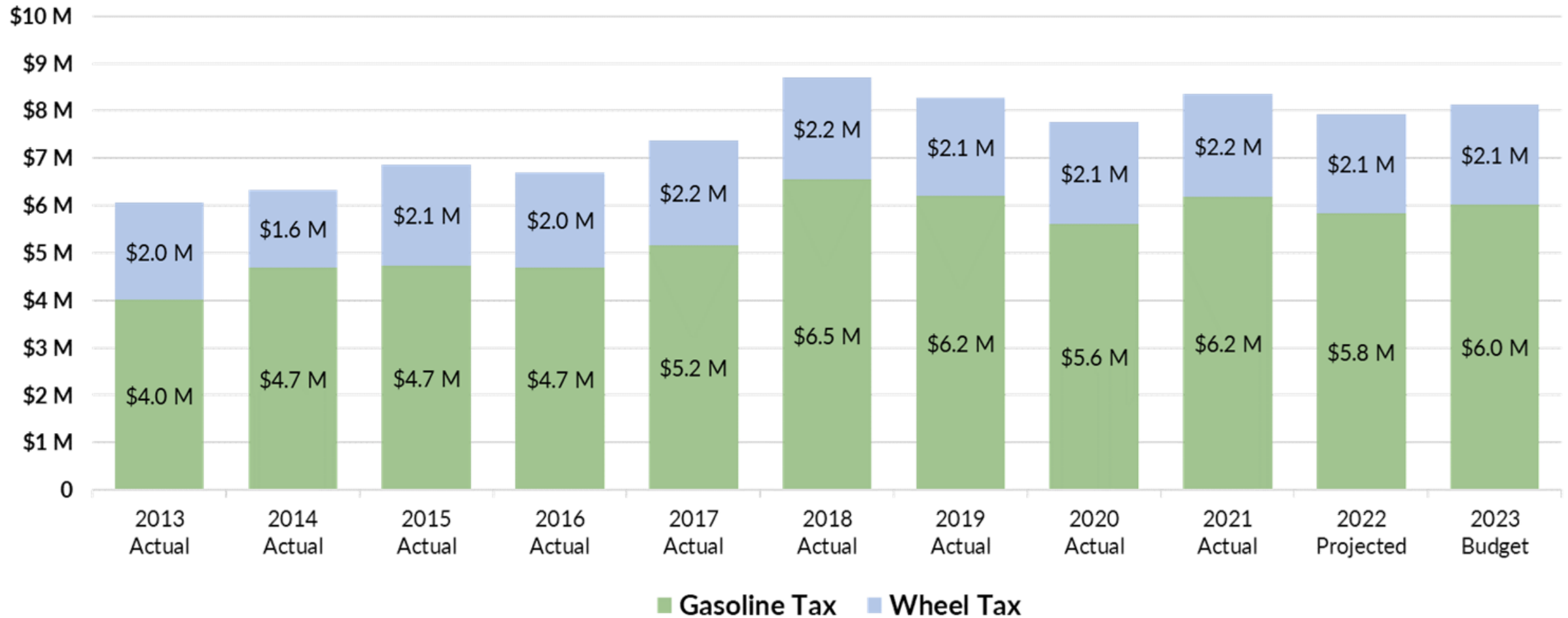




	2019 Actual	2020 Actual	2021 Structural	2022 Structural	2023 Proposed
Property Taxes	54,376,009	51,748,694	55,516,953	57,130,137	61,612,480
Local Income Taxes	34,559,628	36,873,820	35,733,172	30,064,713	32,377,457
Intergov./ Shared Revenues	26,357,577	24,774,012	25,595,557	27,290,333	27,704,386
Intergov./ Grants	7,505,897	10,037,177	10,489,409	4,977,855	4,387,255
Charges for Services	101,564,467	101,247,133	105,060,688	108,438,864	114,546,555
Fines, Forfeitures, and Fees	1,084,943	1,073,088	662,297	725,075	733,550
Licenses & Permits	1,994,397	1,619,205	1,821,899	1,920,025	1,881,225
Donations	3,939,038	3,177,302	3,169,885	2,419,000	6,603,000
Other Income	11,209,323	6,087,040	5,316,366	3,559,605	3,157,407
Interest Earnings	5,539,401	2,048,960	1,296,168	1,246,994	2,383,737
Debt Proceeds	1,472,985	11,899,923	27,792,114	7,556,000	57,111,500
PILOT	6,340,990	6,221,791	6,154,321	6,079,325	6,095,594
Interfund Allocation Reimb	22,440,553	20,960,750	25,124,917	26,096,665	26,659,591
Interfund Transfers In	45,229,210	53,051,701	59,548,925	49,395,810	61,104,395
Grand Total	323,614,417	330,820,594	363,282,670	326,900,401	406,358,132



Gasoline Tax and Wheel Tax

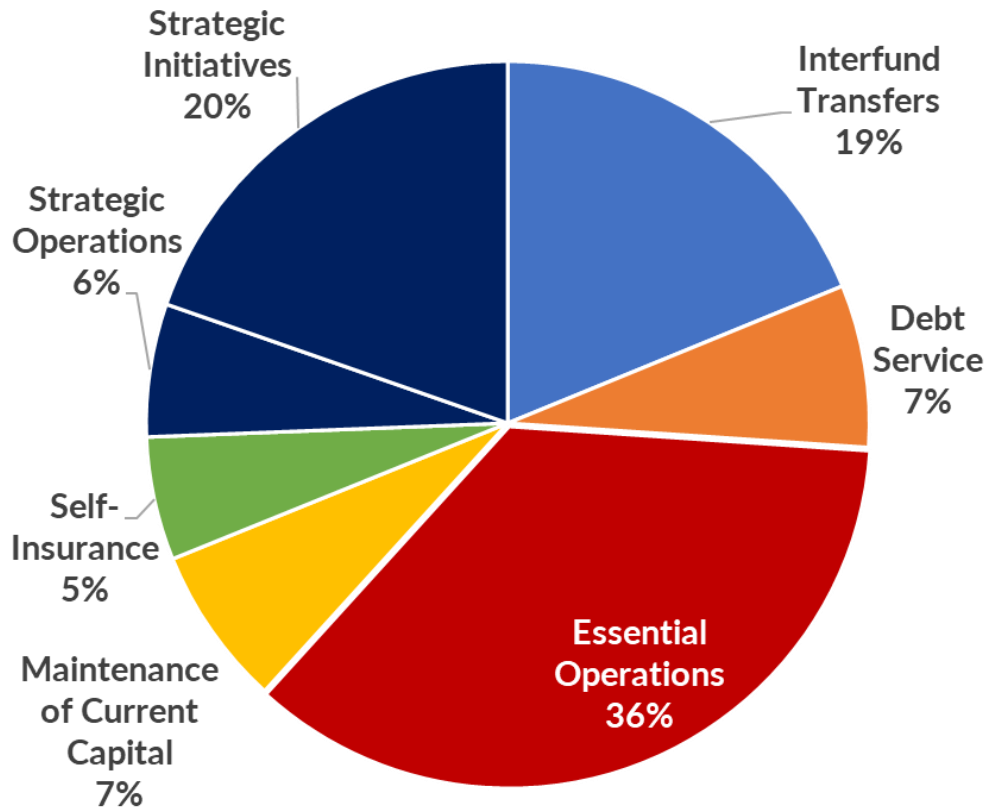




	2019 Actual	2020 Actual	2021 Structural	2022 Structural	2023 Proposed
Property Taxes	54,376,009	51,748,694	55,516,953	57,130,137	61,612,480
Local Income Taxes	34,559,628	36,873,820	35,733,172	30,064,713	32,377,457
Intergov./ Shared Revenues	26,357,577	24,774,012	25,595,557	27,290,333	27,704,386
Intergov./ Grants	7,505,897	10,037,177	10,489,409	4,977,855	4,387,255
Charges for Services	101,564,467	101,247,133	105,060,688	108,438,864	114,546,555
Fines, Forfeitures, and Fees	1,084,943	1,073,088	662,297	725,075	733,550
Licenses & Permits	1,994,397	1,619,205	1,821,899	1,920,025	1,881,225
Donations	3,939,038	3,177,302	3,169,885	2,419,000	6,603,000
Other Income	11,209,323	6,087,040	5,316,366	3,559,605	3,157,407
Interest Earnings	5,539,401	2,048,960	1,296,168	1,246,994	2,383,737
Debt Proceeds	1,472,985	11,899,923	27,792,114	7,556,000	57,111,500
PILOT	6,340,990	6,221,791	6,154,321	6,079,325	6,095,594
Interfund Allocation Reimb	22,440,553	20,960,750	25,124,917	26,096,665	26,659,591
Interfund Transfers In	45,229,210	53,051,701	59,548,925	49,395,810	61,104,395
Grand Total	323,614,417	330,820,594	363,282,670	326,900,401	406,358,132



2023 Proposed Budget

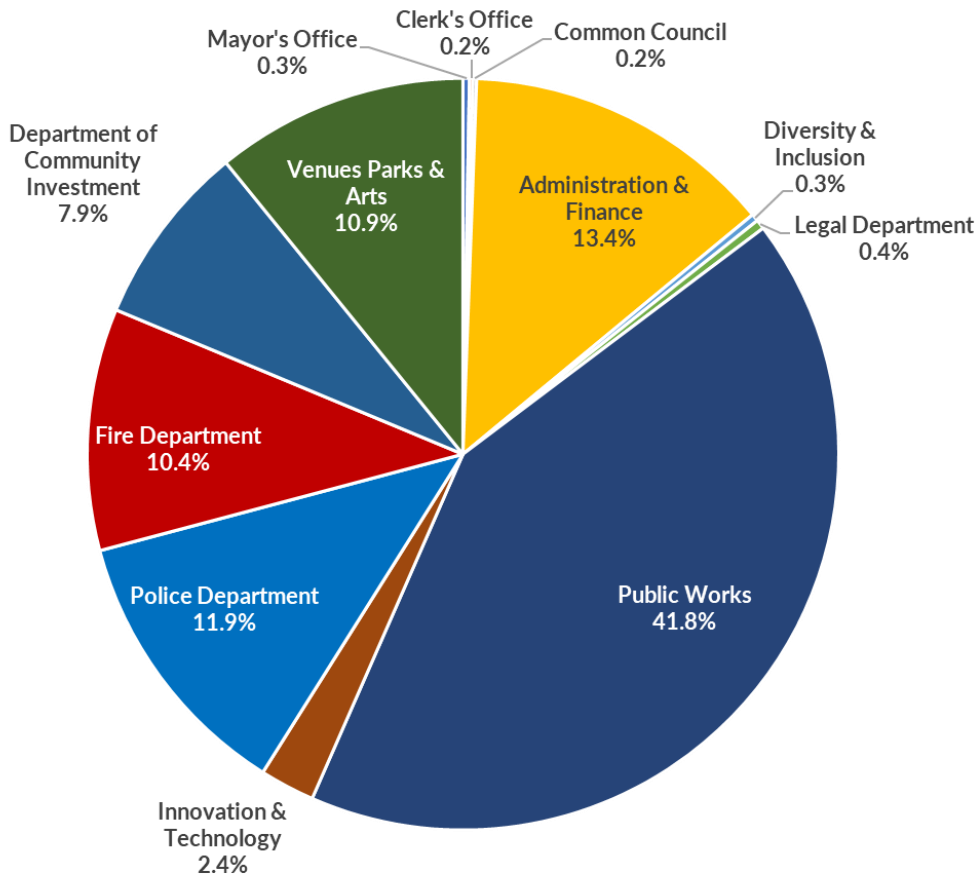


Note: Excludes Redevelopment Commission

	2020 Adopted	2021 Adopted	2022 (Structural)	2023 Proposed	YOY Variance
Baseline Spending	292,070,873	290,635,789	302,563,116	316,468,374	4.6%
Interfund Transfers	74,248,130	74,248,130	76,722,622	80,052,361	4.3%
Debt Service	33,665,369	34,579,042	33,109,625	30,820,330	-6.9%
Essential Operations	137,370,753	137,492,408	141,240,447	151,850,394	7.5%
Administration	15,362,985	16,831,229	18,037,212	19,130,903	6.1%
Building Dept	1,278,742	1,172,833	1,342,430	1,407,930	4.9%
Police	37,124,735	36,229,403	38,238,868	40,157,936	5.0%
Fire/EMS	32,309,512	32,375,440	33,970,949	35,922,093	5.7%
Parks	5,793,147	5,775,801	5,948,905	6,985,940	17.4%
PSAP	2,799,865	2,849,226	-	-	-
Solid Waste	3,146,387	3,290,449	3,671,802	3,877,421	5.6%
Streets	8,161,137	8,392,652	8,904,634	9,858,218	10.7%
Wastewater	17,724,823	17,184,277	17,577,918	19,172,548	9.1%
Water	13,669,420	13,391,098	13,547,729	15,337,405	13.2%
Maintenance of Current Capital	24,235,133	21,375,707	28,352,591	30,338,737	7.0%
Self-Insurance	22,551,488	22,940,502	23,137,831	23,406,552	1.2%
Strategic Spending	49,806,304	44,098,479	62,629,998	108,914,970	73.9%
Strategic Operations	22,179,928	20,283,081	22,822,964	25,363,921	11.1%
Community Investment	7,818,079	6,983,221	8,164,512	8,621,322	5.6%
Venues Parks & Arts	12,748,002	11,564,143	12,672,225	14,704,878	16.0%
Other Strategic Departments	1,613,847	1,735,717	1,986,227	2,037,721	2.6%
Strategic Initiatives	27,626,376	23,815,398	39,807,034	83,551,049	109.9%
Strong Neighborhoods	9,351,771	8,221,459	11,636,413	18,057,798	55.2%
Safe Community for Everyone	1,159,077	1,407,172	1,208,335	1,708,335	41.4%
Robust, Sustainable Infrastructure	16,065,500	12,460,701	25,272,500	62,457,636	147.1%
Equitable Access to Opportunity	550,028	1,226,066	1,209,786	847,280	-30.0%
Youth and Workforce Development	500,000	500,000	480,000	480,000	0.0%
Grand Total	341,877,177	334,734,268	365,193,114	425,383,344	16.5%



2023 Proposed Budget



Row Labels	2020 Adopted	2021 Adopted	2022 (Structural)	2023 Proposed	YOY Variance
Mayor's Office	1,640,947	1,946,866	2,312,207	1,194,678	-48.3%
Clerk's Office	556,675	665,083	694,547	641,826	-7.6%
Common Council	696,412	693,909	724,311	658,033	-9.2%
Administration & Finance	62,306,426	64,641,693	51,191,541	57,036,684	11.4%
Diversity & Inclusion	1,083,237	1,266,724	1,328,668	1,366,060	2.8%
Legal Department	1,455,633	1,572,866	1,710,716	1,740,630	1.7%
Public Works	123,764,342	114,801,708	142,090,184	177,917,174	25.2%
Innovation & Technology	7,726,248	9,519,908	10,101,555	10,079,020	-0.2%
Police Department	48,885,552	48,133,578	48,705,885	50,710,170	4.1%
Fire Department	38,654,282	38,185,194	43,087,885	44,200,959	2.6%
Community Investment	26,524,457	26,087,135	32,644,056	33,522,868	2.7%
Venues Parks & Arts	28,582,966	27,219,604	30,601,559	46,315,242	51.3%
Grand Total	341,877,177	334,734,268	365,193,114	425,383,344	16.5%

Note: Excludes Redevelopment Commission



2023 Proposed Budget

Total Revenue (City):	406,358,132
Total Expenditures (City):	<u>(425,383,344)</u>
Net Surplus/(Deficit)	(18,898,432)

- Deficit driven by:
 - Internal Service Funds Spend-Down: \$ 2.3 million
 - Streets Funds Spend-Down \$ 3.5 million
 - General Plus Fund Deficit: \$13.2 million



2023 Proposed Budget

- General Plus Fund Deficit: \$13.2 million
 - Capital, one-time Spending:
 - \$2 million (net): Dream Center
 - \$5.5 million: Strategic Capital for streets
 - \$1 million: Zoo Capital (per agreement)
 - \$500,000: Additional asphalt court repair
 - Increased costs, particularly in chemicals and fuel
- General Plus Fund History:

General Plus Funds Budget					
2020		2021		2022	
Budget	Actual	Budget	Actual	Budget	6/30/2022 Actual
<i>Balanced</i>	<i>\$13.3 Million Surplus</i>	<i>\$5.0 Million Deficit</i>	<i>\$9.9 Million Surplus</i>	<i>\$6.3 Million Deficit</i>	<i>\$2.7 Million Surplus</i>

- Stronger than expected revenue
- Cost savings (particularly in personnel)



Personnel Assumptions

- **Non-bargaining personnel:** 3.00% raise
 - City Residency Incentive: \$1,000 → \$2,000
- **Sworn Firefighters:** 2.50% raise (per contract)
- **Teamsters:** 2.00% raise (per contract)
 - City Residency Incentive: \$1,000 → \$2,000
- **Sworn Police Officers:**
 - Contract negotiations are ongoing.
 - In the meantime, the numbers in the budget currently are based on a 2.0% raise, which is meant to present a neutral position.
 - We expect these numbers to change based on the results of the contract negotiation.



Format of Budget Hearings

2023 Budget



Budget Hearing Schedule

Date	Time	Topic
Wednesday, August 17, 2022	5:00 PM	2023 City-Wide Budget Overview
Wednesday, August 24, 2022	5:00 PM	Police Department & Fire Department
Wednesday, August 31, 2022	5:00 PM	Venues Parks & Arts
Tuesday, September 6, 2022	5:00 PM	Council Working Session #1
Wednesday, September 7, 2022	5:00 PM	Public Works
Wednesday, September 14, 2022	5:00 PM	Department of Community Investment
Tuesday, September 20, 2022	5:00 PM	Council Working Session #2
Wednesday, September 21, 2022	5:00 PM	Admin & Finance, Innovation & Technology, and Diversity & Inclusion
Monday, September 26, 2022	7:00 PM	Public Hearing on 2023 Budget (@ 7:00 pm Council Meeting)
Wednesday, September 28, 2022	5:00 PM	Mayor's Office, Legal Department, Clerk & Council
Thursday, October 6, 2022	5:00 PM	Transpo, Budget Wrap-up, and Final Questions



Format of 2023 Budget Packets

- Copy of each PowerPoint Presentation
- Budget Summary Sheet
 - Summary of Spending
- Personnel Summary
 - Summary of high-level personnel counts, including changes from 2022
- Personnel Detail
 - Complete listing of personnel in each area, including changes from 2022
- Line-Level Budget Detail