



2022 Budget Hearing #1: Budget Overview

August 11, 2021

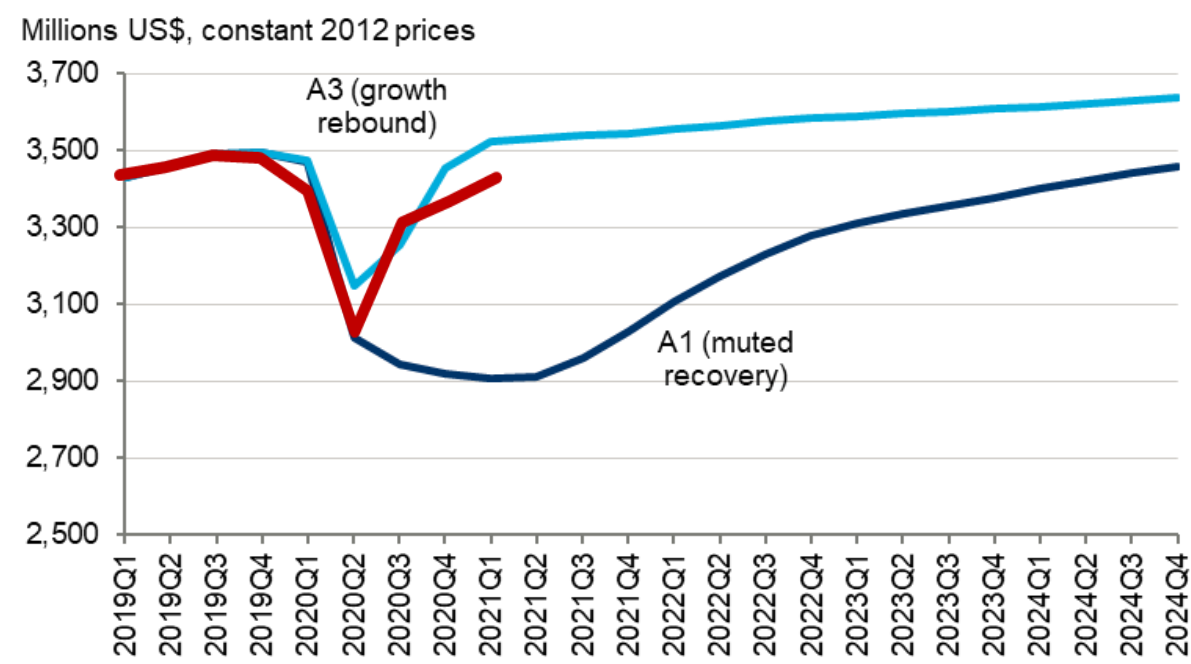


Strategic Context

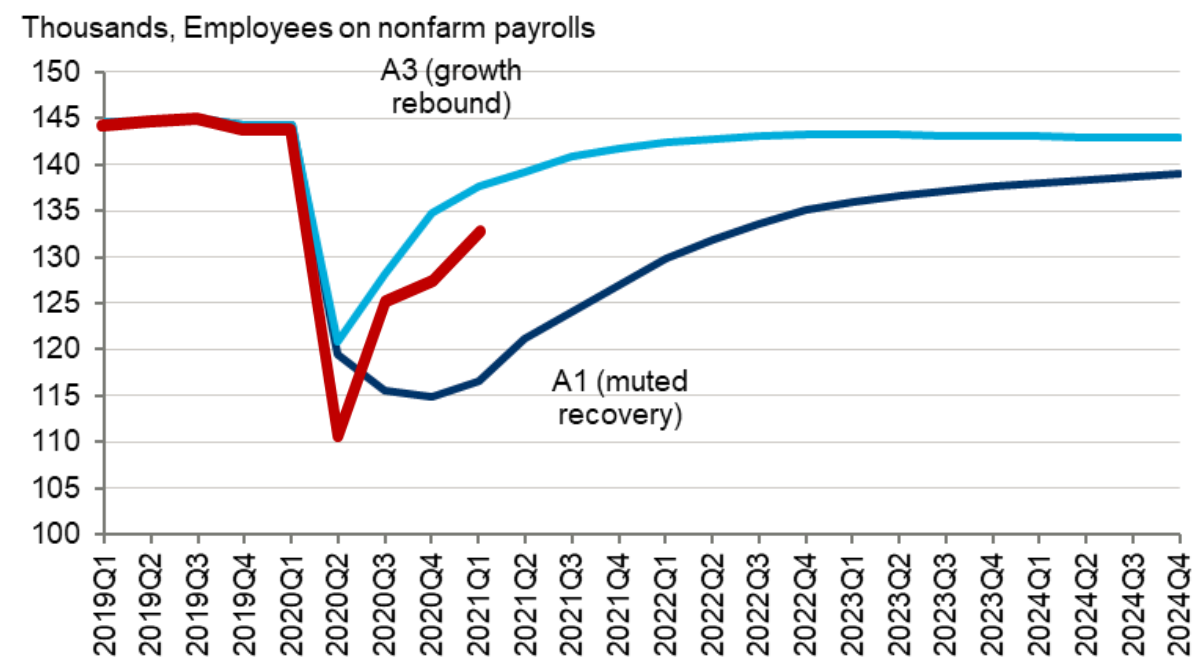


South Bend Economic Recovery

South Bend MSA GDP and employment projections by scenario



Source: Oxford Economics



Source: Oxford Economics



Generational Opportunity for Transformation

- Expanding macroeconomy
- Local growth in population and incomes
- Low interest rates, healthy reserves
- Historic federal and state funding resources



Federal and State Initiatives

Initiative	Endless Frontier Act	READI	Innkeepers 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





Strategic Priorities

- Safe Community for Everyone
- Shared Growth
 - Vibrant Public Spaces and Culture
 - Equitable Access to Opportunity
 - Youth and Workforce Development
- Strong Neighborhoods
 - Robust, Sustainable Infrastructure
 - Safe, Affordable Housing
- Leading City Team



Strategic Context – Council & Residents



Strategic Priorities – Council

Neighborhoods

Neighborhood Infrastructure

- Street Paving
- Curbs & Sidewalks
- Lighting
- Traffic Calming

Parks, Green Spaces & Community Centers

- Creation of new City parks in areas where they don't exist (especially 5th district and west side)
- Renovation of Martin Luther King Center
- Charles Black Center
- Rum Village Community Center

Neighborhood Revitalization

- Anti-Dumping, Waste Tires
- Keep City Clean and Tidy
- Neighborhood Planning (especially plan for Indiana Ave)
- Sustainable Land-use Planning
- Address dilapidated houses

Affordable Housing

- Plan for safe and affordable housing
- Expansion of the Home Repair Program
- Home Repair Energy Savings Grants & Credits
- Incentivize new housing construction in distressed neighborhoods
- Mixed income housing development



Strategic Priorities – Council

Public Safety

Violence Reduction

- Proactive Policing
- Expand violence reduction grants
- Include neighborhood lighting, revitalization, and beautification

Public Safety Systems

- Community Police Review Board
- Creative uses to reduce the need for SBPD to respond the broad array of calls they do

Recruiting & Retention

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



Strategic Priorities – Council

Economic Development

Workforce Development

- Youth Development Programs
- Invest in wages and skills development to retain talent in city

Inclusivity

- Additional Funds for small, local and minority businesses
- Expand digital inclusion across the city

Business Support

- Local Business Directory Resource
- Support for local businesses recovering from the pandemic
- Make South Bend a place for business



Strategic Priorities – Council

Protecting the Vulnerable

Homelessness Strategy

- Sustainable plan to address homeless citizens
- Intake Center and homeless czar

Food Insecurity & Transportation

- Focus on eliminating food deserts
- Ensure that the most marginalized in our community have access to public transportation

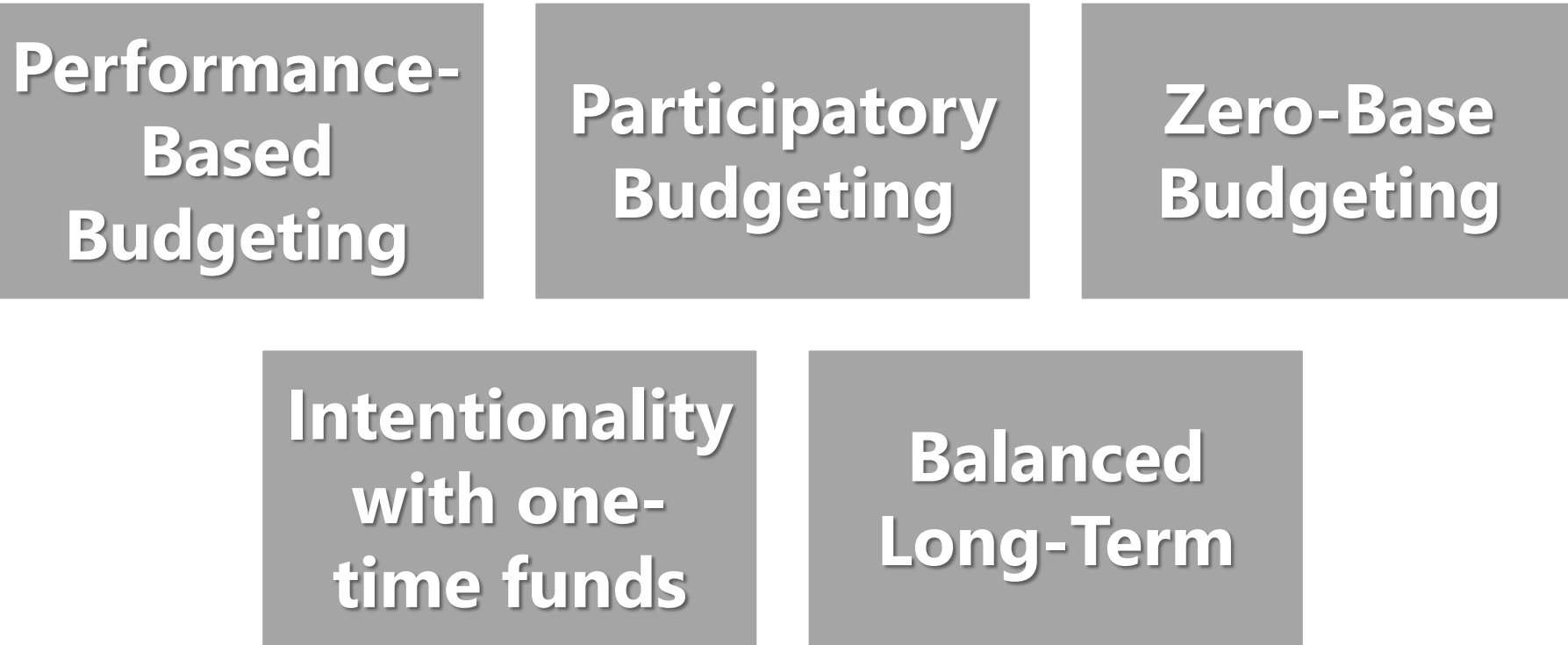
Early Childhood Development

- Expand support to high quality affordable childcare, pre-K and early childhood education



Strategic Priorities – Council

Budget Process / Overall Finance



BUILD THE BUDGET

South Bend Tribune





BUILD THE BUDGET

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

Help us Build the Budget and follow the link below!



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:**
 - Tomorrow, August 12, 6:00 pm, Pinhook Park
 - Tuesday, August 17, 6:00 pm, Howard Park

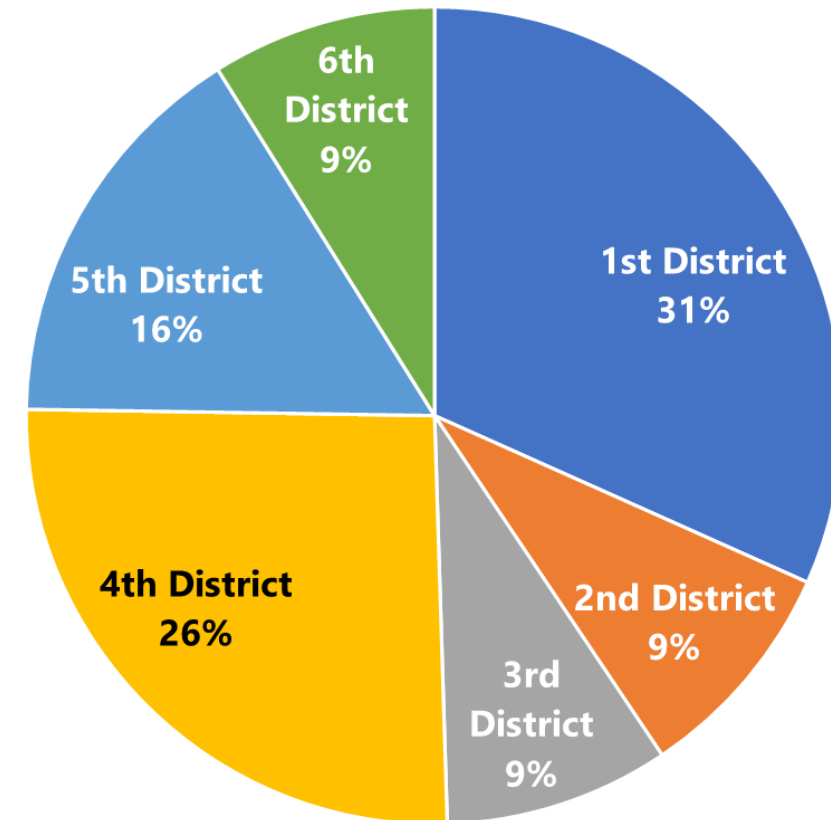


BUILD THE BUDGET

Initial Results

- Over 400 individual responses thus far.
 - 98 online (already more than last year)
 - 183 played in-person games
 - 30+ attended first CAG meeting
 - 111 voicemails received through 311

Online Response Breakdown

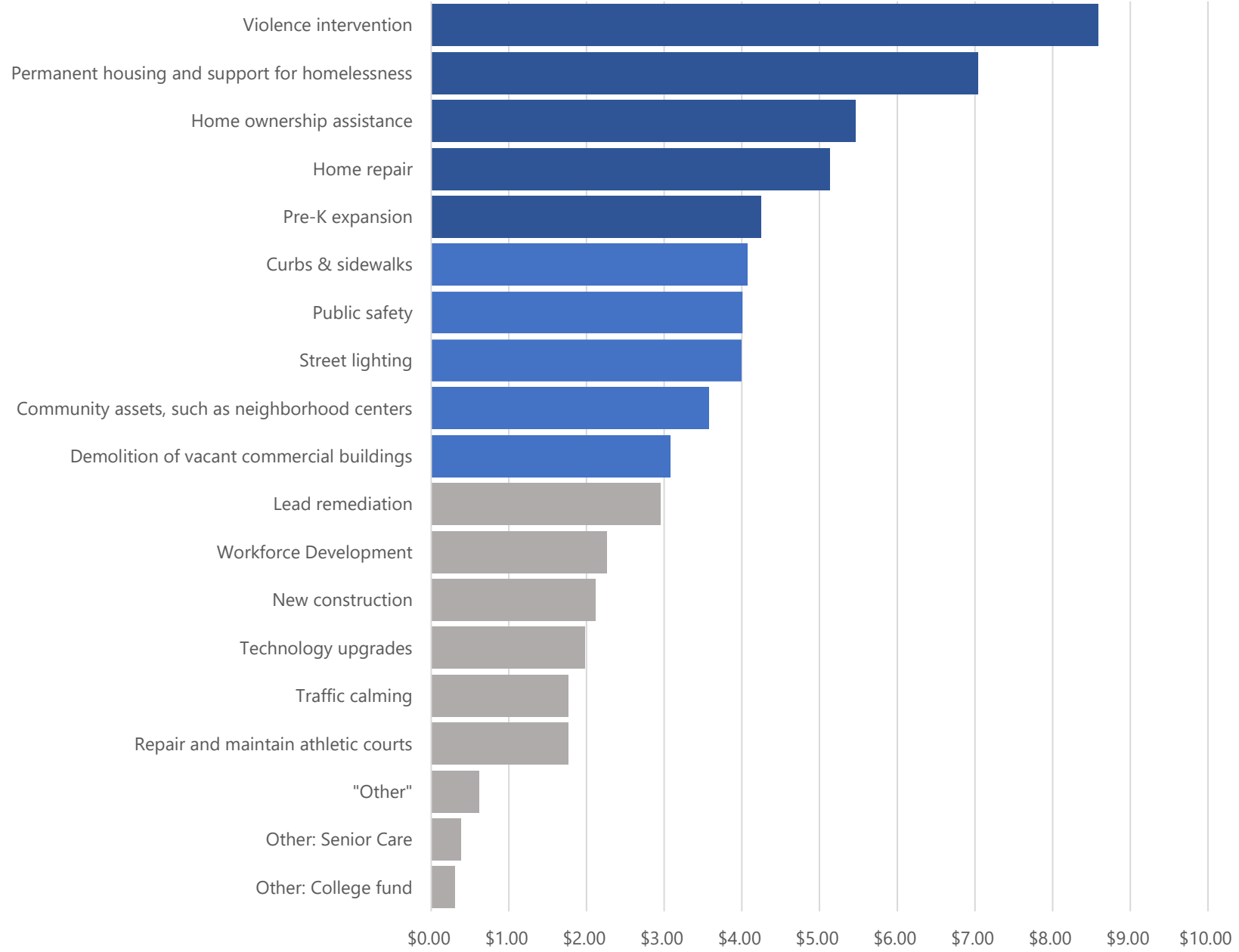


Initial Results

BUILD THE BUDGET



American Rescue Plan
Aggregate Average Dollars by Category

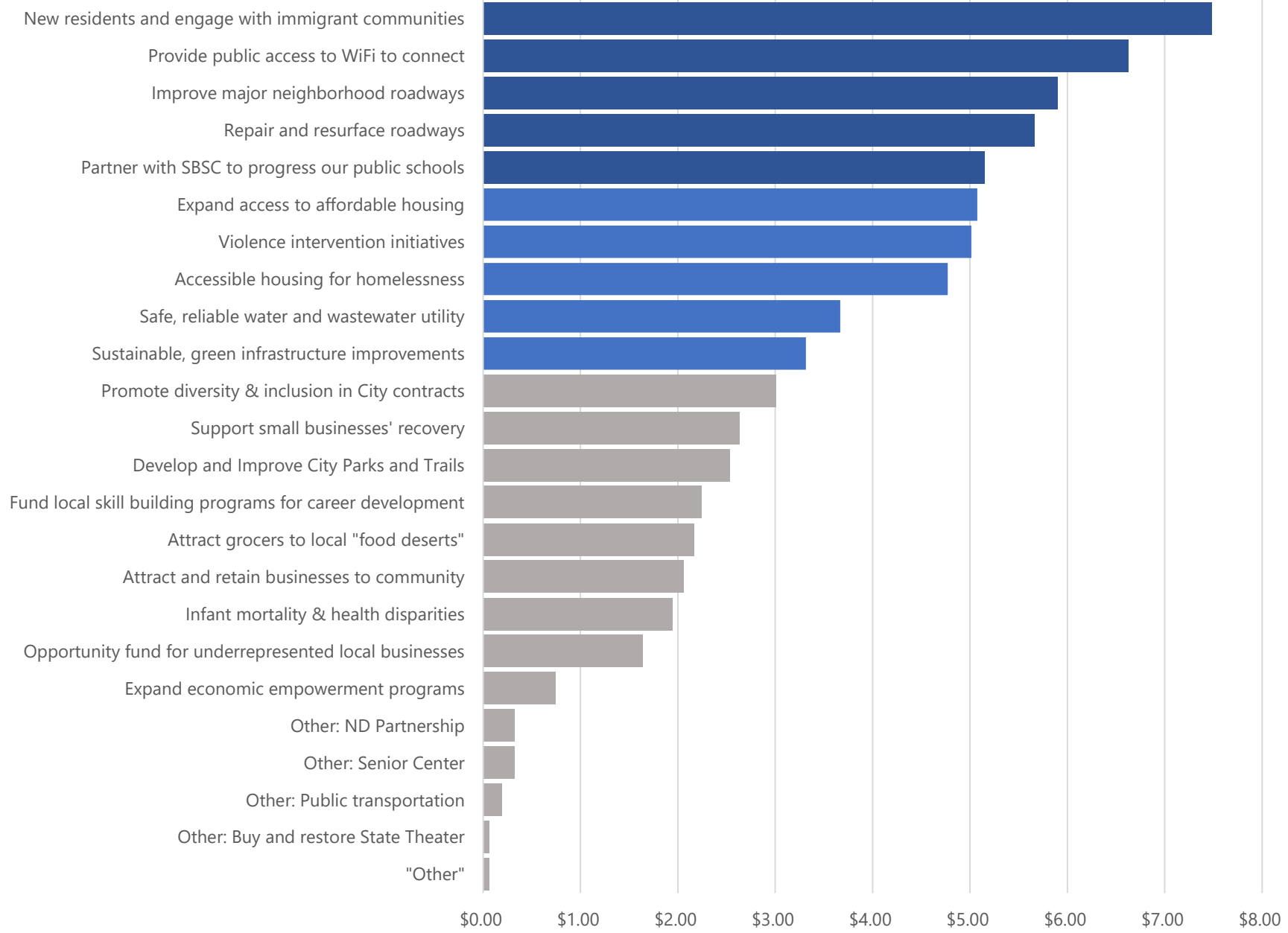


Initial Results

BUILD THE BUDGET



Strategic Initiatives
Aggregate Average Dollars by Category





Spending Highlights

2022 Budget



Structural Budget Highlights

Strong Neighborhoods

- *Rebuilding Our Streets* fully funded for 2022
- \$2.3 million in other neighborhood infrastructure
- \$650k for Comprehensive City Plan and Neighborhood Plans
- \$225k in neighborhood support
- \$250k for land bank
- Capacity to leverage historic federal funding opportunities from *American Jobs Plan*

Shared Growth

- *My SB Parks and Trails* fully funded for 2022
- \$500k for workforce development
- \$250k for small business support
- \$1 million inclusive economy initiatives
- Morris 100
- *READI* projects

Safe Community for Everyone

- \$71.6 million (3.6% increase) for Public Safety
- Right-size the cost of PSAP (\$3.6 million)
- \$326k for ShotSpotter
- \$350k Community Initiatives grant
- Community Police Review Office

Leading City Team

- Minimum wage raised from \$10.10 to \$12 for seasonal, PT staff and \$15 for FT staff
- Community Investment Organization
 - Neighborhoods
 - Zoning, Planning and Building
 - Opportunity and Development
 - Sustainability
 - Economic Empowerment and Engagement
- Teamster and Fire Negotiations Ongoing



American Rescue Plan

Support urgent COVID-19 response efforts

Support immediate economic stabilization for households and businesses

“Response and Relief”

Replace lost revenue for eligible state, local, territorial, and Tribal governments

Address systemic public health and economic challenges that have contributed to the inequal impact of the pandemic

“Equitable Recovery”



ARP Budget Highlights

<u>2021</u>		<u>2022-2024</u>	
Resident and Small Business Relief and Recovery			
Solid Waste Refresh	\$1 million	CAP Utility Relief	\$2-3 million
Resident Utility Relief	\$2.5 million	Small Business Financing	\$2 million
Hardest Hits	\$500,000	Neighborhood Main Streets	\$500,000
COVID Response	\$4 million		
Youth			
Dream Center	\$1 million	Dream Center	\$10.1 million
Pre-K Centers	\$2.5 million	Pre-K Centers	\$2 million
		Gun Violence Intervention	\$1.5 million
Sustainability			
Climate Action Plan Implementation	\$550,000	Climate Action Plan Implementation	\$2.3 million



ARP Budget Highlights

2022-2024

Access to Opportunity		Other	
Opportunity fund	\$1 Million	ARP Admin and Engagement	\$1.8 million
Workforce Development	\$750,000	Public Safety/Crime Reduction	\$1.5 million
Strong Neighborhoods		County Partnerships on Homelessness Strategy Implementation and Mental Health	\$4-5.9 million
Housing Financing	\$4-5 million		
Home repair, lead, efficiency upgrades	\$4-5 million		
Downpayment Assistance	\$2 million		
Commercial Demolitions	\$4 million		
Athletic Courts	\$1.5 million		
Neighborhood Infrastructure	\$2.5 million		



Financial Overview - Structural

2022 Budget



Step 1: Cash Reserve Requirements

	Projected Cash Balance 12/31/2021	Cash Reserve Requirement	<u>Variance</u>	Cash Reserve Requirement
General Plus Funds	82,290,368	55,908,649	26,381,719	50% of annual expenditures
Special Revenue Funds	58,371,743	17,913,044	40,458,699	Generally, 25% of annual expenditures, although some have zero
Enterprise Funds	43,642,985	23,097,322	20,545,663	Generally, 5%-10% of annual expenditures
Internal Service Funds	15,974,030	8,447,286	7,526,744	Reserve Requirement is due to self-insurance funds
All Other Funds	59,915,060	10,630,893	49,284,167	Generally, "other" funds have a reserve requirement only for debt service
	<u>260,194,186</u>	<u>115,997,194</u>	<u>144,196,992</u>	



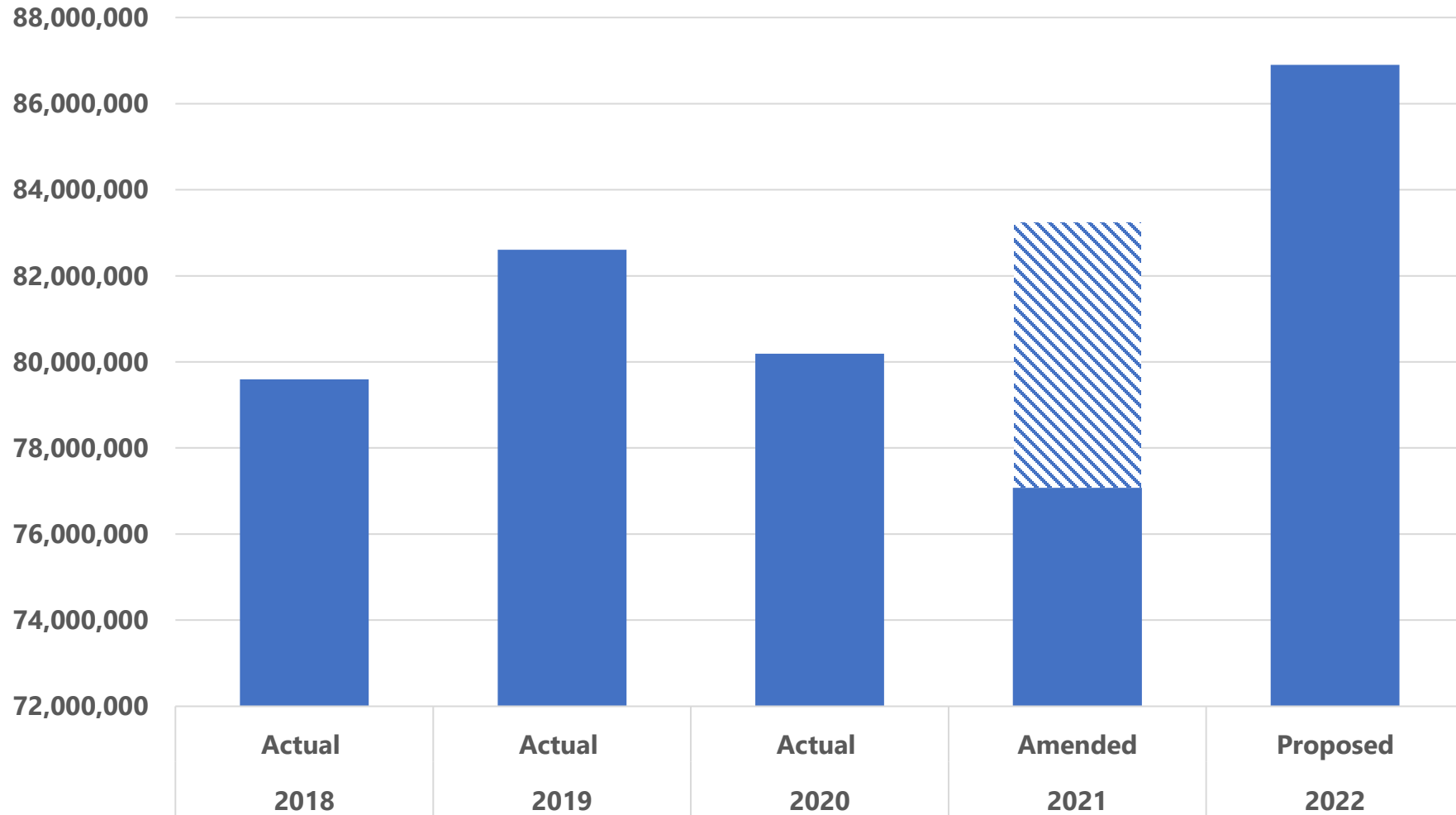
Step 2: Revenue Projections

Row Labels	2018 Actual	2019 Actual	2020 Actual	2021 Amended	2022 Proposed
Property Taxes	79,595,388	82,604,579	80,188,143	77,077,028	86,901,213
Local Income Taxes	32,712,559	34,643,723	36,897,937	35,853,922	33,583,827
Intergov./ Shared Revenues	27,030,727	26,752,577	25,155,512	24,492,325	27,686,833
Intergov./ Grants	5,750,779	7,547,104	10,051,021	21,799,500	4,977,855
Charges for Services	99,949,703	101,566,627	101,247,133	104,440,290	108,438,195
Fines, Forfeitures, and Fees	1,066,265	1,084,943	1,073,088	779,519	725,075
Licenses & Permits	1,895,139	1,994,397	1,619,205	2,075,530	1,920,025
Donations	1,865,951	5,116,150	4,629,063	4,866,760	3,419,000
Other Income	16,359,406	11,364,884	6,340,335	4,431,461	3,362,756
Interest Earnings	4,324,711	7,236,981	2,502,753	2,549,018	1,644,062
PILOT	6,332,487	6,340,990	6,221,791	6,154,321	6,079,325
Interfund Allocation Reimb	16,053,826	22,440,553	20,960,750	25,154,917	26,341,190
Interfund Transfers In	38,782,417	44,627,543	53,891,321	57,143,639	50,426,151
Grand Total	331,719,357	353,321,049	350,778,051	366,818,230	355,505,507



Step 2: Revenue Projections

Property Taxes

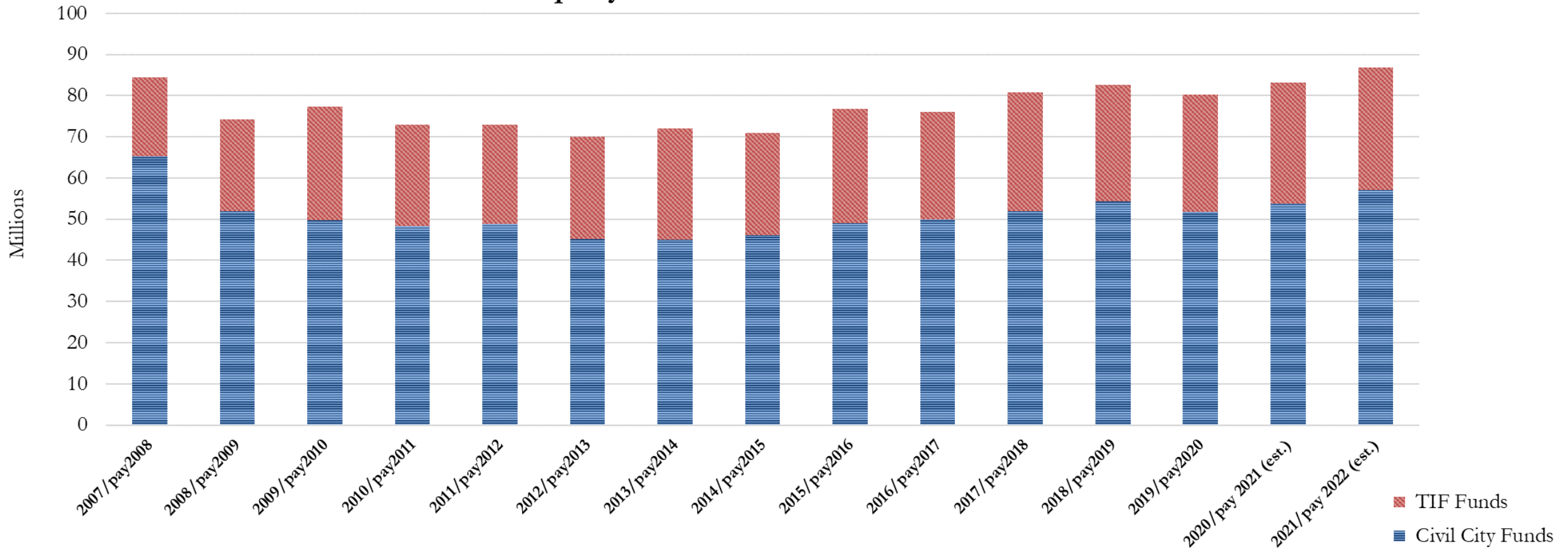




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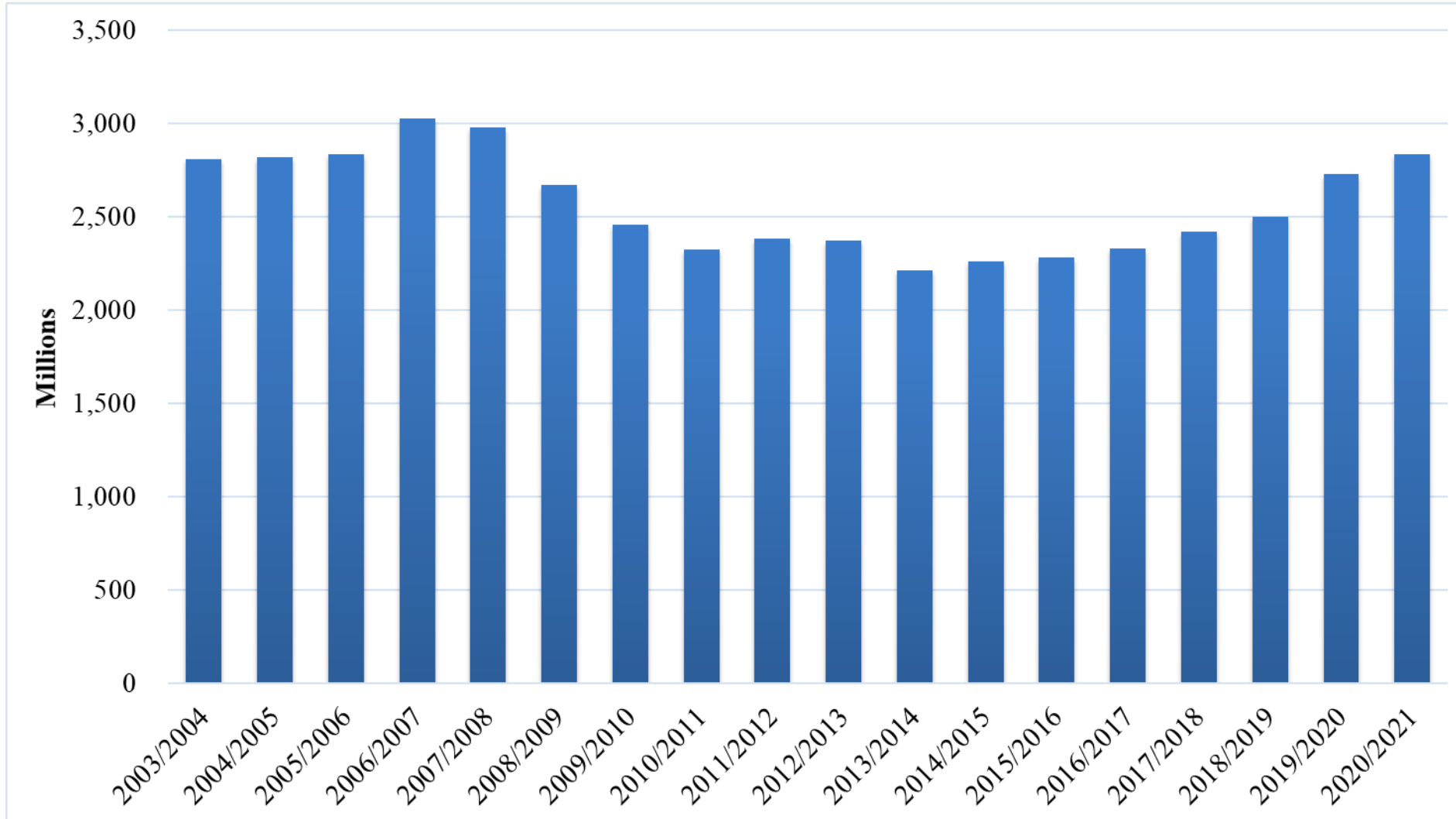
Property Taxes

Property Tax Collection Trends - All Funds





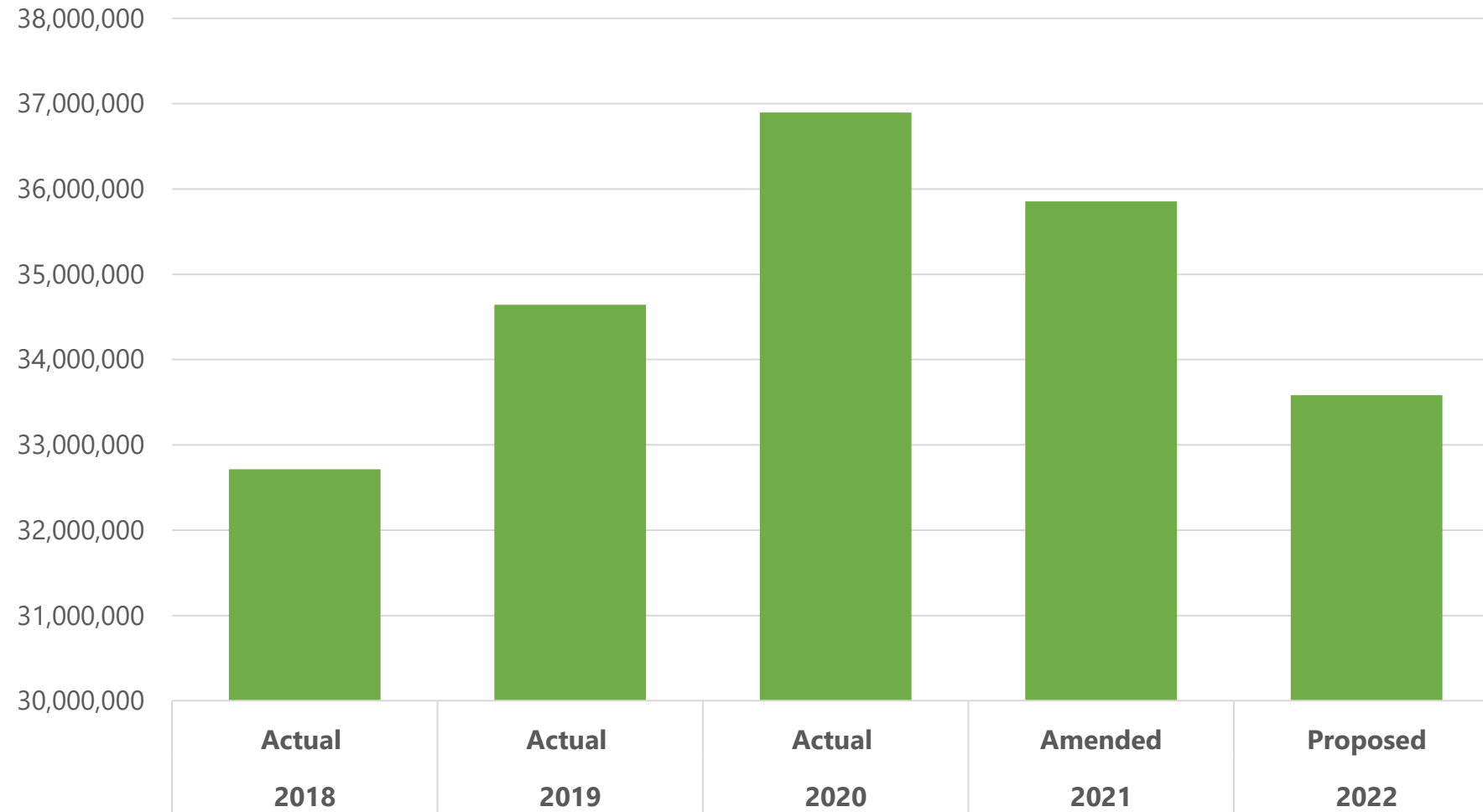
Net Assessed Value





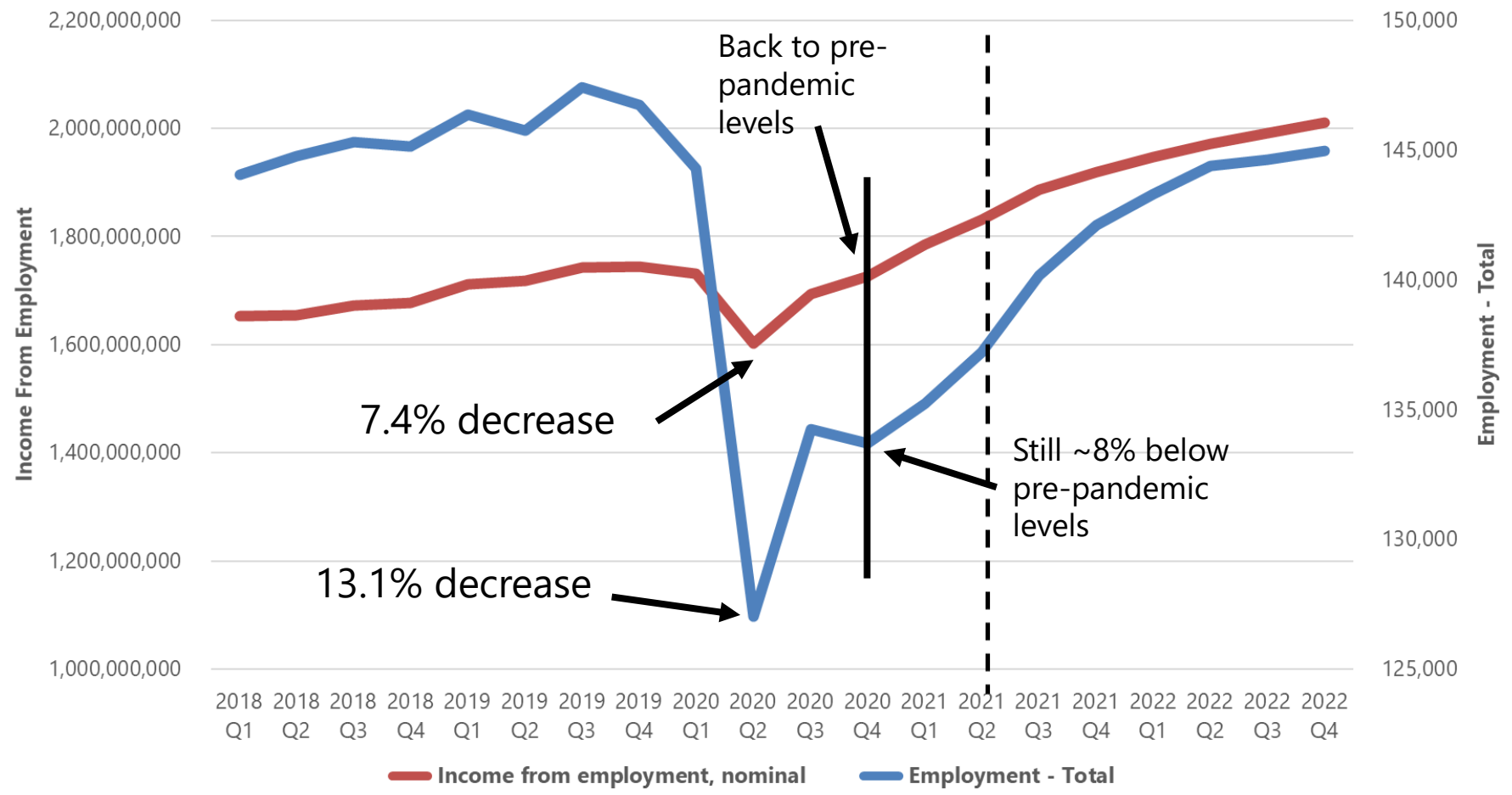
Step 2: Revenue Projections

Income Taxes





Income & Employment – South Bend MSA



Source: Oxford Economics



Step 2: Revenue Projections (excluding ARP)

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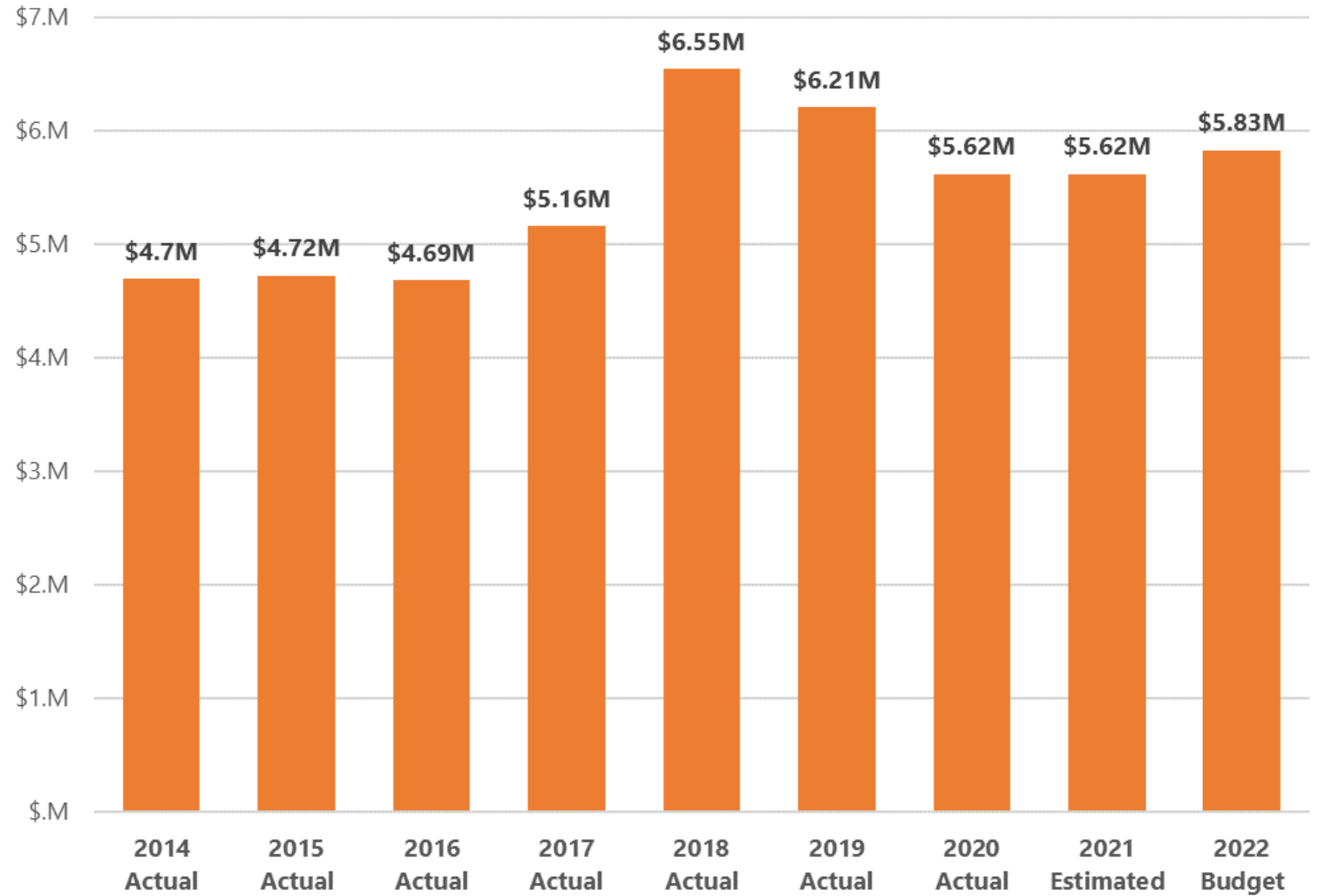


Gasoline Tax

Streets Exp Budget:

(Civil City Funds Only)

MVH/MVH Restricted:	\$12,998,542
Local Road & Streets:	3,070,000
Major Moves:	1,300,000
Total	\$17,368,542





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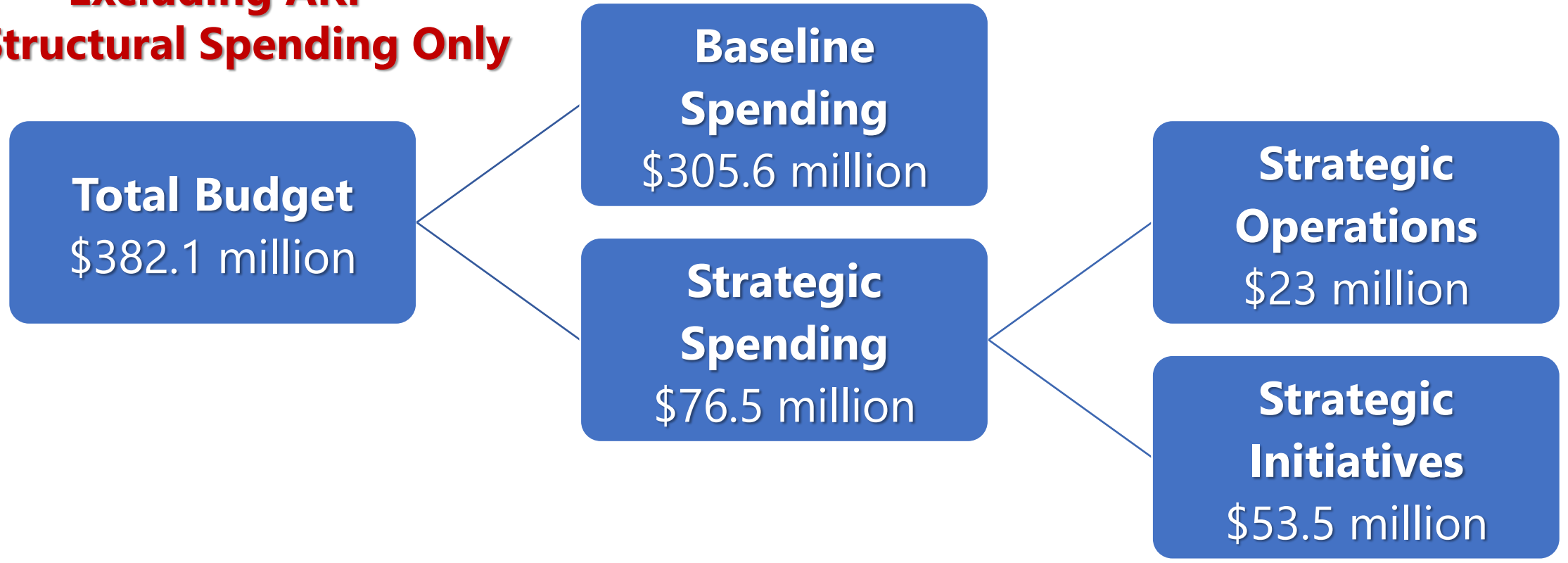
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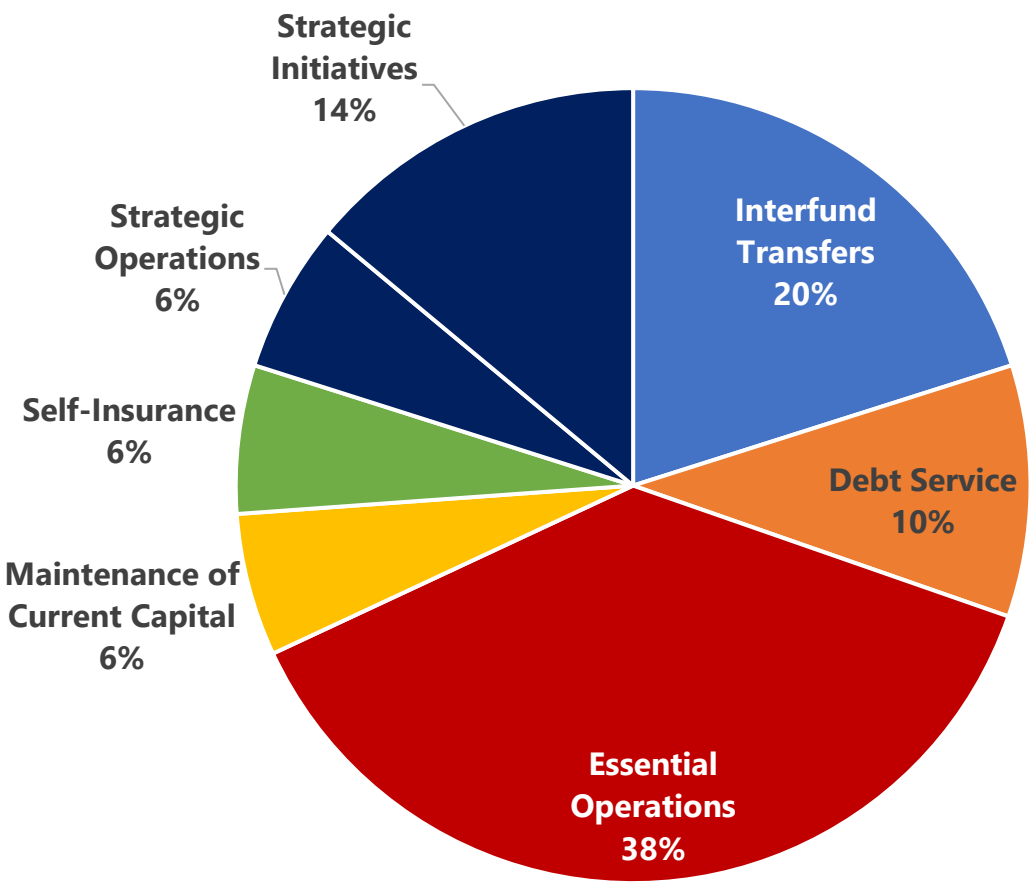
Steps 3-4: Baseline & Strategic Spending Allocation

**Excluding ARP –
Structural Spending Only**





2022 Proposed Budget (excluding ARP)



Category	2020 Budget	2021 Budget	2022 Proposed Budget	% Change YOY
Baseline Spending				
Interfund Transfers	74,108,130	69,718,939	76,503,735	9.7%
Debt Service	33,665,369	34,579,042	39,216,065	13.4%
Essential Operations	139,086,092	138,788,046	144,512,236	4.1%
Administration	15,164,835	16,633,079	17,724,869	6.6%
Building Dept	1,278,742	1,200,701	1,324,527	10.3%
Fire/EMS	33,012,975	33,093,541	33,959,993	2.6%
Police	36,966,755	36,031,403	37,690,823	4.6%
Solid Waste	3,146,387	3,290,449	3,668,363	11.5%
Streets	8,161,137	8,392,652	8,840,252	5.3%
Wastewater	17,725,823	17,185,277	17,470,315	1.7%
Water	13,669,420	13,391,098	13,474,412	0.6%
Parks	7,160,153	6,720,620	6,964,919	3.6%
PSAP	2,799,865	2,849,226	3,393,763	19.1%
Maintenance of Current Capital	24,526,433	21,699,607	22,243,118	2.5%
Self-Insurance	22,551,488	22,940,502	23,137,831	0.9%
Strategic Spending				
Strategic Operations	22,216,958	20,365,992	23,016,479	13.0%
Community Investment	7,856,699	7,066,132	8,446,079	19.5%
Venues Parks & Arts	12,042,924	10,623,262	11,500,456	8.3%
Other Strategic Departments	2,317,335	2,676,598	3,069,944	14.7%
Strategic Initiatives	41,973,058	46,282,895	53,477,749	15.5%
Robust, Sustainable Infrastructure	16,065,500	20,460,701	25,231,500	23.3%
Strong Neighborhoods	9,618,067	8,475,310	8,856,690	4.5%
Safe Community for Everyone	596,500	1,824,672	1,863,335	2.1%
Equitable Access to Opportunity	435,028	1,251,066	1,209,786	-3.3%
Youth and Workforce Development	500,000	500,000	500,000	0%
Redevelopment Commission	15,257,963	13,771,146	15,836,438	15.0%
Grand Total	358,127,528	354,375,023	382,107,213	7.8%



2022 Proposed Budget - Structural

Total Revenue:	355,505,507
Total Expenditures:	<u>(382,107,213)</u>
Net Surplus/(Deficit)	(26,601,706)

- Deficit Driven Primarily by:
 - General Plus Fund Deficit: \$6.3 million
 - Water/Wastewater: \$15.8 million
 - Internal Service Funds Spend-Down: \$ 2.7 million



Personnel Assumptions

- **Non-bargaining personnel:** 2% raise
- **Sworn Police Officers:** Raises in accordance with negotiated contract
- Negotiations are not yet concluded for Teamsters and Sworn Firefighters. In the meantime, these positions are shown with a **0%** increase over 2021. This is an attempt to present a neutral position



Format of Budget Hearings

2022 Budget



Budget Hearing Schedule

Date	Time	Topic
Wednesday, August 11, 2021	5:00 PM	2022 City-Wide Budget Overview
Wednesday, August 18, 2021	5:00 PM	Baseline Spending
Wednesday, August 25, 2021	5:00 PM	Council Working Session #1
Wednesday, September 1, 2021	5:00 PM	Strategic Operations
Friday, September 10, 2021	5:00 PM	Strategic Initiatives
Friday, September 17, 2021	4:00 PM	Council Working Session #2
Wednesday, September 22, 2021	5:00 PM	Transpo, Salary Ordinances, and Additional Strategic Initiatives
Monday, September 27, 2021	7:00 PM	Public Hearing on 2022 Budget (@ 7:00 pm Council Meeting)
Thursday, September 30, 2021	6:00 PM	Budget Summary and Final Questions (if needed)



Format of 2022 Budget Packets

- Copy of each PowerPoint Presentation
- Budget Summary Sheet
 - Summary of Spending
- Personnel Summary
 - Summary of high-level personnel counts, including changes from 2021
- Personnel Detail
 - Complete listing of personnel in each area, including changes from 2020
- Line-Level Budget Detail