



# Budget and Finance Committee

## City Manager's Recommended FY 2022-2023 Biennial Budget

June 2, 2021

# FY 2022 Strategic Priorities



**FISCAL SUSTAINABILITY**



**EXCELLENT SERVICE DELIVERY**



**SAFETY**



**THRIVING NEIGHBORHOODS**



**GROWING ECONOMIC OPPORTUNITIES**

# FY 2022 Fiscal Stability and the ARP

- Funding in the amount of \$299 million provided to the City under the American Rescue Plan, \$139.8 million received to date.
- Council approved the use of \$18.7 million in FY 2021.
- Council approved the use of \$67.5 million for FY 2022.
- There is significant uncertainty in the short-term regarding the extent of these impacts—with ongoing litigation challenging the City’s ability to levy taxes on remote workers during the pandemic and with various pending state-level legislative initiatives.

# City Manager's Recommended FY 2022-2023 All Funds Biennial Budget

Table II - Recommended FY 2022 -2023 All Funds Biennial Operating Budget

(\$ in Millions)	<u>2020-2021 Biennial</u>		<u>From 2021 Update Approved</u>			<u>From 2022 Recommended</u>		
	2020 Approved	2021 Update Approved	Recommended FY 2022 <sup>(3)</sup>	\$ Change	% Change	Recommended FY 2023 <sup>(3)</sup>	\$ Change	% Change
Operating Budget								
General Fund <sup>(1)</sup>	\$416.9	\$416.2	\$461.3	\$45.1	10.8%	\$463.8	\$2.5	0.5%
Restricted Funds <sup>(2)</sup>	\$728.8	\$707.0	\$734.8	\$27.8	3.9%	\$683.2	-\$51.6	-7.0%
<b>Grand Total</b>	<b>\$1,145.7</b>	<b>\$1,123.2</b>	<b>\$1,196.1</b>	<b>\$72.9</b>	<b>6.5%</b>	<b>\$1,147.0</b>	<b>-\$49.1</b>	<b>-4.1%</b>

<sup>(1)</sup> Includes Transfers Out, FY 2020 and FY 2021 Update includes \$16.7 million and \$17.4 million in transfers out respectively to the Cincinnati Health District Restricted Fund

<sup>(2)</sup> The Streetcar Operations Fund is not included in the Restricted Funds Total.

<sup>(3)</sup> The Recommended FY 2022 and FY 2023 Restricted Funds amounts do not include \$16.6 million and \$18.1 million respectively in Health Department funding that is now in the Cincinnati Health District Restricted Fund.

# Balancing the FY 2022 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.
- However, due to the impact of the COVID-19 pandemic, the continuation budget deficit for FY 2021 was estimated at \$73.4 million.
- Balancing the projected deficit of \$73.4 million in the Approved FY 2021 General Fund Budget Update required \$32.5 million of expenditure reductions many of which were one-time reductions.

# Balancing the FY 2022 Budget

The Approved FY 2021 General Fund Budget Update expenditure reductions included:

- Vacant positions were eliminated.
- Position vacancy savings was sharply increased.
- Leveraged support was shifted to Federal entitlement funds.
- Costs were shifted to various Restricted Funds where eligible.
- An Early Retirement Incentive Program (ERIP) was implemented (ongoing reduction).
- Police and Fire Recruit classes were delayed until FY 2022.

The one-time reductions were restored in FY 2022 for the Tentative Tax Budget (TTB).

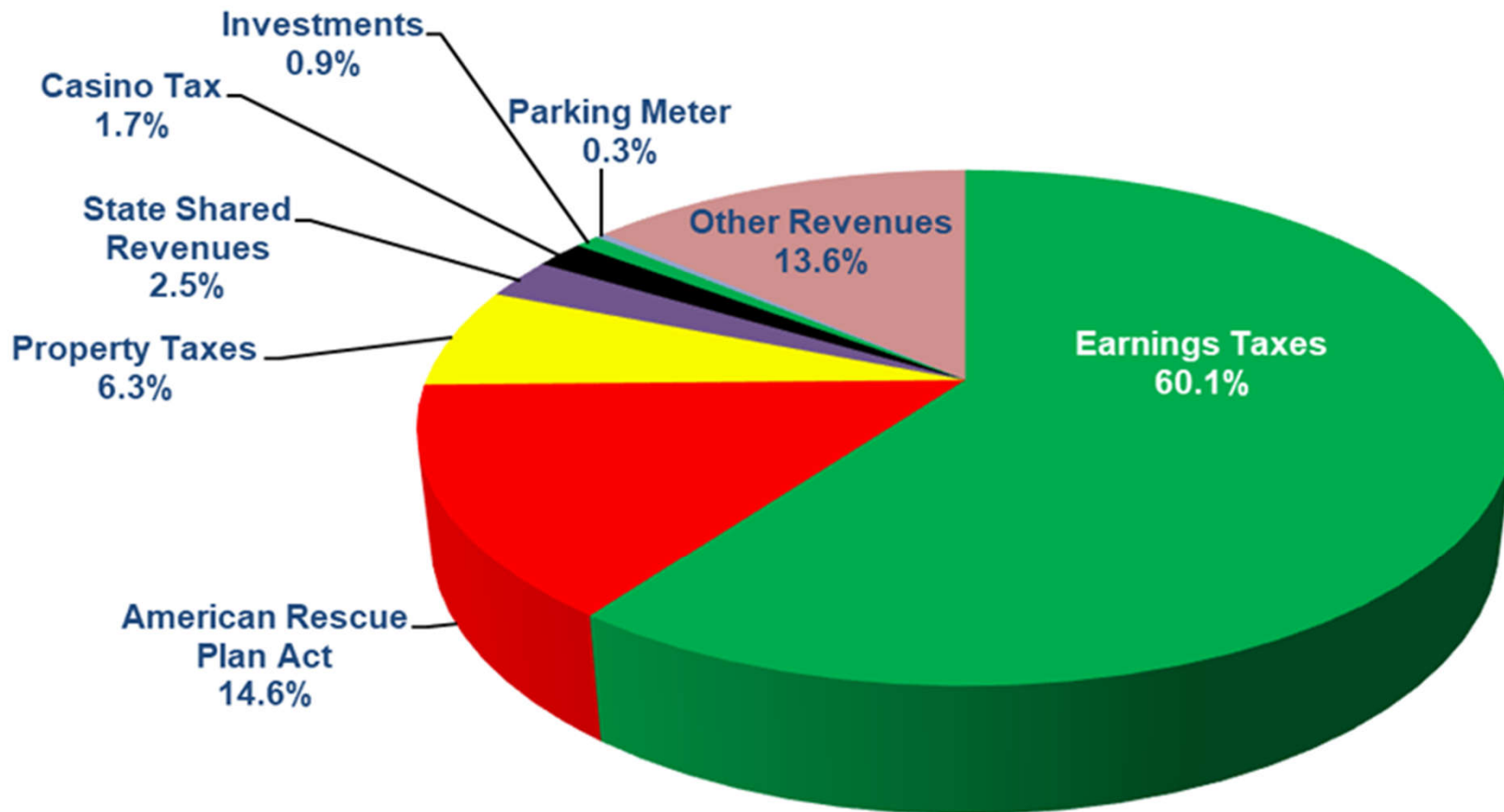
# Balancing the FY 2022 Budget

- The Tentative Tax Budget (TTB) deficit was \$25.7 million which included 5.0% COLAs for Police and Fire and 2.0% COLAs for all non-sworn positions based on approved labor agreements and the restorations of one-time reductions as referenced on the previous slide.
- The UC Economics Center revised the FY 2022 Income Tax forecast down by \$34.1 million due to the impact of non-City residents working from home after the pandemic subsides.
- Net expenditure increases of \$7.7 million since the TTB resulted in a projected deficit of \$67.5 million.
- Council passed an appropriation ordinance of \$67.5 million from the American Rescue Plan (ARP) to close the deficit.

# OPERATING BUDGET

## FY 2022 General Fund Revenue

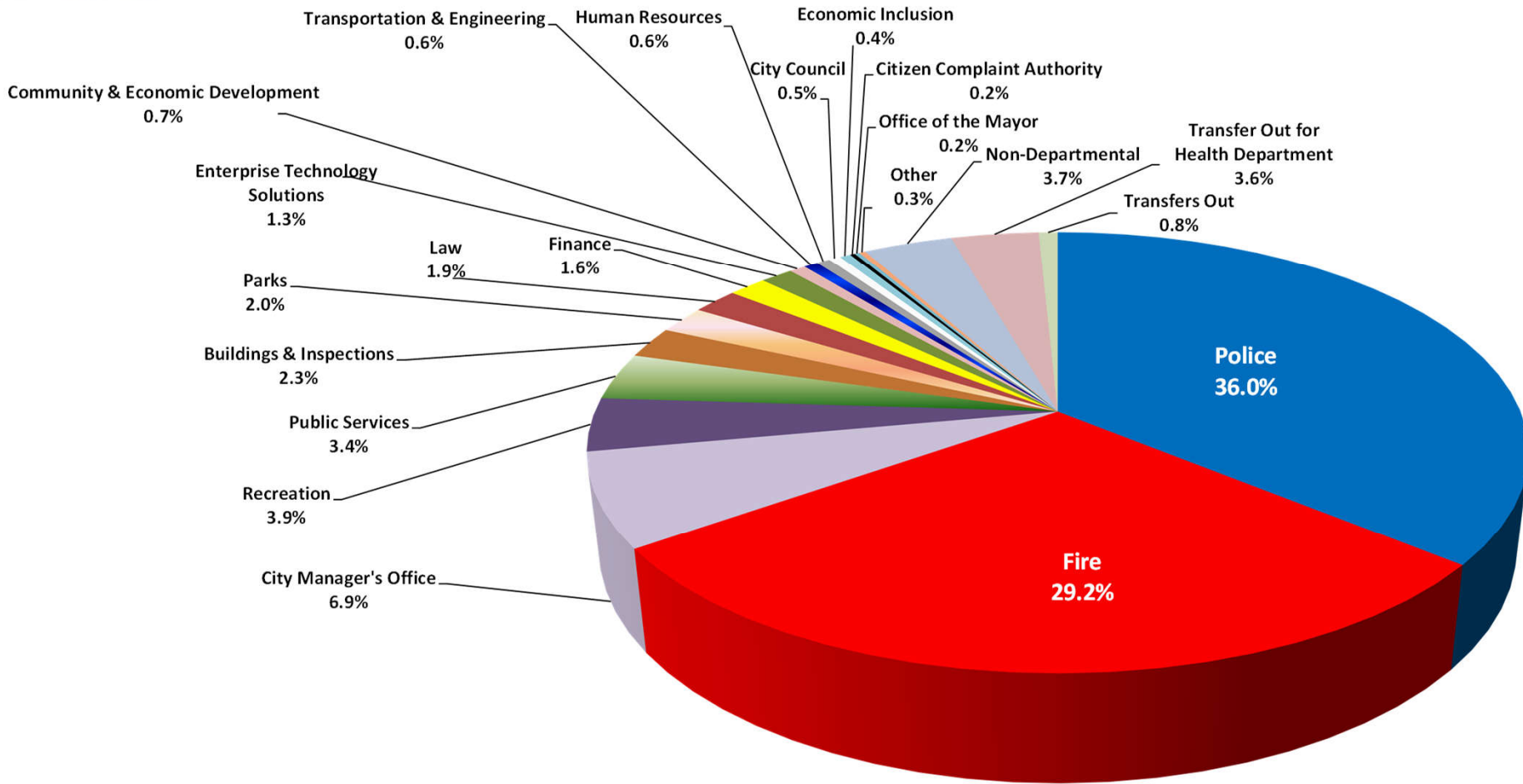
### \$461.3 million





# OPERATING BUDGET

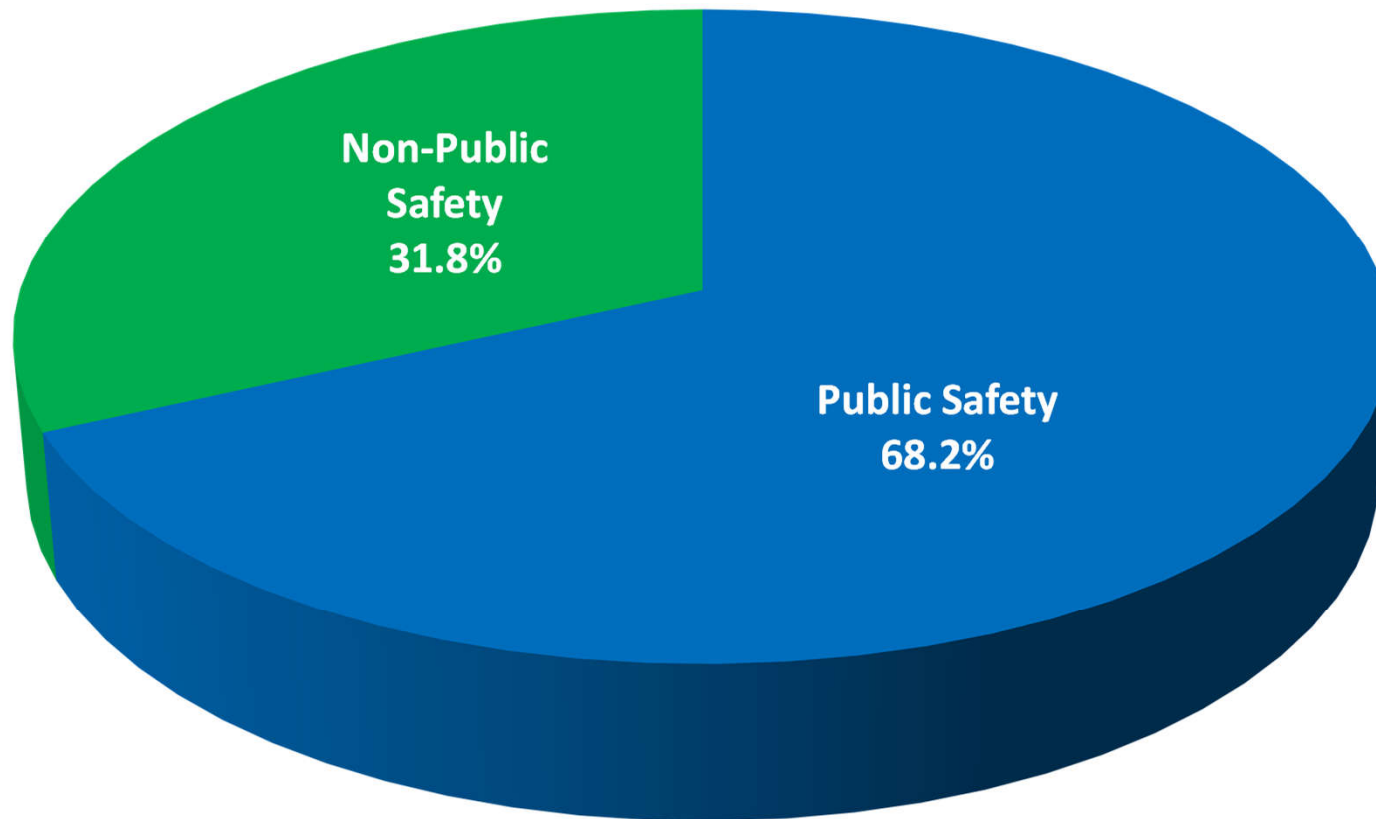
## General Fund Expenditures – \$461.3 million



\*Other Departments include City Planning and Clerk of Council.

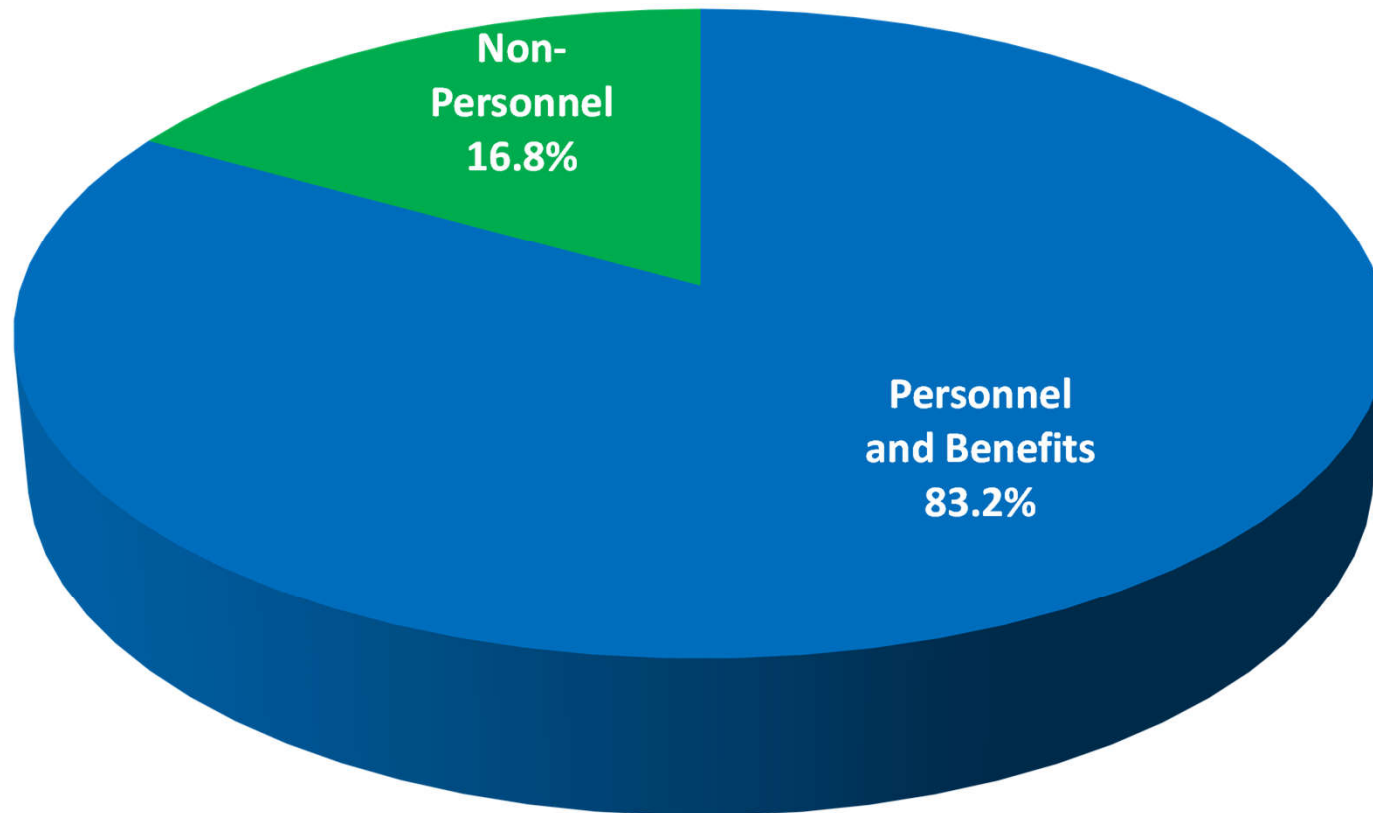
# OPERATING BUDGET

## General Fund Expenditures



# General Fund Expenditures\*

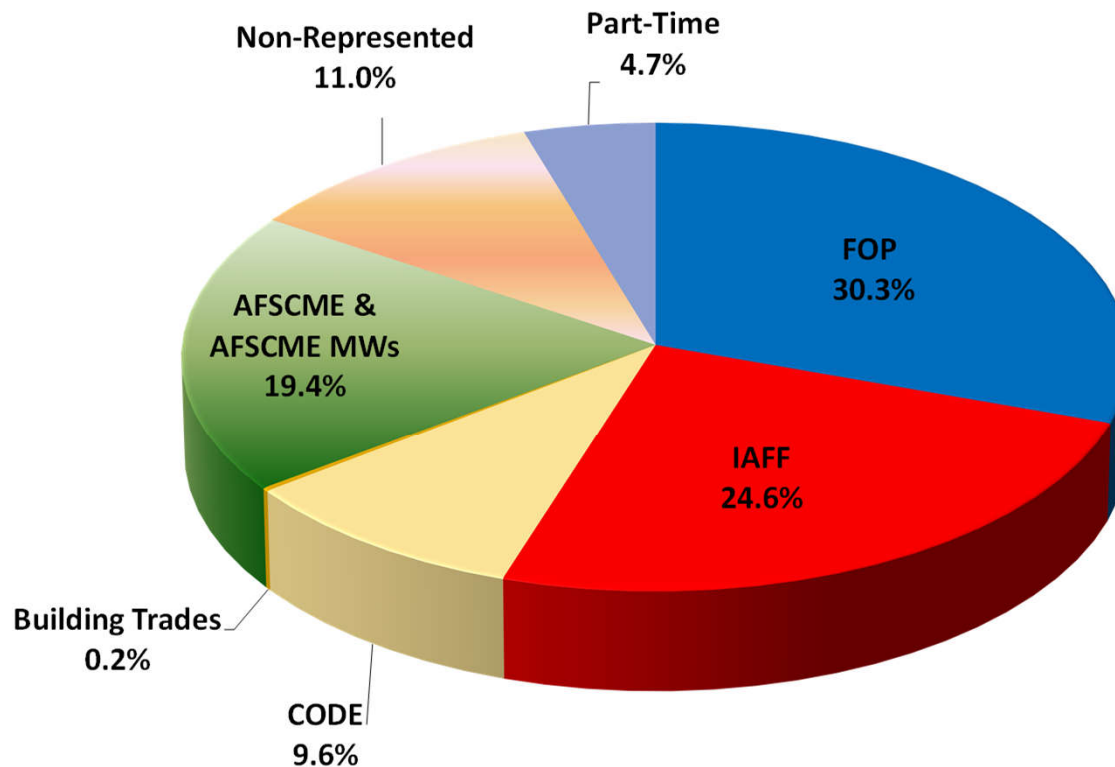
Where does the money go?  
Personnel and Non-Personnel



# OPERATING BUDGET

## General Fund Expenditures

Personnel Expenses represent 83.2% of the General Fund Budget with 84.3% of employees\* represented by labor contracts.



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

# All Funds Staffing

## Public Safety Sworn FTE Estimates\*

Sworn FTE	July 2021	July 2022 40 Fire Recruits and 80 Police Recruits Graduate	June 2023 40 Fire Recruits and 50 Police Recruits Graduate
<b>POLICE</b>	983	1,019	1,024
<b>FIRE</b>	776	802	806

\*Estimates as of July 1<sup>st</sup> of each year based on expected recruit class graduations during each fiscal year less expected attrition.

# OPERATING BUDGET

## General Fund Expenditure Highlights: Human Services and Procurement

- Exceeds the goal of allocating 1.4% of the General Fund allocation to human services, with total funding of \$8.0 million.
- Creation and staffing of a new Office of Human Services, which will become part of the City Manager's Office.
- Purchasing Division is moving to the City Manager's Office as the Office of Procurement.

# OPERATING BUDGET

## General Fund Expenditure Highlights: Public Safety

### Cincinnati Police Department:

- Recruit class of 53 COPS Hiring Grant funded recruits
- Lateral recruit class of 30 recruits in FY 2022
- Gun Crime Intelligence Center (GCIC)
- Funding for additional Crime Analysts
- Expanded capacity on the Body Worn Camera Redaction Team

### Fire Department:

- Two recruit classes of 40 City funded recruits: one graduates during FY 2022 and the second graduates during FY 2023

# OPERATING BUDGET

## General Fund Expenditure Highlights: Public Safety

Emergency Communications Center (ECC):

- Additional resources for training
- Establishment of a Quality Assurance (QA) team
- NICE (Neptune Intelligence Computer Engineering) System Upgrade to provide updated telephone loggers that record telephone audio and includes screen captures



# OPERATING BUDGET

## Restricted Funds

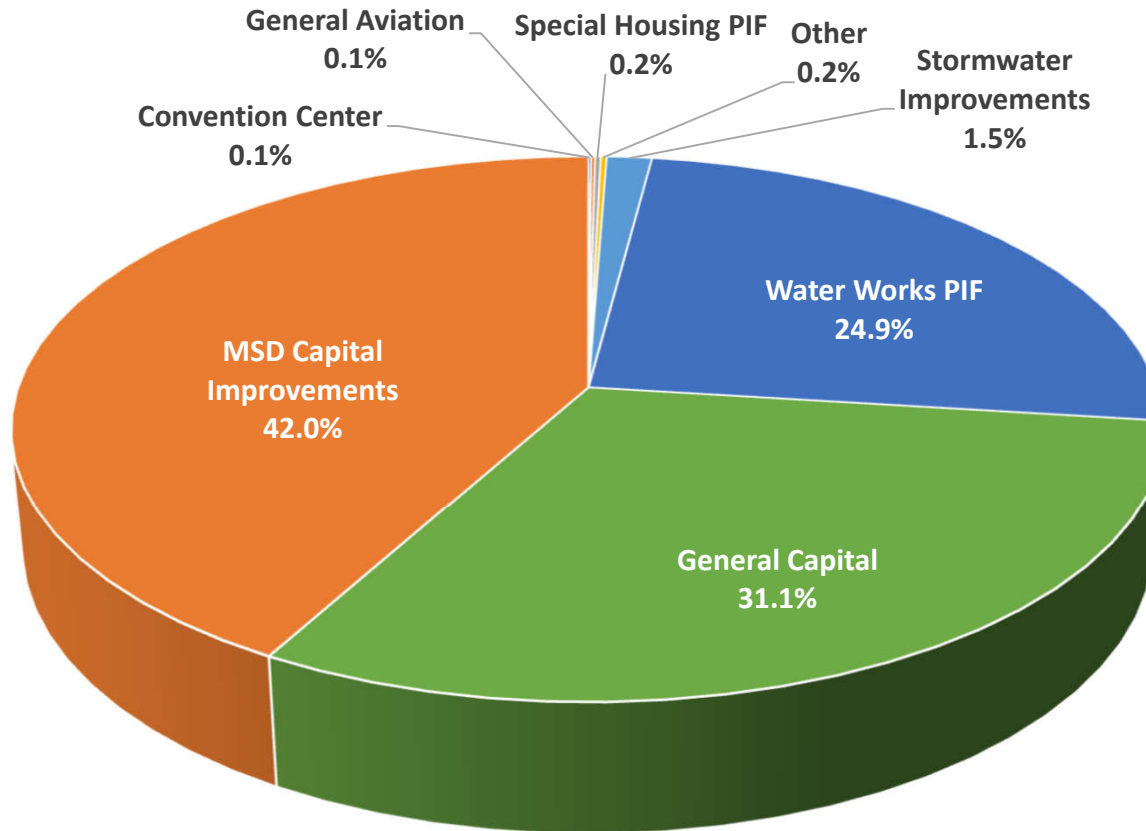
### Major Changes Impacting Restricted Funds:

- Greater Cincinnati Water Works (GCWW) proposes a rate increase effective January 1, 2022, annually through 2026.
- Water Budget includes the lead line replacement program.
- GCWW will give a presentation on the proposed rate increase at the June 7th Budget and Finance Committee Meeting.
- Income Tax-Transit Fund 759 is being eliminated in FY 2022 which is a reduction of \$18.9 million due to the 0.3% income tax rollback related to transit.

# CAPITAL BUDGET BY FUND

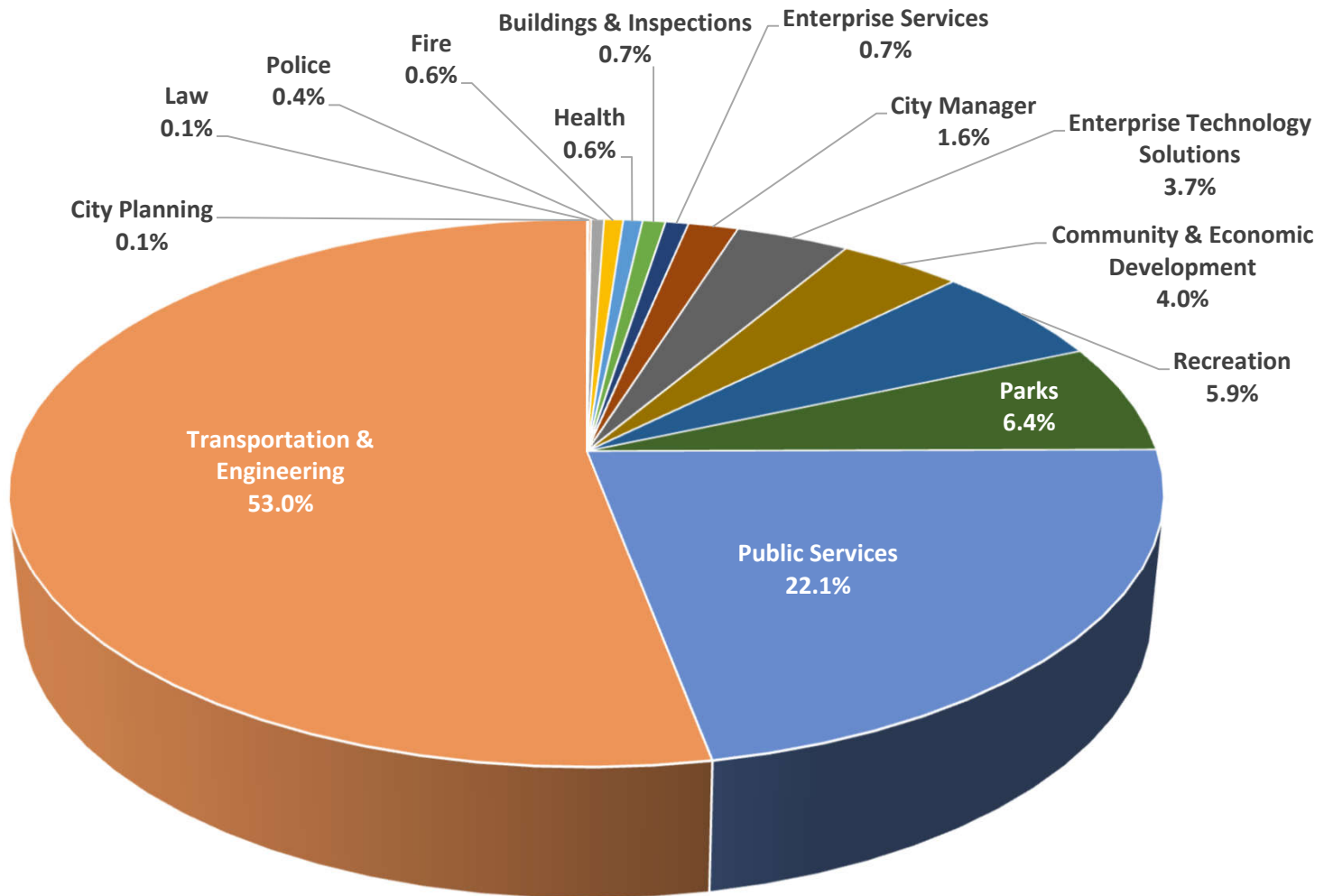
## ALL FUNDS TOTAL: \$269.0 million\*

\*Excluding anticipated grant resources



"Other" funds combines the FY 2022 recommended capital budget amount for the following funds: Telecommunications Services, Metropolitan Sewer District, Water Works, and Parking System Facilities. Individually, each of these funds consist of less than 0.1% of the FY 2022 recommended all funds capital budget.

# GENERAL CAPITAL BUDGET BY DEPARTMENT, TOTAL: \$83.6 million



# General Capital Budget Highlights

## Community Budget Requests (Volume II, pages 299-388)

- This budget includes fully or partially funding thirty (30) Community Budget Requests (CBR) in the proposed Biennial Budget.
- Projects funded in this budget include pedestrian safety improvements, crosswalks, sidewalks, signage, lighting, and recreation improvements.

# General Capital Budget Highlights

- The Capital Budget includes \$16.2 million for road repaving which allows for the paving of 44 lane miles and providing preventative maintenance for 47 lane miles.
- The Capital Budget also includes funding for:
  - Pedestrian Safety \$750k
  - Street Calming \$400k
- The Capital Budget also includes funding for projects ineligible for ARP funding:
  - Smale Riverfront Park \$1.5 million
  - Mt. Airy Trail Expansion \$1.1 million
  - Parks Trails Expansion \$500k
  - Sawyer Point Tennis Courts Improvement (Pickleball) \$250k



**Questions?**