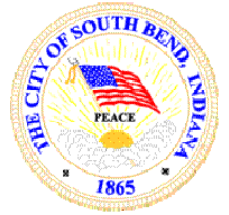


City of South Bend 2016 Budget Presentation



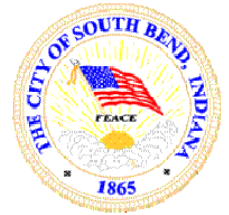
Community Forum
Charles Black Center
October 1, 2015

City Budget Process/Components



- Proposed annual City budget presented by Mayor to Common Council on August 17, 2015
- City budget is divided into seven (7) categories of activity (103 funds):
 - General Fund (1 fund; 13 active departments)
 - Special Revenue Funds (34 funds)
 - Debt Service & Capital Funds (12 funds)
 - Enterprise Funds (27 funds)
 - Internal Service Funds (7 funds)
 - Trust & Agency Funds (5 funds)
 - Redevelopment Funds (approved by the Redevelopment Commission) (17 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)

2016 Key Budget Dates



- May 28 – Budget Kick Off Meeting at Century Center
- July 13 through 21 – Mayor’s review of Departmental Budgets
- August 17 – Budget Overview Presentation to Council
- August 17 through October 12 – Personnel & Finance Committee Public Budget Meetings
- September 1 – Submission of Budget to County for Non-Binding Review
- September 14 – Deadline to Advertise Budget in Gateway System
- September 28 – Public Hearing on Budget
- October 12 – Budget Adoption Public Meeting
- October 26 – Backup Date for Budget Adoption Public Meeting
- November 2 – Deadline to Adopt 2016 Budget
- February 15 – Deadline for the DLGF to Certify 2016 Budget



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

Review 2015 Budget Book at:

<http://docs.southbendin.gov/weblink8/0/doc/57306/Electronic.aspx>



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of South Bend
Indiana**

For the Fiscal Year Beginning

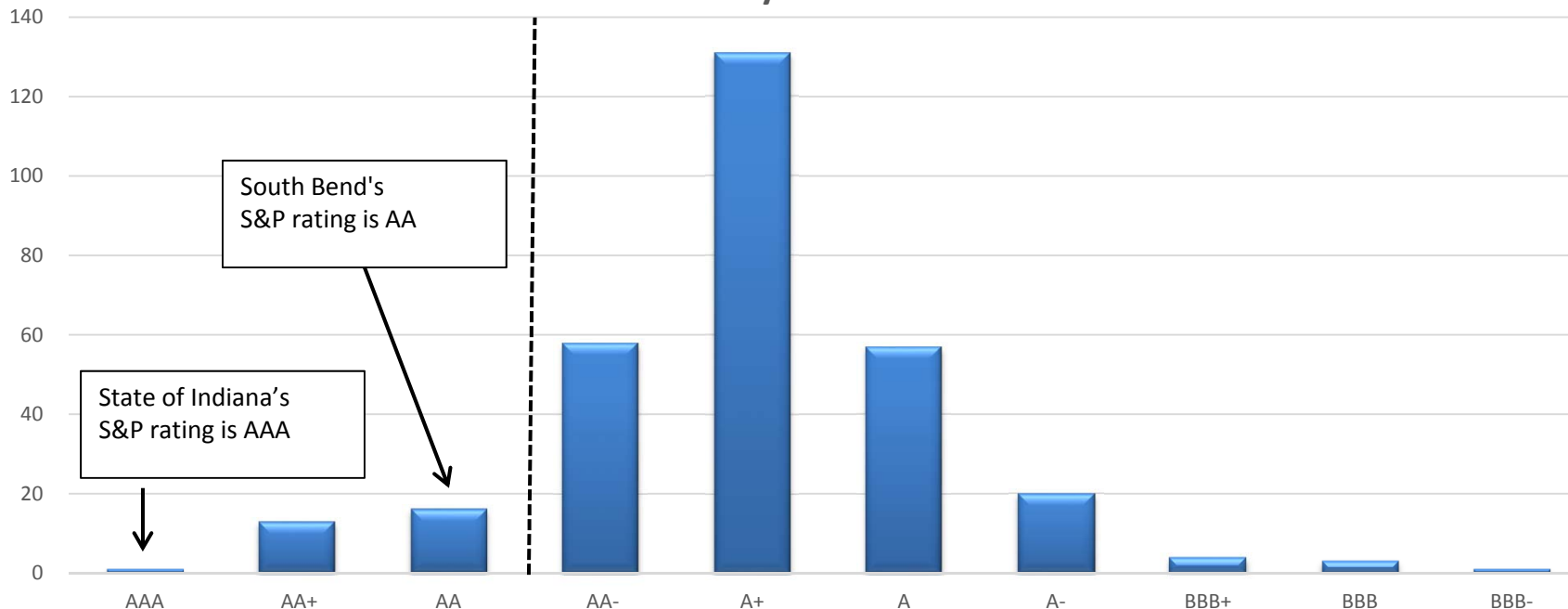
January 1, 2015

Executive Director



Bond Rating Comparison

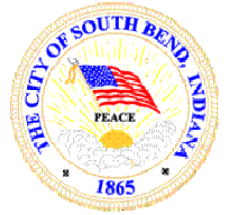
Indiana Local Government Standard & Poor's Bond Ratings
July 2014



Why is this important?

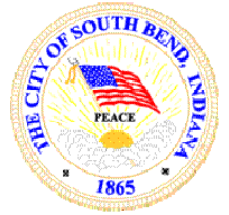
The bond or credit rating is a measure of the City's financial reputation. A good credit rating enables the City to borrow money for construction projects and other needs at the most competitive rates available. This saves thousands of taxpayer dollars in interest payments.

Context for the 2016 City Budget



- **Growth and strength** – South Bend’s economy and population are growing & civic energy is high, while financial reserves remain healthy
- **Fiscal limitations** – despite economic growth, property tax revenues are flat while personnel costs are rising
- **Major initiatives on track** – major initiatives like Group Violence Intervention (GVI), Vacant and Abandoned (V&A) Properties, and Smart Streets are proceeding with funding from 2013-2015

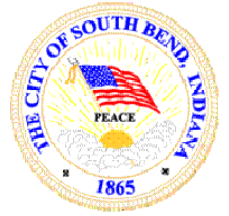
Vision Principles for 2016 Budget



Continuing our Comeback

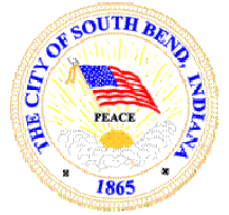
- **Inclusion** – ensure everyone shares in progress on jobs, safety, and quality of life
- **Innovation** – use updated practices and technologies to deliver better services more cost-effectively
- **Sustainability** – manage costs and investments to sustain long-term fiscal stability

2016 Budget Kickoff Council Priorities



- Economic Development & Job Training
- Public Safety, Neighborhood Patrols & Shot Spotter Program
- Investment in Parks
- Neighborhood Infrastructure (Curbs, Sidewalks, Light Up South Bend Program)
- City Corridors (Western Avenue & Lincoln Way)
- In-Fill of Lots for Vacant & Abandoned Housing
- Code Enforcement (Illegal Dumping, Graffiti & Grass Program)
- Diversity in City Workforce at All Levels

2016 Budget Highlights



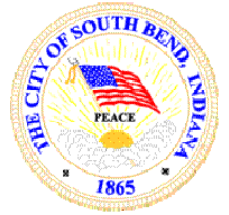
➤ **Economic development, jobs and workforce development**

- \$14 million to support continued job growth and investment and additional \$9.6 million for infrastructure to support growth
- \$70,000 for SMART workforce training program with Work One and Ivy Tech
- \$95,000 for Recruitment, Retention and Skills Training
- \$32,000 for Bridges Out of Poverty Employee Resource Network (2015 dollars)
- Project Lead the Way (2nd of 3 year roll-out to all Public Schools in the City)
- New dual-credit firefighter training program with the SBCSC and Ivy Tech

➤ **Investing in neighborhoods**

- \$1,027,791 in Property Management (mowing, trees, acquisition of vacant parcels)
- \$1,088,750 on Vacant to Value (grants, tool libraries, legal assistance)
- \$1,500,000 of Southeast Area Plan Streetscape Improvements
- \$900,000 on Cemetery/West Washington Area Streetscape Improvements
- \$200,000 on Light Up South Bend
- \$750,000 on Curbs and Sidewalks
- \$228,000 (net of \$192,000 matching grant from State) on Safe Routes to School

2016 Budget Highlights (cont.)



➤ **Public safety**

- \$76,365,255 for Police and Fire, 25% of overall City budget
- \$165,000 for Shot Spotter
- New Senior Human Resources Generalist to focus on Public Safety Human Resource needs and issues
- New Hazardous Materials Response vehicle to replace aging truck over 25 years

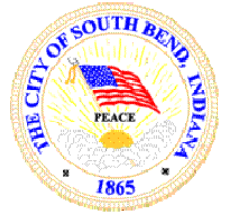
➤ **Parks & recreation for quality of life**

- \$188,000 on Made Men Youth Mentoring Program
- Major upgrades planned for Howard Park Ice Rink and Charles Black Center using 2015 EDIT Park Bond Funds.

➤ **Appropriate compensation**

- Raising minimum wage for all full-time city employees to \$10.10 over three years
- Using efficiency gains to enable a 2% increase to salary caps for all non-bargaining employee groups
- Accommodating a 20% increase in health insurance charged to all departments
- Consolidating temporary, part-time positions to create 5 full-time solid waste pickers

2016 Budget Highlights (cont.)

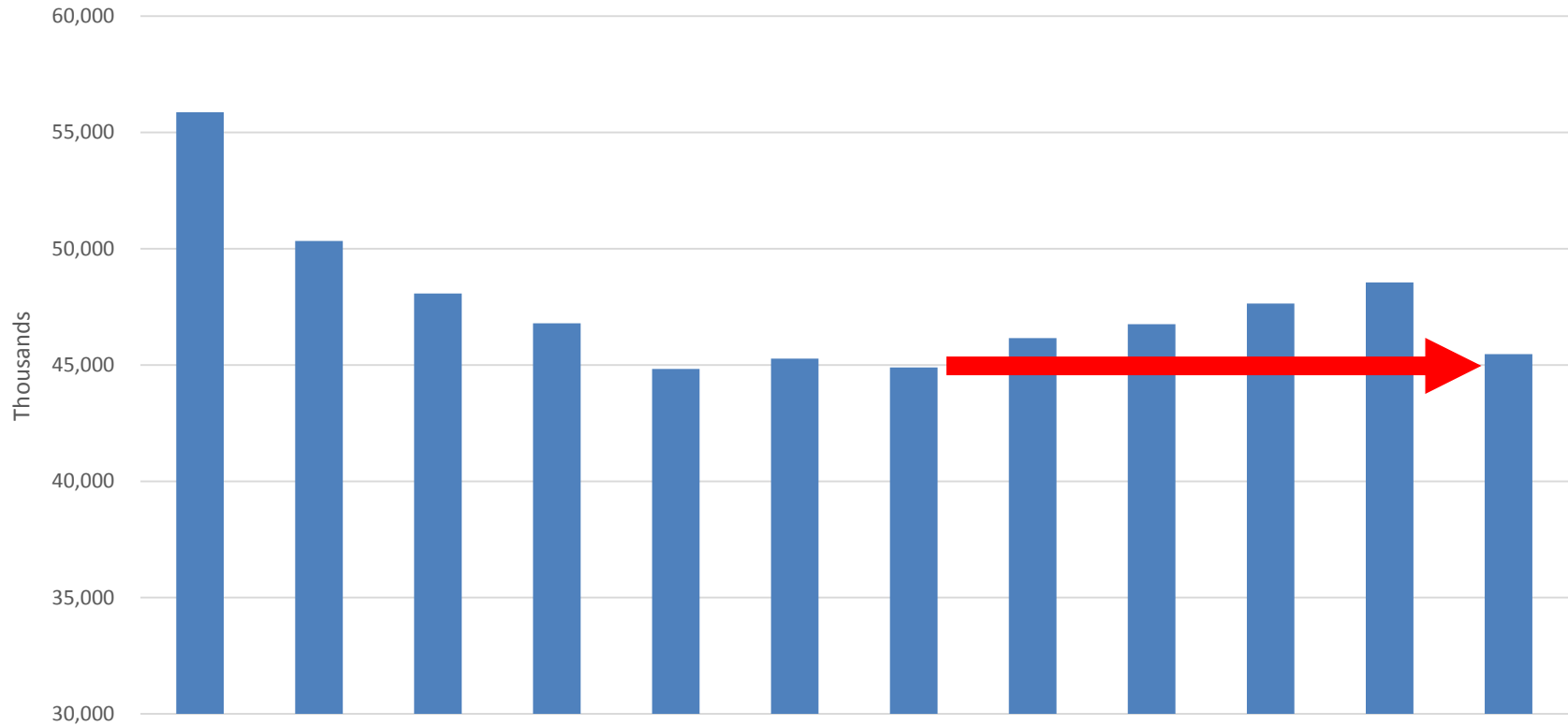
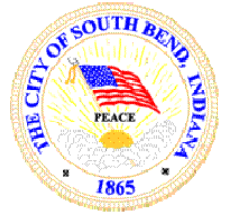


- **Diversity, inclusion, and opportunity**
 - New Diversity Inclusion Officer to drive strategic initiatives across the Administration and perform duties of former Diversity Compliance Officer
 - Municipal IDs available to every City of South Bend resident

- **Sustainable fiscal path**
 - Balanced budget for General Fund
 - Budgeted Revenues = Budgeted Expenditures
 - Keeping other funds on track for long term balance

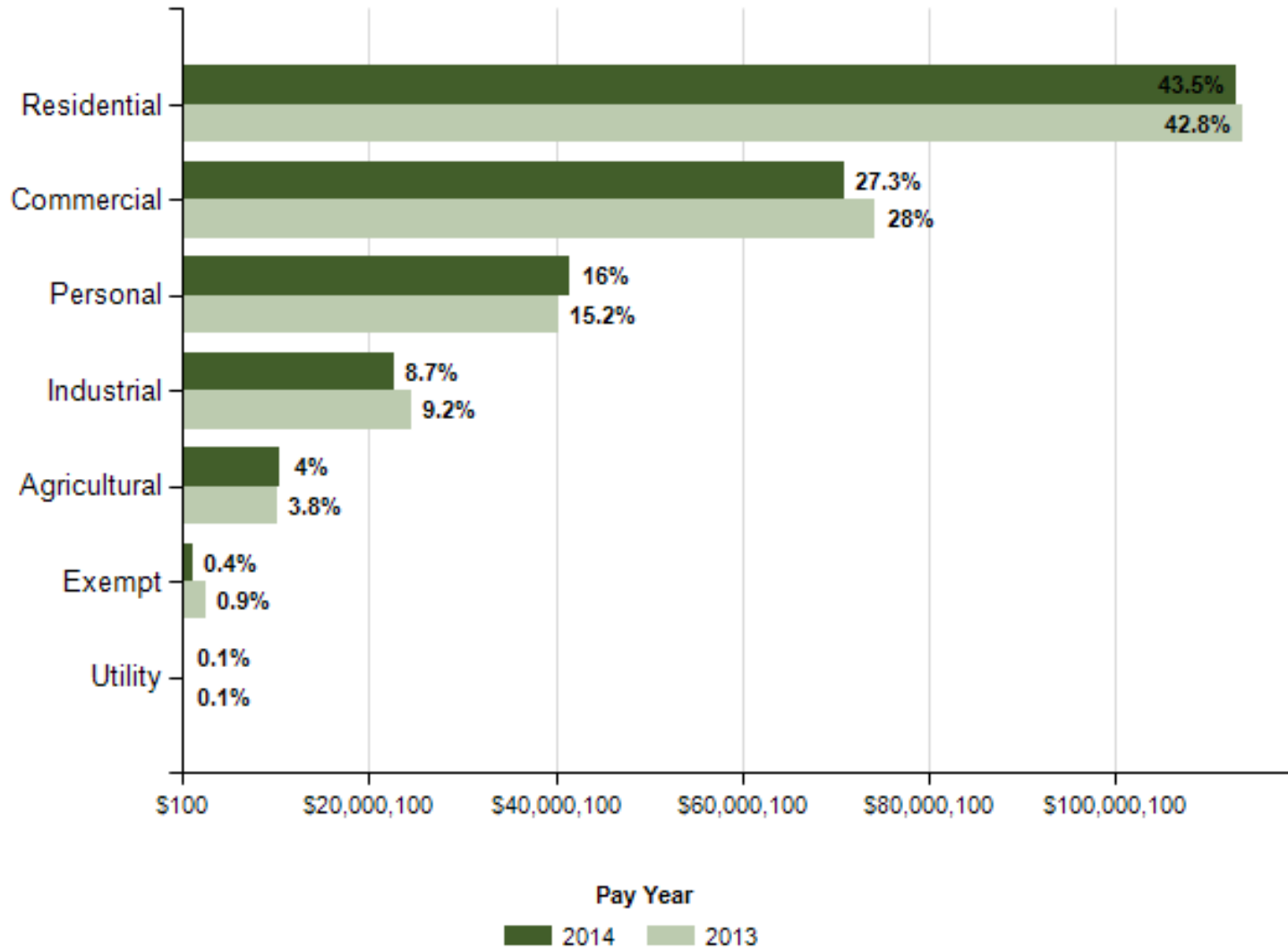
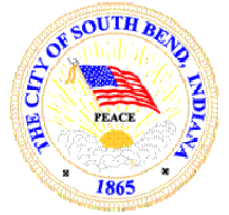
- **Better, more efficient services through innovation**
 - \$3.2 million for Office of Innovation and Information Technology
 - Innovative financing to leverage minimal taxpayer dollars to unlock \$5M of energy efficiency renovations at Century Center

Flat Projected Property Tax Revenues Due to State Circuit Breakers



	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Estimated	2017 Estimated	2018 Estimated	2019 Estimated	2020 Estimated
Net Levy (in thousands)	\$55,869	\$50,333	\$48,076	\$46,791	\$44,831	\$45,274	\$44,897	\$46,156	\$46,753	\$47,644	\$48,548	\$45,469

Who Pays Property Taxes In Saint Joseph County?



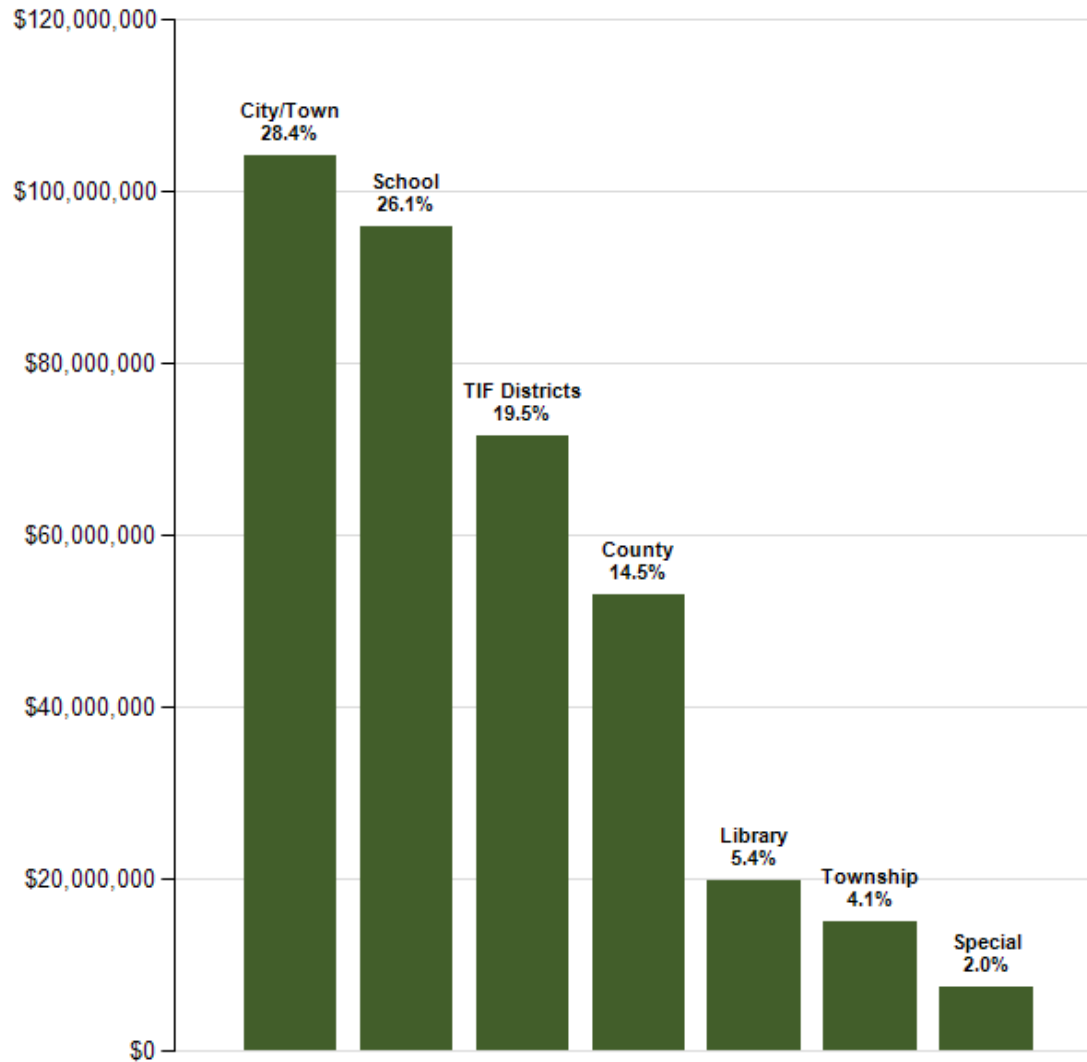


Who Pays Property Taxes In Saint Joseph County? (Cont.)

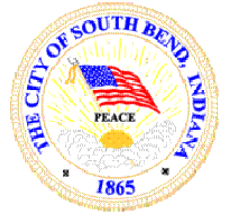
Source	2014	% Total	2013	% Total
Residential	\$112,946,802	43.5%	\$113,662,077	42.8%
Commercial	\$70,963,543	27.3%	\$74,175,207	28.0%
Personal	\$41,439,358	16.0%	\$40,356,484	15.2%
Industrial	\$22,599,297	8.7%	\$24,458,078	9.2%
Agricultural	\$10,434,019	4.0%	\$10,051,573	3.8%
Exempt	\$989,693	0.4%	\$2,481,122	0.9%
Utility	\$148,116	0.1%	\$150,991	0.1%

Source: Indiana Gateway Public Access Portal. <https://gateway.if.online.org>

Who Receives Property Taxes In Saint Joseph County?



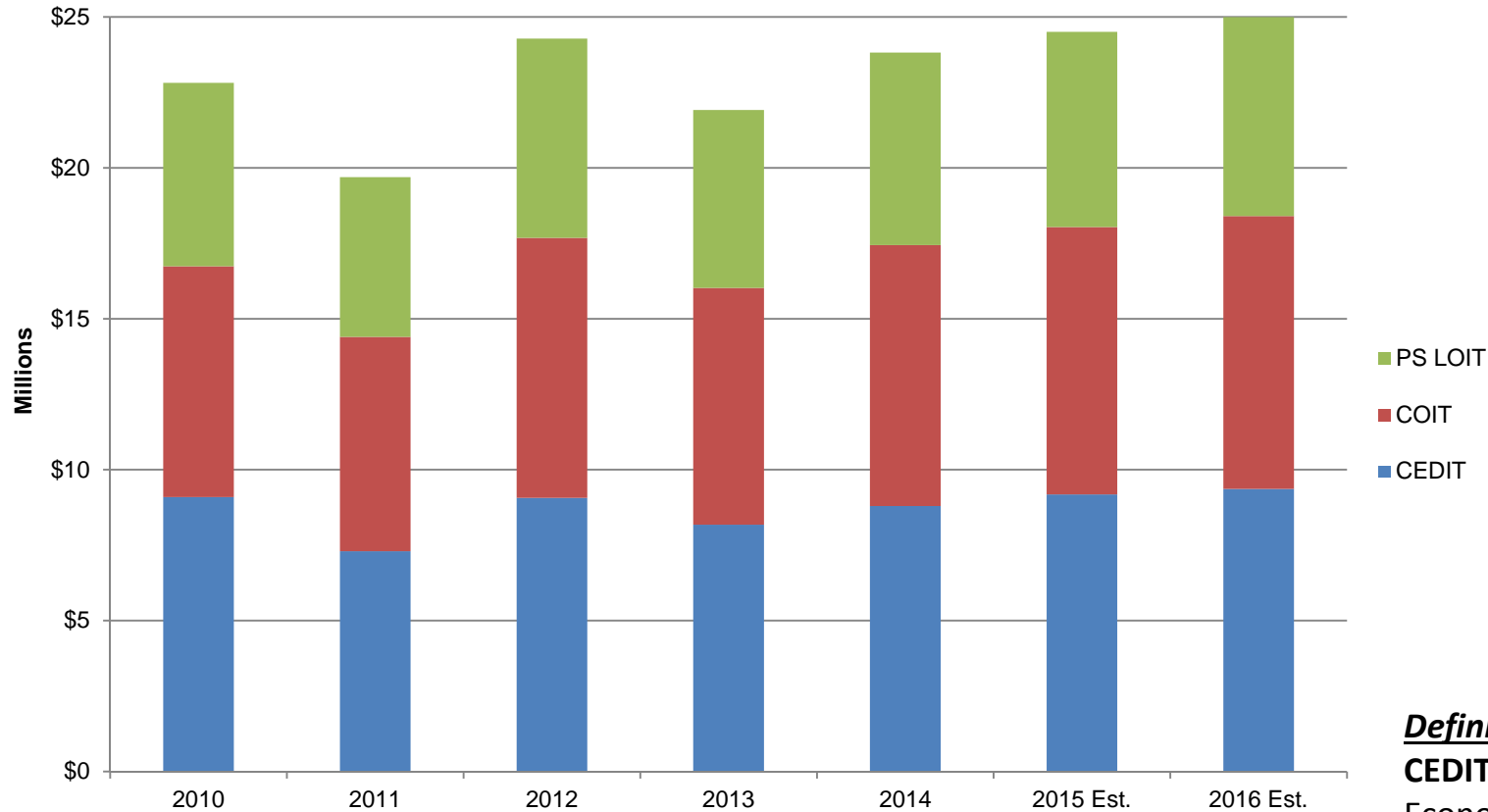
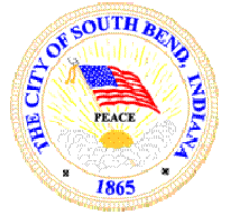
Who Receives Property Taxes In Saint Joseph County? (Cont.)



Source	2014	% Total
Cities/Towns	\$104,103,828	28.4%
School	\$95,795,539	26.1%
TIF	\$71,453,892	19.5%
County	\$53,035,210	14.5%
Library	\$19,751,724	5.4%
Township	\$14,951,460	4.1%
Special Districts	\$7,339,594	2.0%

Source: Indiana Gateway Public Access Portal. <https://gateway.if.online.org>

Local Option Income Tax (LOIT) Revenue Trends 2010 - 2016



Year	CEDIT	COIT	PS LOIT	Total
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
2012	9,068,785	8,610,742	6,605,601	24,285,128
2013	8,177,352	7,846,939	5,892,386	21,916,677
2014	8,796,821	8,645,811	6,380,029	23,822,661
2015 Est.	9,181,206	8,859,912	6,466,190	24,507,308
2016 Est.	9,364,830	9,037,110	6,595,514	24,997,454

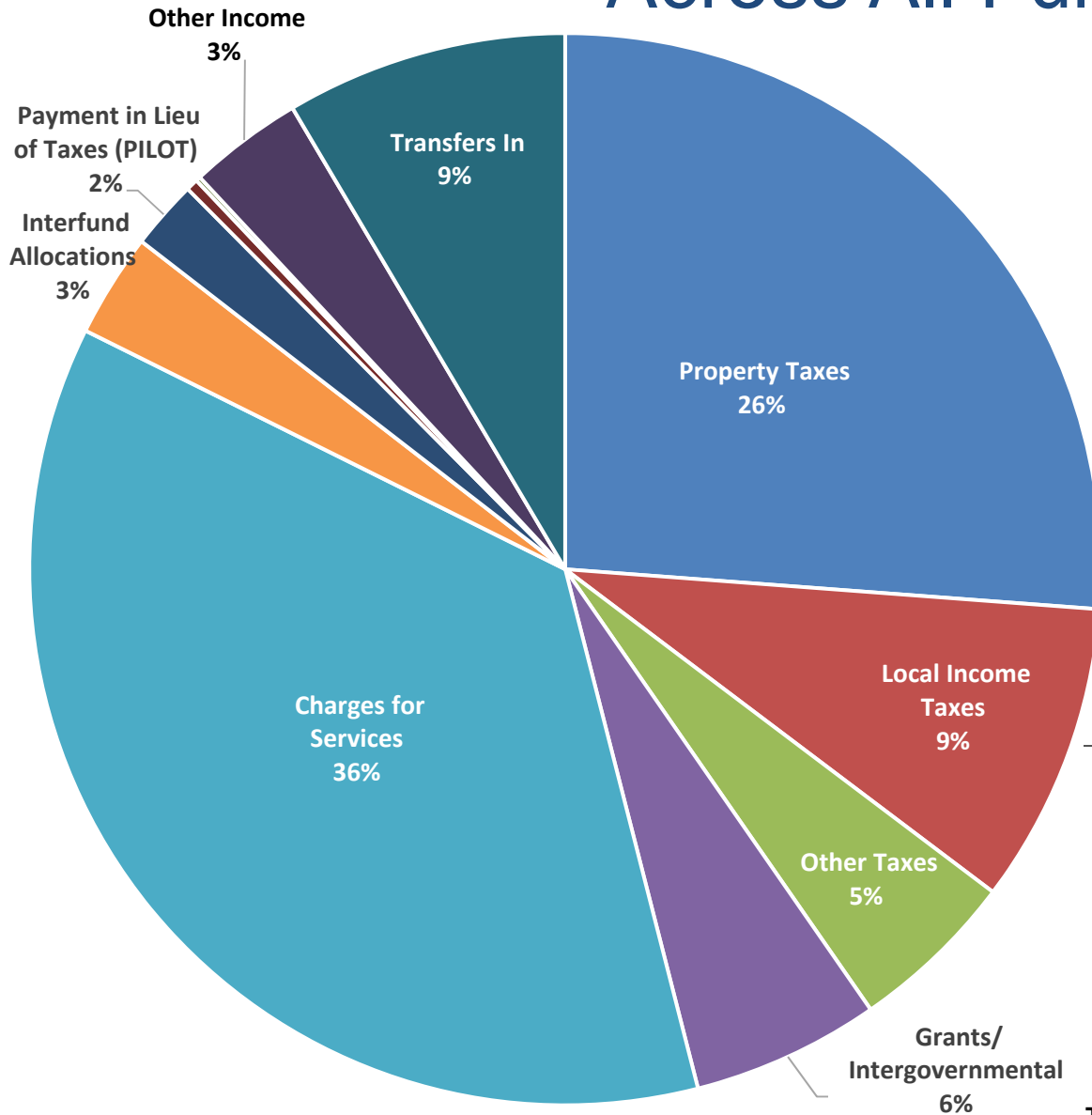
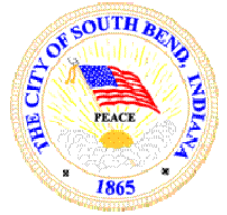
Definitions:

CEDIT = County Economic Development Income Tax

COIT = County Option Income Tax

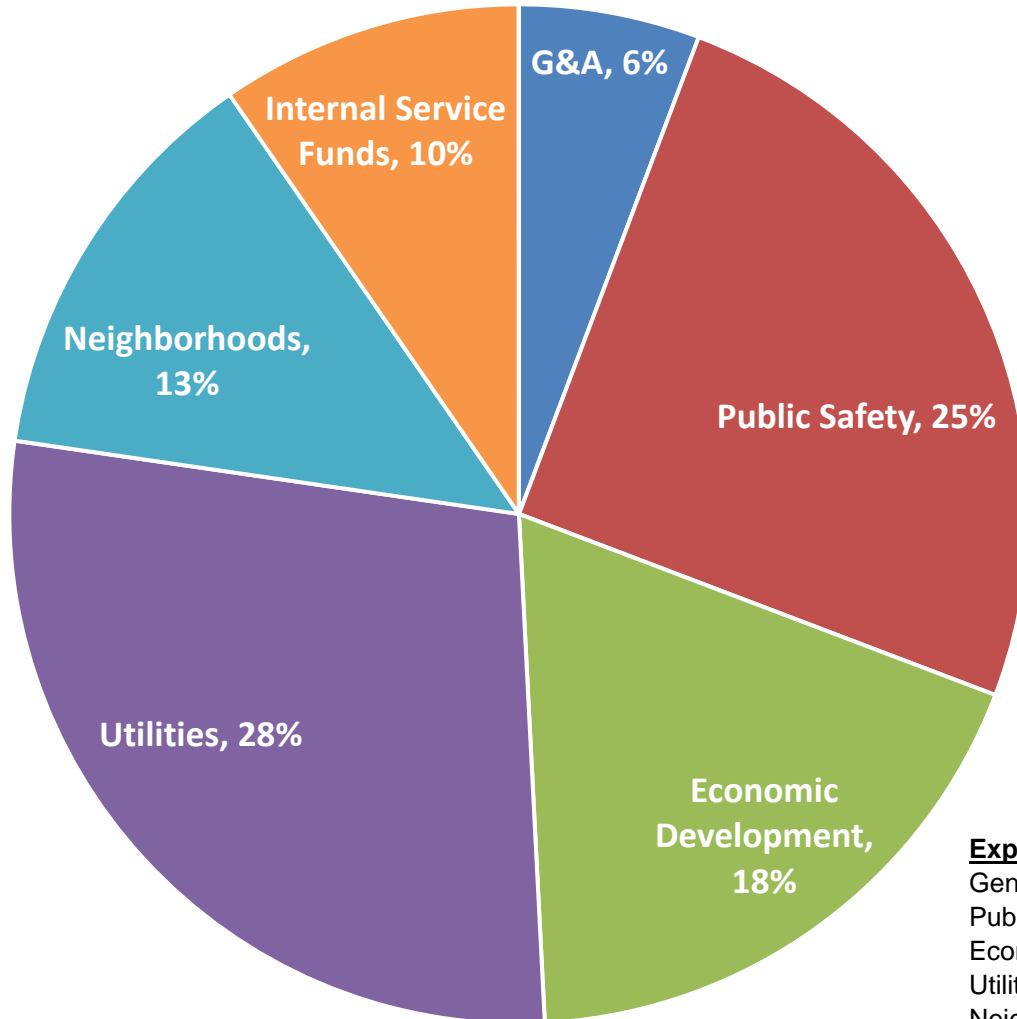
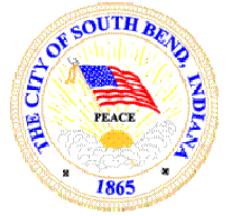
PS LOIT = Public Safety Local Option Income Tax

2016 Budgeted Revenues Across All Funds



Revenue Type	2016 Proposed Budget	2016 Percent of Total
Property Taxes	\$ 71,976,981	26%
Local Income Taxes	24,997,453	9%
Other Taxes	13,908,136	5%
Grants/ Intergovernmental	15,574,381	6%
Charges for Services	99,842,135	36%
Interfund Allocations	8,614,659	3%
Payment in Lieu of Taxes	5,711,801	2%
Fines & Forfeitures	992,760	0%
Donations	378,640	0%
Other Income	9,467,105	4%
Transfers In	23,367,211	9%
Total Revenues	\$ 274,831,262	100%

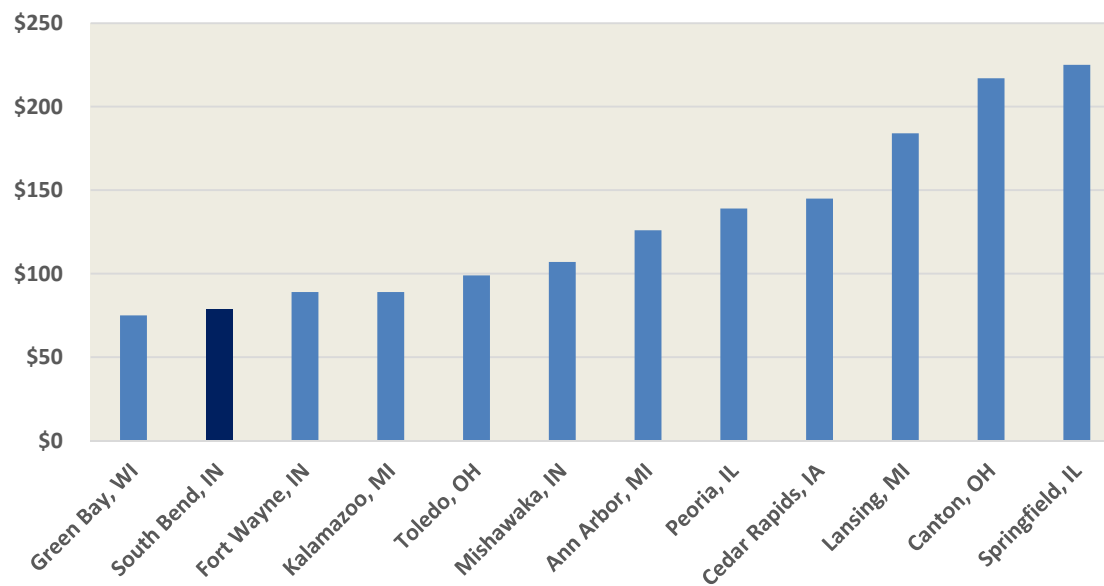
2016 Budgeted Expenditures By Activity



<u>Expenditures by Activity</u>	<u>2016 Proposed Budget</u>	<u>2016 Percent of Total</u>
General & Administrative (G&A)	\$ 17,496,953	6%
Public Safety	76,365,255	25%
Economic Development	56,161,558	18%
Utilities	85,705,062	28%
Neighborhoods	39,892,953	13%
Internal Service Funds	29,314,878	10%
Other Costs	20,000	0%
Total Expenditures by Activity	\$ 304,956,659	100%



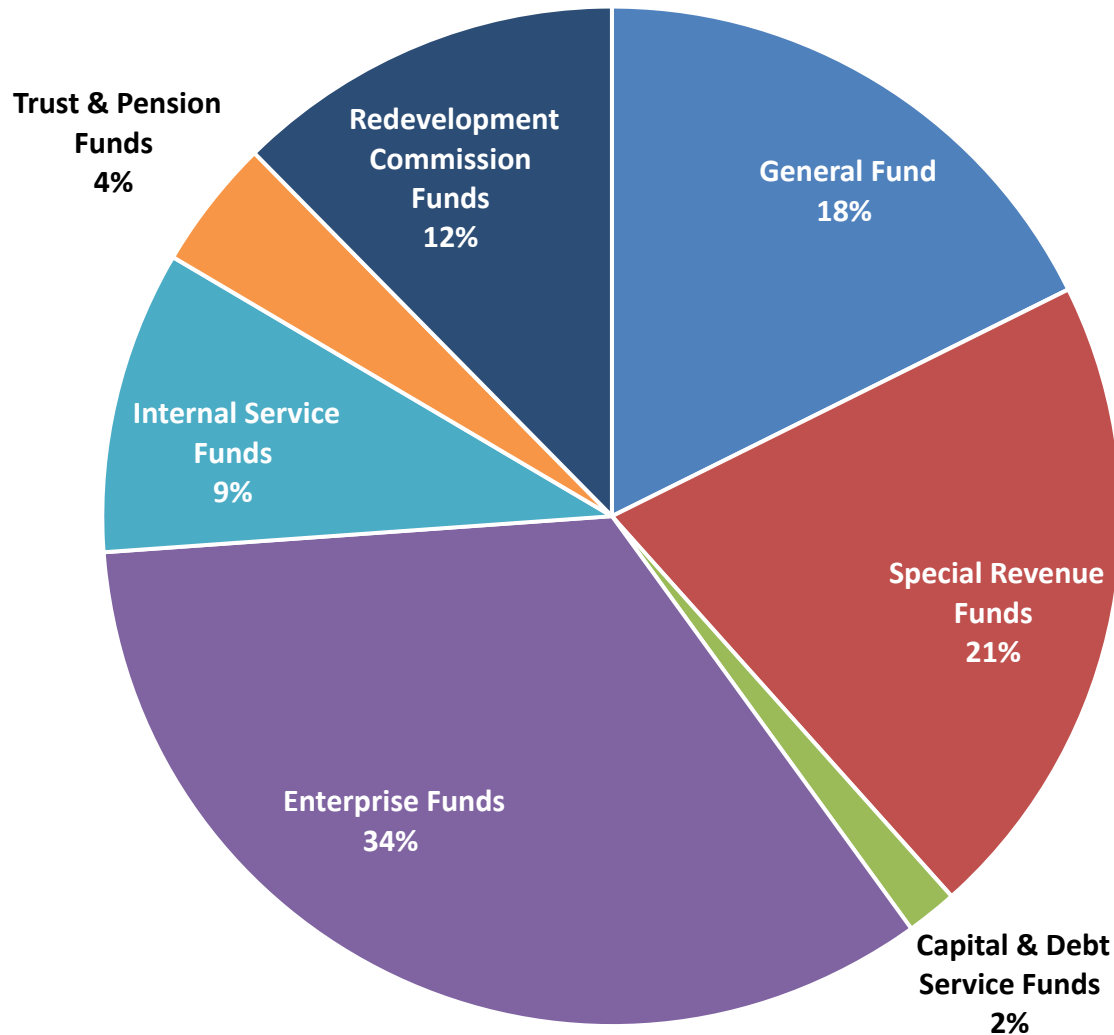
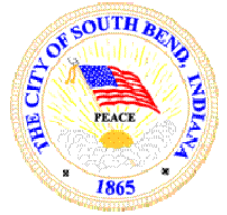
Per Capita General Government Expenditures



City	Per Capita Gen Govt Exp.	Percent of Total Govt Exp.
Green Bay, WI	\$75	5%
South Bend, IN	79	5%
Fort Wayne, IN	89	10%
Kalamazoo, MI	89	9%
Toledo, OH	99	8%
Mishawaka, IN	107	15%
Ann Arbor, MI	126	11%
Peoria, IL	139	7%
Cedar Rapids, IA	145	7%
Lansing, MI	184	15%
Canton, OH	217	19%
Springfield, IL	225	17%
Mean	\$131	

Source: 2014 Comprehensive Annual Financial Reports

2016 Budgeted Expenditures By Fund Type

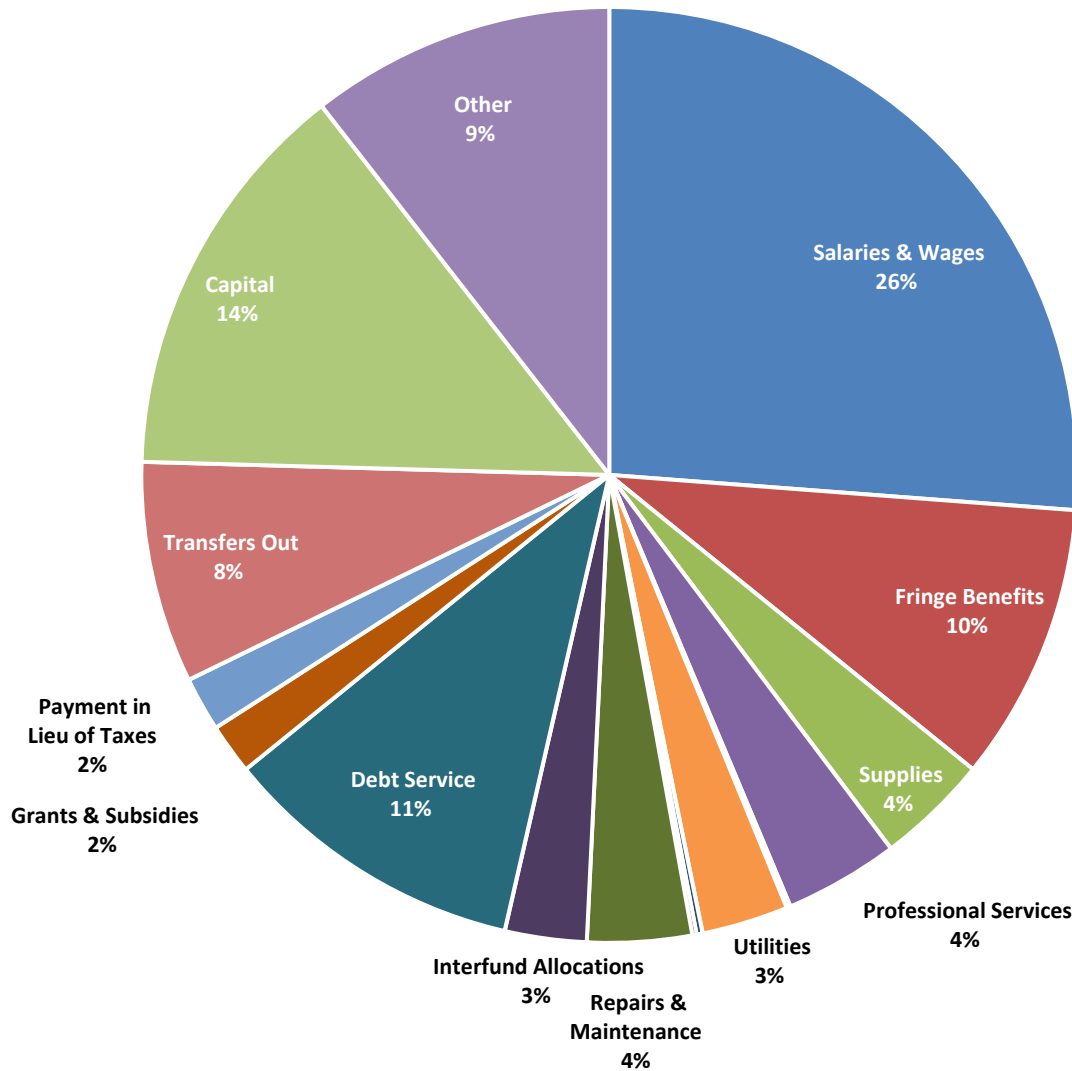


Expenditures by Fund

General Fund	\$ 53,852,368	18%
Special Revenue Funds	63,229,777	21%
Capital & Debt Service Funds	4,926,512	2%
Enterprise Funds	103,275,813	34%
Internal Service Funds	29,314,878	9%
Trust & Pension Funds	12,610,902	4%
Redevelopment Commission	37,746,409	12%
Total Expenditures by Fund	\$ 304,956,659	100%

	2016 Proposed Budget	2016 Percent of Total
General Fund	\$ 53,852,368	18%
Special Revenue Funds	63,229,777	21%
Capital & Debt Service Funds	4,926,512	2%
Enterprise Funds	103,275,813	34%
Internal Service Funds	29,314,878	9%
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Total Expenditures by Fund	\$ 304,956,659	100%

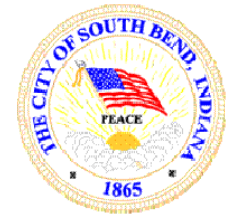
2016 Budgeted Expenditures By Type



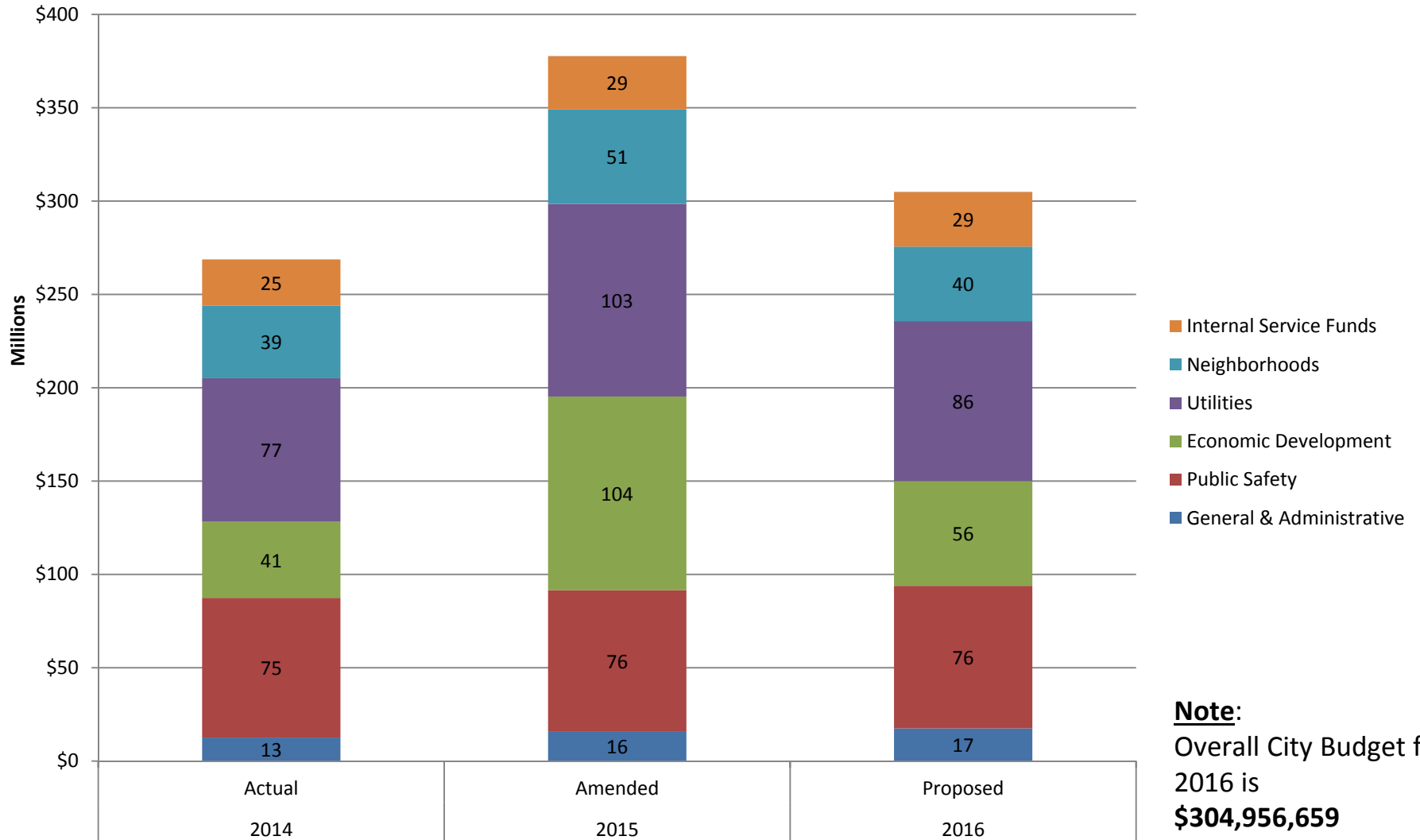
Expenditures by Type

	2016 Proposed Budget	2016 Percent of Total
Salaries & Wages	\$ 79,915,437	26%
Fringe Benefits	29,344,625	10%
Supplies	11,867,831	4%
Professional Services	12,057,977	4%
Printing & Advertising	414,535	0%
Utilities	9,119,278	3%
Education & Training	640,827	0%
Travel	454,469	0%
Repairs & Maintenance	10,999,031	4%
Interfund Allocations	8,614,659	3%
Debt Service	32,238,364	11%
Grants & Subsidies	5,334,883	2%
Payment in Lieu of Taxes	5,711,801	2%
Transfers Out	23,367,211	8%
Capital	42,729,621	14%
Other	32,146,109	9%
Total Expenditures by Type	\$ 304,956,658	100%

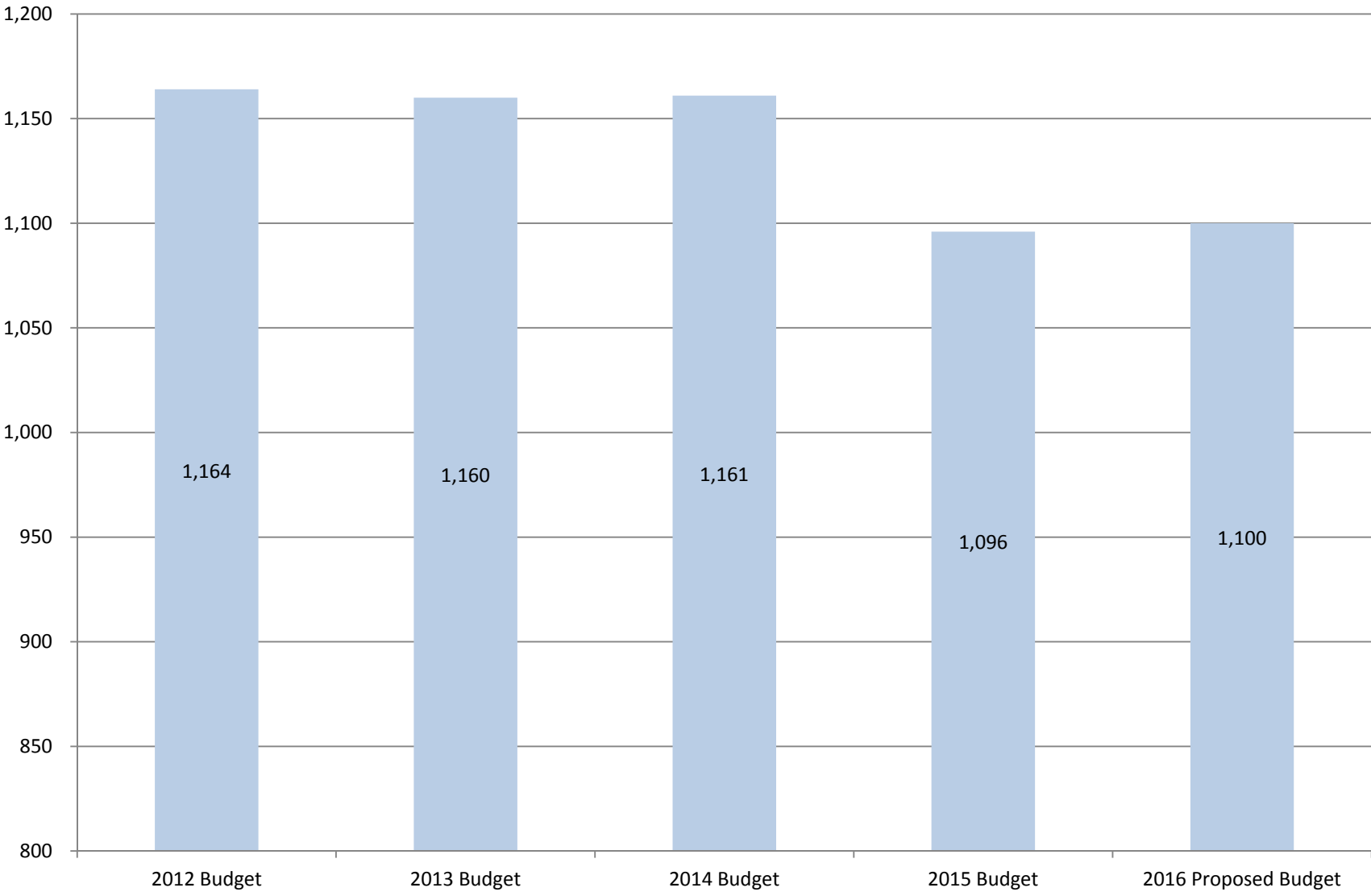
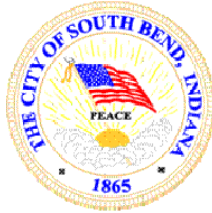
2016 Proposed Expenditures Across All Funds



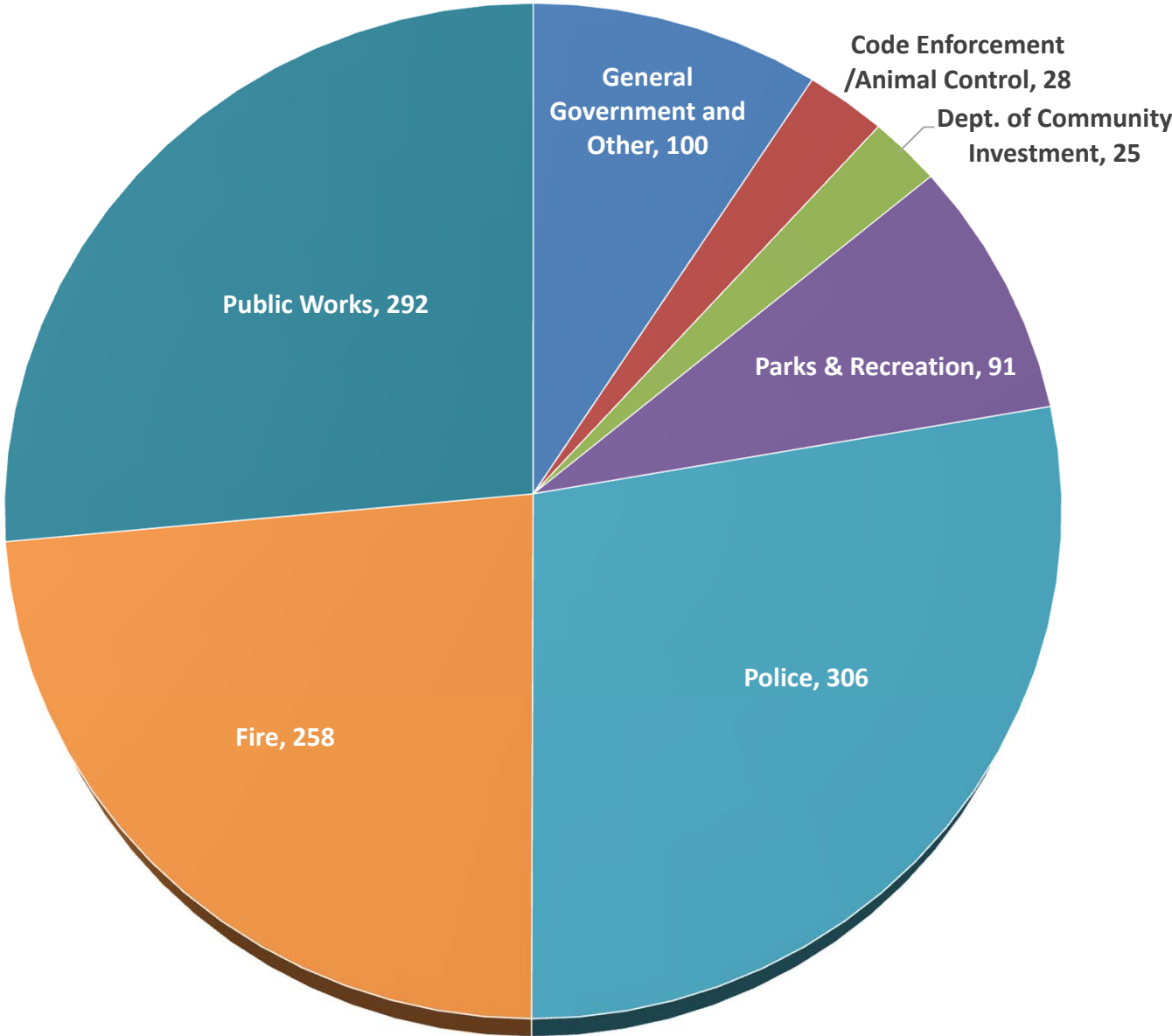
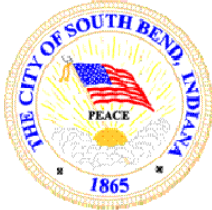
City of South Bend - Expenditures



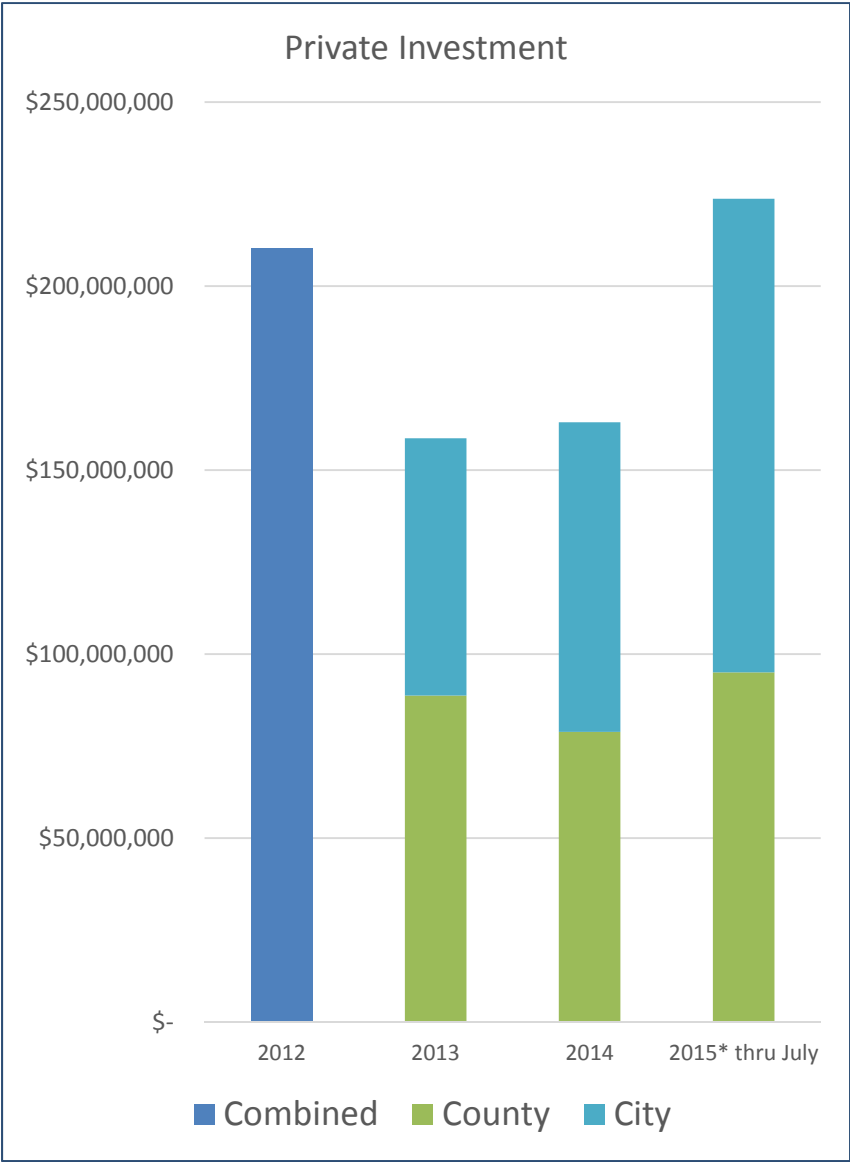
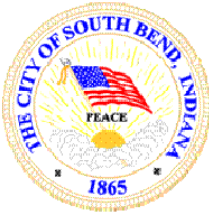
Budgeted Full-Time Positions



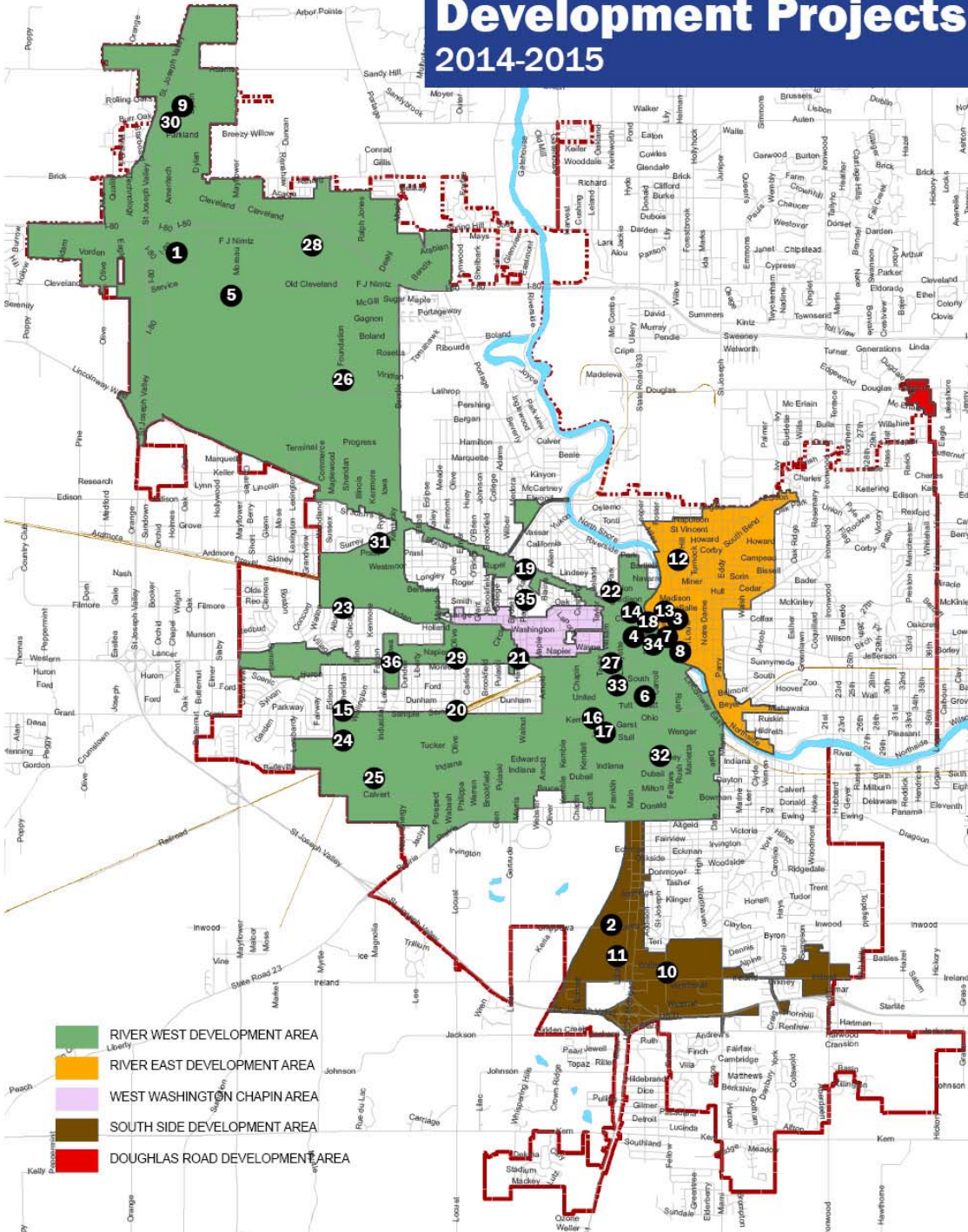
2016 Budgeted Full-Time Headcount Summary



Unemployment & Private Investment Summary

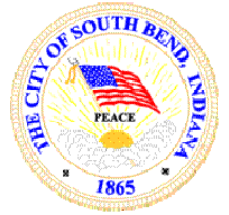


Development Projects 2014-2015



- 1** Blackthorn Golf Course
- 2** Chase Plastics
- 3** Colfax Ave. Streetscape
- 4** College Football Hall of Fame Resuse
- 5** Corporate Wings
- 6** Downtown 2 Way Street Conversion
- 7** Emporium Infrastructure
- 8** East Bank CSO Phase 5 & Transpo Infrastructure
- 9** FedEx
- 10** Fellows St. Improvement Project
- 11** Heraeus Kulzer
- 12** Hill St. Infrastructure
- 13** Hill & Cofax Mixed Use
- 14** Hoffman Hotel
- 15** Hubbell Raco
- 16** Ignition Park Infrastructure Phase 2
- 17** Ignition Park Multi-Tenant Building
- 18** LaSalle Hotel Rehab
- 19** Lincolnway West Restriping
- 20** Lippert Components
- 21** MasterBuilt
- 22** Marion & Madison 2 Way
- 23** MTI Expansion
- 24** Nello Corporation
- 25** Noble America
- 26** Norress
- 27** Renaissance District
- 28** Schafer Gear
- 29** South Bend Chemical
- 30** Spec Building @ Ameriplex
- 31** Success Academy
- 32** South East Master Plan
- 33** Thermolite
- 34** Yummy Cupcakes
- 35** City Cemeter Plan
- 36** Western Ave. Streetscape

2016 Proposed Budget Concluding Thoughts



- Overall City budget of \$304.9 million.
 - reduced overall expenditure from 2015 due to lower capital spending.
 - expenditures higher than revenue mostly due to timing of bond proceed usage for infrastructure investments.
- General Fund budget of \$53.8 million is balanced.
- Reliance on COIT and EDIT to sustain key expenditures, while moving toward long-term balance.
- 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 2016 budget request.

Keeping in Touch and On Track During the Year: Reports Available on the Web

<http://docs.southbendin.gov/weblink8/Browse.aspx?startid=1214&dbid=0>

- **Annual Reports**

- **Budget Documents** - available throughout the budget process, typically beginning in mid-August
- **Annual Comprehensive Annual Financial Reports (CAFR)** - available by July 31st of the following year
- **Fiscal Dashboard** - will be available around March of the following year

- **Monthly Reports**

- **Controller's Monthly Cash Report** - available by the 10th of the following month
- **Departmental Financial Report** - available by the 20th of the month
- **Financial Report** - available by the 20th of the month
- **Cash Reserves Report** - available by the 15th of the month