

# **Budget and Finance Committee – Budget Public Hearing**

## **City Manager’s Recommended FY 2025 Budget Update**

June 3, 2024

## FY 2025 Strategic Priorities



**PUBLIC SAFETY & HEALTH**



**GROWING ECONOMIC OPPORTUNITIES**



**THRIVING NEIGHBORHOODS**



**FISCAL SUSTAINABILITY**



**EXCELLENT & EQUITABLE SERVICE DELIVERY**

# Operating Budget

# City Manager’s Recommended FY 2025 All Funds Operating Budget Update

(\$ in Millions)	FY 2024-2025 Biennial Budget			From Approved FY 2024		From Approved FY 2025 Biennial	
	Approved FY 2024	Approved FY 2025	Recommended FY 2025 Update	\$ Change	% Change	\$ Change	% Change
Operating Budget							
General Fund <sup>(1)(2)</sup>	\$524.6	\$524.7	\$547.3	\$22.7	4.3%	\$22.6	4.3%
Restricted Funds <sup>(3)</sup>	\$763.2	\$757.8	\$762.9	-\$0.3	0.0%	\$5.1	0.7%
<b>Grand Total</b>	<b>\$1,287.8</b>	<b>\$1,282.5</b>	<b>\$1,310.2</b>	<b>\$22.4</b>	<b>1.7%</b>	<b>\$27.7</b>	<b>2.2%</b>

<sup>(1)</sup> The Approved FY 2024 and FY 2025 General Fund Budget includes \$20.5 million and \$20.8 million respectively in transfers out to the Cincinnati Health District Restricted Fund. Additionally, the Approved FY 2024 and FY 2025 General Fund Budget amount does not include \$4.4 million in transfer out for debt service and to other funds. The Approved FY 2024 General Fund Budget amount does not include \$2.1 million in transfers out to the balance sheet reserve account for Financial Freedom Initiatives and \$100,000 in transfers out to the General Capital Budget for lighting of the Wasson Way Trail.

<sup>(2)</sup> The Recommended FY 2025 General Fund Budget Update amount includes \$21.3 million respectively in Health Department funding that is now in the Cincinnati Health District Restricted Fund. Additionally, the Recommended FY 2025 General Fund Budget Update amount does not include \$17.6 million in transfers out to the General Fund Capital Budget or \$5.1 million in transfers out for debt service and to other funds.

<sup>(3)</sup> The Recommended FY 2025 Restricted Funds Budget Update amount does not include \$21.3 in Health Department funding that is now in the Cincinnati Health District Restricted Fund.

- The Recommended FY 2025 General Fund Operating Budget Update is balanced, and it is structurally balanced for ongoing expenditures.
- \$25.2 million in remaining ARP resources will support one-time expenses in FY 2025 that will not reoccur in FY 2026.
- However, for FY 2026 through FY 2029 there continue to be projected deficits due to expenditures growing at a faster pace than projected revenues.

# Balancing the FY 2025 General Fund Budget

## Revenue Increases (\$32.9 million):

- \$9.6 million of increased Property Tax Revenue due to the Hamilton County sexennial property value reassessments.
- \$8.7 million of increased City Income Tax Revenue due to a better than projected economy.
- \$14.6 million of increased Miscellaneous Revenue (including Admission Tax, Short Term Rental Excise Tax, increased building and permit fees) due to adjustments based on current year trends and a rigorous Administration review of revenue enhancement opportunities.

## Total Use of ARP (\$25.2 million) to Support:

- \$7.6 million: One-time Operating Budget Expenses
- \$17.6 million: One-time General Capital Expenses

# Balancing the FY 2025 General Fund Budget

## Expenditure Reductions (\$5.3 million):

- \$3.1 million: Timing of Fire Recruit Classes (one class in FY 2025 and two classes in FY 2026)
- \$1.7 million: Employee Health Care Savings – Planned for a 5.0% increase in CY 2025. Revised estimates show no increase from CY 2023 or CY 2024 premiums.
- \$0.3 million: Miscellaneous Non-Personnel Reductions
- \$0.1 million: Increased Reimbursements (Emergency Communications Center from 9-1-1 Cell Phone Fees Fund)
- \$0.1 million: Position Vacancy Savings (Buildings & Inspections Building Inspector Training Academy)

# Balancing the FY 2025 General Fund Budget

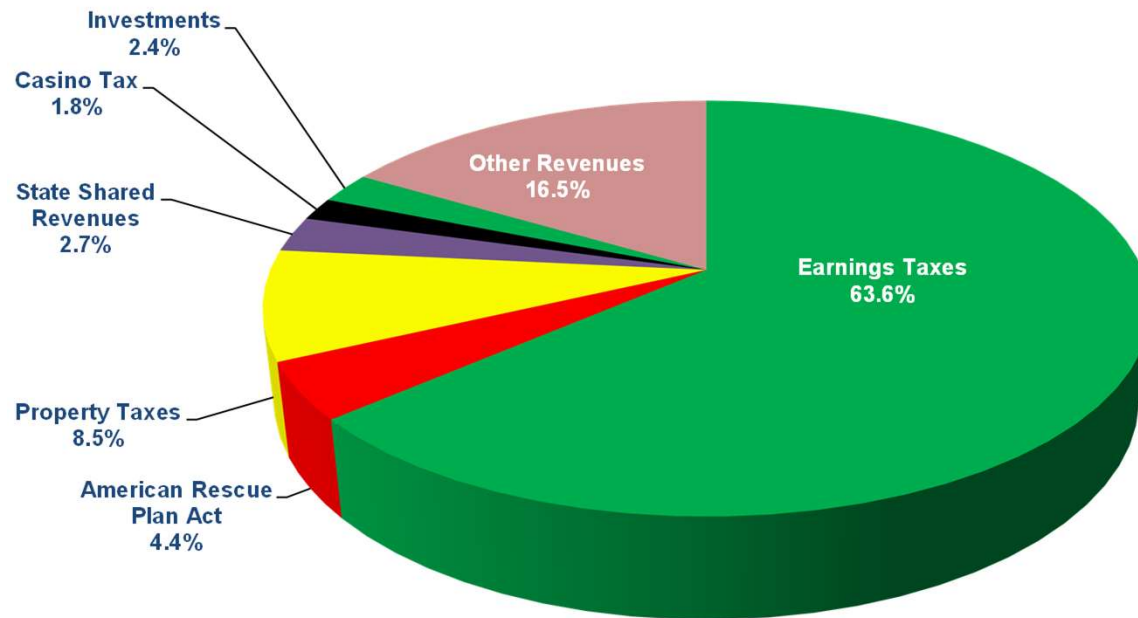
## Expenditure Increases (\$19.4 million):

- \$4.7 million: One-Time Department Exceptions – Public Safety Facilities Master Plan, Plan Cincinnati Refresh, Urban League Minority Business Program, etc.
- \$4.1 million: Reserve for Contingencies
- \$4.9 million: Ongoing Department Exceptions – City Mediation Program, Neighborhood Catalytic Capital Improvement Program (NCCIP), Strategic Code Enforcement Unit Essential Services Program, etc.
- \$4.3 million: Staffing Net of Reimbursements
- \$1.0 million: Information Technology
- \$0.4 million: Reversal of Credit to Expense

## Expenditure Increases (\$17.6 million):

- Transfer Out to the Capital Budget for One-time Expenses

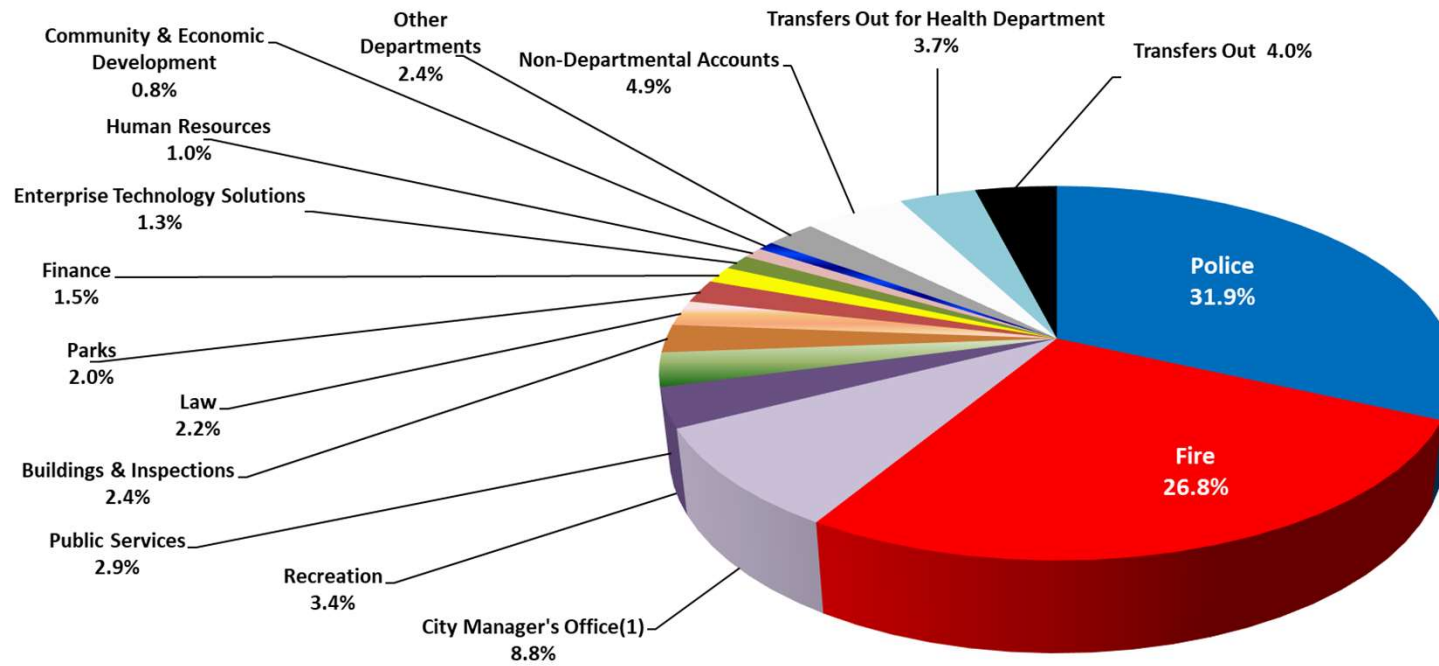
# OPERATING BUDGET UPDATE FY 2025 General Fund Revenue \$570.0 million





# OPERATING BUDGET UPDATE

## General Fund Expenditures – \$570.0 million



\*Other Departments include Transportation and Engineering, City Council, City Planning & Engagement, Economic Inclusion, Citizen Complaint Authority, Office of the Mayor, and Clerk of Council.  
 (1) CMO includes the Emergency Communications Center

# OPERATING BUDGET UPDATE

## General Fund Staffing: Public Safety

- Cincinnati Police Department Recruit Classes:
  - 50 member class to graduate August 2024
  - 50 member class to start October 2024
  - 50 member class to start May 2025
- Cincinnati Fire Department Recruit Classes:
  - 50 member class to graduate September 2024
  - 50 member class to start October 2024
- Police adds 7.0 FTE as part of their civilianization plan

# OPERATING BUDGET UPDATE

## General Fund Expenditure Highlights: Leveraged Support

- Application portal opened on February 12, 2024 and closed on March 24, 2024. The City received 168 applications from 155 applicants.
- Applications were scored by staff utilizing the following criteria:
  - Alignment with City Priorities
  - Funding Proposal Clarity
  - Demonstrated Expertise (Including Prior Year Performance)
  - Clear Key Performance Indicators
  - Budget Diversity
- Recommendations for \$4.0 million in leveraged support to 31 organizations, made based on application scoring and City funding from current and previous years.

# OPERATING BUDGET UPDATE

## General Fund Expenditure Highlights: Leveraged Support

Leveraged Support Category and Recipients	City Manager Recommended FY 2025 Budget Update
<b>Arts</b>	
Art Opportunities, Inc. (dba ArtWorks)	\$150,000
Cincinnati Institute of Fine Arts (dba ArtsWave)	\$50,000
Q-Kidz	\$50,000
The Children's Theatre of Cincinnati, Inc.	\$50,000
<b>Total Arts</b>	<b>\$300,000</b>
<b>Economic Development and Neighborhood Support</b>	
All-In Cincinnati Equity Coalition	\$50,000
Cincinnati Compass	\$50,000
CincyTech	\$100,000
Cintrifuse	\$200,000
Greater Cincinnati & Northern Kentucky Film Commission (dba Film Cincinnati)	\$50,000
MORTAR Cincinnati	\$50,000
REDI Cincinnati	\$250,000
<b>Total Economic Development and Neighborhood Support</b>	<b>\$750,000</b>

# OPERATING BUDGET UPDATE

## General Fund Expenditure Highlights: Leveraged Support

Leveraged Support Category and Recipients	City Manager Recommended FY 2025 Budget Update
<b>Environment</b>	
Keep Cincinnati Beautiful (KCB)	\$275,000
Green Umbrella	\$100,000
<b>Total Environment</b>	<b>\$375,000</b>
<b>Equity and Inclusion</b>	
Greater Cincinnati and Northern Kentucky African American Chamber of Commerce	\$350,000
Joy Outdoor Education Center (dba Camp Joy)	\$75,000
Santa Maria Community Services	\$125,000
<b>Total Equity and Inclusion</b>	<b>\$550,000</b>
<b>Homelessness and Eviction Prevention</b>	
Bethany House Services	\$100,000
Cincinnati Center City Development (3CDC)	\$75,000
Cincinnati Public Schools (CPS) Project Connect	\$100,000
Lighthouse Youth & Family Services, Inc. (dba Lighthouse Youth & Family Services)	\$125,000
Shelterhouse Volunteer Group	\$325,000
St. Vincent de Paul District Council of Cincinnati	\$150,000
<b>Total Homelessness and Eviction Prevention</b>	<b>\$875,000</b>

# OPERATING BUDGET

## General Fund Expenditure Highlights: Leveraged Support

Leveraged Support Category and Recipients	City Manager Recommended FY 2025 Budget Update
<b>Human Services and Violence Prevention</b>	
Center for Addiction Treatment	\$100,000
Center for Closing the Health Gap	\$500,000
Immigrant and Refugee Law Center	\$50,000
Produce Perks Midwest, Inc.	\$75,000
La Soupe, Inc.	\$50,000
Urban League of Greater Southwestern Ohio	\$100,000
<b>Total Human Services and Violence Prevention</b>	<b>\$875,000</b>
<b>Workforce Programming and Poverty Reduction</b>	
Cincinnati Works, Inc.	\$175,000
The Literacy Lab	\$50,000
YWCA of Greater Cincinnati	\$50,000
<b>Total Workforce Programming and Poverty Reduction</b>	<b>\$275,000</b>
<b>Grand Total</b>	<b>\$4,000,000</b>

# **OPERATING BUDGET UPDATE**

## **General Fund Expenditure Highlights:**

### **Human Services and City Operations Program Support**

- Leveraged support definition does not include City funding of third parties to perform programs considered to be elements of City operations.
- The Recommended FY 2025 Budget Update includes \$13,612,680 for these items, which includes the Human Services Fund.
- City Council directed the Administration to create an updated human services strategies and priorities plan for allocations in Motion No. 202202006.
- The Human Services Fund meets the goal of allocating 1.5% of General Fund Operating Budget Revenue at over \$8.5 million.

# OPERATING BUDGET UPDATE

## General Fund Expenditure Highlights: Human Services and City Operations Program Support

City Operations Programmatic Support and Recipients	Approved FY 2024 Budget	City Manager Recommended FY 2025 Budget Update
<b>City Administered Programs</b>		
Career Pathways Program <sup>1</sup>	\$1,000,000	\$1,185,370
Cintrifuse Hackathon	\$20,000	\$20,000
Community Urban Agriculture	\$20,000	\$20,000
Financial Freedom Initiatives <sup>2</sup>	\$2,125,000	\$0
Green Cincinnati Fund	\$100,000	\$100,000
Keep Cincinnati Beautiful	\$200,000	\$200,000
Needle Exchange Program	\$150,000	\$150,000
Neighborhood Business Districts	\$120,000	\$120,000
Summer Youth Jobs Initiative - CRC Portion	\$250,000	\$250,000
WarmUp Cincy	\$350,000	\$350,000
<b>Total City Administered Programs</b>	<b>\$4,335,000</b>	<b>\$2,395,370</b>
<b>Contracts for City Assets &amp; Programs</b>		
3CDC (For Fountain Square) <sup>3</sup>	\$100,000	\$100,000
3CDC (Operating Support for Washington Park and Ziegler Park) <sup>3</sup>	\$475,000	\$475,000
Boots on the Ground Fund Program <sup>2</sup>	\$650,000	\$150,000
City Human Services Fund (administered by United Way)	\$7,976,930	\$8,550,700
Findlay Market Operating Budget Support	\$366,610	\$366,610
Neighborhood Support Program / Community Councils	\$425,000	\$625,000
Safe and Clean <sup>2</sup>	\$500,000	\$0
The Port (formerly Greater Cincinnati Redevelopment Authority/Port Authority of Greater Cincinnati)	\$700,000	\$700,000
Women Helping Women Domestic Violence Enhanced Response Team (WHW DVERT)	\$250,000	\$250,000
<b>Total Contracts for City Assets &amp; Programs</b>	<b>\$11,443,540</b>	<b>\$11,217,310</b>
<b>Grand Total City Operations Programmatic Support and Recipients</b>	<b>\$15,778,540</b>	<b>\$13,612,680</b>

<sup>1</sup>Includes \$110,370 for a Police Young Adult Cadet Program and \$75,000 for a Youth Manager's Advisory Group.

<sup>2</sup>Denotes partial or full one-time funding in FY 2024.

<sup>3</sup>Resources for 3CDC are estimated and may be offset by civic space revenue.



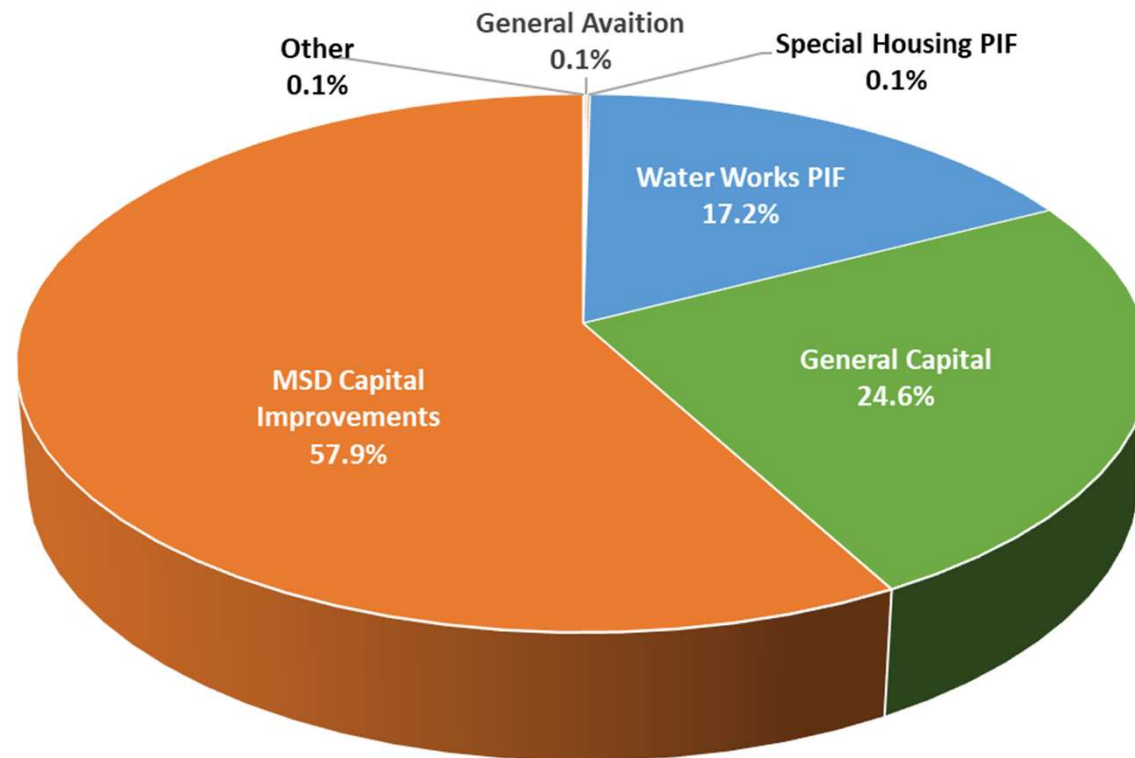
# OPERATING BUDGET UPDATE

## General Fund Expenditure Highlights: Fiscal Sustainability

- Recommended FY 2025 Budget Update includes a 17.75% employer pension contribution rate for members of the Cincinnati Retirement System (CRS). This is a 0.75 percentage point increase to continue to address current underfunding of the CRS. The FY 2024 rate was 17.0%.
- Continued resources for a consultant to pursue federal grant funding opportunities.
- One-time resources for the Public Safety Facilities Master Plan, which will ensure efficient and thoughtful capital planning and resource deployment in future fiscal years.

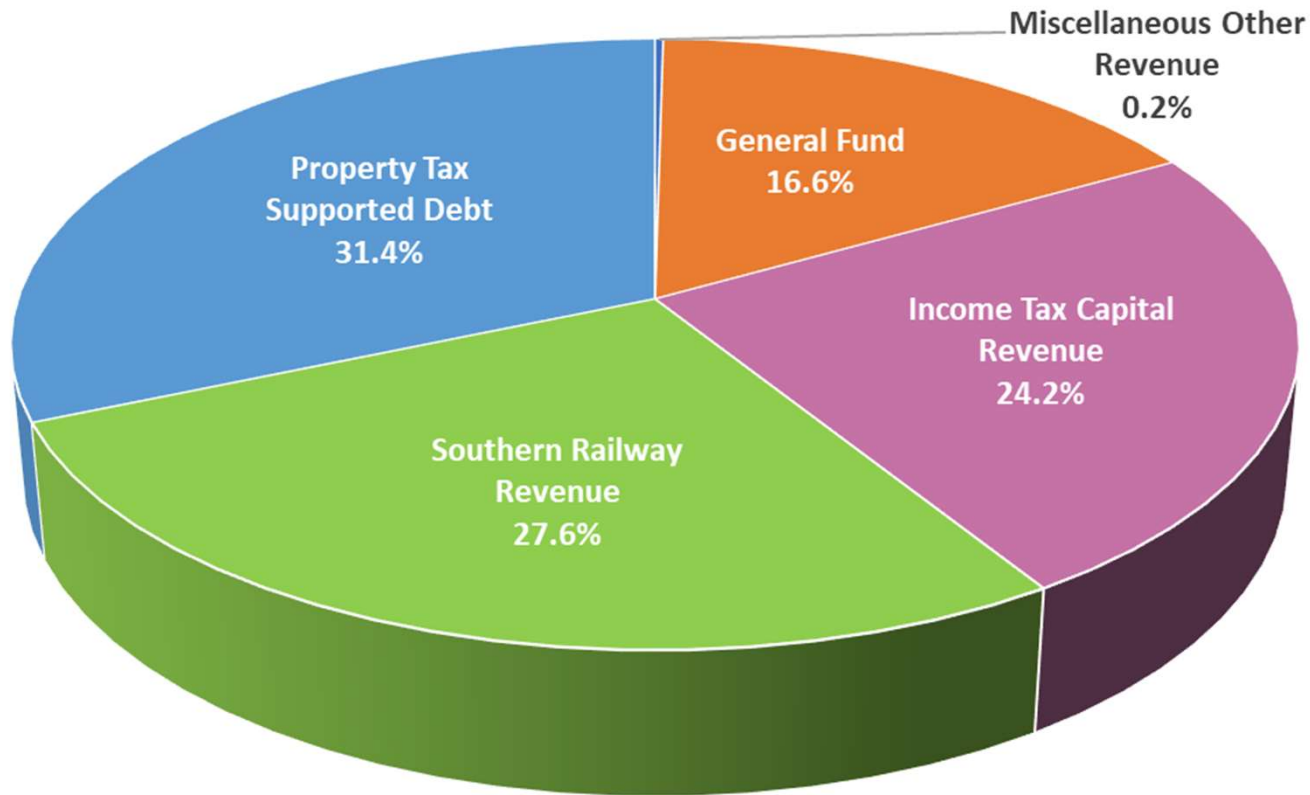
# Capital Budget

# Recommended FY 2025 All Funds Capital Budget Update



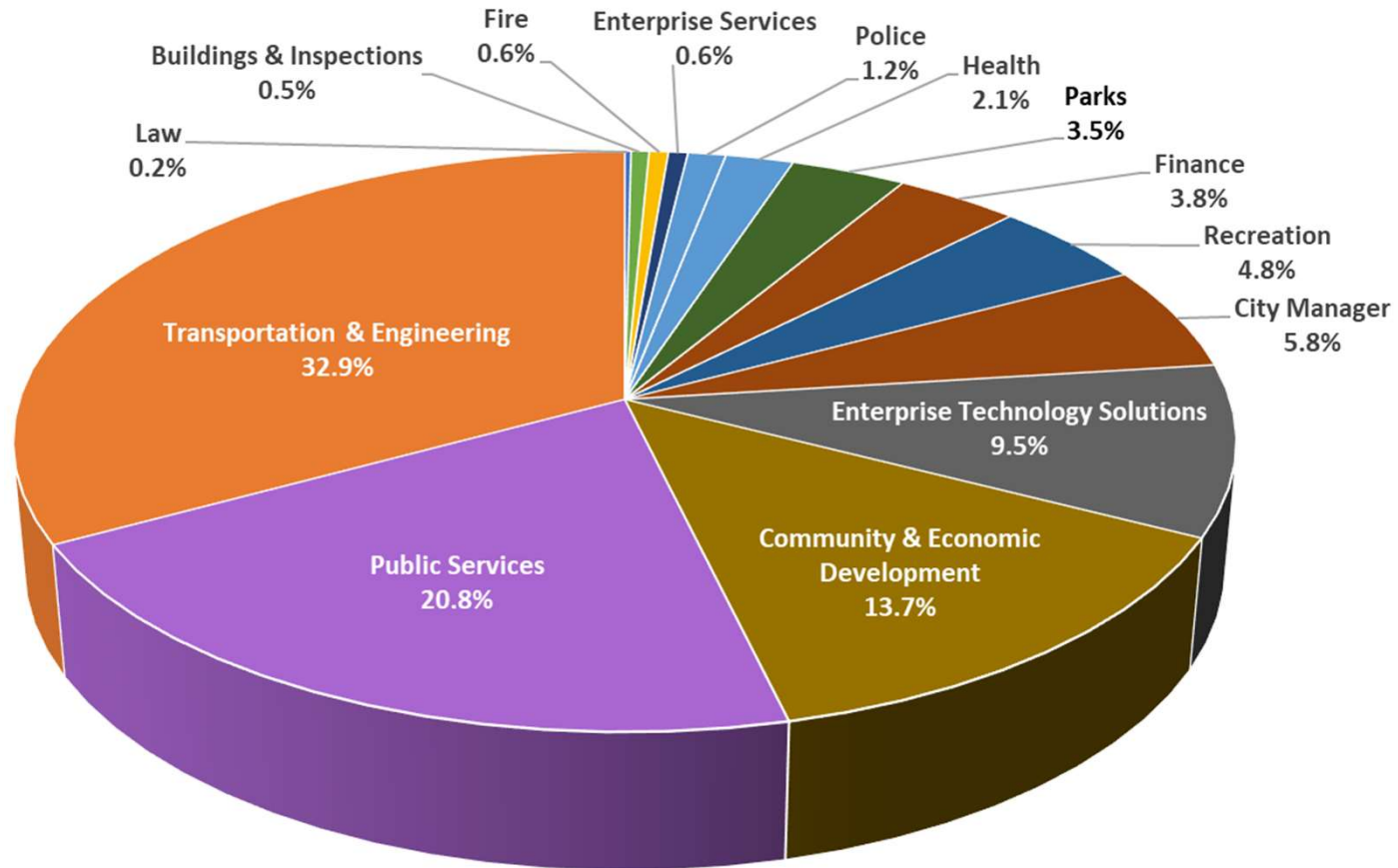
"Other" combines the amount for the following funds: Telecommunications Services and Special Housing PIF. Individually, each of these funds consist of less than 0.05% of the FY 2025 All Funds Capital Budget Update. This chart does not include grant funding.

## General Capital Resources – \$105.9 million



“General Fund” resources in the amount of \$17.6 million are being transferred out to the capital budget. These funds are available due to General Fund revenue replacement from American Rescue (ARP) funds.

## General Capital Expenditures – \$105.9 million



## General Capital Budget Highlights

- **Street Rehabilitation - \$13.5 million:** This will result in an estimated 24 lane miles of rehabilitation (\$500k per lane mile) and provide for an estimated 19 lane miles of preventative maintenance (\$70k per lane mile).
- **Fleet Replacements - \$13.1 million:** This includes \$11.1 million plus an additional \$2.0 million of General Fund resources transferred to the capital budget.
- **Neighborhood Business District Improvements (NBDIP) - \$5.0 million:** This includes \$2.0 million plus an additional \$3.0 million of General Fund resources transferred to the capital budget.
- **Green Cincinnati Sustainability Initiatives - \$5.0 million:** While advancing the goals of the City's Green Cincinnati Plan, this funding may also leverage investment credits (paid back to the City's Revolving Energy Loan Fund) for vehicles, equipment, and infrastructure related to alternative sources of energy generation, storage, and use.
- **Victory Parkway Complete Street - \$3.0 million:** This local match leverages grant funding for Park Avenue Bridge rehabilitation and converting a portion of Victory Parkway to a complete street.

## General Capital Budget Highlights (continued)

- **Affordable Housing Trust Funding – Capital - \$1.9 million:** This \$400,000 increase is based on projected revenue growth generated by the Short-Term Rental Excise Tax.
- **Pedestrian Safety, Major/Minor Street Calming - \$1.2 million:** This project will continue investments in traffic calming and enhanced pedestrian safety.
- **Economic Development Initiatives – Quick Strike Acquisition and Project Support Fund - \$1.0 million:** These are General Fund resources transferred to the capital budget to continue the Quick Strike program.
- **Lunken Airport Improvements - \$1.0 million:** General Fund resources transferred out to the capital budget will provide opportunities for airport improvements, which could include a Customs House or other airport-related development opportunities.
- **Home Enhancement Loan Program (HELP) - \$0.5 million:** This project will provide resources for a middle-income home repair program through Local Initiatives Support Corporation (LISC).

## Recommended FY 2025 Update Capital Budget: Cincy on Track

- The Recommended Capital Budget Update includes \$29.2 million in Cincinnati Southern Railway (CSR) revenue for FY 2025. This will provide an additional \$2.8 million over the estimated \$26.4 million in FY 2025 under the previous lease arrangement. Funding from this source can only be used on existing City infrastructure projects.
- The Recommended FY 2025 CSR Revenue allocation by department:
 

• Transportation & Engineering	\$17.9 million
• Recreation	3.7 million
• Public Services	2.7 million
• Parks	2.7 million
• Health	<u>2.1 million</u>
Total:	\$29.2 million
- Each department will be presenting separately on their planned use of Cincy on Track funding.



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