

City of South Bend 2024 Budget: Public Hearing

September 23, 2024



2025 Budget Process

- 11 public meetings – 6 have been completed, tonight is the 7th.

Date	Time	Topic
Wednesday, August 14, 2024	5:30 PM	2025 City-Wide Budget Overview
Wednesday, August 21, 2024	5:30 PM	Police Department & Fire Department
Wednesday, August 28, 2024	5:30 PM	Venues Parks & Arts
Wednesday, September 4, 2024	5:30 PM	Public Works
Thursday, September 12, 2024	5:30 PM	Department of Community Investment
Wednesday, September 18, 2024	5:30 PM	Administrative Departments (Admin & Finance, Legal Dept., Innovation & Technology)
Monday, September 23, 2024	7:00 PM	Public Hearing on 2025 Budget (Council Meeting)
Wednesday, September 25, 2024	5:30 PM	Mayor's Office, Diversity & Inclusion, City Clerk, Common Council
Thursday, September 26, 2024	5:30 PM	Transpo, Budget Wrap-up and Final Questions
Thursday, October 3, 2024	5:30 PM	Council Working Session
Monday, October 14, 2024	7:00 PM	Vote on 2025 Budget (Council Meeting)

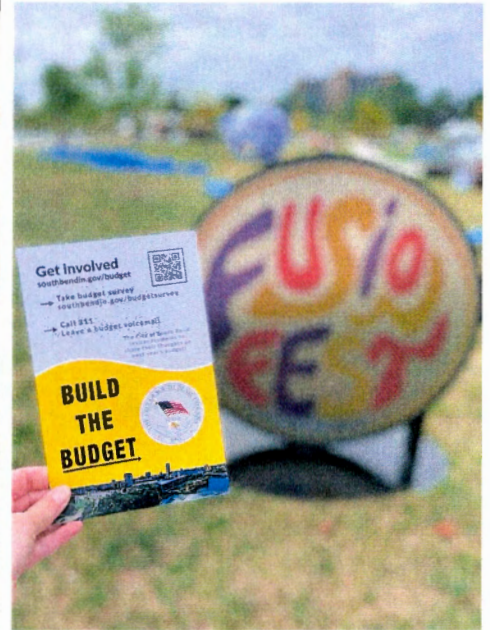


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City Clerk, South Bend, IN

BUILD THE BUDGET



Build the Budget Participation

- 4th year running Build the Budget
- Engagement ran July 30 – September 15
- Online and voicemail engagement was down compared to last year, but overall feedback was up because of high in-person engagement across 9 events
 - 1,155 (BtB 2024) < 1,546 (BtB 2025)
 - 29% increase, highest number yet

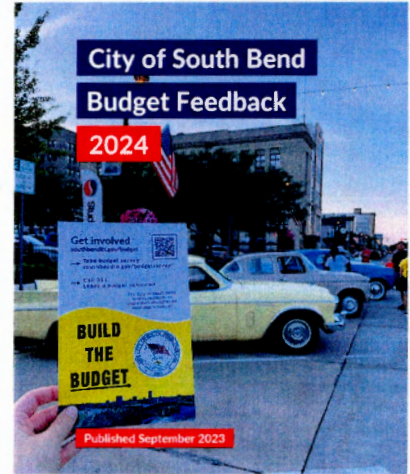
I&T will be distributing and publishing the report this Wednesday 9/25!

<p>70 Online Survey Responses</p>
<p>161 311 Voicemails</p>
<p>1,315 In-person Envelope Wall Participants</p>
<p>1,546 Total pieces of resident feedback</p>

Top priorities across engagement methods

5 Major Themes:

1. Resurfacing & repairs for roads and streets
2. Improvements to neighborhood infrastructure
3. Safe, non-violent communities
4. Housing availability, accessibility, and affordability
5. Continued investment in City parks & trails



Additional analysis available in the Budget Feedback Report.

2025 Proposed Budget

Strategic Priorities

**Strong
Neighborhoods**

**Safe
Community for
Everyone**

**Robust,
Sustainable
Infrastructure**

**Equitable
Access to
Opportunity**

**Youth and
Workforce
Development**



Budget Context

Macroeconomy

- Inflation has stabilized, prices remain high
- Continued growth, lower interest rates ahead
- Competitive wages continue to climb faster than revenue growth

City Financial Position

- Growing revenue, healthy reserves
- Need to grow into existing budget, making additional cuts wherever possible
- Structural deficit makes new, ongoing expenditures unsustainable
- Budgeted deficit is not an actual deficit.

Policy Outlook

- New federal spending unlikely
- State road funding formula
- State tax reform proposals



2025 Projected Revenues

	2022 Actuals	2023 Actuals	2024 Amended Budget	2025 Proposed Budget	YOY % Chg
Property Taxes	58,019,715	61,739,306	65,178,717	67,911,165	4.2%
Local Income Taxes	31,464,266	44,541,348	41,439,340	43,460,144	4.9%
Charges for Services	110,825,456	114,705,082	123,589,568	122,732,256	-0.7%
Debt Proceeds	20,602,267	4,913,200	26,573,000	18,063,997	-32.0%
Donations	3,523,560	4,721,935	9,720,560	1,383,000	-85.8%
Fines, Forfeitures, and Fees	646,218	664,440	744,420	781,840	5.0%
Interest Earnings	3,926,913	7,982,221	12,411,286	6,078,935	-51.0%
Intergov./ Grants	39,837,702	8,738,061	4,489,368	5,179,662	15.4%
Intergov./ Shared Revenues	25,298,818	27,529,359	30,670,188	30,411,793	-0.8%
Licenses & Permits	2,240,128	2,348,304	1,930,707	2,588,372	34.1%
PILOT	6,079,325	6,095,594	6,024,186	5,765,661	-4.3%
Other Income	6,178,396	5,643,414	3,108,272	3,575,579	15.0%
Interfund Transfers In	46,216,472	53,946,233	76,607,072	61,042,656	-20.3%
Interfund Allocation Reimb	25,996,674	26,659,591	30,402,622	32,782,959	7.8%
Grand Total	380,855,910	370,228,088	432,889,306	401,758,019	-7.2%



Note: Excludes Redevelopment Commission

2025 Proposed Department Budgets

	2022 Actual	2023 Actual	2024 Adopted Budget	2025 Proposed Budget	YOY % Change
Mayor's Office	\$ 2,132,797	\$ 869,934	\$ 1,109,306	\$ 1,180,862	6.45%
City Clerk	433,836	424,275	492,180	510,538	3.73%
Common Council	509,239	599,639	888,100	941,725	6.04%
Administration & Finance	52,290,061	41,613,850	47,995,436	51,742,415	7.81%
Legal Department	1,303,534	1,441,171	1,731,678	1,807,343	4.37%
Public Works	82,035,216	74,748,032	109,085,221	113,300,084	3.86%
Innovation & Technology	9,298,919	9,420,931	13,046,360	15,011,232	15.06%
Police Department	43,031,323	46,162,859	51,624,354	54,276,559	5.14%
Fire Department	38,290,606	41,819,635	43,376,051	42,778,207	-1.38%
Dept of Community Investment	27,676,663	16,795,208	22,712,628	22,056,642	-2.89%
Venues, Parks & Arts	36,461,432	36,759,065	31,651,661	32,543,473	2.82%
Interfund Transfers	75,226,513	55,791,017	83,427,056	85,691,953	2.71%
Grand Total	\$ 368,690,139	\$ 326,445,616	\$ 407,128,031	\$ 421,841,032	3.61%



Note: Excludes Redevelopment Commission

Cash Reserve Requirements

Fund Category	12/31/2024 Projected Cash Balance	Cash Reserve Requirement	Variance	Reserve Requirement Explanation
General Fund	85,359,323	53,663,670	31,695,653	50% of annual operating expenses
Local Income Tax Funds – Public Safety & Economic Development	43,777,330	10,554,983	33,222,347	Generally, 50% of annual operating expenses
Special Revenue Funds	52,474,069	9,711,029	42,763,040	Rainy Day Fund - 3% of total City expenses
Capital & Debt Service Funds	19,418,335	5,146,903	14,271,432	Debt Service Reserves
Internal Service Funds	21,370,045	5,205,831	16,164,214	Reserve requirement is for self-insured funds
Enterprise & Other Funds	118,396,080	25,525,932	92,870,148	

2025 Proposed Budget

Total Revenue (City):	\$401,758,019
Total Expenditures (City):	<u>(\$421,841,032)</u>
Net Surplus/(Deficit):	(\$20,083,013)

- Deficit Breakdown:
 - General Plus Funds Deficit: **\$10,859,787**
 - Enterprise Funds Deficit: **\$12,700,579**
 - Other funds surplus: \$3,477,353
 - General Plus Funds deficit increased due to decrease in projected property tax revenue and local income tax revenues per DLGF data.

2025 Budget

- General Plus Fund Deficit (Governmental Funds):
 - Subsidies for Streets Department capital and operational expenditures.
 - Subsidize Parks operations
 - Expenditures for the Real-Time Crime Center and cameras for the Fire Department and City Parks.
 - Increased operating costs due to inflation and increased salaries and wages

- General Plus Fund History:

General Plus Funds Budget					
2022		2023		2024	
Budget	Actual	Budget	Actual	Budget	6/30/2024 Actual
\$6.3 Million Deficit	\$2.7 Million Surplus	\$13.1 Million Deficit	\$9.28 Million Surplus	\$16.1 Million Deficit	\$5.2 Million Surplus

- Stronger than expected revenue
- Cost savings (particularly in personnel and some departments spending roughly 70-75% of their actual budgets.)



Selected Highlights

Safe Community for Everyone

- Expansion of Community Resource Officers and Strategic Focus Unit (full staffing level of 257 sworn officers)
- Expansion of real time crime center operations and technology
- Continued investments in homelessness strategy
- Animal Resource Center
- Upcoming fire negotiations

Strong Neighborhoods and Infrastructure

- Continued funding above historic levels for Rebuilding Our Streets
- Parks and neighborhood projects
- Vibrant places grant
- IGNITE grants
- Neighborhood plan for Twyckenham Hills
- MLK Dream Center operations
- All-of-the-above housing strategy

Good Government

- Latest best practices in Innovation & Technology
- Cost of living adjustments to attract and retain talent, Teamsters negotiation
- Climate Action Plan
- Improved experience in public spaces

