

Budget and Finance Committee

City Manager's Recommended FY 2024-2025 Biennial Budget

May 30, 2023

FY 2024 Strategic Priorities



PUBLIC SAFETY & HEALTH



GROWING ECONOMIC OPPORTUNITIES



THRIVING NEIGHBORHOODS



FISCAL SUSTAINABILITY



EXCELLENT & EQUITABLE SERVICE DELIVERY

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.
- While Property Tax revenue increases in FY 2024, Earnings Tax revenue remains stagnant, so 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 2025.
- Overall, there are projected deficits for FY 2026 through FY 2028 due to projections of a flat Earnings Tax (no growth) and relatively flat revenue growth for other sources as compared to more rapidly escalating expenditure growth.

City Manager's Recommended FY 2024-2025 All Funds Operating Budget

| (\$ in Millions) | Approved FY 2022 | Approved FY 2023 Update | Recommended FY 2024 | From Approved FY 2023 Update | | From Recommended FY 2024 | | |
|---------------------------------|---------------------|-------------------------------|------------------------|---------------------------------|-------------|-----------------------------|---------------|--------------|
| | | | | Recommended FY 2025 | \$ Change | % Change | \$ Change | % Change |
| Operating Budget | | | | | | | | |
| General Fund ⁽¹⁾⁽²⁾ | \$461.3 | \$489.4 | \$523.0 | \$33.6 | 6.9% | \$524.7 | \$1.7 | 0.3% |
| Restricted Funds ⁽³⁾ | \$754.3 | \$713.2 | \$762.0 | \$48.8 | 6.8% | \$757.8 | -\$4.2 | -0.6% |
| Grand Total | \$1,215.6 | \$1,202.6 | \$1,285.0 | \$82.4 | 6.9% | \$1,282.5 | -\$2.5 | -0.2% |

⁽¹⁾ The Approved FY 2022 and Approved FY 2023 Update General Fund includes \$16.7 million and \$18.9 million in transfers out respectively to the Cincinnati Health District Restricted Fund. The Approved FY 2023 Update does not include \$67.3 million in funding that is transferred to the General Capital Budget or \$3.6 million transferred out for debt service.

⁽²⁾ The Recommended 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.

⁽³⁾ The Recommended FY 2024 and FY 2025 Restricted Funds Budget amount does not include \$20.5 million and \$20.9 million respectively in Health Department funding that is now in the Cincinnati Health District Restricted Fund. Additionally, the Recommended 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.

Balancing the FY 2024 General Fund Budget

- For the past several years, the City's continuation budget at the time of the Tentative Tax Budget (TTB) has resulted in a projected budget deficit ranging from \$18 million to \$25 million.
- For FY 2024, the continuation budget deficit was estimated at \$13.1 million at the time of the TTB, which was eliminated due to the inclusion of \$13.1 million in ARP funding.
- Since the TTB, there were material revisions to revenues. City Income Tax was reduced by \$7.5 million due to a slowing economy. This was offset by \$6.7 million in other revenue increases, the use of an additional \$15.1 million in ARP funds, and \$3.2 million in expenditure reductions. Expenditure increases total \$17.5 million.

Balancing the FY 2024 General Fund Budget

Revenue Changes:

- **(\$7.5)** million: Revision of City Income Tax Revenue
- \$5.0 million: Reversal of Credit to Expense Accounting (which results in a budget neutral increase to expenditures)
- \$1.7 million: Revenue and Sources Adjustments

Total Use of ARP:

- \$28.2 million: Operating Budget

Balancing the FY 2024 General Fund Budget

Expenditure Reductions:

- \$1.5 million: Health Care Savings – Continuation budget assumed 5.0% increase in CY 2024. Revised estimates show no increase from CY 2023 premium rates.
- \$1.2 million: Position Vacancy Savings – Due to natural employee turnover in multiple departments.
- \$0.3 million: Increased Reimbursements (Convention Center Fund, various Restricted Funds, Community Development Block Grant (CDBG) Fund)
- \$0.2 million: Miscellaneous Expenditure Reductions

Balancing the FY 2024 General Fund Budget

Expenditure Increases:

- \$5.0 million: Reversal of Credit to Expense Accounting (which results in a budget neutral increase to revenues)
- \$4.5 million: TTB Policy Package – Career Pathways Initiative, CDC Support, Special Code Enforcement Unit, Access to Counsel
- \$2.5 million: Departmental Initiatives
- \$1.7 million: IT Investments in Software and Cybersecurity
- \$1.3 million: Fleet Services and Fuel

Balancing the FY 2024 General Fund Budget

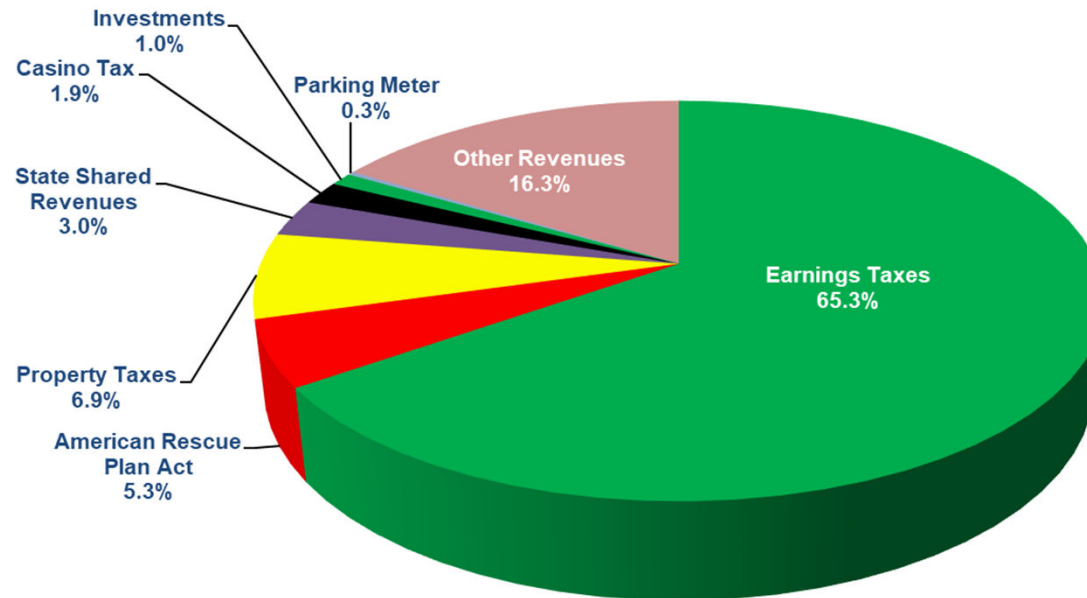
Expenditure Increases (continued):

- \$0.9 million: Increased Employer Contribution to CRS from 16.25% to 17.0%
- \$0.9 million: Public Safety
- \$0.8 million: Miscellaneous Staffing Related Increases

OPERATING BUDGET

FY 2024 General Fund Revenue

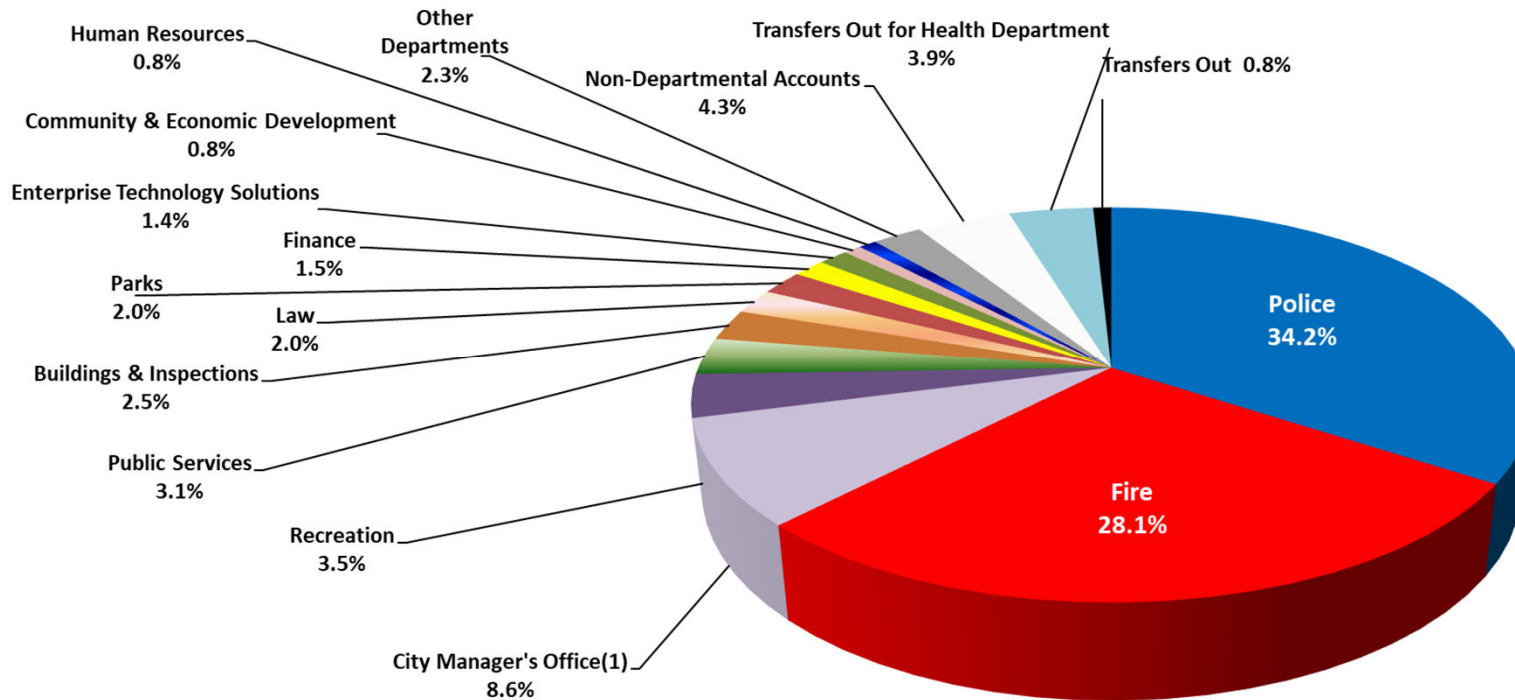
\$527.1 million*



*Does not include a Transfer In of \$0.2 million.

OPERATING BUDGET

General Fund Expenditures – \$527.3 million

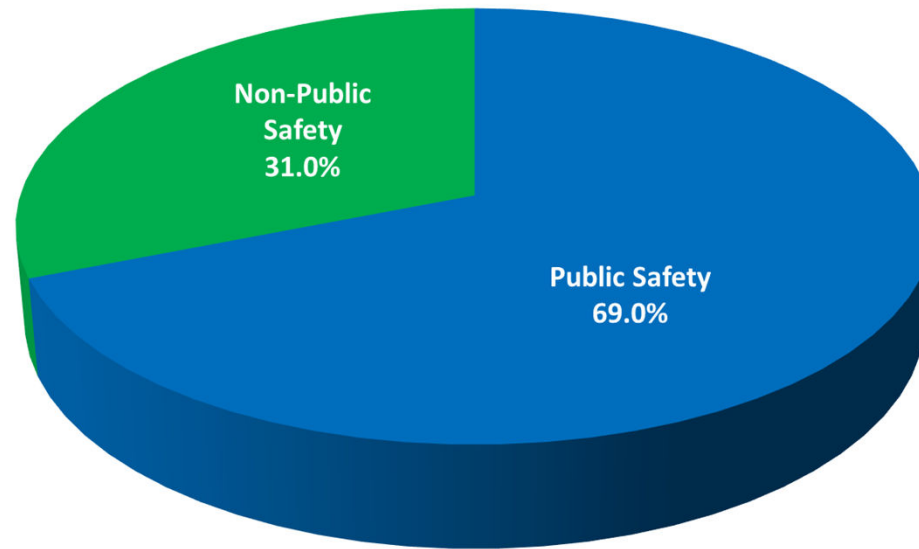


*Other Departments include Transportation and Engineering, City Council, City Planning & Engagement, Economic Inclusion, Citizen Complaint Authority, Office of the Mayor, and Clerk of Council.
 (1) CMO includes the Emergency Communications Center

OPERATING BUDGET

General Fund Expenditures*

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

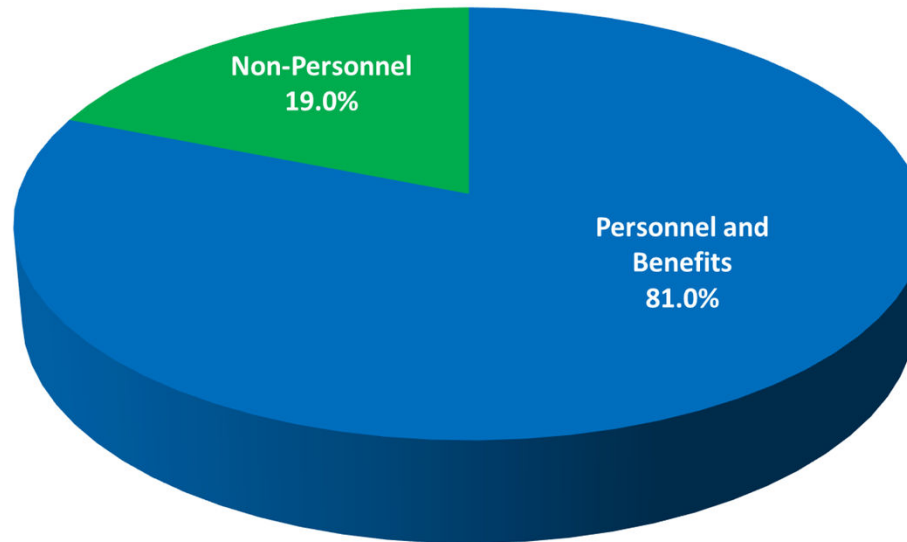


*The Transfer Out for the Health Department is reflected here based on the budgeted expenses for the Health Department within these categories. Non-Departmental Accounts are not included.

OPERATING BUDGET

General Fund Expenditures*

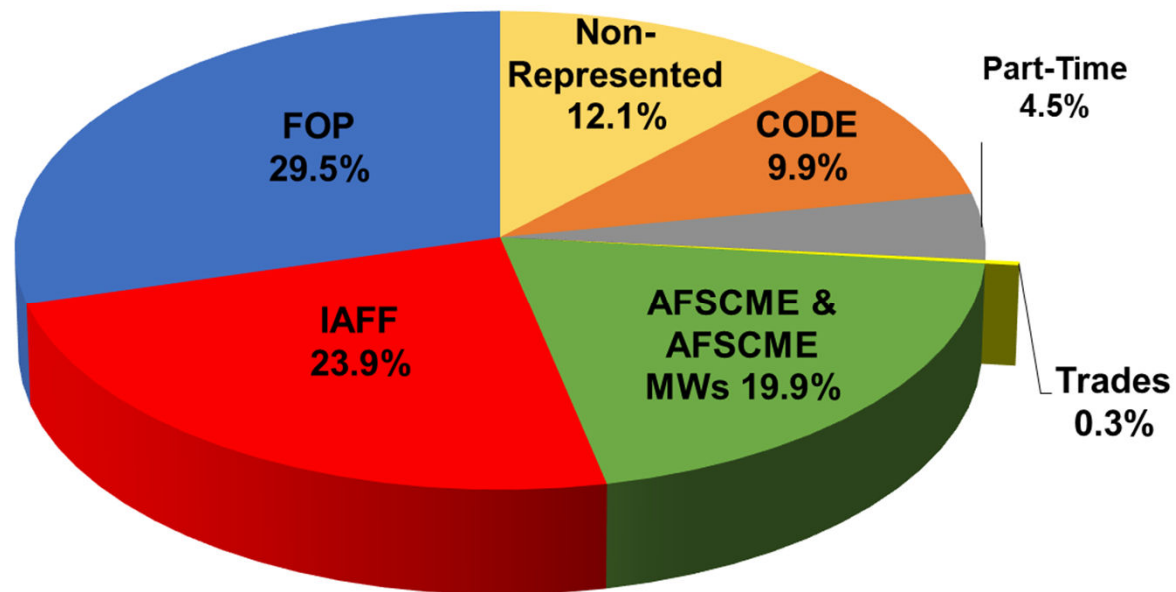
Where does the money go?
Personnel and Non-Personnel



*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 81.0% of the General Fund Budget with 83.4% 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 2023 | July 2024 100 Fire Recruits and 60 Police Recruits Graduate | June 2025 100 Fire Recruits and 100 Police Recruits Graduate |
|---------------|-----------|--|---|
| POLICE | 948 | 973 | 1,042 |
| FIRE | 802 | 863 | 915 |

- 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

- City Council directed the Administration to create an updated human services strategies and priorities plan for allocations in Motion No. 202202006.
- The Administration prepared Report No. 202300318, which planned a comprehensive and transparent process starting with FY 2024:

Leveraged Support Definition:

Financial Support from the City of Cincinnati to an external private organization (i) as general operating support to fund their work with the City or (ii) as funding for a specific program aimed at addressing a public need in the City.

OPERATING BUDGET

General Fund Expenditure Highlights: Human Services and Leveraged Support

- Application portal opened on February 14, 2023 and closed on March 24, 2023. The City received 92 applications from 91 applicants.
- Minimum Eligibility Criteria:
 - **Existing Organization** – Three years of audited financial statements.
 - **Amount** – Between \$50,000 and \$500,000 with exceptions for extraordinary circumstances.
 - **Services** – Must directly benefit City residents under one of the identified categories.

OPERATING BUDGET

General Fund Expenditure Highlights: Human Services and Leveraged Support

- The Recommended FY 2024 Budget includes \$3,975,000 in leveraged support to 27 organizations.

| Leveraged Support Category and Recipients | City Manager Recommended FY 2024 Budget |
|--|---|
| Arts | |
| ArtsWave Black and Brown Artists Fund | \$75,000 |
| ArtWorks Cincinnati | \$150,000 |
| Total Arts | \$225,000 |
| Economic Development and Neighborhood Support | |
| Chamber of Commerce - Immigration Center Partnership (COMPASS) | \$50,000 |
| Cincy Bike Share | \$75,000 |
| CincyTech | \$100,000 |
| Cintrifuse | \$200,000 |
| Invest in Neighborhoods | \$50,000 |
| Keep Cincinnati Beautiful (KCB) | \$275,000 |
| REDI Cincinnati | \$250,000 |
| Santa Maria Community Services | \$125,000 |
| Total Economic Development and Neighborhood Support | \$1,125,000 |

OPERATING BUDGET

General Fund Expenditure Highlights: Human Services and Leveraged Support

| Leveraged Support Category and Recipients | City Manager Recommended FY 2024 Budget |
|---|---|
| Environment | |
| Green Umbrella | \$100,000 |
| La Soupe | \$50,000 |
| Total Environment | \$150,000 |
| Equity and Inclusion | |
| African American Chamber of Commerce | \$350,000 |
| MORTAR Cincinnati | \$50,000 |
| Urban League of Greater Southwestern Ohio | \$100,000 |
| Total Equity and Inclusion | \$500,000 |
| Homelessness and Eviction Prevention | |
| Bethany House Services | \$125,000 |
| GeneroCity 513 | \$75,000 |
| Lighthouse Youth & Family Services | \$125,000 |
| Shelterhouse (formerly Strategies to End Homelessness (Winter Shelter)) | \$325,000 |
| Society of St. Vincent de Paul Particular Council of Cincinnati | \$150,000 |
| Total Homelessness and Eviction Prevention | \$800,000 |

OPERATING BUDGET

General Fund Expenditure Highlights: Human Services and Leveraged Support

| Leveraged Support Category and Recipients | City Manager Recommended FY 2024 Budget |
|--|---|
| Human Services and Violence Prevention | |
| Center for Addiction Treatment | \$100,000 |
| Center for Closing the Health Gap | \$650,000 |
| Immigrant and Refugee Law Center | \$50,000 |
| WhitneyStrong | \$50,000 |
| YWCA of Greater Cincinnati | \$50,000 |
| Total Human Services and Violence Prevention | \$900,000 |
| Workforce Programming and Poverty Reduction | |
| Cincinnati Works | \$175,000 |
| Groundwork Ohio River Valley | \$100,000 |
| Total Workforce Programming and Poverty Reduction | \$275,000 |
| Grand Total | \$3,975,000 |

OPERATING BUDGET

General Fund Expenditure Highlights: Human Services and Leveraged Support

- The new leveraged support definition does not include City funding of third parties to perform elements of City operations.
- The Recommended FY 2024-2025 Biennial Budget includes \$12,653,540 for these items, which includes the Human Services Fund.
- The Human Services Fund exceeds the goal of allocating 1.5% of General Fund Operating Budget Revenue at nearly \$8.0 million.

OPERATING BUDGET

General Fund Expenditure Highlights: Human Services and Leveraged Support

| City Operations Programmatic Support and Recipients | Recommended FY 2024 Budget | Recommended FY 2025 Budget |
|---|-------------------------------|-------------------------------|
| City Administered Programs | | |
| Career Pathways Program (formerly Summer Youth Jobs Initiative - CMO Portion) | \$1,000,000 | \$1,000,000 |
| Cintrifuse Hackathon | \$20,000 | \$20,000 |
| Community Urban Agriculture | \$20,000 | \$20,000 |
| 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 |
| Neighborhood Community Councils | \$425,000 | \$425,000 |
| Summer Youth Jobs Initiative - CRC Portion | \$250,000 | \$250,000 |
| WarmUp Cincy | \$350,000 | \$350,000 |
| Total City Administered Programs | \$2,635,000 | \$2,635,000 |
| Contracts for City Assets & Programs | | |
| 3CDC (For Fountain Square) | \$100,000 | \$100,000 |
| 3CDC (Operating Support for Washington Park and Ziegler Park) | \$475,000 | \$475,000 |
| Boots on the Ground Fund Program | \$150,000 | \$150,000 |
| City Human Services Fund (administered by United Way) | \$7,976,930 | \$7,976,930 |
| Findlay Market Operating Budget Support | \$366,610 | \$366,610 |
| 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 |
| Total Contracts for City Assets & Programs | \$10,018,540 | \$10,018,540 |
| Grand Total City Operations Programmatic Support and Recipients | \$12,653,540 | \$12,653,540 |

OPERATING BUDGET

General Fund Expenditure Highlights: TTB Policy Package

- Recommended Budget includes resources for policy initiatives proposed in Council Motion No. 202202224, including:
 - Career Pathways Initiative
 - Special Code Enforcement Unit
 - Includes Nuisance Abatement at Multi-Family Rental Units
 - Community Development Corporation (CDC) Support
 - Access to Counsel Program
- The Recommended FY 2024 Capital Budget also includes resources for a Home Enhancement Loan Program (HELP) in partnership with LISC.

OPERATING BUDGET

General Fund Expenditure Highlights: Public Safety

- Cincinnati Police Department Recruit Classes:
 - 60 member class to start June 2023
 - 50 member class to start January 2024
 - 50 member class to start October 2024
- Cincinnati Fire Department Recruit Classes:
 - 50 member class to start June 2023
 - 50 member class to start February 2024
 - 50 member class to start July 2024
 - 50 member class to start February 2025
- Resources for continuation and expansion of the Emergency Communications Center's Alternative Response to Crisis (ARC) program for Police Dispatch.

OPERATING BUDGET

General Fund Expenditure Highlights: Fiscal Sustainability

- Recommended FY 2024-2025 Biennial Budget includes a 17.0% employer pension contribution rate for members of the Cincinnati Retirement System (CRS). This is a 0.75 percentage point increase to help address current underfunding of the CRS.
- Resources to support the Futures Commission, which will perform a comprehensive financial review of the City's budget and provide sustainable financial and economic development recommendations to the City.
- Resources for a consultant to pursue federal grant funding opportunities.

OPERATING BUDGET

General Fund Expenditure Highlights: Staffing

- Department of Buildings and Inspections - 9 FTE for Special Code Enforcement Program
- Cincinnati Parks Department - 9 FTE for additional capacity for community events, maintaining greenspace in neighborhoods, supporting trail maintenance, and managing infrastructure projects
- Cincinnati Health Department - 2 FTE for a new school based dental clinic at the Roberts Academy and 1 FTE for the Healthy Homes program
- Law Department - 1 FTE for the new Private Complaint Mediation Program and 1 FTE for the Administrative Hearings section

OPERATING BUDGET

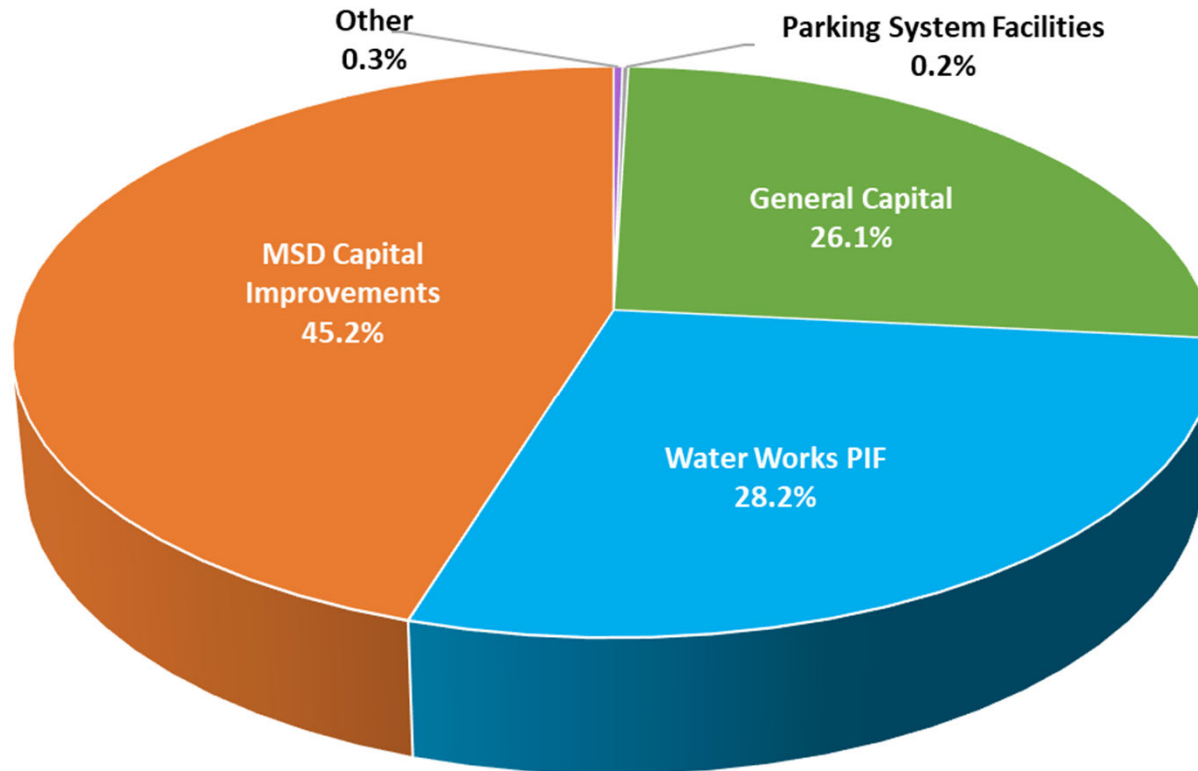
Restricted Funds

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.
- Income Tax-Infrastructure Fund acutely impacted by the decline in Earnings Tax revenue.
- The Recommended Budget includes resources for a new Urban Forestry Crew, which is made possible by the new Urban Forestry Assessment passed by Council in Resolution No. 0042-2022.

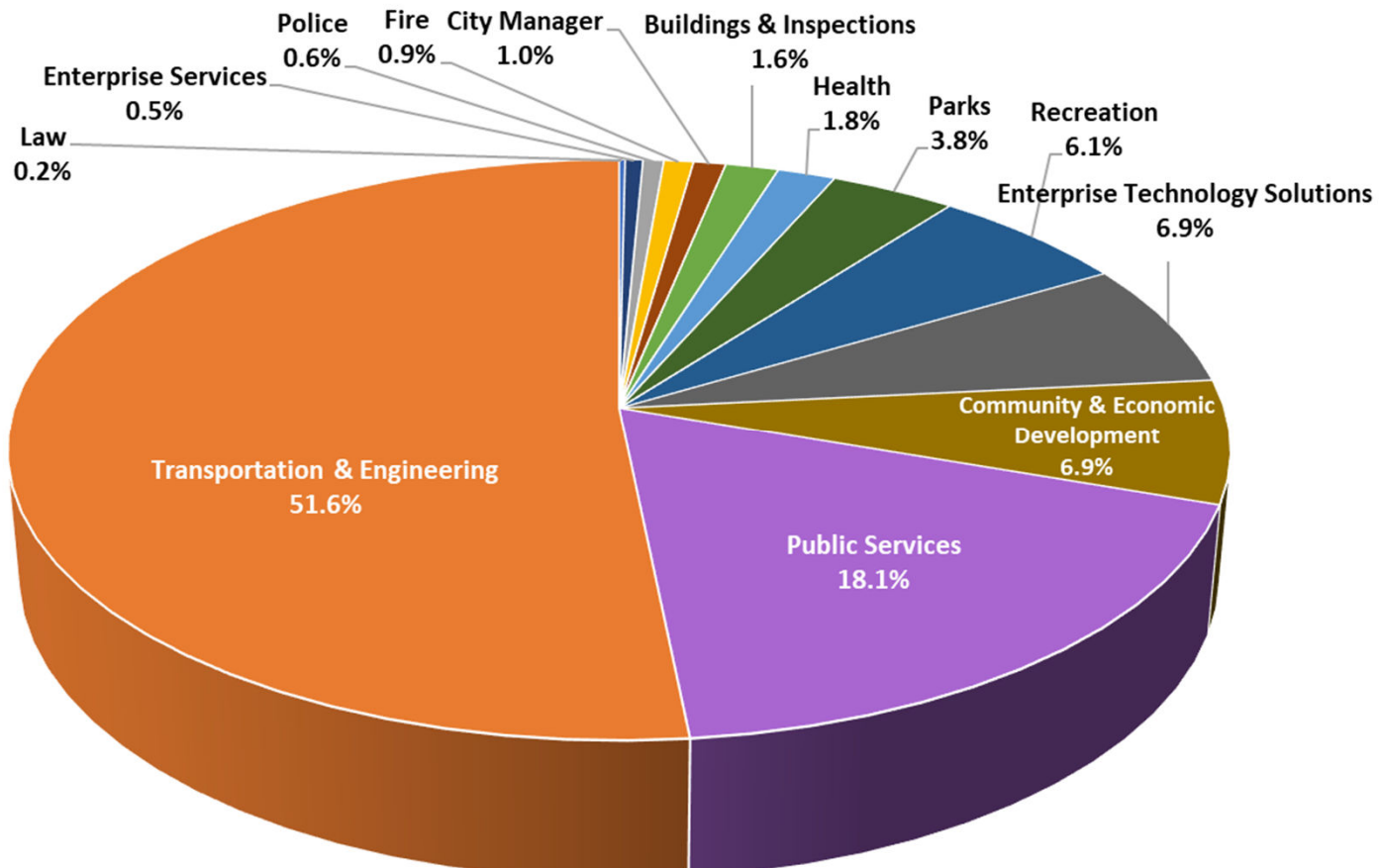
Capital Budget

Recommended FY 2024 All Funds Capital Budget



"Other" combines the FY 2024 Recommended Capital Budget amount for the following funds: Telecommunications Services, General Aviation, and Special Housing PIF. Individually, each of these funds consist of less than 0.15% of the Recommended FY 2024 All Funds Capital Budget. This chart does not include grant funding.

General Capital Expenditures – \$69.5 million



General Capital Budget Highlights

The Recommended Capital Budget for Street Rehabilitation includes \$17.7 million for FY 2024. When combined with \$2.0 million in grant resources, this will result in an estimated 36 lane miles of rehabilitation (\$500k per lane mile) and provide for an estimated 28 lane miles of preventative maintenance (\$70k per lane mile).

The Capital Budget also includes the following:

| | |
|---|---------------|
| • Fleet Replacements | \$8.7 million |
| • Western Hills Viaduct | \$3.5 million |
| • Housing – Affordable, SHIP*, HELP | \$2.8 million |
| • Gilbert Avenue Complete Street Grant Match | \$2.6 million |
| • Pedestrian Safety, Major/Minor Street Calming | \$1.2 million |
| • Brighton Street Bridge over Central Parkway | \$1.2 million |
| • Neighborhood Business District Improvements (NBDIP) | \$1.1 million |

*Includes one-time contribution from Special Housing PIF to SHIP capital project account.

Community Budget Requests

Community Budget Request (CBR) Summary

- 77 Community Budget Requests submitted for FY 2024-2025
- \$1.0 million allocated to CBRs in Recommended FY 2024 Capital Budget
- \$1.5 million allocated to specific CBRs in Recommended FY 2024 Capital Budget
 - Funding from the FY 2023 appropriation to Community Budget Requests from the FY 2022 closeout process
- \$3.3 million in estimated costs to be absorbed by City departments for CBRs
- \$1.0 million annual commitment included in out years of the Capital Improvement Program (FY 2025 – 2029)

Questions?