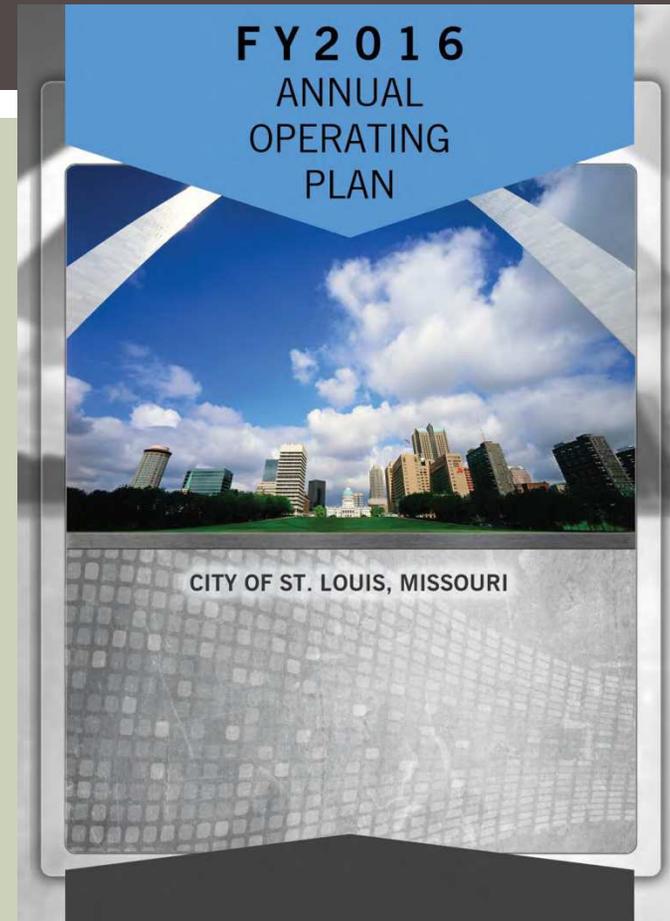


CITY OF ST. LOUIS

**PROPOSED FY2016
ANNUAL OPERATING PLAN**

Presentation to the Ways and Means
Committee

May 19, 2015

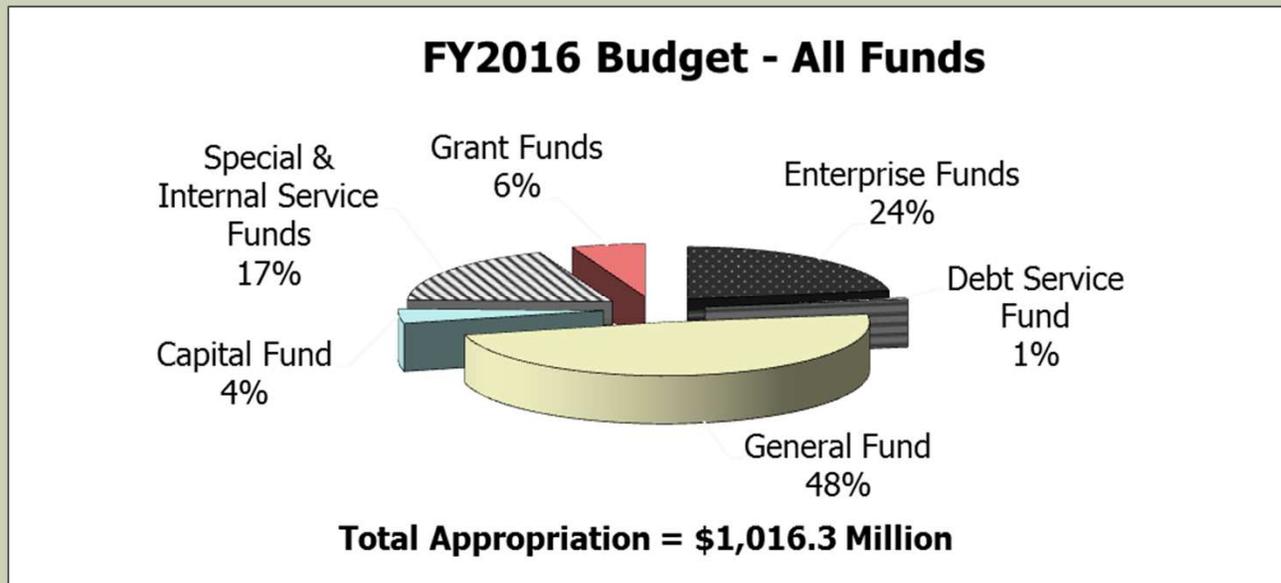


CITY OF ST. LOUIS

FY2016 Proposed Annual Operating Plan

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

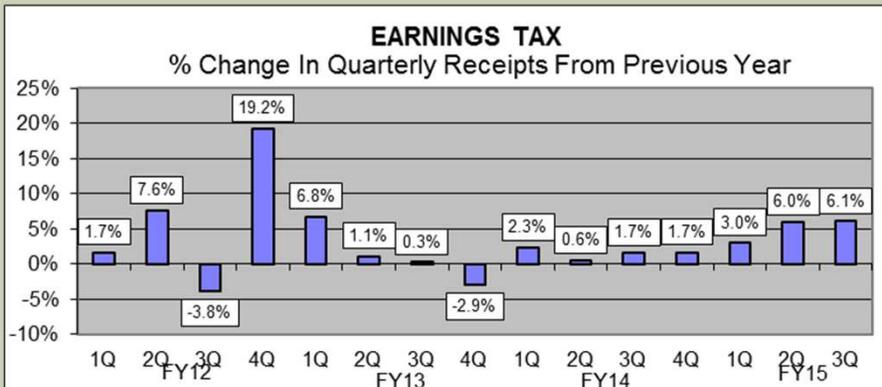
(in Mil. \$)	<u>FY15</u>	<u>FY16</u>	<u>% CHG</u>
General Fund	\$484.4	\$492.6	1.7%
Special Revenue	123.3	126.0	2.2%
Grant Funds	60.6	58.8	-3.0%
Debt Service Fund	6.9	4.8	-30.4%
Capital Improvement Funds	38.7	43.8	13.2%
Enterprise Funds	229.5	225.5	-1.7%
Internal Service Funds	62.5	64.8	3.7%
	\$1,005.9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



CITY OF ST. LOUIS

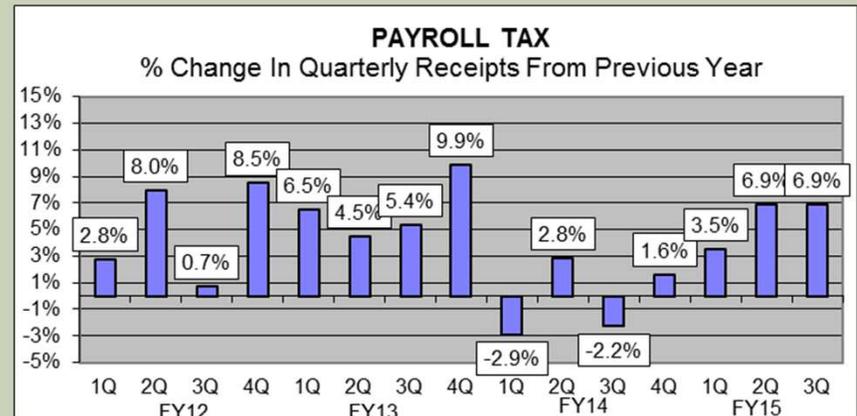
FY2016 Proposed Annual Operating Plan

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

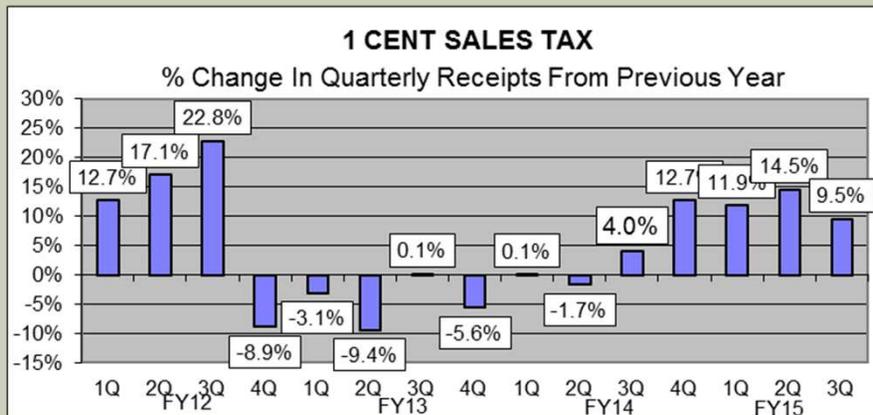


Earnings Tax YTD
5.1%

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)	
FY16 Base Budget	<u>\$498.8</u>	
FY16 Preliminary Budget Gap	<u>(\$6.2)</u>	M

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.

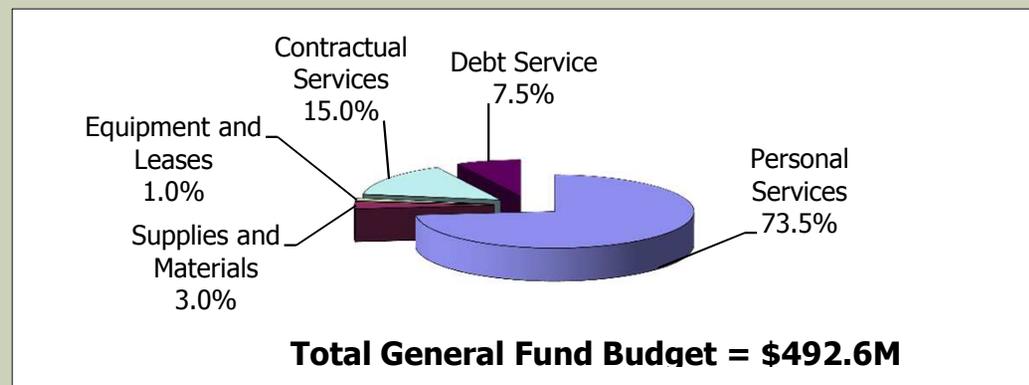
■ Budget Cuts: (net increases)	\$1.3M	Includes Departments absorbing cost of portion of pay increases, initiative to reduce worker's comp by 5% and miscellaneous cuts across other departments, net increases in some depts.
■ Revenue Reallocations:	\$2.8M	Resumes full allocation of ½ Cent Capital Funds (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

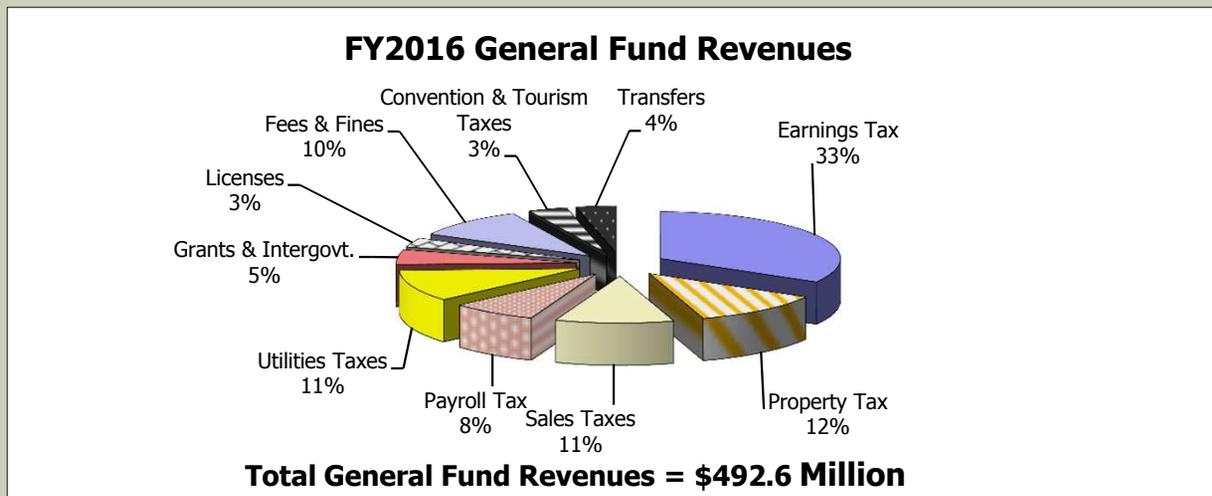
Public Safety Sales Tax	\$1.4M	Higher sales tax base; From prior year ending balance
Excess Use Tax	\$1.0M	
Assessment Fund	\$0.1M	
Public Safety Trust	<u>(\$0.4M)</u>	
Total	\$2.1M	

CITY OF ST. LOUIS

FY2016 Proposed Annual Operating Plan

GENERAL FUND REVENUE OUTLOOK:

(Rounded in Mil. \$)	Actual	Revised	Estimated	% CHG.
	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	
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%
	<u>\$476.6</u>	<u>\$487.4</u>	<u>\$492.6</u>	<u>1.1%</u>



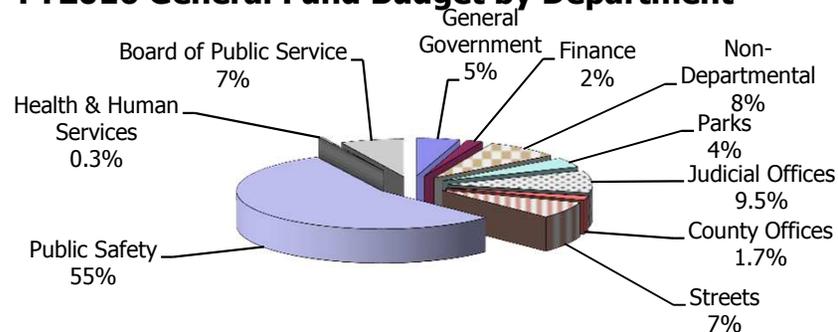
CITY OF ST. LOUIS

FY2016 Proposed Annual Operating Plan

GENERAL FUND EXPENDITURE OUTLOOK:

(Rounded in Mil. \$)	Actual FY14	Budget FY15	Proposed FY16	% CHG.
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%
	\$481.7	\$484.4	\$492.6	1.7%

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:

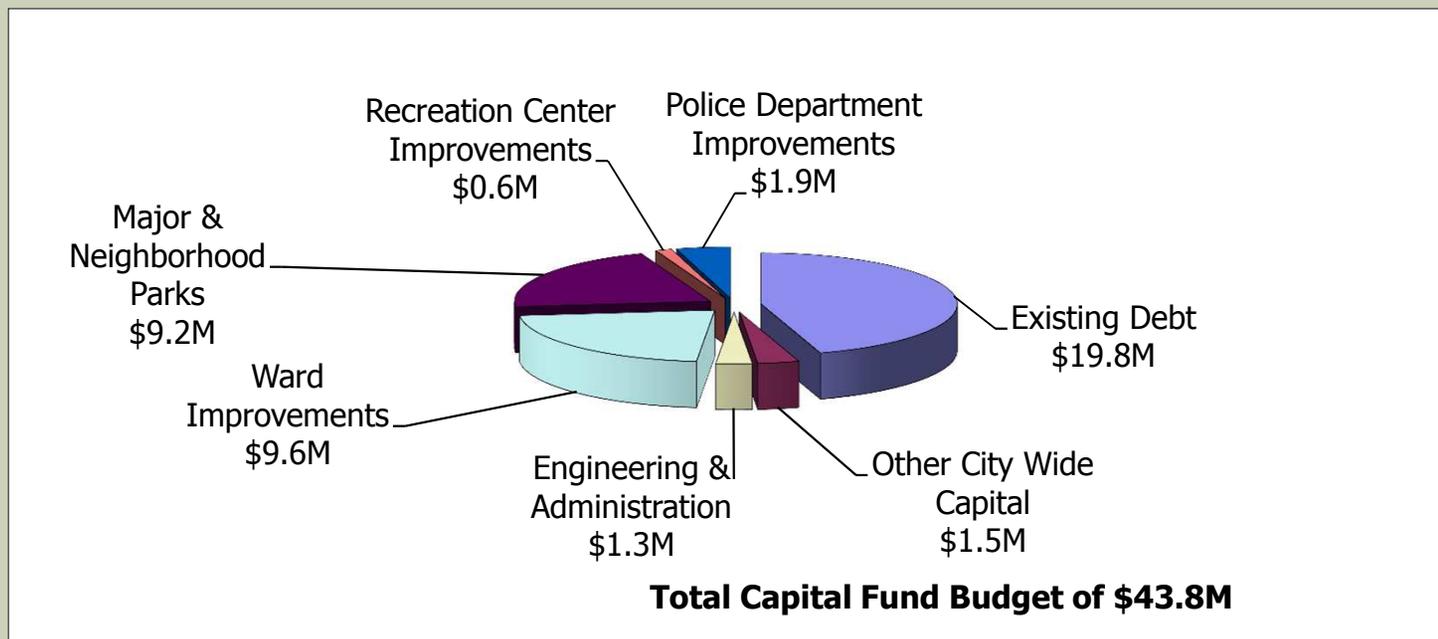
- | | |
|------------------------------|---|
| Local Use Tax | <ul style="list-style-type: none">o Down 2.3% YTD; tracking @ \$30.6Mo FY16 Budget of \$32.7M – nearly flat with increase @ \$200ko Continues Reallocation of \$0.5M in Affordable Housing Funds; total Affordable Housing budget @ \$5.1M with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

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)



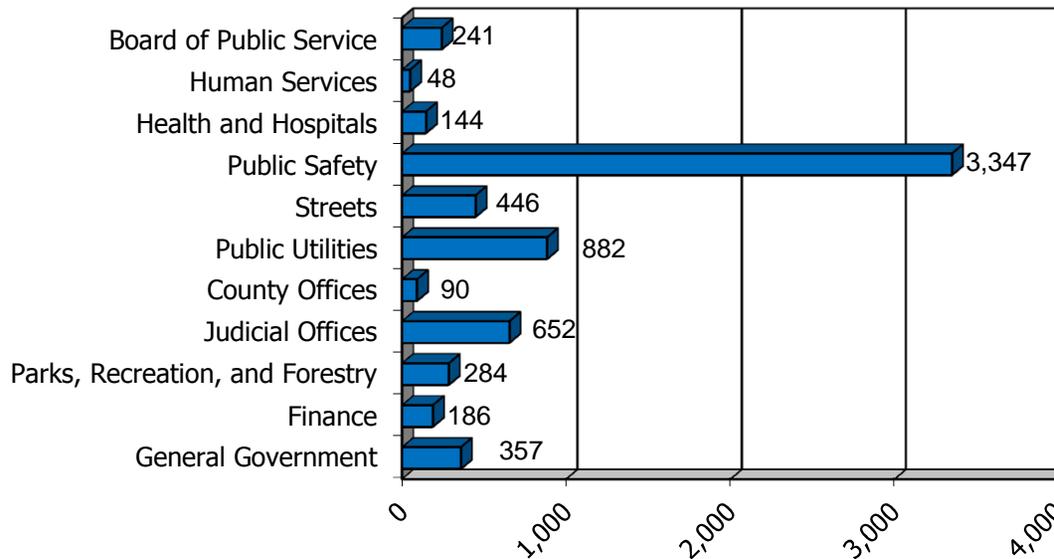
CITY OF ST. LOUIS
FY2016 Proposed Annual Operating Plan

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
Totals	6,693	6,677	-16

FY16 Personnel Totals by Department All Funds

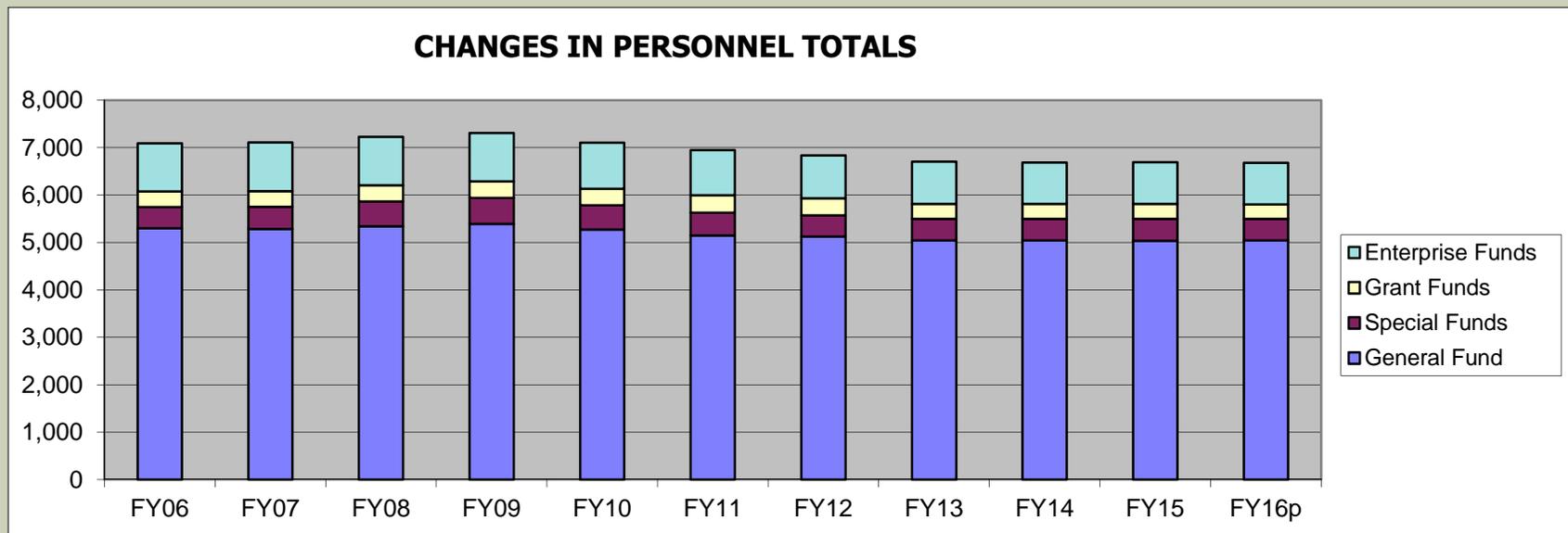


CITY OF ST. LOUIS

FY2016 Proposed Annual Operating Plan

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

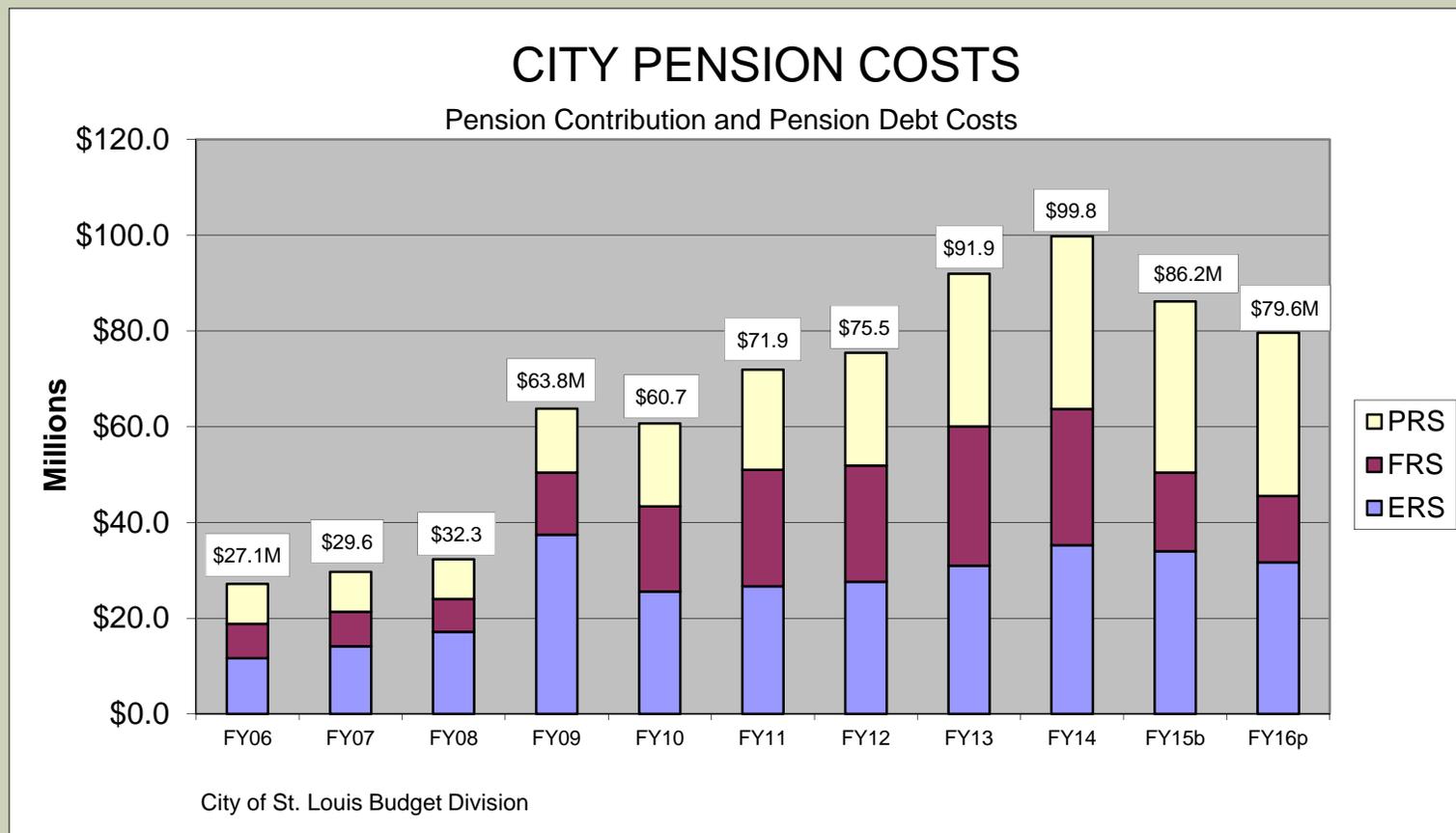
	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16p	10Yr CHG
General Fund	5,295	5,287	5,341	5,393	5,270	5,147	5,127	5,040	5,043	5,039	5,044	-251
Special Funds	450	467	521	546	513	479	447	460	457	458	456	6
Grant Funds	330	329	343	348	349	371	357	317	315	318	299	-31
Enterprise Funds	1,013	1,025	1,021	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	
			FRS	FRP			
Valuations							
(as of 10/1/14)							
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	80.9%		103.2%	34.4%		80.1%	
Funded Ratio - Market Basis	85.6%		106.9%	33.9%		81.4%	
1) Pension Costs							
	Total						
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
Total	\$79.6	M	\$31.7	\$7.4 M	M	\$34.0	M
2) Active Membership							
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	
3) Projected Pension Costs Per Active Participant							
		\$7,136		\$22,201		\$26,594	

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.)