



Budget Summary

Budget Summary



DESCRIPTION

This Part of the *2003-2004 Biennial Budget* presents the highlights of the City's budget.

The three main components of the Budget are described. These include the Operating Budget, the Capital Budget, and the Consolidated Plan Budget.

The level of staffing, as well as changes in the staffing level, is described by reference to the various pertinent City departments.

Planned tax or fee increases are also described.

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BIENNIAL BUDGET HIGHLIGHTS

The 2003-2004 All Funds Biennial Budget for the City of Cincinnati includes the Operating, Capital, and the Consolidated Plan Budgets. The All Funds Biennial Budget is balanced to resources.

The 2003-2004 All Funds Biennial Budget is \$2.0 billion, which is a 4.1% increase over the 2001-2002 Biennial Budget of \$1.93 billion. The All Funds Budget is \$1,002.0 million in 2003 and \$1,008.8 million in 2004. The 2003 budget is an increase of 0.7% over the 2002 amount and the 2004 budget is a 0.7% increase over the 2003 amount.

The General Fund budget for 2003 decreases 0.5% from the 2002 approved budget and in 2004 the General Fund budget increases 2.1% over the 2003 approved budget. These minor changes represent a focus on basic services and maintaining a balanced budget within a constrained revenue environment. While this section provides budget highlights, these policy priorities were the result of difficult decisions concerning all areas of the budget. Please see the introduction section for a listing of

reorganization changes and budget reductions. Additionally, the City Reorganization plan is included in the appendix of this document.

The 2003 capital budget represents a 2.7% decrease from the 2002 approved capital budget and the 2004 capital budget represents a 0.5% decrease from the 2003 approved budget. Within the capital budget, General Capital projects reflect a 35.3% increase primarily due to neighborhood infrastructure and housing investments made possible by earmarking \$53 million of the Anthem Inc. demutualization proceeds to neighborhood investment. The increases in General Capital projects is partially offset by decreases in Restricted Fund capital projects based on the timing of large projects associated with parking facilities, stormwater management, and the Metropolitan Sewer District. Detailed information on the entire capital budget is included in the Approved 2003-2008 Capital Investment Plan, Volume 2 budget document.

Figure 1. 2003-2004 All Funds Budget

(In \$ Millions)

	2001	2002	2003	% Change	2004	% Change
Operating Budget						
General Fund	\$308.1	\$314.0	\$312.5	(0.5%)	\$319.2	2.1%
Restricted Funds	<u>377.2</u>	<u>394.9</u>	<u>409.2</u>	3.6%	<u>412.2</u>	0.7%
Subtotal	\$685.3	\$708.9	\$721.7	1.8%	\$731.4	1.3%
Capital Budget						
General Capital	\$77.9	\$78.4	\$106.1	35.3%	\$89.5	(15.6%)
Restricted Funds	<u>146.1</u>	<u>180.8</u>	<u>146.2</u>	(19.1%)	<u>161.5</u>	10.5%
Subtotal	\$224.0	\$259.2	\$252.3	(2.7%)	\$251.0	(0.5%)
Consolidated Plan Budget*	<u>\$28.2</u>	<u>\$26.7</u>	<u>\$28.0</u>	4.6%	<u>\$26.4</u>	(5.6%)
Total Budget	\$937.5	\$994.8	\$1,002.0	0.7%	\$1,008.8	0.7%

*Note: The All Funds Budget includes the Community Development Block Grant (CDBG) Operating Budget in the Consolidated Plan Budget and not in the Operating Budget. However, the CDBG Operating Budget is included in the All Funds Operating Budget financial schedules beginning on page 162.

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This Budget calls for a property tax of 5.27 mills in 2003 and in 2004 and no increases in the income tax rate, which is the City's largest tax revenue source. A 2.0% increase in the Water Works service charge is budgeted in 2003 for capital improvements. A 7.0% increase in the Metropolitan Sewer District (MSD) service charge is budgeted in 2003 for increased debt service requirements as well as increases to comply with Environmental Protection Agency (EPA) mandates.

OPERATING BUDGET HIGHLIGHTS

The Operating Budget includes funding for day-to-day services provided by City departments. These include general governmental services supported by the General Fund, such as police and fire services, and services supported by Restricted Fund fees, charges, assessments, or grants such as water and sewer services or job training programs. A detailed explanation of the sources and uses of Operating Budget funds is provided in Part III, Budget Basics, of this document.

The major revenue categories of the General Fund in the 2003-2004 Budget are shown in Figure 2. The largest General Fund revenue category is the City Income Tax at 61.6% of the General Fund revenue. Within the City's 2.1% Income Tax rate, the General Fund component is 1.55% (or 73.8% of the total tax collected). Other components are as follows: 0.15% for permanent improvements, 0.3% for mass transit, and 0.1% for infrastructure.

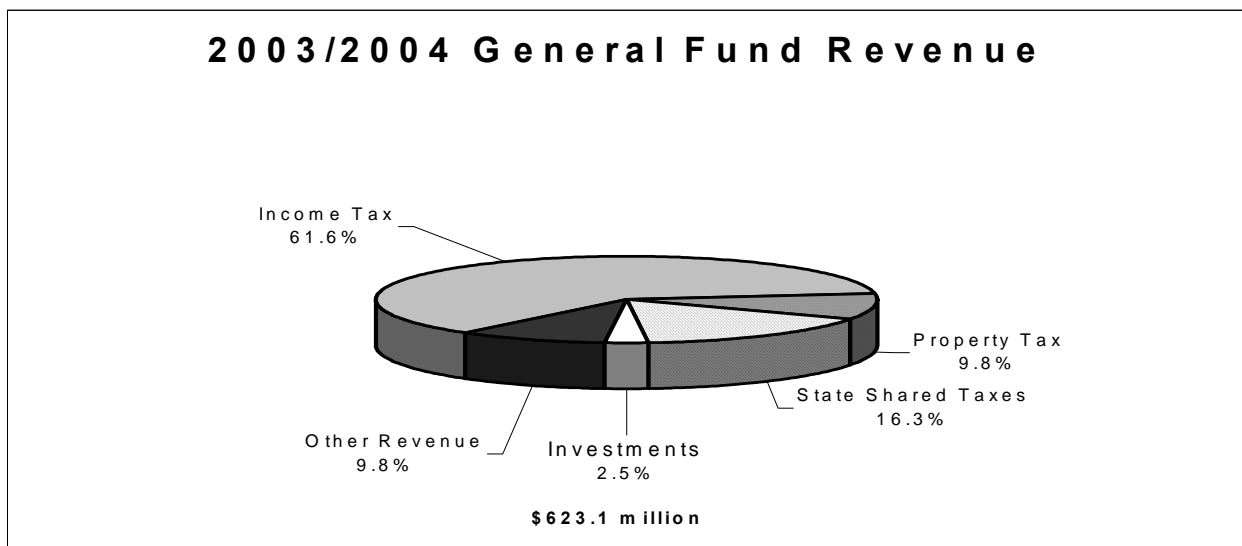
The next largest General Fund revenue categories are the State Shared Taxes at 16.3% and Property Taxes and Other Revenue at 9.8% respectively. The Property Tax revenue dedicated to the General Fund is generated by the 5.27 mills on 35.0% of the assessed value of taxable properties within the City. (An additional 5.36 mills is levied to support the Debt Service requirements of the Capital Budget.) Other Revenue represents revenue from the admission tax, licenses and permits, fines and penalties, as well as other miscellaneous revenues.

Revenue from investments account for 2.5% of 2003 General Fund revenues. Please see the Financial Summaries section, General Fund Revenue Estimates for a detailed discussion of all the general fund revenues.

Figure 3 displays the major expenditure categories of the General Fund in the 2003-2004 Budget. Public safety expenditures for police and fire services comprise 55.6% of the total General Fund Budget. The next largest General Fund expenditure areas are Health at 8.8% and Public Services at 7.9%.

The primary cost drivers of the Operating Budget changes in 2003 and 2004 are personnel services, employee benefits, and non-personnel services increases. Personnel services increases are budgeted at 3.0% in 2003 and 2.6% for 2004. Non-personnel costs are expected to increase by 2.9% in 2003 and no increase in 2004.

Figure 2. General Fund Revenue Categories





Community Development and Planning. Included in the 2003 Budget is \$631,750 for the continuation of the Neighborhood Support Program, which provides \$10,000 for fifty-two neighborhoods to be used for beautification projects, newsletters, signage, and other neighborhood projects. New initiatives for neighborhood revitalization were funded in the Capital and Consolidated Plan budgets.

Health Department. The Health Department's budget includes \$25,000 to help fund the Children's Hospital Medical Center Drug and Poison Information Hotline, and \$185,600 and for the School Nursing Program and \$205,130 for the Nursing Home Licensure Program, which were both restored during 2002. The 2003 Health Department budget also includes \$225,000 of Community Development Block Grant funding for the Cincinnati Lead Hazard Testing Program which provides funding for lead inspections of residences occupied by children who have been identified as having an elevated blood-lead level. Health Services Fund 395, which receives revenue from Medicare, Medicaid and other third-party insurers, had significant increases in revenue during 2001 and 2002 due to legislative initiatives designed to expand eligibility requirements for the Children's Health Insurance Program (CHIP). Revenue is expected to stabilize in 2003 and 2004 because of the State of Ohio's policy to enroll new Medicaid patients with the HMO; however the fund balance is declining and will need to be monitored on a regular basis.

CAPITAL BUDGET HIGHLIGHTS

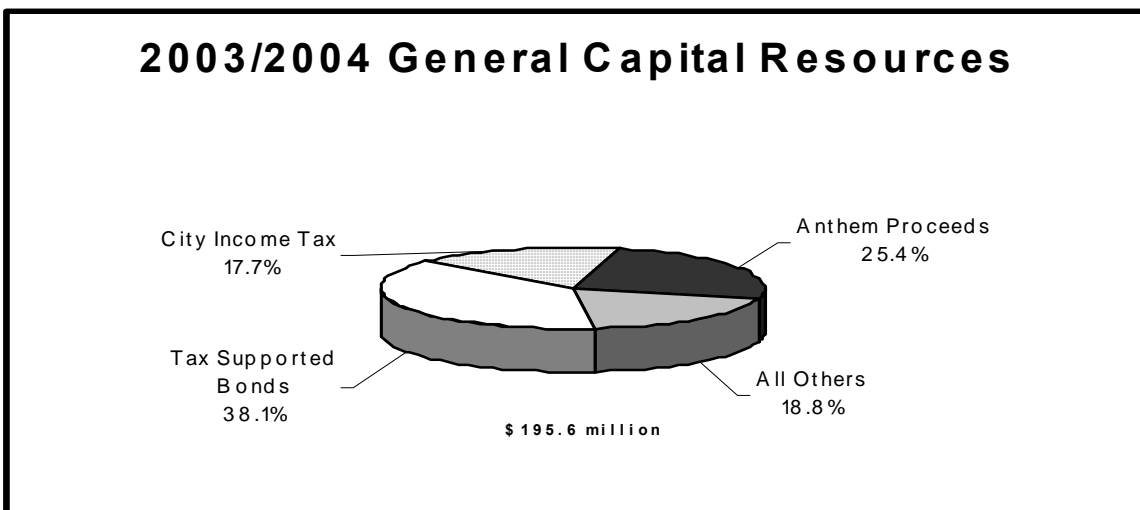
The Capital Budget provides funding for City assets with useful lives of over five years and which cost at least \$10,000. Capital funds are used to purchase or construct new assets or improve or rehabilitate existing assets. The Budget is comprised of two parts: the General Capital and the Restricted Funds Capital Budgets. It includes a biennial 2003-2004 Capital Budget and a six-year 2003-2008 Capital Investment Plan. The 2003-2004 biennial amount of \$503.3 million is an increase of 4.2% when over the 2001-2002 biennial amount of \$483.2 million. The 2003 amount of \$252.3 million is a 2.7% decrease from the 2002 amount of \$259.2 million. The 2004 amount of 251.0 million is a 0.5% decrease from the 2003 amount.

General Capital Budget

In this biennium, the General Capital Budget includes one new resource: demutualization proceeds from the sale of stock received by the City when Anthem, Inc. converted from a mutual insurance company to a stock insurance company. A detailed explanation of the sources and uses of Capital Budget funds is provided in Part III, Budget Basics, of this document.

The major resource categories for General Capital in the 2003-2004 Budget are displayed in Figure 4. The largest General Capital resource is Tax Supported Bonds at 38.1% of all General Capital resources. The next largest General Capital resource is Anthem Proceeds at 25.4%.

Figure 4. General Capital Resource Categories



Budget Summary



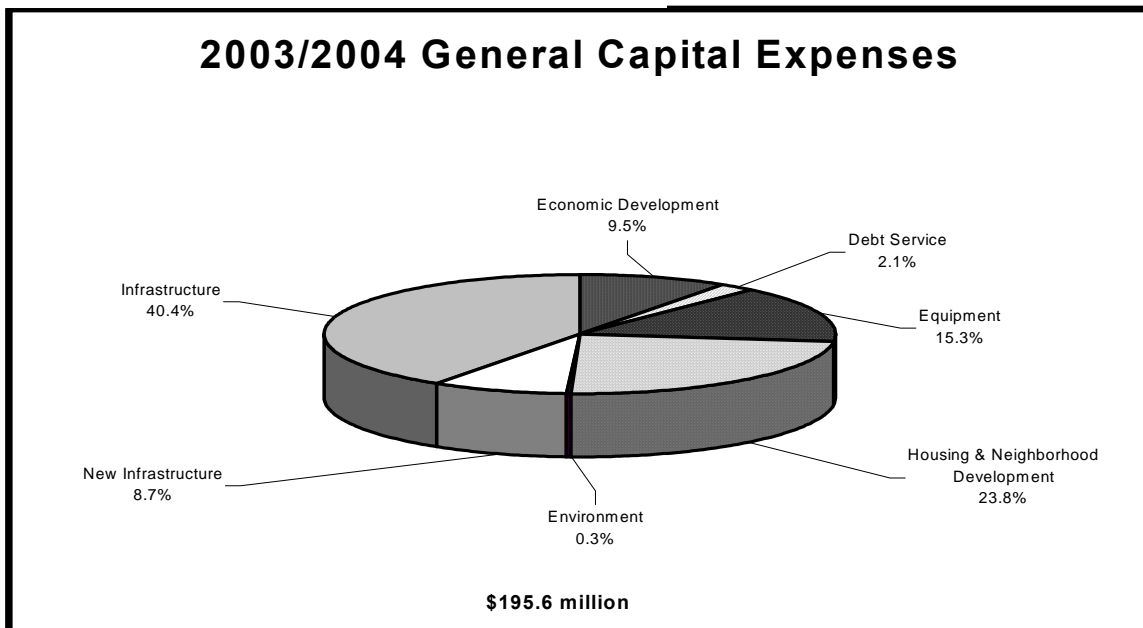
Figure 5 displays the major expenditure categories of the General Capital Budget for the 2003-2004 biennium. Expenditures for Infrastructure projects comprise 40.4% of the total General Capital Budget. The next largest General Capital expenditure categories are Housing and Neighborhood Development projects at 23.8% and Equipment at 15.3%.

The following list describes the expenditure highlights of the 2003-2004 General Capital Budget, which primarily focuses on programs that will improve quality of life conditions in the City's neighborhoods.

- Market rate housing development initiatives total \$25 million, including \$15 million in 2003 for a new Neighborhood Housing Redevelopment Loan Fund for market rate residential housing projects.

- Funds for renovating Recreation Facilities total \$14.3 million. This funding will help maintain and extend the life of the 53 buildings, 41 pools, 108 playgrounds, and 400 athletic facilities operated by the Recreation Department.
- The Mt. Washington Recreation Center will be replaced in the biennium, at a cost of \$5.5 million. An additional \$3.6 million is budgeted to replace two existing fire stations.
- Funding for arts-related facilities in neighborhoods totals \$4.4 million, representing a new commitment to the arts in the Capital Budget. This initiative is designed to support neighborhood economic development through support of the arts. The Community Facilities Project is continued in the biennium, providing \$700,000 each year for capital

Figure 5. General Capital Expenditure Categories



- The Street Rehabilitation Program will improve at least 200 lane miles in the biennium, with a budget of \$28.3 million. Major street reconstruction projects, in addition to the Street Rehabilitation Program, total \$8.7 million. Sections of the following streets will be reconstructed: Waldvogel Viaduct, Columbia Parkway, Queen City Avenue, River Road, Red Bank Road, and Central Avenue.

improvements to three City-owned historic structures: Music Hall, the Art Museum, and the Museum Center.

- The biennial budget includes \$22.3 million for the Neighborhood Investment Reserve project, dedicated to a variety of neighborhood development initiatives. Projects will be determined based on the economic benefit to neighborhoods and will include housing, economic development, and infrastructure improvements.



- Funding in the amount of \$2.5 million is included to purchase a new risk management system to improve the Police Department's ability to track activities of police officers. Funds will also support a tracking system for the Community Problem Oriented Policing Program (CPOP), which will reinforce the partnership between citizens and police officers in community-based problem solving.
- Neighborhood Business District (NBD) Public Improvement projects are budgeted at \$1.6 million in the biennium. Combined with Consolidated Plan funds, the total amount is \$3.6 million. Streetscape enhancements in the following neighborhoods are planned: College Hill, Hyde Park, and North Avondale.
- In January 2004, a major \$160 million reconstruction and expansion project will begin at the Cincinnati Convention Center. The City's financial commitment to the project is \$1 million annually for 30 years, which is included in the Biennial Capital Budget. The construction project is expected to be completed in the first half of 2006.

Restricted Fund Capital Budget

A total of \$307.7 million, \$146.2 million in 2003 and \$161.5 million in 2004, is included in the Capital Budget for restricted funds capital projects. Restricted Fund Capital Budget projects include water and sewer improvements, parking facilities improvements, stormwater drainage improvements, improvements at Lunken Airport, sidewalk improvements to City owned property, and the purchase of equipment and information systems upgrades.

The Restricted Fund Capital Budget also includes Federal and State Matching Funds to improve the City's roads and bridges. Additionally, funds are received annually from the Federal Aviation Administration (FAA) for improvements to Lunken Airport and Blue Ash Airport. Matching Capital Funds total \$8.5 million and \$13.6 million in 2003 and 2004, respectively.

CONSOLIDATED PLAN BUDGET HIGHLIGHTS

The Consolidated Plan Budget is a combined budget of federal funding from the Community Development Block Grant (CDBG), the HOME Investment Partnerships Program (HOME), the Emergency Shelter Grant (ESG), and the Housing Opportunities for Persons with AIDS Grant (HOPWA).

The Consolidated Plan, is a five-year plan required for the receipt of federal grant funding (CDBG, HOME, ESG, HOPWA) from the U.S. Department of Housing and Urban Development (HUD). The planning process for the 2000-2004 Consolidated Plan occurred in 1999 and was adopted by City Council that same year. The Plan also provides the framework for the City and other entities to apply for competitive funding from HUD for a variety of housing and homeless assistance grants. During each year of the five-year plan, the City submits an annual Action Plan budget that provides funding for programs and projects designed to achieve Consolidated Plan goals. The approved 2003-2004 Biennial Consolidated Plan Budget is the Action Plan.

The CDBG program provides funds to improve housing, revitalize neighborhoods by eliminating slum and blight conditions, and invest in economic development projects that create job opportunities for low and moderate income citizens. Funding is also provided for social service programs, subject to an expenditure cap of 15% of the City's grant amount. The HOME program promotes affordable rental and owner-occupied housing for low income citizens. The purpose of the ESG program is to provide emergency shelter and transitional housing and supportive services for homeless citizens. The HOPWA program provides shelter and support programs in a tri-state twelve-county area in accordance with the grant requirement.

The Consolidated Plan Biennial Budget amount of \$54.4 million is a 1.1% decrease from the 2001-2002 biennium amount of \$55.0 million. The 2003 amount of \$28.0 million is a 4.9% increase over the 2002 amount of \$26.7 million. The CDBG, HOME, ESG, and HOPWA grants were estimated to remain at prior year levels in 2003-2004. Local program income and prior-



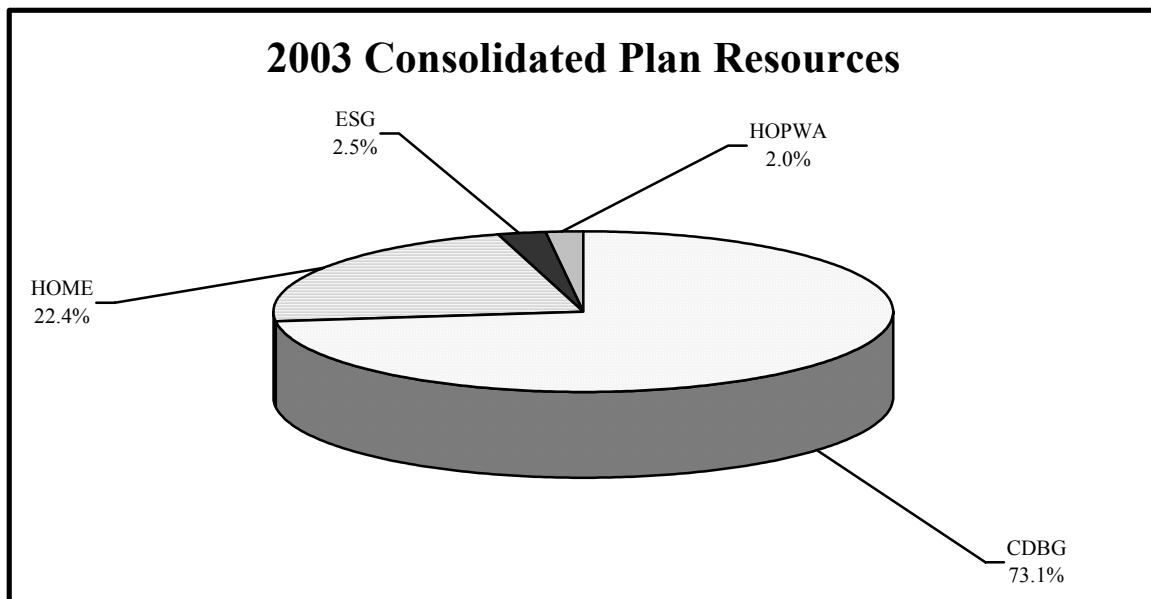
year savings were expected to decrease in 2003 and remain level in 2004. Final grant amounts were not known at the time that the City Council approved the budget. The City Council will make a revised appropriation once final grant amounts are known with input from the citizen advisory process. A detailed explanation of the sources and uses of Consolidated Plan funds is provided in Part III, Budget Basics, of this document beginning on page 25.

The major resource categories for the 2003 Consolidated Plan programs are displayed in Figure 6. The largest Consolidated Plan resource is the Community Development Block Grant. The next largest Consolidated Plan resource is the HOME Grant

Neighborhood Revitalization Strategy Areas & City Redevelopment Focus Districts

- Housing and public infrastructure development to support additional development: \$3.85 million in 2003 and \$3.93 million in 2004;
- Abandoned/Vacant building barricade and demolition: \$508,280 in 2003 and \$514,970 in 2004; and,
- Property receivership program: \$500,000 in both 2003 and 2004.

Figure 6. Consolidated Plan Resources



The 2003-2004 Consolidated Plan budget is fundamentally different from previous years. This budget reflects a new focus on funding larger, high impact projects that help transform neighborhoods. Program allocations in this budget are designed to act as catalysts for ongoing private investment in those neighborhoods in need of transformation by taking full advantage of changes in HUD regulations that allow greater flexibility to tailor redevelopment activities to meet the needs of the City. Figure 7 displays the major expenditure categories of the Consolidated Plan for the 2003 Budget.

The largest programs within each major component as shown above are as follows:

Program Administration and Debt Service

- Debt service - Leveraging HUD Section 108 funding: \$1,000,000 in 2003 and \$957,200 in 2004 to leverage up to \$10.0 million each year for additional development in Neighborhood Revitalization Strategy Areas, including Over-the-Rhine and the West End; and,
- Property Manager Training and Technical Assistance: \$50,000 in years 2003 and 2004.

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Affordable Housing Development

- Rehabilitation of Rental Units for Affordable Housing: \$2 million in 2003 and \$1.6 million in 2004; and,
- Tap/Permit Fee Assistance for Habitat for Humanity housing: \$150,000 in both 2003 and 2004.

Homeowner Services

- Housing Maintenance Grants: \$1.8 million in both 2003 and 2004.

Human Services

- Human Service Facility Improvements: \$878,500 in 2003 and \$1.14 million in 2004;
- Housing and Supportive Services for HIV Positive Persons and their Families: \$481,000 in 2003. The budget amount for 2004 will be determined during the 2004 budget update process; and,
- Homeless and Transitional Housing programs: \$591,000 in 2003 and \$590,000 in 2004.

Over-the-Rhine and West End Neighborhoods

- In addition to all other initiatives, the following programs are targeted to Over-the-Rhine and the West End:

- Findlay Market House renovations and operating support: \$822,400 in 2003 and \$487,600 in 2004; and,
- Drug Elimination Program: \$100,000 in both 2003 and 2004 to replace an expiring federal grant.

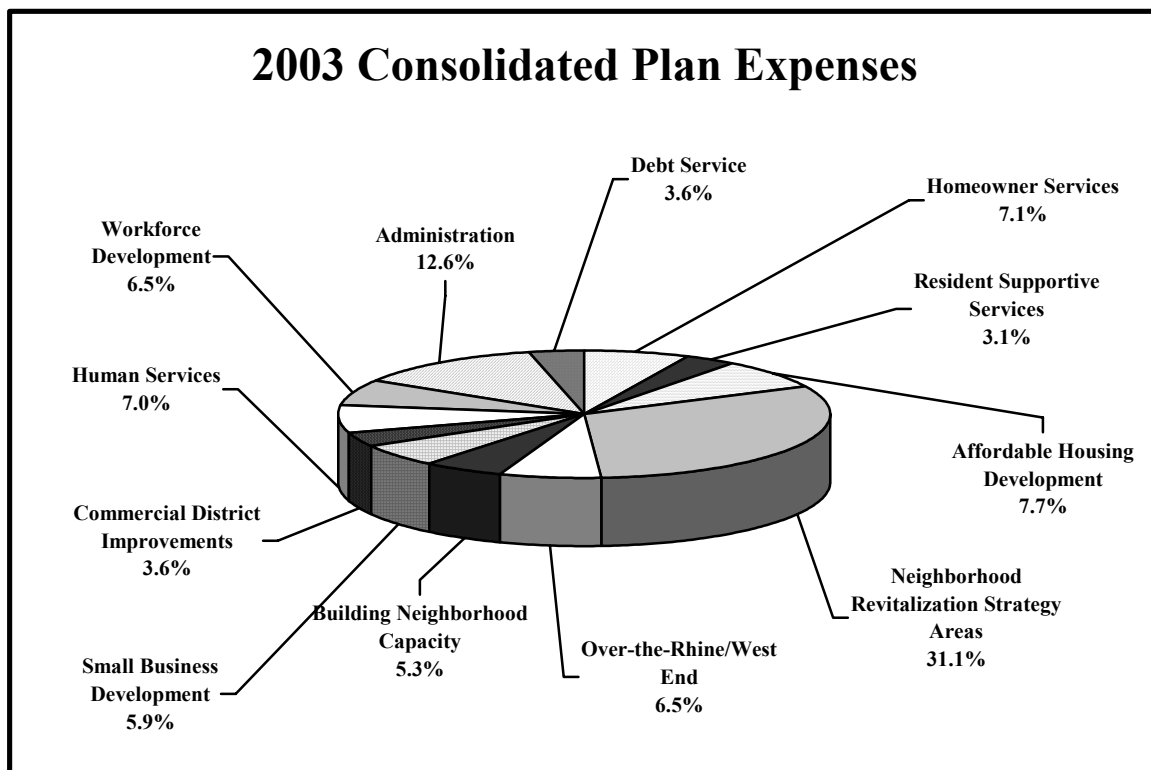
Workforce Development and Training

- Youth development programs: \$925,000 in both 2003 and 2004;
- Youth employment programs: \$550,000 in both 2003 and 2004; and,
- Other employment programs: \$354,190 in 2003 and \$354,700 in 2004.

Small Business Development

- Small Business Loans: \$975,900 in 2003 and \$1.0 million in 2004; and,

Figure 7. Consolidated Plan Expenses



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- Small Business Services and Technical Assistance: \$654,000 in both 2003 and 2004.

Building Neighborhood Capacity

- Clean and Safe Neighborhoods: \$733,000 in 2003 and \$808,000 in 2004 for safety, blight removal, litter control, and weed abatement; and,
- Neighborhood Capacity Building and Technical Assistance: \$543,000 in years 2003 and 2004.

Commercial District Improvements

- Business district improvements: \$1 million in both 2003 and 2004.

Resident Supportive Services

- Fair Housing Services: \$207,000 in both 2003 and 2004; and,
- Lead Hazard Testing for Housing: \$225,000 in both 2003 and 2004.



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