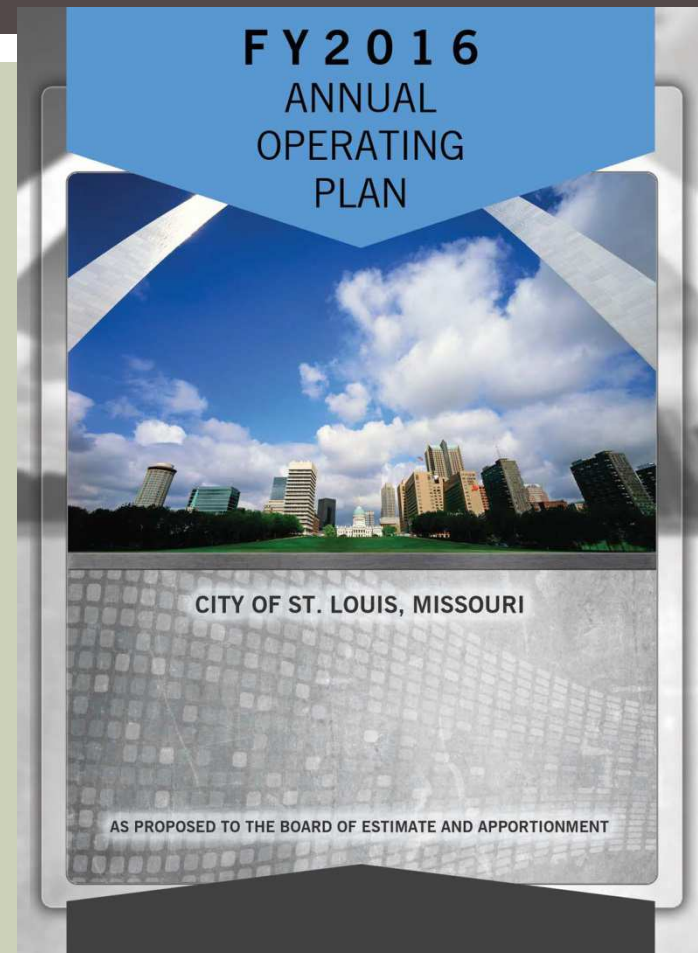


CITY OF ST. LOUIS

**PROPOSED FY2016  
ANNUAL OPERATING PLAN**

Presentation to the Board of Estimate  
and Apportionment

April 15, 2015

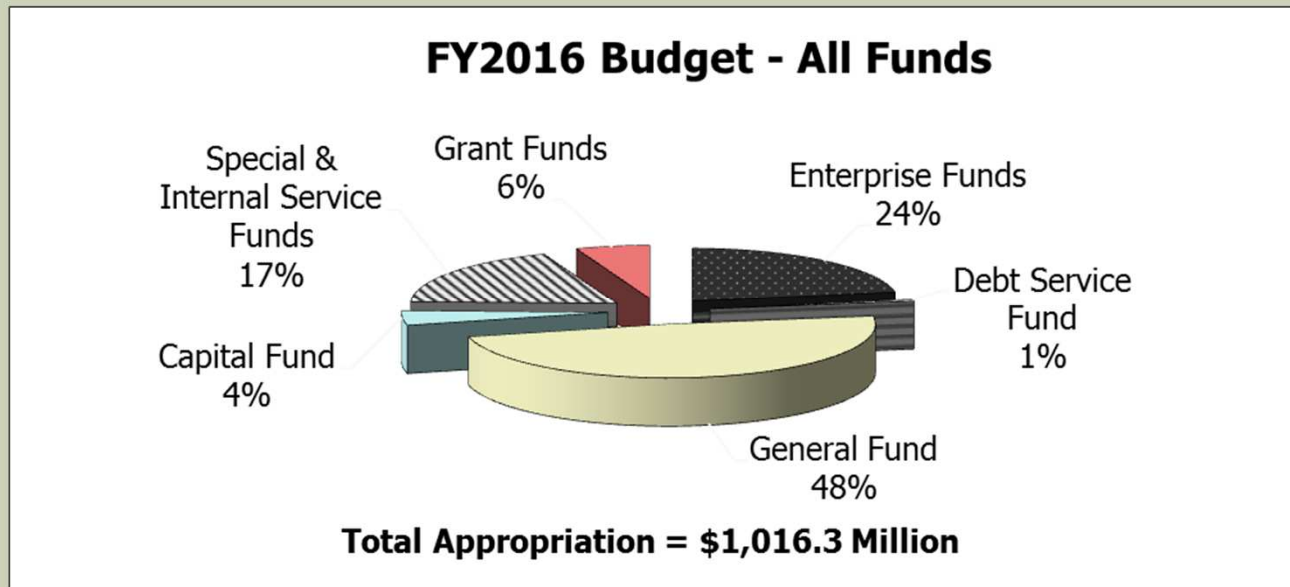


# CITY OF ST. LOUIS

## FY2016 Proposed Annual Operating Plan

THE ANNUAL OPERATING PLAN FOR FY2016 TOTALS \$1,016M, AN INCREASE OF 1.0% OVER THE PREVIOUS FISCAL YEAR.

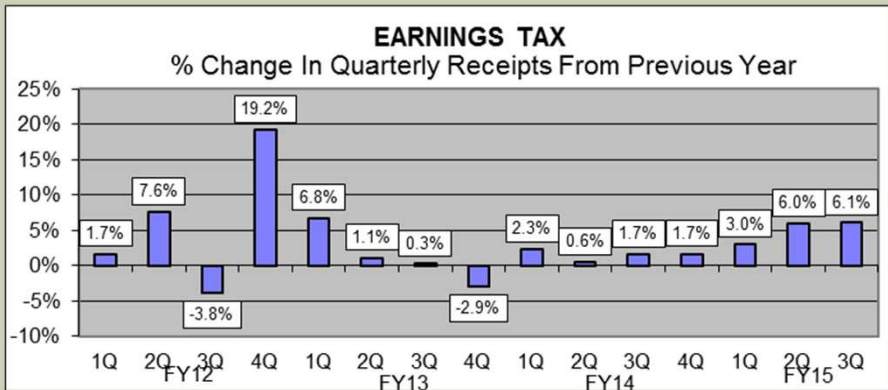
(in Mil. \$)	<u>FY15</u>	<u>FY16</u>	<u>% CHG</u>
General Fund	\$484.4	\$492.6	1.7%
Special Revenue	123.3	126.0	2.2%
Grant Funds	60.6	58.8	-3.0%
Debt Service Fund	6.9	4.8	-30.4%
Capital Improvement Funds	38.7	43.8	13.2%
Enterprise Funds	229.5	225.5	-1.7%
Internal Service Funds	62.5	64.8	3.7%
	<b>\$1,005.9</b>	<b>\$1,016.3</b>	<b>1.0%</b>



# CITY OF ST. LOUIS

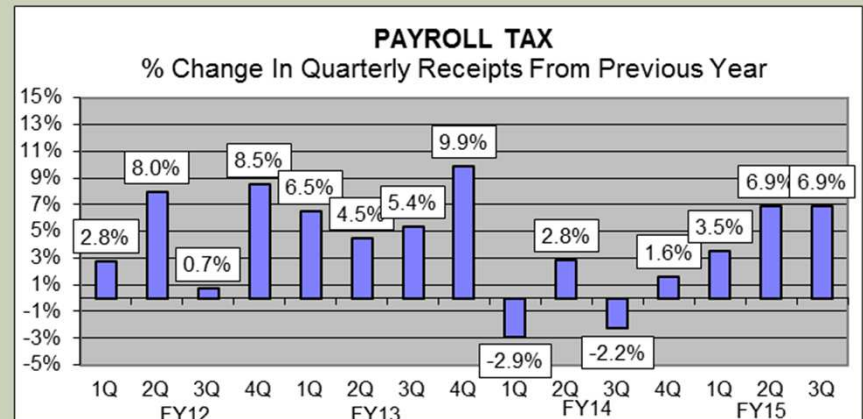
## FY2016 Proposed Annual Operating Plan

FY15 MAJOR TAX REVENUES SHOWING HEALTHY GROWTH THROUGH 3<sup>RD</sup> QUARTER; DECLINES IN OTHER TAX REVENUES AND DEPARTMENTAL RECEIPTS LIMITS OVERALL GROWTH TO REVISED ESTIMATE OF 2.3%.

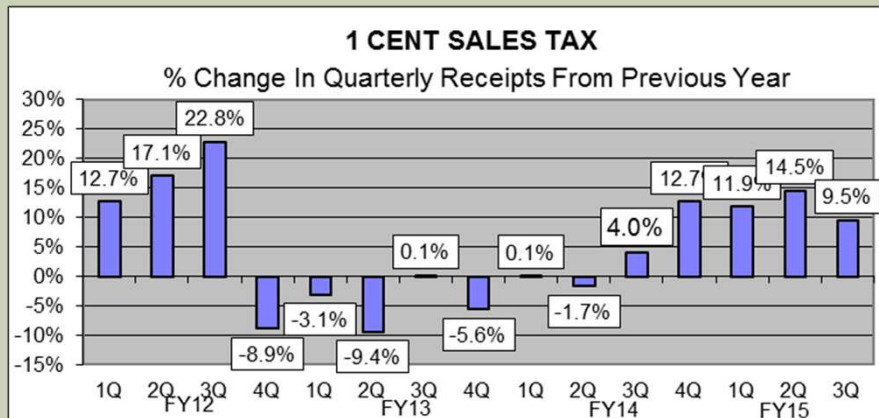


**Earnings Tax YTD**  
**5.1%**

**Payroll Tax YTD**  
**5.8%**



**Sales Tax YTD**  
**11.5%**



# CITY OF ST. LOUIS

## FY2016 Proposed Annual Operating Plan

INITIAL BUDGET GAP OF \$6.2M, MODEST BY RECENT STANDARDS. BUDGET REQUESTS EXCEEDED PRELIMINARY ALLOCATIONS BY OVER \$27M. STILL REQUIRING SPECIAL EFFORTS TO BALANCE.

FY15 General Revenue Base	\$484.4	M
Plus Revised FY15 Base	3.0	
Net Growth FY16 @ 1.1%	5.2	
	<u>\$492.6</u>	
FY15 General Fund Budget Base	\$484.4	M
Plus Increases / (Decreases):		
FY15 Capital reallocations (wards & rec accounts)	2.5	
FY15 Other fund reallocations (use tax, other)	3.4	
Lease Debt (Civil Crts expiration / Kiel refinancing, etc.)	(2.7)	
Police & Police Pension (matrix, health ins., etc.)	7.2	
Other Employee Pay/Benefits (merit pay, health, pension)	2.4	
Worker's Compensation costs	1.1	
PFPC – judgment costs	0.4	
Election Board – no regular elections / two special	(0.6)	
Facilities Mgmt. – utility costs (includes Forest Park)	1.0	
Equipment Services Div. – fleet repair costs	1.0	
Reduced fuel costs	(1.3)	
<b>FY16 Base Budget</b>	<u><b>\$498.8</b></u>	
<b>FY16 Preliminary Budget Gap</b>	<u><b>(\$6.2)</b></u>	<b>M</b>

# CITY OF ST. LOUIS

## FY2016 Proposed Annual Operating Plan

THE FY2016 ANNUAL OPERATING PLAN CONTINUES A MINIMAL MIX OF BUDGET CUTS, REALLOCATIONS AND SPECIAL REVENUE APPROPRIATIONS TO MAINTAIN BALANCE.

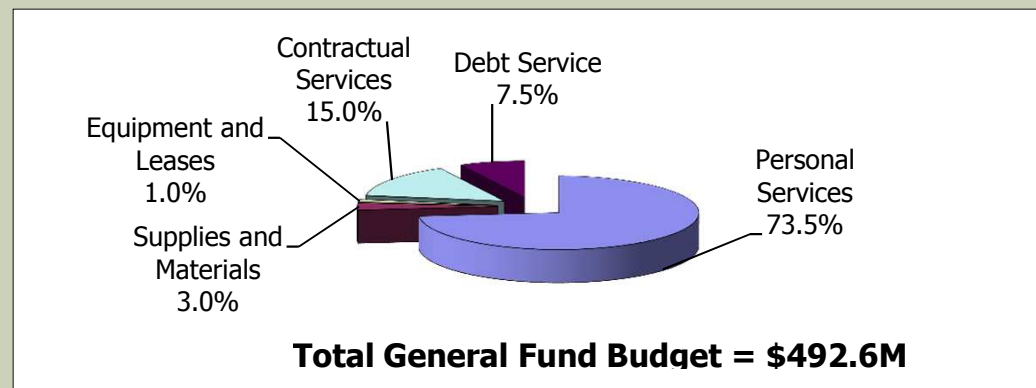
■ Budget Cuts: (net increases)	\$1.3M	Includes Departments absorbing cost of portion of pay increases, initiative to reduce worker's comp by 5% and miscellaneous cuts across other departments, net increases in some depts.
■ Revenue Reallocations:	\$2.8M	Resumes full allocation of ½ Cent Capital Funds (to Wards and Recreation Center accounts), retains a portion of Local Use Tax allocations as well as charge of some expenses to special funds
■ Special Fund Revenues:	\$2.1M	Increases in funds such as Public Safety sales tax offset by declines in other special revenue. Resulting net decrease in general fund subsidies.
Total	<u>\$ 6.2M</u>	

# CITY OF ST. LOUIS

## FY2016 Proposed Annual Operating Plan

**PAYROLL COSTS REPRESENT NEARLY 75% OF TOTAL EXPENDITURES...NECESSARY PART OF ANY PLAN TO KEEP A BALANCED BUDGET.**

- o FY16 budget includes approx. \$2.6M for full year costs of FY15 2% merit pay increases on employee anniversary dates, plus \$1.3M to meet increase in health insurance. ERS pension costs (non-uniformed employees) declined \$1.6M in general fund. Does not allocate funds for FY16 pay increases which departments would have to absorb.
- o Police Dept. includes full year cost of FY15 & FY16 pay matrix increases @ \$1,000 plus steps and wellness incentive @ \$4.2M; includes \$1.1M increase in health insurance costs and workers comp. Authorized strength to @ 1,287 (increase of 5 with grant)
- o Fire Dept. includes full year cost of FY15 & FY16 pay matrix increases @ \$1,000 plus steps, wellness incentive and health insurance @ \$1.9M. Contributions to pensions down \$2.1M in general fund. Authorized uniform strength to remain at 587 (includes 20 SAFER grant) still requires that two doubled-up fire companies be held non-operational.



# CITY OF ST. LOUIS

## FY2016 Proposed Annual Operating Plan

### OTHER PROPOSED CHANGES ACROSS DEPARTMENTS:

General Govt. / Finance	(\$1.4M)	Personnel fire exams in FY15 @ (\$150k), replaced by FY16 costs of Police promo. exams @ \$195k and recruiting @ \$150k. City Counselor police unit increase of 1 Atty. Position. ITSA to expand CityWorks @ \$113k and 1 Systems Admin. Position. In Finance, move of sewer utility costs to Facilities mgmt. (\$1.0M) and reductions in audit unit - 6 pos. and other misc. reductions (\$700k)
City Wide	\$0.1M	Unemp. Comp. down (\$100k), Assessor subsidy up \$200k, Disparity study follow-up @ \$34k.
Parks, Recreation & Forestry	(\$0.2M)	Recycling program moved from Refuse to PRF Dept. (1 pos. & per perf.) Attrition savings and net one position.
Judicial Offices	(\$0.3M)	Jury Commissioner's office combined with Court Admin. (Court' capital request in Capital Fund) Sheriff no change in positions with some attrition savings.

# CITY OF ST. LOUIS

## FY2016 Proposed Annual Operating Plan

### OTHER PROPOSED CHANGES: (CONTINUED)

County Offices	\$0.1M	Other than Election Bd. Costs; Medical Examiner position and contractual increases \$0.1M
Streets	(\$0.7M)	Traffic Engr. Pos. (Complete Streets)@ \$80k, Street lighting utility cost and other increases @ \$500k; Salt purchase reduction @ (\$700k), salary reduction to Capital @ (\$200k), Refuse Recycle program to PRF Dept @ (\$100k), cut of 5 vacant HEO positions at Refuse @ (\$200k).
Public Safety	(\$0.1M)	Directors office to include 4 pos. For Civilian Oversight Board; Building Div. to add two inspector positions for Fire Safety unit. Corrections lower contractual (e.g. meals) due to lower census.
Board Of Public Service	\$1.2M	Other than increase in utilities and decrease in fuel listed earlier; Facilities increase for move of sewer utility costs from Comptroller's Office.
Total Other Proposed Reductions	————— (\$1.3M)	



# CITY OF ST. LOUIS

## FY2016 Proposed Annual Operating Plan

### LESS RELIANCE ON REALLOCATION OF SPECIAL REVENUES AND BALANCES

1/2 Cent Capital Sales Tax	\$0.0M	In recent years, 25% of Ward Allocation and 100% of Recreation Center Capital had been reallocated to offset Citywide capital costs. FY16 budget will resume full Ward and Rec Center allocations an increase \$2.0M and \$0.5M respectively.
Forest Park Fund	\$0.0M	\$600K in Forest Park facility utilities to return to General Fund per F.P. management agreement.
Public Safety 1/2 Cent	\$0.3M	Cost of additional Drug Court subsidy (\$312k) from Public Safety 1/2 cent sales tax crime prevention account
Local Use Tax	<u>\$2.5M</u>	\$0.5M in Affordable Housing funds \$2.0M in building demolition funds
Total:	\$2.8M	

#### Special Fund Revenues

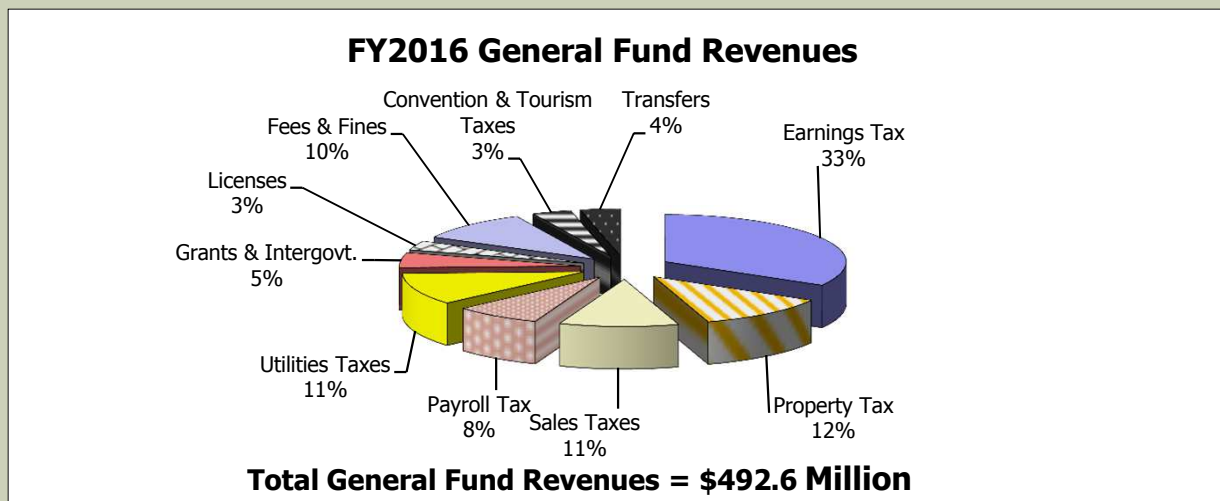
Public Safety Sales Tax	\$1.4M	Higher sales tax base; From prior year ending balance
Excess Use Tax	\$1.0M	
Assessment Fund	\$0.1M	
Public Safety Trust	<u>(\$0.4M)</u>	
Total	\$2.1M	

# CITY OF ST. LOUIS

## FY2016 Proposed Annual Operating Plan

### GENERAL FUND REVENUE OUTLOOK:

Rounded (in Mil. \$)	Actual	Revised	Estimated	% CHG.
	FY14	FY15	FY16	
Earnings Tax	\$154.5	\$161.0	\$164.3	2.0%
Property Tax	56.4	57.4	58.3	1.5%
Sales Tax	49.6	53.6	52.2	- 2.6%
Payroll Tax	35.6	37.6	38.2	1.5%
Franchise (Utility) Taxes	53.0	52.4	53.8	2.7%
Intergovernmental	23.4	25.4	25.1	-1.3%
Licenses	15.7	15.5	15.6	0.6%
Departmental Fees and Fines	54.7	49.9	50.5	1.3%
Other	33.7	34.7	34.7	0.0%
	<b>\$476.6</b>	<b>\$487.4</b>	<b>\$492.6</b>	<b>1.1%</b>



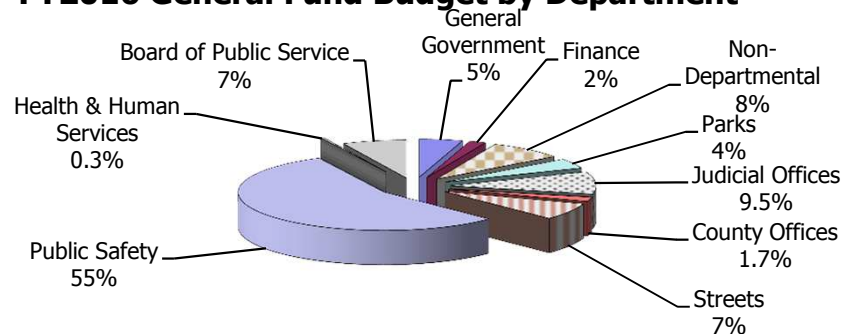
# CITY OF ST. LOUIS

## FY2016 Proposed Annual Operating Plan

### GENERAL FUND EXPENDITURE OUTLOOK:

(Rounded in Mil. \$)	Actual <u>FY14</u>	Budget <u>FY15</u>	Proposed <u>FY16</u>	<u>% CHG.</u>
General Government	20.2	\$22.7	\$23.6	4.2%
Finance	10.7	10.6	8.9	-15.8%
Non-Departmental	44.0	40.6	40.7	0.2%
Parks, Recreation & Forestry	20.5	20.5	20.4	- 0.5%
Judicial Offices	44.4	46.3	46.6	0.6%
County Offices	7.5	9.0	8.6	-4.1%
Streets	33.9	36.0	35.2	-2.2%
Public Safety	269.6	265.9	272.1	2.3%
Human Services	1.3	1.4	1.5	5.0%
Board of Public Service	29.5	31.3	34.9	11.5%
	<b>\$481.7</b>	<b>\$484.4</b>	<b>\$492.6</b>	<b>1.7%</b>

**FY2016 General Fund Budget by Department**



**Total General Fund Budget = \$492.6 Million**

# CITY OF ST. LOUIS

## FY2016 Proposed Annual Operating Plan

### PROPOSED CHANGES IN SPECIAL FUNDS INCLUDE:

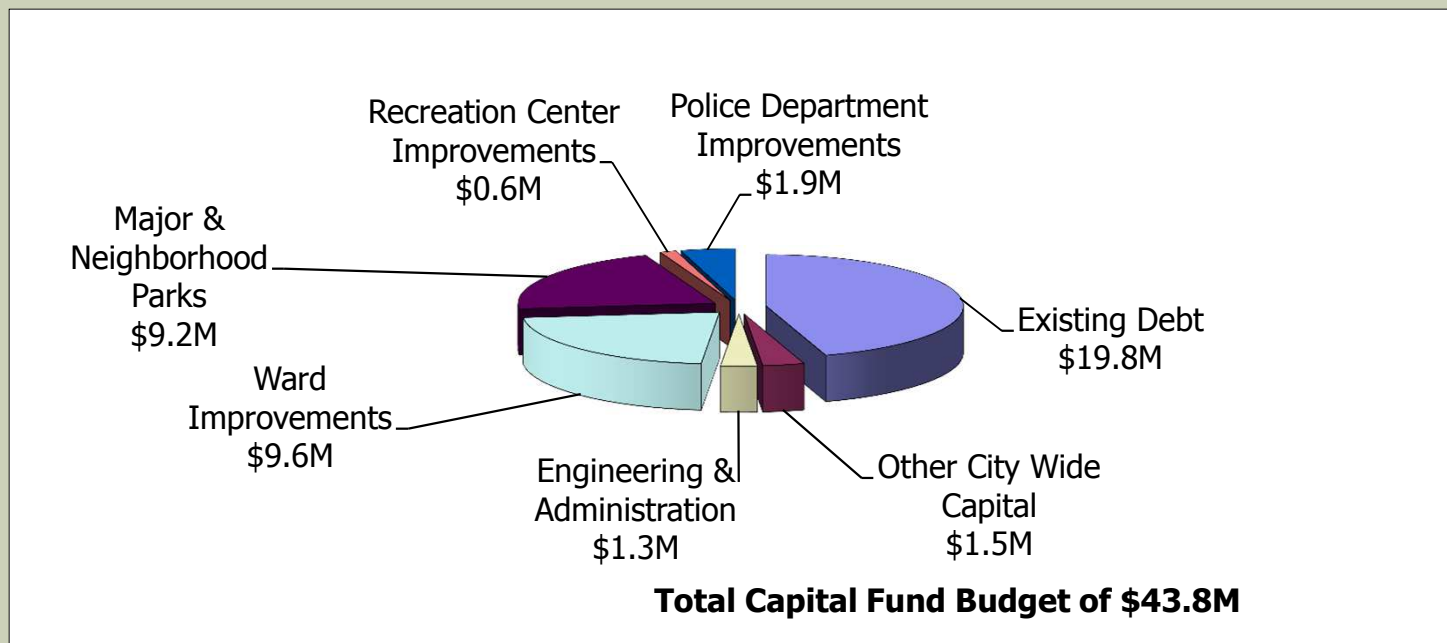
- |                              |   |
|------------------------------|---|
| Local Use Tax                | <ul style="list-style-type: none"><li>o Down 2.3% YTD; tracking @ \$30.6M</li><li>o FY16 Budget of \$32.7M – nearly flat with increase @ \$200k</li><li>o Continues Reallocation of \$0.5M in Affordable Housing Funds; total Affordable Housing budget @ \$5.1M with existing fund balances</li><li>o Building Demo Funds remain at reduced allocation of \$1.5M</li><li>o Health Dept. Budget stable @ \$8.1M</li></ul> |
| Lead and Building Demo Funds | <ul style="list-style-type: none"><li>o Funded thru Building permit revenue; certificate of inspection fee revenue has brought Lead Fund to positive balance.</li><li>o Building demo and board up budgeted to receive \$500k from Use Tax Demo Fund to stop continued deficits; negative balance remains in \$2M range</li></ul>   |
| Gaming Fund                  | <ul style="list-style-type: none"><li>o Revenue down 5% through FY15 third quarter</li><li>o FY16 Budget of \$7.1M up \$1.9M due to prior year budget adjustment to eliminate previous deficit in fund.</li></ul>   |
| C&T Fund                     | <ul style="list-style-type: none"><li>o Retains funding for Sister Cities @ \$75k &amp; Grand Center @ \$90k</li></ul>  |

# CITY OF ST. LOUIS

## FY2016 Proposed Annual Operating Plan

**PROPOSED CAPITAL FUND BUDGET AT \$43.8M IS AN INCREASE OF \$5.1M FROM PREVIOUS FISCAL YEAR.**

- FULL ALLOCATIONS OF ½ CENT CAPITAL TO WARD AND RECREATION ACCOUNTS
- MEETS FY16 OBLIGATIONS; LONGER TERM CAPITAL FUNDING NEEDED (E.G. G.O. BOND ISSUE)



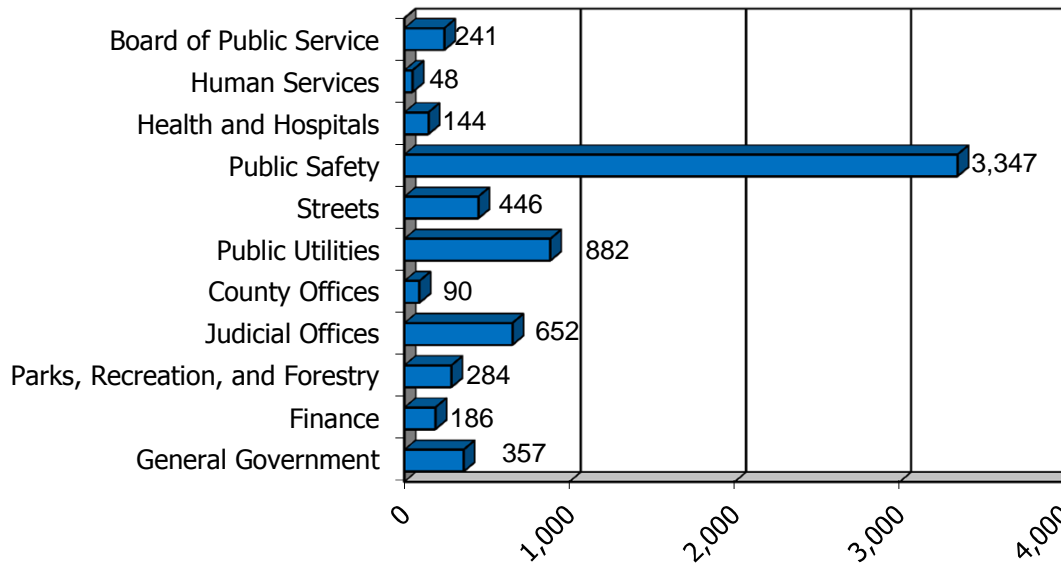
**CITY OF ST. LOUIS**  
**FY2016 Proposed Annual Operating Plan**

**TOTAL PERSONNEL CHANGES BY DEPARTMENT – ALL FUNDS:**

Personnel Totals - All Funds

BY FUND	FY15	FY16	Change
General Fund	5,039	5,044	5
Special Funds	458	456	-2
Grant Funds	318	299	-19
Enterprise Funds	878	878	0
<b>Totals</b>	<b>6,693</b>	<b>6,677</b>	<b>-16</b>

**FY16 Personnel Totals by Department All Funds**

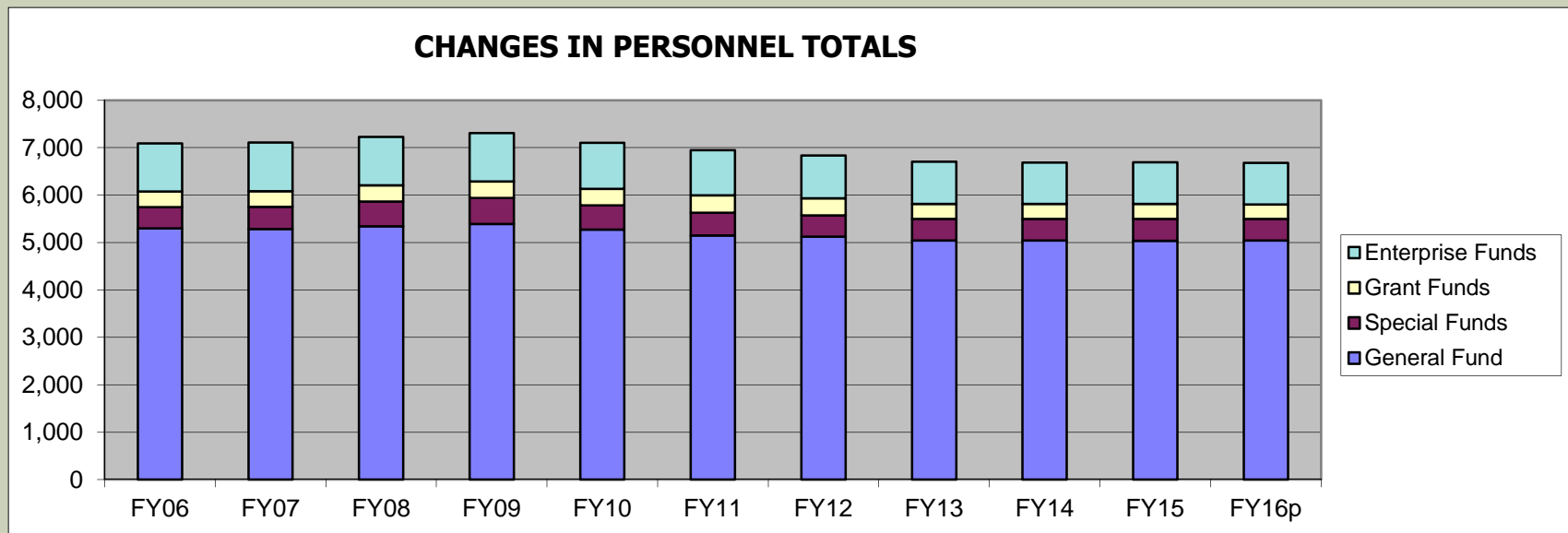


# CITY OF ST. LOUIS

## FY2016 Proposed Annual Operating Plan

### NUMBER OF PERSONNEL - LAST TEN FISCAL YEARS VS. FY16:

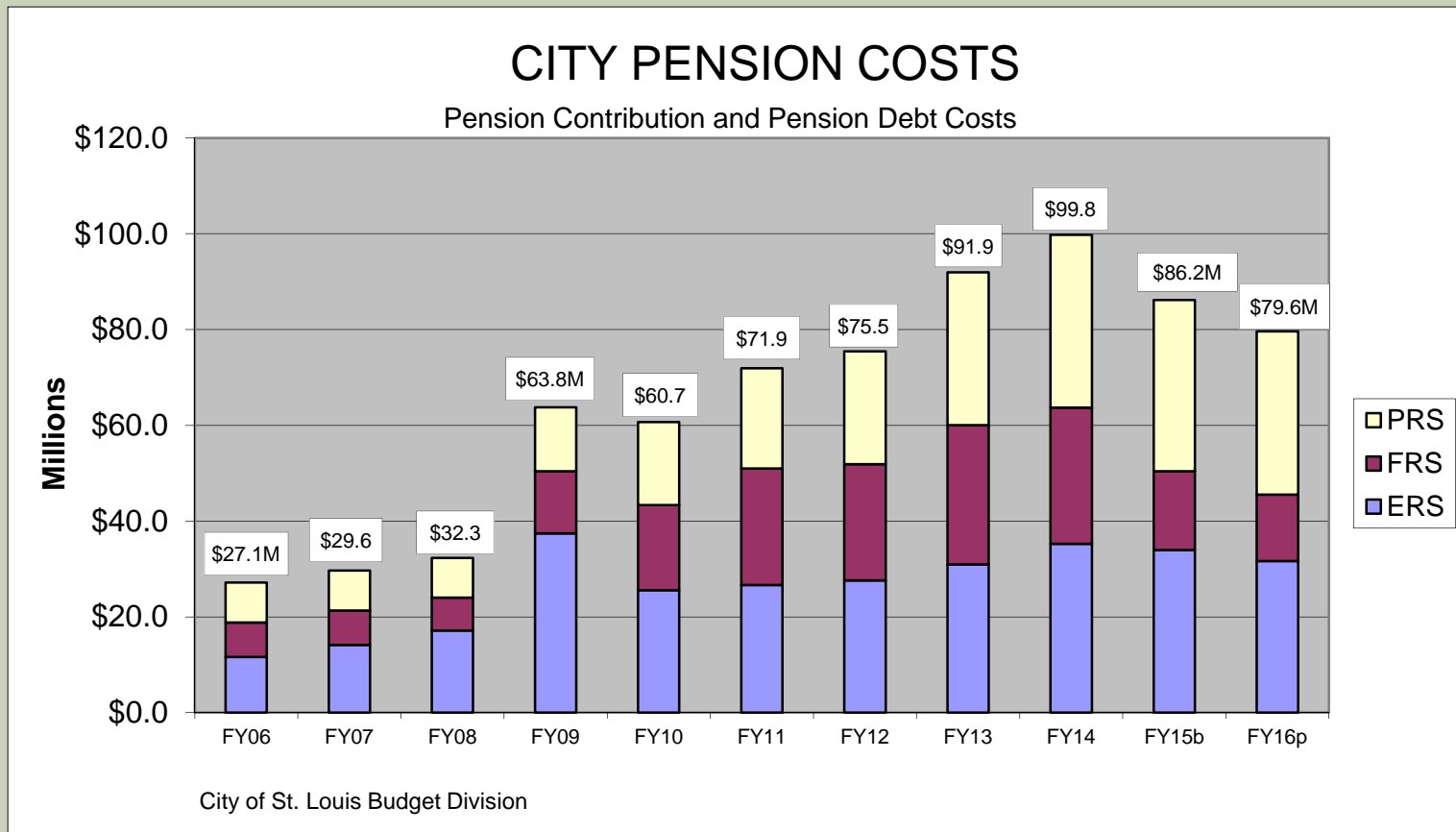
	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16p	10Yr CHG
General Fund	5,295	5,287	5,341	5,393	5,270	5,147	5,127	5,040	5,043	5,039	5,044	-251
Special Funds	450	467	521	546	513	479	447	460	457	458	456	6
Grant Funds	330	329	343	348	349	371	357	317	315	318	299	-31
Enterprise Funds	1,013	1,025	1,021	1,024	970	949	905	889	873	878	878	-135
	7,088	7,107	7,225	7,310	7,102	6,947	6,837	6,702	6,688	6,693	6,677	-411



# CITY OF ST. LOUIS

## FY2016 Proposed Annual Operating Plan

PENSION COSTS – STILL ELEVATED ALTHOUGH RECENT IMPROVEMENTS IN FUND PERFORMANCE AND CONTINUED BENEFITS FROM PENSION REFORM HAVE LED TO SECOND YEAR OF DECLINE IN COSTS.





# CITY OF ST. LOUIS FY2016 PROPOSED ANNUAL OPERATING PLAN

## Pension Funding Overview

	Employee Retirement		Fire Retirement			Police Retirement	
<b>Valuations</b>							
(as of 10/1/14)			FRS	FRP			
Assets - Market Value	\$780.5	M	\$494.6 M	\$19.9M	M	\$729.1	M
Assets - Actuarial Value	\$738.0	M	\$477.3M	\$20.2M	M	\$717.4	M
Actuarial Accrued Liabilities	\$912.0	M	\$462.7M	\$58.5 M	M	\$895.7	M
Actuarial Unfunded Liability	\$174.0	M	(\$14.6 M)	\$38.4 M	M	\$178.3	M
Funded Ratio - Actuarial Basis	<b>80.9%</b>		<b>103.2%</b>	<b>34.4%</b>		<b>80.1%</b>	
Funded Ratio - Market Basis	<b>85.6%</b>		<b>106.9%</b>	<b>33.9%</b>		<b>81.4%</b>	
<b>1) Pension Costs</b>							
	<b>Total</b>						
Employer Contribution	\$65.8	\$27.8 M	\$0.0M	\$7.4 M	M	\$30.6	M
Debt Service	\$13.6	\$3.9 M	\$6.5M	--	M	\$3.2	M
Admin. (net reimbursement)	\$0.2	--	--	--	M	\$0.2	M
<b>Total</b>	<b>\$79.6</b>	<b>M</b>	<b>\$31.7</b>	<b>\$7.4 M</b>	<b>M</b>	<b>\$34.0</b>	<b>M</b>
<b>2) Active Membership</b>							
Active		4,993		564		1,096	
Active In Drop		443		62		185	
Less Non-City		-800		--		--	
Less Depts. budgeted separately		-200		--		--	
Total Active		4,436	(FRS & FRP)	626		1,281	
<b>3) Projected Pension Costs Per Active Participant</b>							
		<b>\$7,136</b>		<b>\$22,201</b>		<b>\$26,594</b>	

# CITY OF ST. LOUIS

## FY2016 Proposed Annual Operating Plan

### RECAP:

- o Total FY16 Budget of \$1,016.3M a 1.0% increase from previous fiscal year
- o General Fund Budget of \$492.6 up 1.7%; addresses budget gap and contains mix of scattered reductions, some increases and revenue reallocations including:
  - \$1.3M in net expenditure reductions to offset pay and benefit increases with misc. cuts across departments
  - \$2.8M in revenue reallocations (e.g. use tax and other) but resumes full allocations for Ward and Rec ½ cent capital;
- o Total increase of net 5 general fund positions and decrease of 16 positions in all funds
- o While Balanced, Still Have Longer Term Budget Challenges:
  - Attaining structural balance – where recurring revenues meet recurring expenditures; FY16 budget is closer but not there yet
  - Continuing to restore reserves – current @ \$12.9M; just over ½ of 5% target
  - Continuing pension reforms (e.g. PRS, ERS)
  - Financing of Capital needs (buildings, streets & bridges, fire equipment, etc.)