

# **Budget and Finance Committee**

## **City Manager's Recommended FY 2023 Budget Update**

May 31, 2022

## FY 2023 Strategic Priorities



**FISCAL SUSTAINABILITY**



**EXCELLENT SERVICE DELIVERY**



**SAFETY**



**THRIVING NEIGHBORHOODS**



**GROWING ECONOMIC OPPORTUNITIES**

# Operating Budget

# General Fund Long-Term Forecast

- Due to the COVID-19 pandemic, the City's General Fund operating budget has not been structurally balanced since FY 2020, but it has been balanced by relying on one-time revenue sources.
- For FY 2023, revenues are rebounding, but the inclusion of ARP funding is still needed to balance.
- ARP funds are also projected to be needed to balance the General Fund operating budget in FY 2024 and FY 2025.
- Overall, there are projected deficits for FY 2024 through FY 2027 due to projections of relatively flat revenue growth as compared to more rapidly escalating expenditure growth.

# City Manager's Recommended FY 2023 All Funds Operating Budget Update

(\$ in Millions)	<u>FY 2022 - 2023 Biennial Budget</u>			<u>From FY 2022 Approved</u>		<u>From FY 2023 Approved Biennial</u>	
	Approved FY 2022	Approved FY 2023	Recommended FY 2023 Update	\$ Change	% Change	\$ Change	% Change
Operating Budget							
General Fund <sup>(1)(2)</sup>	\$461.3	\$463.8	\$492.8	\$31.5	6.8%	\$29.0	6.3%
Restricted Funds <sup>(3)</sup>	\$754.3	\$705.4	\$713.0	-\$41.3	-5.5%	\$7.6	1.1%
<b>Grand Total</b>	<b>\$1,215.6</b>	<b>\$1,169.2</b>	<b>\$1,205.8</b>	<b>-\$9.8</b>	<b>-0.8%</b>	<b>\$36.6</b>	<b>3.1%</b>

<sup>(1)</sup> The FY 2022 and FY 2023 General Fund Biennial Budgets include \$16.7 million and \$18.1 million in transfers out respectively to the Cincinnati Health District Restricted Fund.

<sup>(2)</sup> The Recommended FY 2023 General Fund Budget Update includes \$18.9 million in transfers out to the Cincinnati Health District Restricted Fund. It does not include \$67.5 million in funding that is transferred to the General Capital Budget.

<sup>(3)</sup> The Recommended FY 2023 Restricted Funds Budget Update amount does not include \$18.9 in Health Department funding that is now in the Cincinnati Health District Restricted Fund.

# Balancing the FY 2023 General Fund Budget

- For the past several years, the City's continuation budget at the time of the TTB has resulted in a projected budget deficit ranging from \$18 million to \$25 million.
- For FY 2023, the continuation budget deficit was estimated at \$85.7 million, which was reduced to \$19.7 million due to the inclusion of \$66.0 million in ARP funding.
- Since the TTB, there were material revisions to revenues that eliminated the FY 2023 projected deficit as the City is showing signs of emerging from the COVID-19 pandemic. Revenue increases total \$93.9 million; expenditure decreases total \$2.3 million and are offset by expenditure increases that total \$9.4 million.

# Balancing the FY 2023 General Fund Budget

## Revenue Increases:

- \$60.6 million: Revision of City Income Tax Revenue
- \$13.7 million: Revenue and Sources Adjustments

## Use of ARP (\$85.6 million):

- \$18.6 million: Operating Budget Support
- \$67.0 million: General Fund Resources Available for Capital Budget

# Balancing the FY 2023 General Fund Budget

## Expenditure Reductions:

- \$0.5 million: Miscellaneous Non-Personnel Reductions
- \$0.8 million: Health Care Savings – Continuation budget assumed 5.0% increase in CY 2023. Revised estimates reduced the increase to 2.2%.
- \$1.0 million: Increased Reimbursements (Stormwater Management Fund and Community Development Block Grant Fund (CDBG))

# Balancing the FY 2023 General Fund Budget

## Expenditure Increases:

- \$3.3 million: Human Services and Leveraged Support Increases
- \$2.0 million: Public Safety Increases
- \$1.6 million: Departmental Initiatives
- \$1.6 million: Staffing Increases Net of Reimbursements
- \$0.9 million: Department of Buildings and Inspections Realignment of Resources

# Balancing the FY 2023 General Fund Budget

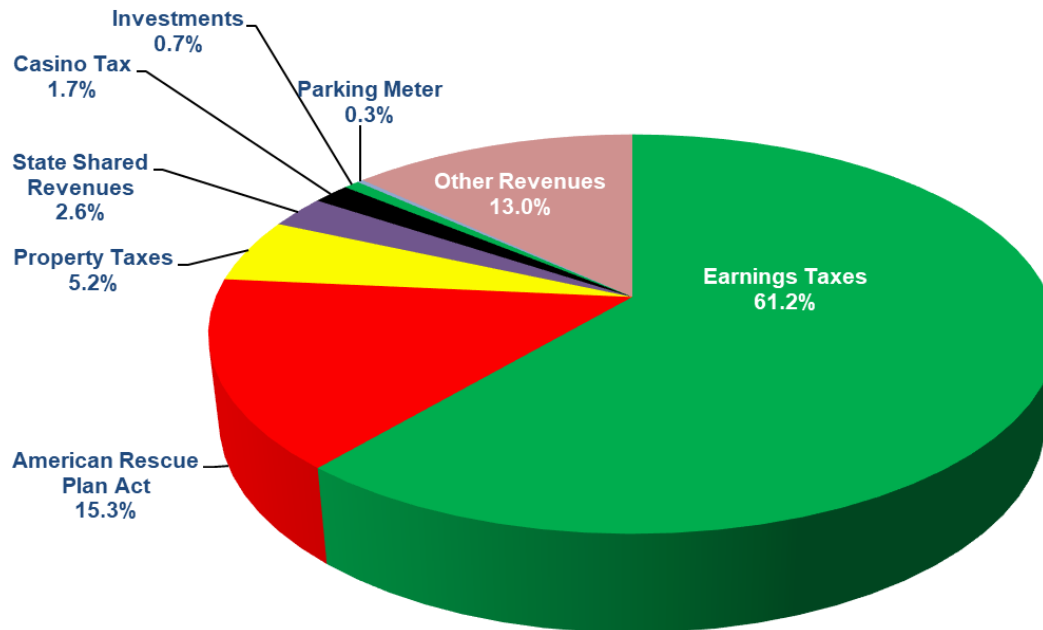
## One-Time Transfer Out to Capital Budget (\$67.0 million total):

- \$17.0 million: Community & Economic Development
- \$14.0 million: Critical Deferred Capital Maintenance and Repairs to City Facilities
- \$12.0 million: Information Technology Initiatives
- \$12.0 million: Transportation Initiatives
- \$8.0 million: Public Safety Facility Improvements
- \$4.0 million: Green Cincinnati Sustainability Initiatives

# OPERATING BUDGET

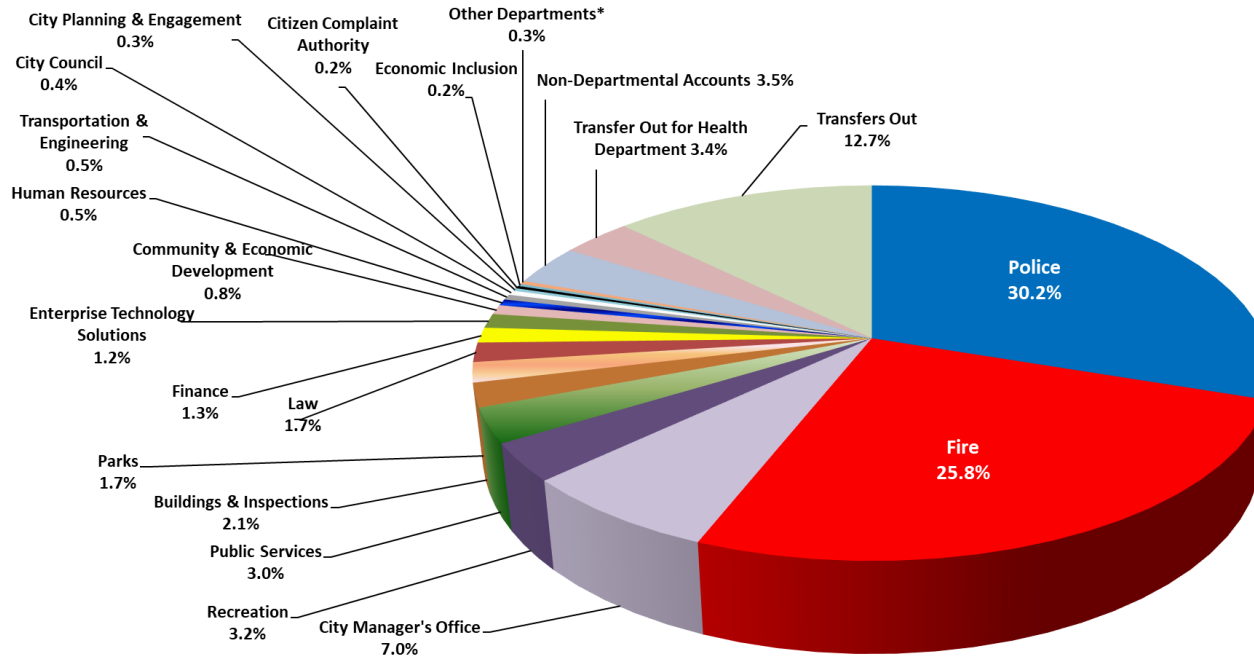
## FY 2023 General Fund Revenue

### \$560.3 million



# OPERATING BUDGET

## General Fund Expenditures – \$560.3 million

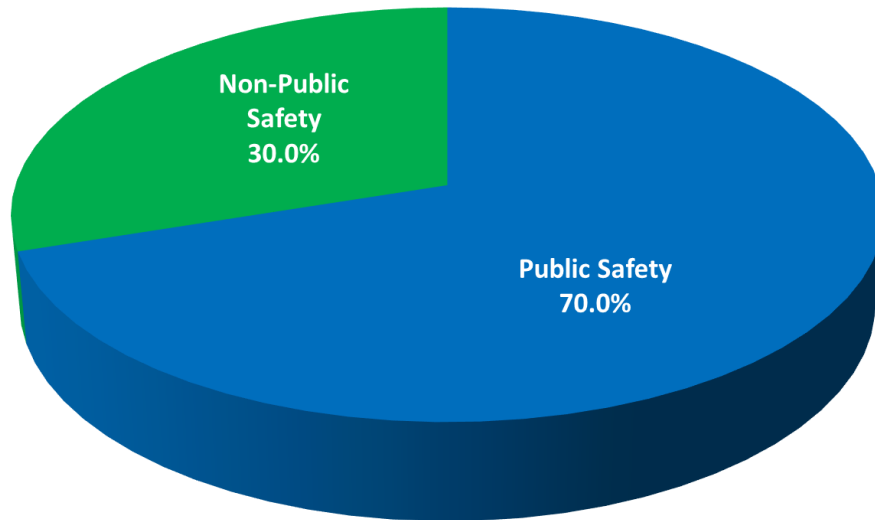


\*Other Departments include Office of the Mayor and Clerk of Council.

# OPERATING BUDGET

## General Fund Expenditures\*

Where does the money go?  
Public Safety and Non-Public Safety

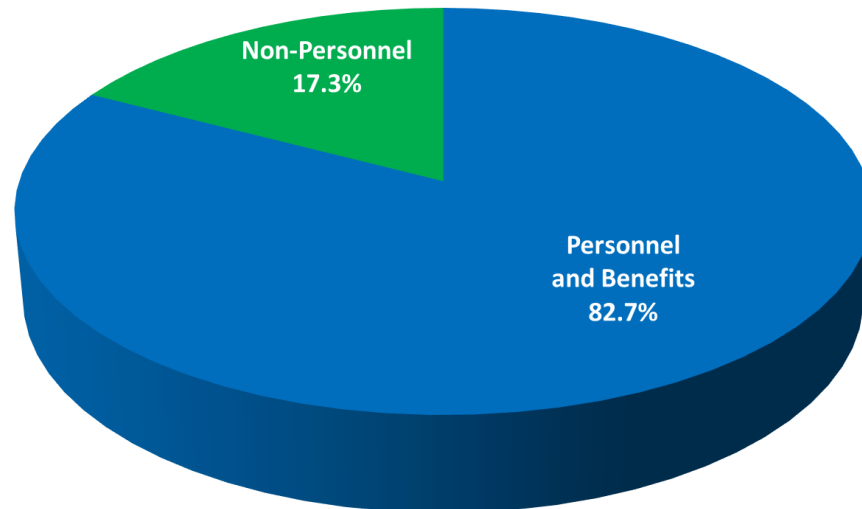


\*The Transfer Out for the Health Department is reflected here based on the budgeted expenses for the Health Department within these categories.

# OPERATING BUDGET

## General Fund Expenditures\*

Where does the money go?  
Personnel and Non-Personnel

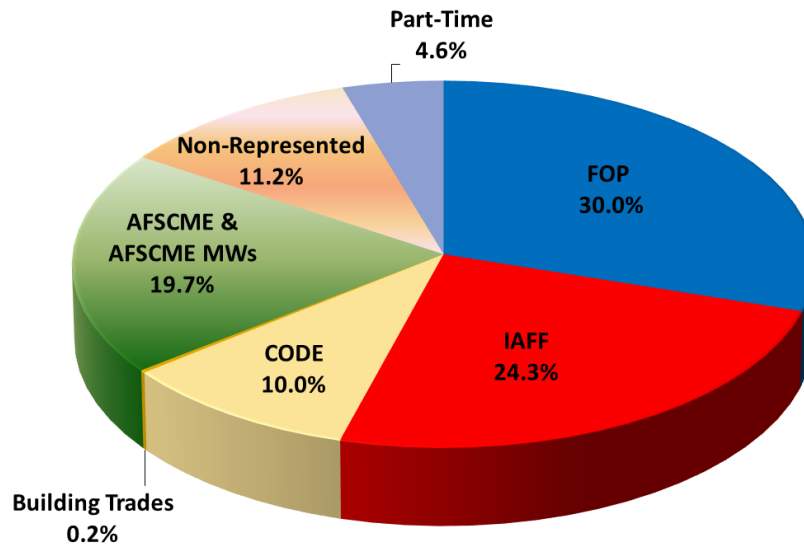


\*The Transfer Out for the Health Department is reflected here based on the budgeted expenses for the Health Department within these categories.

# OPERATING BUDGET

## General Fund Staffing\*

Personnel expenses represent 82.7% of the General Fund Budget with 84.2% of employees represented by labor contracts.



\*The Health Department FTEs budgeted as part of the Transfer Out are included within these categories.

# OPERATING BUDGET

## General Fund Staffing

### Public Safety Sworn FTE Estimates

Sworn FTE	July 2022	February 2023 53 Police Recruits Graduate	April 2023 50 Fire Recruits Graduate	June 2023
<b>POLICE</b>	972	996	989	982
<b>FIRE</b>	821	800	865	860

- Estimates provided for start and end of fiscal year as well as months with expected recruit class graduation less expected attrition.
- Budgeted sworn strength is 1,059 FTE for Police and 859 FTE for Fire.

# OPERATING BUDGET

## General Fund Expenditure Highlights: Human Services and Leveraged Support

- Exceeds the goal of allocating 1.5% of General Fund Operating Budget Revenue, with nearly \$8.0 million for the Human Services Fund and over \$17.2 million in total leveraged support.
- An additional \$1.0 million for Summer Youth Jobs Initiative.
- One-Time Allocations:
  - \$1.0 million for Childcare Pilot Program
  - \$150,000 for Boots on the Ground Fund Pilot Program for small non-profits
  - \$25,000 each for African American Chamber of Commerce, ArtsWave Black and Brown Artists Fund, Hillman Accelerator, and MORTAR

# OPERATING BUDGET

## General Fund Expenditure Highlights: Public Safety

- Cincinnati Police Department Recruit Classes:
  - 53 member class to start July 2022
  - 35 member class to start May 2023
- Cincinnati Fire Department Recruit Classes:
  - 50 member class to start October 2022
  - 50 member class to start June 2023
- Additional resources for Cincinnati Citizens Respect Our Witnesses (CCROW).
- Resources for the Emergency Communications Center Alternative Response to Crisis (ARC) pilot program for Police Dispatch.

# OPERATING BUDGET

## General Fund Expenditure Highlights: Reconnecting with Citizens

- Expansion of City's 311 service line for non-emergency service requests managed by the Emergency Communications Center.
- Additional FTE for Community Engagement Activities:
  - 2 FTE in City Planning and Engagement for citywide engagement efforts and increase face-to-face interactions with citizens.
  - 1 FTE in the City Manager's Office to focus on place-based initiatives to address litter, blight, and violence reduction efforts.
  - 1 FTE in the Office of Environment and Sustainability to support equitable outreach work on the Green Cincinnati Plan, WarmUp Cincy, and other efforts.

# OPERATING BUDGET

## General Fund Expenditure Highlights: Thriving Neighborhoods & Economic Opportunities

- Maintains investments in strong and thriving neighborhoods through the Neighborhood Community Council support and funding for Invest in Neighborhoods to manage the program.
- Additional FTE for Economic Development and Compliance:
  - 1 FTE in the Department of Community & Economic Development for development agreement monitoring and compliance.
  - 1 FTE in the Department of Economic Inclusion for wage enforcement.

# OPERATING BUDGET

## General Fund Expenditure Highlights: Staffing

- Department of Public Services:
  - \$500,000 allocated for a signing and retention pay pilot program in the Department of Public Services to improve staffing for various work crews.
- Cincinnati Recreation Commission Aquatics and Pools:
  - Includes funding for the Summer 2022 Bonus Payment Plan which will be evaluated in September 2022 to determine pay structure for Summer 2023.

# OPERATING BUDGET

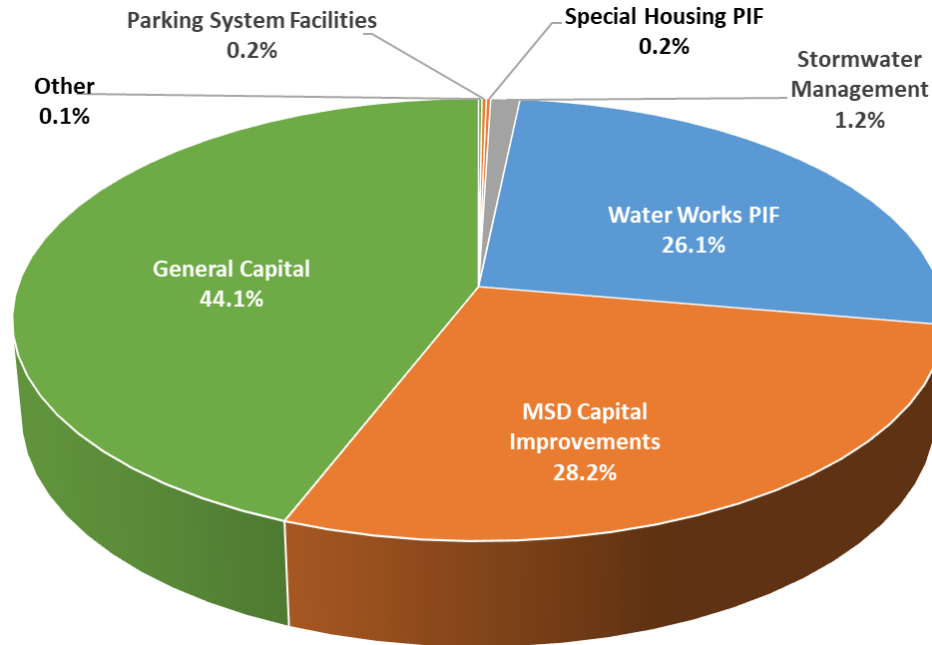
## Restricted Funds

### Major Changes Impacting Restricted Funds:

- Many Restricted Funds continue to rebound from the negative economic impacts of the COVID-19 pandemic. However, high inflation and supply chain issues are significantly impacting the costs of good and services, particularly in the utilities.
- Due to the realignment of the Department of Buildings and Inspections, reliance on Hazard Abatement Fund resources is reduced.

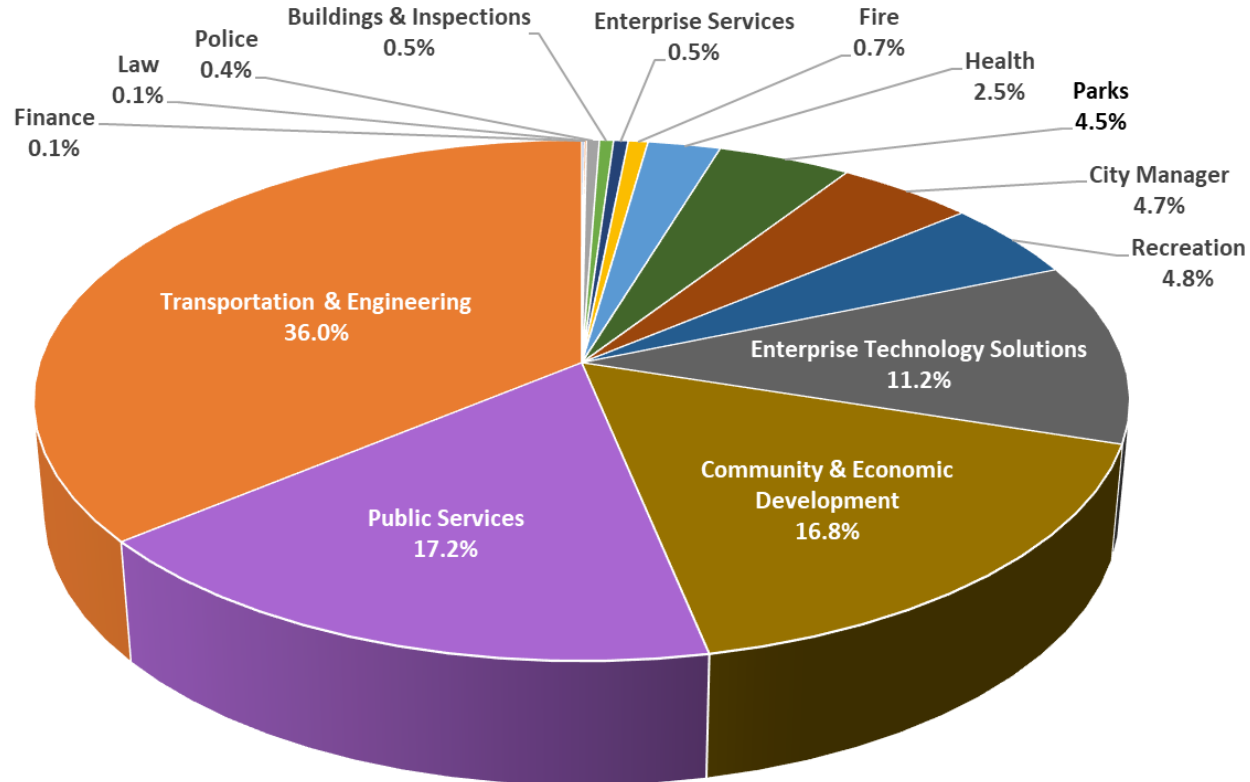
# Capital Budget

# City Manager's Recommended FY 2023 All Funds Capital Budget Update



"Other" combines the Recommended FY 2023 All Funds Capital Budget Update amount for the following funds: Telecommunications Services, General Aviation, and Convention Center. Individually, each of these funds consist of less than 0.1% of the Recommended FY 2023 All Funds Capital Budget Update. This chart does not include Grant Funds.

# General Capital Expenditures – \$126.8 million



# General Capital Budget Highlights

The Recommended Budget for Street Rehabilitation includes \$17.1 million\*. When combined with \$9.2 million in grant resources, this will result in an estimated 49 lane miles of rehabilitation and provide for an estimated 24 lane miles of preventative maintenance for a total of 73 lane miles of street improvement. Additional resources will be available for street rehabilitation as a one-time source, which will provide for, at minimum, 8 additional lane miles to be rehabilitated.

The Capital Budget also includes the following:

- Western Hills Viaduct \$3.8 million
- Pedestrian Safety\* \$1.9 million
- Housing – Affordable/SHIP\* \$1.9 million
- Emergency Communications \$844,000  
(includes 9-1-1 Phone System Hardware Refresh, Workstation Improvements, and more)
- Airport Road Sidewalk\*\* \$750,000

\*Excludes one-time General Fund contributions to capital projects.

\*\*Community Budget Request (CBR)

# One-Time Transfer Out to Capital Budget from the General Fund – \$67.0 million

- \$17.0 million: Community & Economic Development
  - Economic Development Initiatives – \$10.0 million
    - Site readiness projects for suppliers/partners of Intel in partnership with The Port and REDI
    - Represent Initiative to support black-owned businesses in Over-The-Rhine
    - Various business retention and expansion efforts
  - Housing Stability – \$7.0 million
    - Bethany House
    - Affordable Homeownership and Minority Developer Capacity Building programs in partnership with The Port
    - Homeownership support for the American Dream Downpayment Initiative (ADDI)

## One-Time Transfer Out to Capital Budget from the General Fund – \$67.0 million

- \$14.0 million: Critical Deferred Capital Maintenance and Repairs to City Facilities
  - Public Services – \$5.0 million
    - Fleet Facility Renovation
    - Deferred capital maintenance at various City facilities including the Cormany Garage
  - Parks – \$3.0 million
    - California Woods Nature Preserve Restoration
    - Inwood Park Pavilion Restoration
    - Drake Park Restoration

## One-Time Transfer Out to Capital Budget from the General Fund – \$67.0 million

- \$14.0 million: Critical Deferred Capital Maintenance and Repairs to City Facilities (continued)
  - Recreation – \$3.0 million
    - Dyer Sprayground Improvements
    - Deferred capital maintenance at various Recreation facilities
  - Health – \$3.0 million
    - Crest Smile Shoppe Relocation
    - Price Hill Health Center Improvements
    - Deferred capital maintenance at various health clinics

## One-Time Transfer Out to Capital Budget from the General Fund – \$67.0 million

- \$12.0 million: Information Technology (IT) Initiatives
  - IT Equipment – \$8.7 million
    - Broadband investment to address the digital divide in underserved areas
    - Initial allocation of funds for City radio replacement
    - Security Camera upgrades at various City facilities
  - IT Software and Hardware – \$3.3 million
    - Buildings & Inspections permit software upgrades
    - Data Center infrastructure replacement
    - HR Centralization related software solutions

## One-Time Transfer Out to Capital Budget from the General Fund – \$67.0 million

- \$12.0 million: Transportation Initiatives
  - Transportation Infrastructure – \$8.0 million
    - Street Rehabilitation
    - Sidewalk Repair
    - Hillside Stairway Rehabilitation
  - Pedestrian Safety Improvements – \$4.0 million
    - Pedestrian Safety and Traffic Calming
      - Emphasis Near Schools (speed cushions, bump outs, and raised crosswalks)

## One-Time Transfer Out to Capital Budget from the General Fund – \$67.0 million

- \$8.0 million: Public Safety Facility Improvements
  - Regional Target Gun Range contribution
  - Fire Training Tower
  - Deferred capital maintenance at various public safety facilities
- \$4.0 million: Green Cincinnati Sustainability Initiatives
  - Electrical Vehicle (EV) charging station infrastructure
  - Fleet Greening initiatives

# Questions?