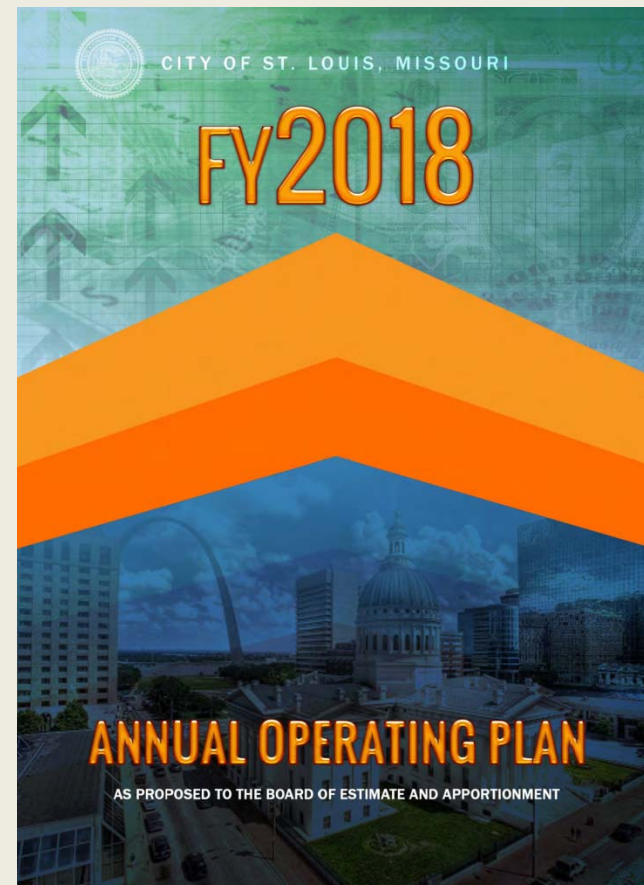


CITY OF ST. LOUIS
**PROPOSED FY2018
ANNUAL OPERATING PLAN**

Presentation to the Board of Estimate
and Apportionment

April 19, 2017



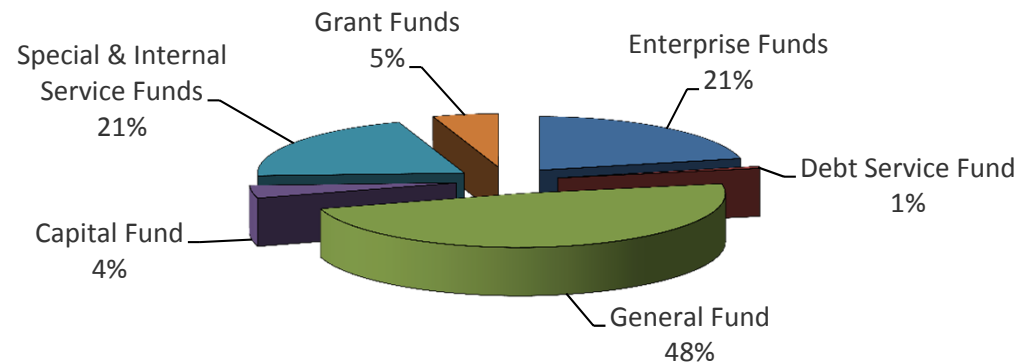
CITY OF ST. LOUIS

FY2018 Proposed Annual Operating Plan

THE ANNUAL OPERATING PLAN FOR FY2018 TOTALS \$1,053M, AN INCREASE OF 1.1% OVER THE PREVIOUS FISCAL YEAR.

(in Mil. \$)	<u>FY17</u>	<u>FY18</u>	<u>% CHG</u>
General Fund	\$511.1	\$509.5	-0.3%
Special Revenue	125.8	135.9	8.0%
Grant Funds	56.6	54.2	-4.2%
Debt Service Fund	3.6	5.8	61.1%
Capital Improvement Funds	42.3	39.9	-5.7%
Enterprise Funds	226.0	226.4	0.2%
Internal Service Funds	75.8	81.0	6.9%
	\$1,041.2	\$1,052.7	1.1%

FY2018 Budget - All Funds

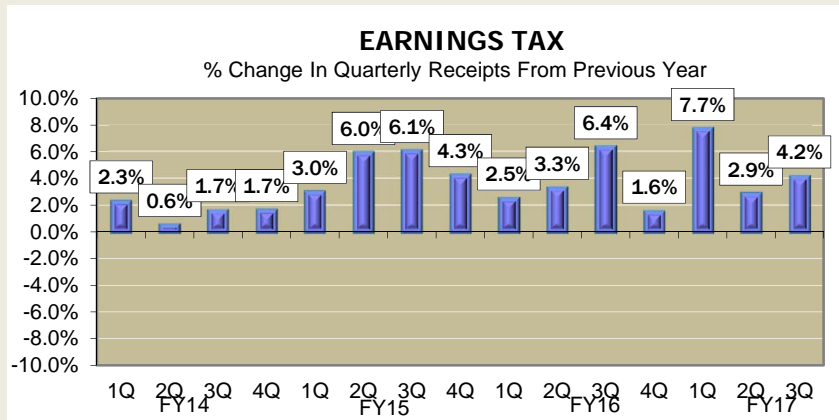


Total Appropriation = \$1,052.7 Million

CITY OF ST. LOUIS

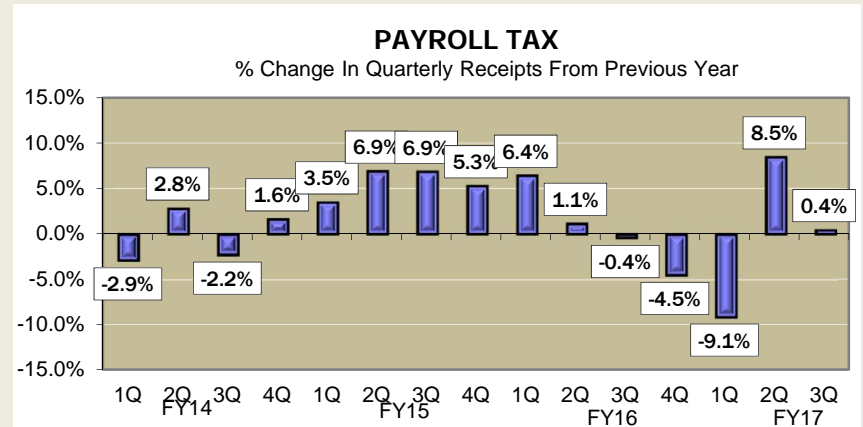
FY2018 Proposed Annual Operating Plan

FY17 EARNINGS TAX REVENUES SHOWING CONTINUED GROWTH THROUGH 3RD QUARTER; PAYROLL TAX FLAT WHILE SALES AND FRANCHISE UTILITY TAXES DOWN; OVERALL RECEIPTS TRACKING SLIGHTLY UNDER BUDGET.

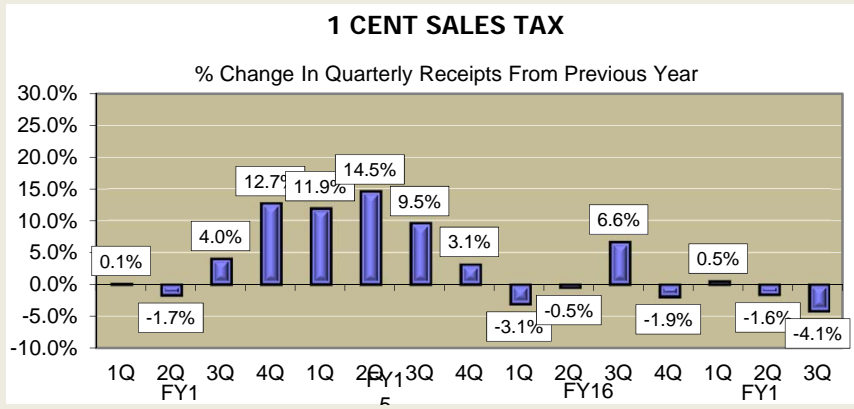


Earnings Tax YTD **4.9%**

Payroll Tax YTD **0.0%**



Sales Tax YTD **1.6%**



CITY OF ST. LOUIS

FY2018 Proposed Annual Operating Plan

MID-YEAR BUDGET GAP EST. @ \$20M+; HIGH FOR NON-RECESSION YEAR;
3RD QUARTER REVISIONS & FINAL HEALTH & PENSION NUMBERS LEAVE BASE
GAP BEFORE REDUCTIONS OF OVER \$17M.

FY18 General Revenue Base	\$511.1 M
Plus Revised FY16 Base	(2.4)
Net Growth FY18 @ 1.9%	9.5
27th Pay Reserve	(10.1)
FY18 Estimated Revenue	508.1 M
FY18 General Fund Budget Base	511.1 M
Plus Increases / (Decreases):	
Return to 26 pay days (less resumption of \$1.0M to 27 th pay reserve)	(10.1)
Police – matrix & civilian pay increases; health insurance & pension	5.8
Fire – matrix & civilian pay increases, health insurance & pension	1.5
Non-uniform pay increases, health insurance & pension	2.2
Lease/Debt Obligations:	
Carnahan Courthouse debt – 2 nd year refinancing savings less than 1 st year	1.0
Justice Center lease (prior year offset with \$3.8M one-time cap.& \$1.4M ward cap.)	5.2
New rolling stock equipment lease	1.8
Workers comp. (claims & higher admin.)	0.7
Personnel – increase for fire and police testing	0.6
Public Administrator – full year subsidy	0.1
Bd. Of Elections – no citywide scheduled elections	(1.4)
Refuse Waste Disposal – currently exceeding budget	0.5
Equipment Services fuel cost allocations – higher projections	0.2
Excess Use tax @ \$1.4M below FY17 estimate (neg. balance plus FY18 lower base)	1.7
Public Safety sales tax below estimate (neg. balance plus lower FY18 base)	1.7
Existing Use tax reallocations (\$0.5M Housing / \$2.0M Building Demo)	2.5
FY18 Base Budget	\$525.1 M
Preliminary Budget Balance / (Gap)	(\$17.0)M

CITY OF ST. LOUIS

FY2018 Proposed Annual Operating Plan

TO BRIDGE GAP, THE FY2018 ANNUAL OPERATING PLAN CONTAINS A MIX OF BUDGET CUTS, REALLOCATIONS AND SPECIAL REVENUE APPROPRIATIONS.

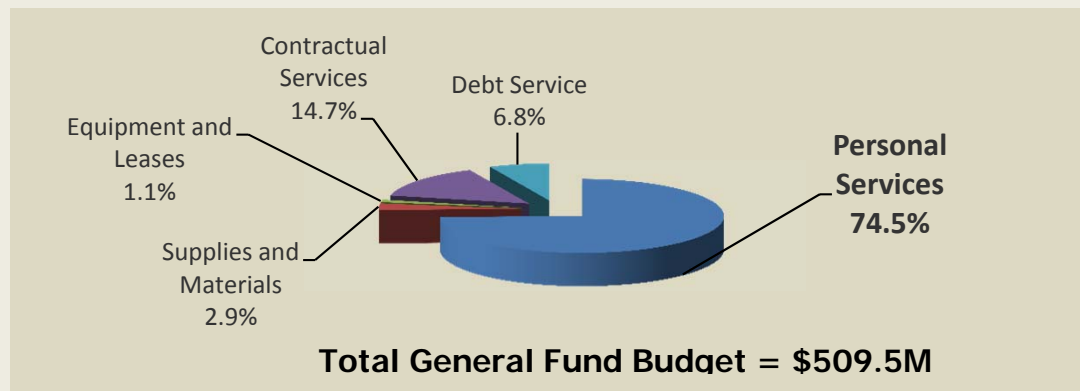
■ Budget Cuts:	\$5.5M	Includes cuts across most departments; Net reduction of 41 positions from General and Use tax funds. No additional rolling stock equipment replacements.
■ Revenue Reallocations:	\$6.9M	½ Cent Capital Funds to Wards @ 75% (\$2.25M) No new recreation capital (\$0.5M) Proposes a portion of Drug Court (\$150k) and Summer Jobs program (\$100k) to Crime Prevention Fund and Restore Certificate of Inspection Fees to General Fund (\$1.35M); Continued reallocations of Local Use tax of Housing (\$500k) and Building Demo (\$2.0M)
■ Special Fund Revenues:	\$4.6M	Increases in Local Use tax funds from 7 mos. of new tax rate (\$2.3M); Estimated increase in base from on-line sales (\$1.15M); 10% share of Econ. Dev. Tax to Capital Fund (\$1.1M)
Total		\$ 17.0M

CITY OF ST. LOUIS

FY2018 Proposed Annual Operating Plan

PAYROLL COSTS REPRESENT NEARLY 75% OF TOTAL EXPENDITURES; A KEY DRIVER OF COSTS

- o **\$5.8M** increase in Police Dept. personnel costs includes FY18 pay matrix increases @ \$1.0M civilian increase @ \$0.4M; Police retirement increase of \$3.1M; Health insurance @ \$1.3M; Number of uniforms @ 1,316 (up 24) reflecting increase in recruit classes; net cut 9 vacant civilian pos.
- o **\$1.5M** increase in Fire Dept. personnel costs includes FY18 pay matrix increases @ 0.4M plus Overtime up \$0.1M; non-uniform pay up \$0.2M. Contributions to pensions increase \$0.6M (\$0.1M FRP / \$0.5M FRS) and Health Insurance up \$0.2M. Uniform strength to remain at 587 (2nd year of SAFER grant which funds 20); still requires that two doubled-up fire companies be held inactive.
- o **\$2.3M** net increase in non-uniform costs; full year costs of FY17 1.5% merit pay increases @ \$2.0M plus \$0.63M to meet increase in health insurance; Employee retirement costs down net (\$0.37M). Depts. to absorb 1.5% merit increases in FY18.



CITY OF ST. LOUIS

FY2018 Proposed Annual Operating Plan

BUDGET CUTS & OTHER CHANGES ACROSS DEPARTMENTS:

General Govt. / Finance	\$0.1M	Bd. Of Ald. Cut 1 vac. Position; Mayors office up \$300k plus 1 pos.; City Counselor cut 2 pos. w/ 1 add for Police unit (\$0.1M); Comptroller down net 3 positions (\$0.1M)
City Wide	(\$2.4M)	No additional capital funds for rolling stock fleet replacements (\$1.8M); Other capital cuts to reduce general fund capital subsidy (\$0.2M); Assessor subsidy down (\$370k) return to 26 pays & cut 2 vacant pos.; Unemployment Comp. down (\$50k)
Parks, Recreation & Forestry	(\$0.3M)	No additional contract for Forestry weed control net (\$0.1M) Parks Div. cuts 3 vac. positions (\$0.2M)
Judicial Offices	(\$0.5M)	Circuit Courts net down 2 pos./attrition (\$420k); Circuit Atty. 1 pos. offset pay; Sheriff down 3 pos. /salary savings offset pay; City court down 2 pos. (\$95k)
County Offices	\$0.0M	Med Examiner up \$50k; Recorder cut 1 position to offset increases

CITY OF ST. LOUIS

FY2018 Proposed Annual Operating Plan

BUDGET CUTS & OTHER CHANGES: (CONTINUED)

Streets	(\$0.6M)	Traffic LED lease offset with utility savings; down position & supply reductions (\$160k); Street Div. cut 5 vacant utility workers (\$110k); Refuse net reduction 7 vacant positions (\$250k); Towing and Director's office misc. cuts (\$30k)
Public Safety	(\$0.6M)	Building Div. cut 2 vacant pos. & misc. (\$120k); Neigh. Stabilization cut 1 vacant CSR (\$80k); Corrections medical and food contract increase offset w/sal savings; Excise salaries down (\$30k); SLPD cut 5 vacant Park ranger pos. & other reductions (\$250k); 1 vacant marshal position & misc. (\$70k)
Health Dept. & Human Services	(\$0.4M)	Health Dept. down net 11 pos. including contract with Animal control (\$375k); Human Srvcs. down net (\$40k)
Board Of Public Service	(\$0.9M)	Facilities utility accounts tracking under (\$1.0M) ESD Refuse & Fire garage consolidation labor & supply costs inc. @ \$0.1M
Net Other Proposed Increases / Decreases	<u>(\$5.5M)</u>	

CITY OF ST. LOUIS

FY2018 Proposed Annual Operating Plan

REMAINING BUDGET GAP MET WITH ADDITIONAL SPECIAL REVENUES AND SPECIAL FUND REALLOCATIONS

Special Fund Revenues

Excess Use Tax	\$3.4M	\$2.3M from 7 mos. increased Eco/Dev rate; \$1.1M est. increase in base on-line sales
Econ Dev Infrastructure – 10%	<u>\$1.1M</u>	10% allocated to Capital Fund
Total:	\$4.5M	Reduces general fund subsidies

Fund Reallocations

½ Cent Capital Sales Tax	\$2.75M	FY17 Ward Cap. @ 85% normal and Recreation capital @ normal. FY18 proposes Ward Allocation @ 75% (\$2.25M) and no new Recreation allocation (\$500k).
Public Safety ½ Cent	\$0.25M	Drug Court subsidy \$150k and Summer Jobs program \$100k proposed to Crime Prev. Fund
Lead Fund	\$1.35M	Returns 60% COI fees to General Fund Existing balance \$4M+
Local Use Tax	<u>\$2.50M</u>	\$0.5M in Affordable Housing funds \$2.0M in building demolition funds (same as current year)
Total:	\$6.9M	

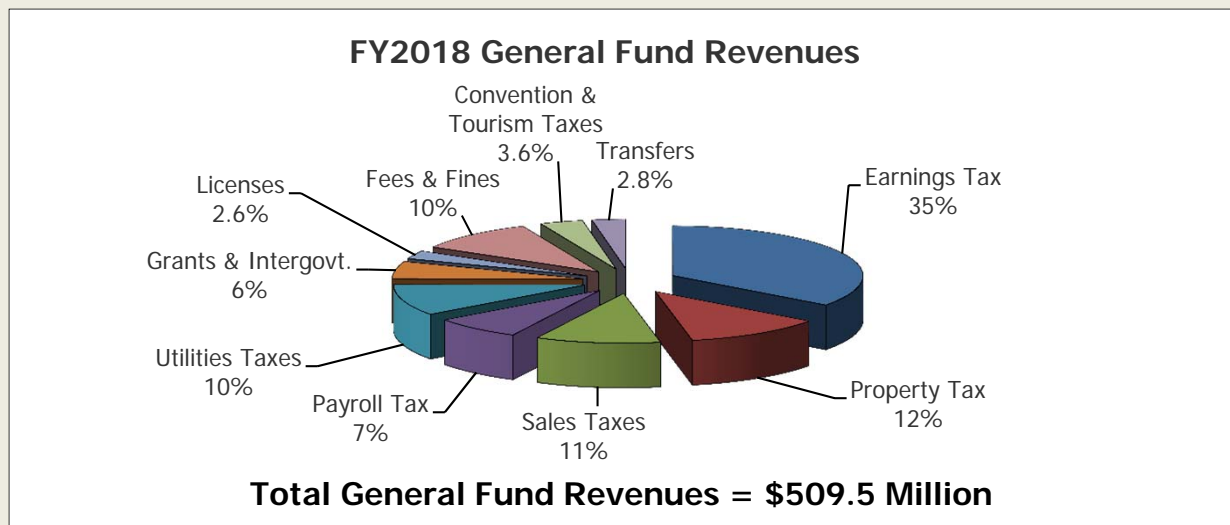
CITY OF ST. LOUIS

FY2018 Proposed Annual Operating Plan

GENERAL FUND REVENUE OUTLOOK:

(Rounded in Mil. \$)	Actual	Revised	Estimated	% CHG.
	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	
Earnings Tax	\$166.2	\$174.3	\$179.1	2.7%
Property Tax	58.5	59.2	60.0	1.5%
Sales Tax	53.8	53.1	53.6	1.0%
Payroll Tax	37.6	37.6	38.2	1.5%
Franchise (Utility) Taxes	50.1	50.4	51.8	2.7%
Intergovernmental	26.0	28.3	28.2	0.0%
Licenses	14.9	13.6	13.6	0.0%
Departmental Fees and Fines	51.0	49.6	52.0	4.8%
Other	33.3	42.7	33.0	-22.7%
	\$491.4	\$508.7	\$509.5	0.2%

* 2.2% adjusting for FY17
27th Pay Reserve



CITY OF ST. LOUIS

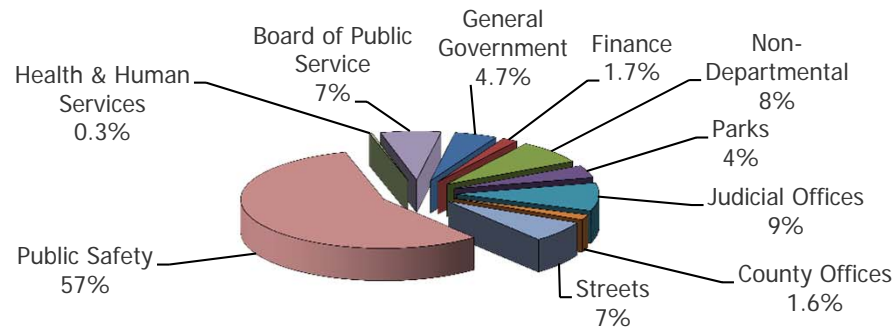
FY2018 Proposed Annual Operating Plan

GENERAL FUND EXPENDITURE OUTLOOK:

(Rounded in Mil. \$)	Actual FY16	Budget FY17	Proposed FY18	% CHG.
General Government	22.6	\$24.4	\$24.7	1.5%
Finance	8.8	9.0	8.8	-2.3%
Non-Departmental	44.2	38.6	40.3	4.2%
Parks, Recreation & Forestry	20.9	21.4	21.0	-1.7%
Judicial Offices	44.9	47.8	46.7	-2.3%
County Offices	8.1	9.8	8.4	-15.0%
Streets	35.5	35.5	35.4	-0.3%
Public Safety	270.8	287.1	287.9	0.3%
Human Services	1.3	1.5	1.5	-4.3%
Board of Public Service	32.3	35.9	34.8	-3.0%
	\$489.4	\$511.1	\$509.5	-0.3%

* Approx. 1.9% adjusting for FY17 27th Pay

FY2018 General Fund Budget by Department



Total General Fund Budget = \$509.5 Million

CITY OF ST. LOUIS

FY2018 Proposed Annual Operating Plan

PROPOSED CHANGES IN SPECIAL FUNDS INCLUDE:

- Local Use Tax
 - o Down 5.1% YTD; tracking @ \$28.1M (\$1.4M under estimates)
 - o FY18 Estimate of \$31.4M – includes 7 mos. of new rate from Econ. Economic Development Sales tax (\$2.25M)
 - o Continues Reallocation of \$0.5M in Affordable Housing Funds; total Affordable Housing budget @ \$4.9M with existing balance
 - o Building Demo Funds remain at reduced allocation of \$1.0M
 - o Health Dept. Budget @ \$7.3M; incl. contract w/ Stray Rescue

- Economic Dev. Sales Tax
 - o New ½ sale tax rate effective 10/1/17; with 2 mos. lag in receipts 7 mos. of revenues est. @ \$11.3M allocated per ord. as follows:
 - o Transit 60% - \$6.8M
 - o Neighborhood Stabilization 10% - \$1.1M
 - o Workforce Development 10% - \$1.1M
 - o Public Safety Infrastructure 10% - \$1.1M
 - o City Infrastructure (capital fund) 10% - \$1.1M

- Lead and Building Demo Funds
 - o 60% of Certificate of inspection fee revenue moved from general fund to Lead Fund beg. FY13; since that time fund balance increased to over \$4.0M+
 - o Building demo and board up budgeted to receive \$500k from Use Tax Demo Fund to stop continued deficits; negative balance remains in \$1.9M range

- Gaming Fund
 - o Revenue down 4.5% through FY17 third quarter
 - o FY18 Budget of \$6.3M down \$800k; after use of prior year bal.

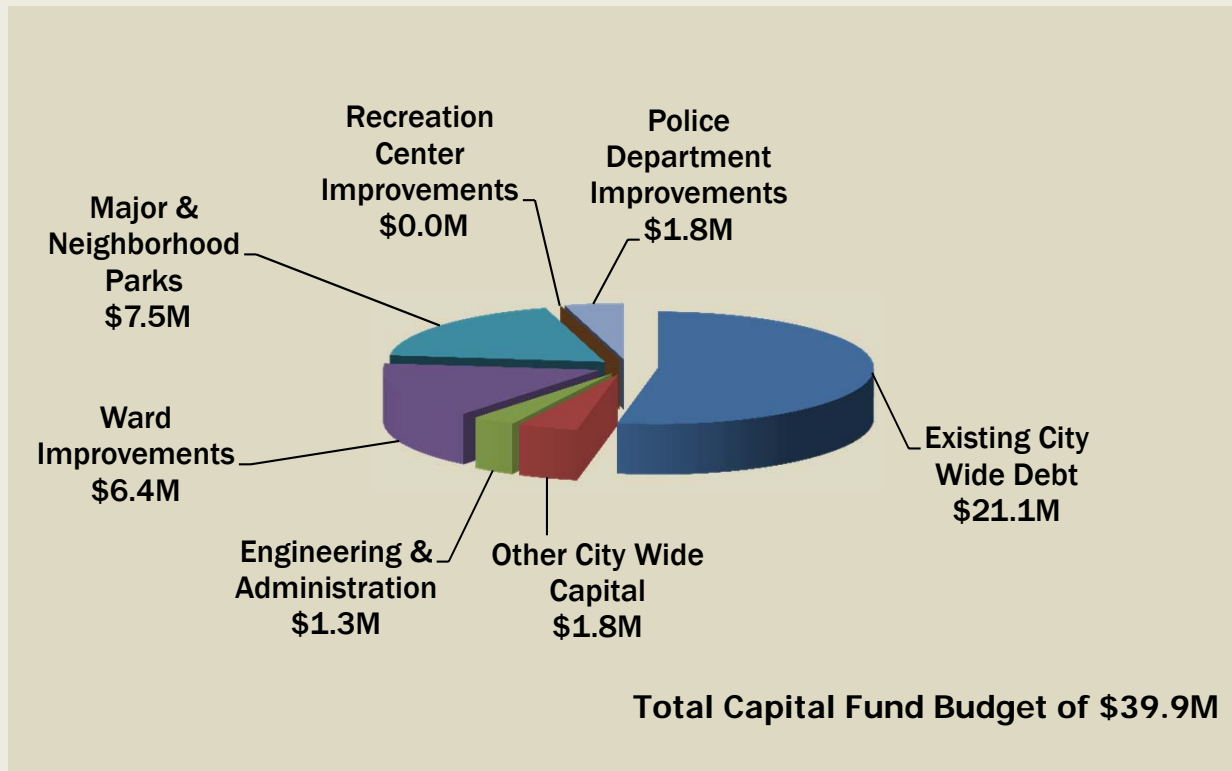
- C&T Fund
 - o Retains funding for Sister Cities @ \$75k & Grand Center @ \$90k

CITY OF ST. LOUIS

FY2018 Proposed Annual Operating Plan

PROPOSED CAPITAL FUND BUDGET AT \$39.9M IS A DECREASE OF \$2.4M FROM PREVIOUS FISCAL YEAR.

- WARD CAPITAL AT 75% OF FULL ALLOCATION; NO ADDITIONAL RECREATION CAPITAL FUNDS
- MEETS FY18 OBLIGATIONS; LONGER TERM CAPITAL FUNDING NEEDED (E.G. ROLLING STOCK, OTHER NEEDS, ETC.)



CITY OF ST. LOUIS

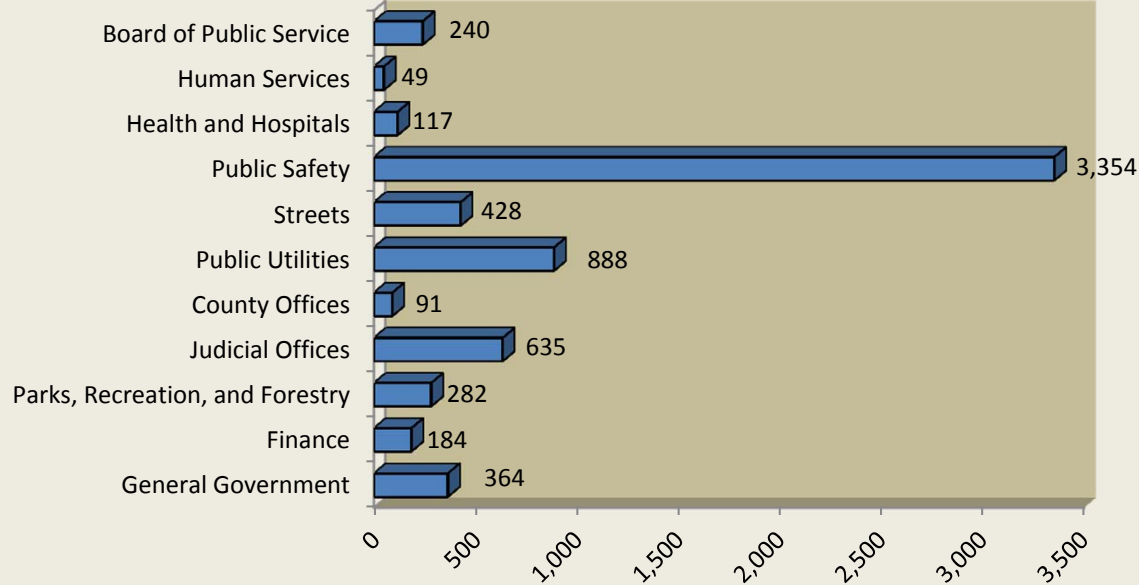
FY2018 Proposed Annual Operating Plan

TOTAL PERSONNEL CHANGES BY DEPARTMENT – ALL FUNDS:

Personnel Totals - All Funds

	FY17	FY18	Change
BY FUND			
General Fund	5,045	5,016	-30
Special Funds	457	452	-5
Grant Funds	299	281	-18
Enterprise Funds	873	883	10
Totals	6,675	6,632	-43

FY18 Personnel Totals by Department All Funds



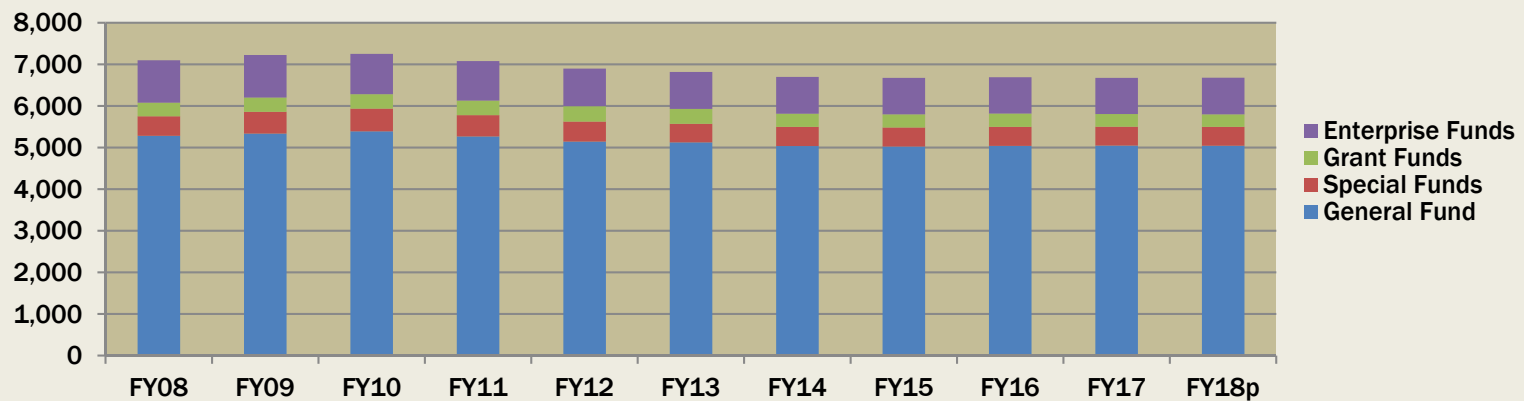
CITY OF ST. LOUIS

FY2018 Proposed Annual Operating Plan

NUMBER OF PERSONNEL - LAST TEN FISCAL YEARS VS. FY18:

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	F17	FY18p	10Yr CHG
General Fund	5,341	5,393	5,270	5,147	5,127	5,040	5,028	5,043	5,050	5,045	5,016	-325
Special Funds	521	546	513	479	447	460	456	459	456	457	452	-69
Grant Funds	343	348	349	371	357	317	315	319	301	299	281	-62
Enterprise Funds	1,021	1,024	970	949	905	889	884	878	874	873	883	-138
	7,225	7,310	7,102	6,947	6,837	6,702	6,683	6,699	6,681	6,674	6,632	-593

CHANGES IN PERSONNEL TOTALS

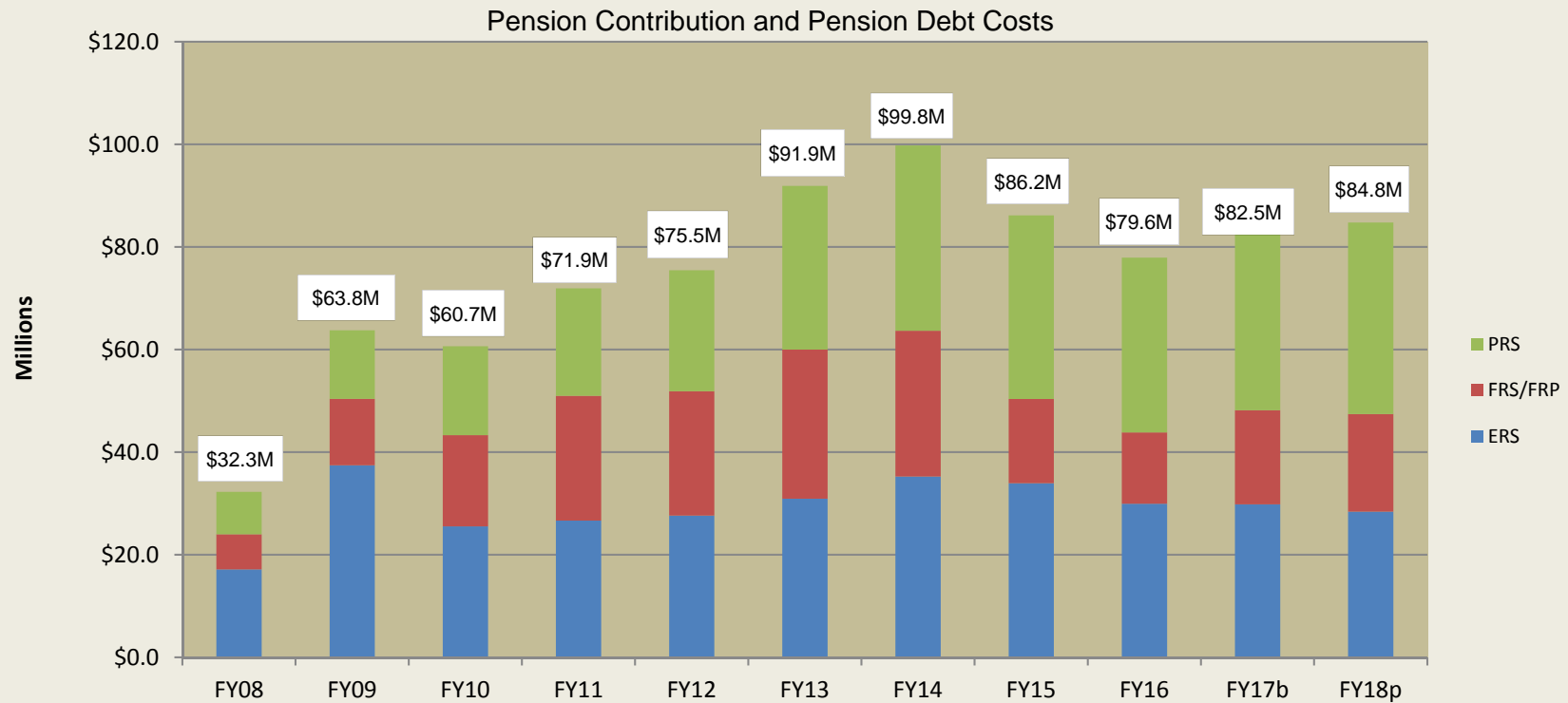


CITY OF ST. LOUIS

FY2018 Proposed Annual Operating Plan

PENSION COSTS – FY18 TO SEE SECOND YEAR OF INCREASES AFTER PREVIOUS DECLINE.

CITY PENSION COSTS



City of St. Louis Budget Division

CITY OF ST. LOUIS FY2018 PROPOSED ANNUAL OPERATING PLAN

Pension Funding Overview

	Employee Retirement		Fire Retirement			Police Retirement			
			FRS	FRP					
Valuations									
(as of 10/1/16)									
Assets - Market Value	\$764.9	M	\$453.6M	\$43.9M	M	\$709.2	M		
Assets - Actuarial Value	\$797.7	M	\$465.3M	\$45.2M	M	\$744.5	M		
Actuarial Accrued Liabilities	\$974.1	M	\$503.7M	\$107.3 M	M	\$954.5	M		
Actuarial Unfunded Liability	\$176.5	M	\$38.4 M	\$62.1M	M	\$209.9	M		
Funded Ratio - Actuarial Basis	81.9%		92.4%	42.1%		78.0%			
Funded Ratio - Market Basis	78.5%		90.0%	41.0%		74.3%			
Pension Costs									
	Total								
Employer Contribution	\$70.8	\$24.5	M	\$3.3M	\$9.2M	M	\$33.8	M	
Debt Service	\$13.6	\$3.9	M	\$6.5M	--	M	\$3.2	M	
Admin. (net reimbursement)	\$0.3	--		--	--	M	\$0.3	M	
Total	\$84.7	M	\$28.4	M	\$9.8 M	\$9.2 M	M	\$37.3	M
Active Membership									
Active	4,911			\$19.0M		627		1,122	
Active In Drop	392					62		147	
Less Non-City	-864					--		--	
Less Depts. budgeted separately	-220					--		--	
Total Active	4,219		(FRS & FRP)			689		1,269	
Projected Pension Costs Per Active Participant	\$6,731					\$27,602		\$29,914	

CITY OF ST. LOUIS

FY2018 Proposed Annual Operating Plan

RECAP:

- o Total FY18 Budget of \$1,052.7M a 1.1% increase from previous fiscal year
- o General Fund Budget of \$509.5M down 0.3% (1.9% after adj. for 27th pay)
- o Net decrease of 30 general fund positions and 43 positions from all funds.
- o Bridges budget gap with combination of budget cuts and additional special revenue and continued fund reallocations.
- o Balance scenario less than ideal; provides framework, but additional revenues and cuts/changes/efficiencies in costs and service delivery will be needed to restore and or increase funding for priority areas and ultimately achieve **structural balance** where recurring revenues meet recurring expenditures.
- o Continued Longer Term Challenges:
 - Entering 9th year of economic expansion; long by historical standards
 - Restoring reserves – currently just over ½ of 5% target (cash basis)
 - Continuing pension reforms
 - Financing of Capital needs (buildings, streets & bridges, rolling stock, etc.)