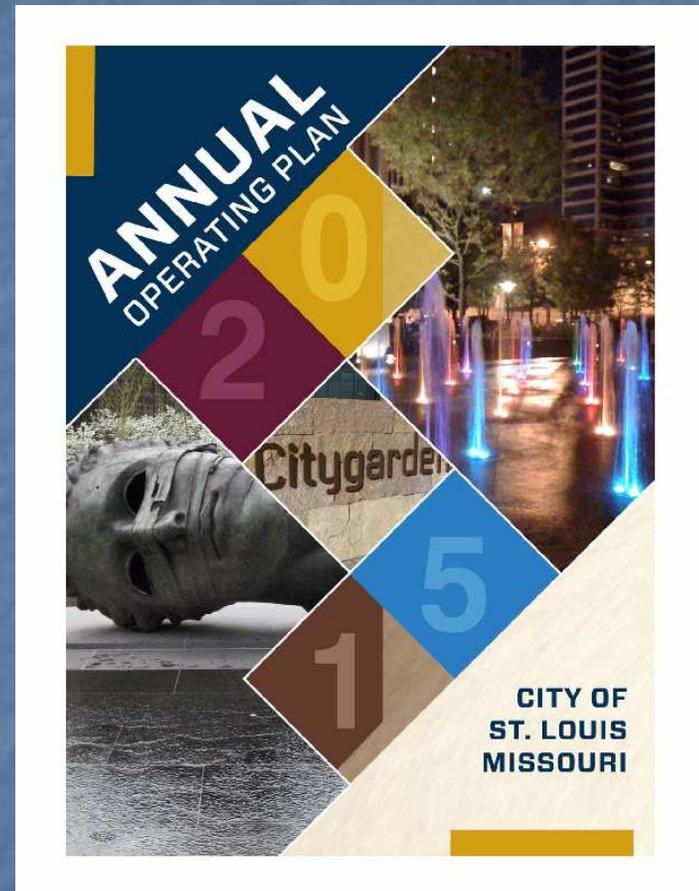


CITY OF ST. LOUIS  
**PROPOSED FY2015  
ANNUAL OPERATING PLAN**

Presentation to the Ways and Means  
Committee

May 5, 2014

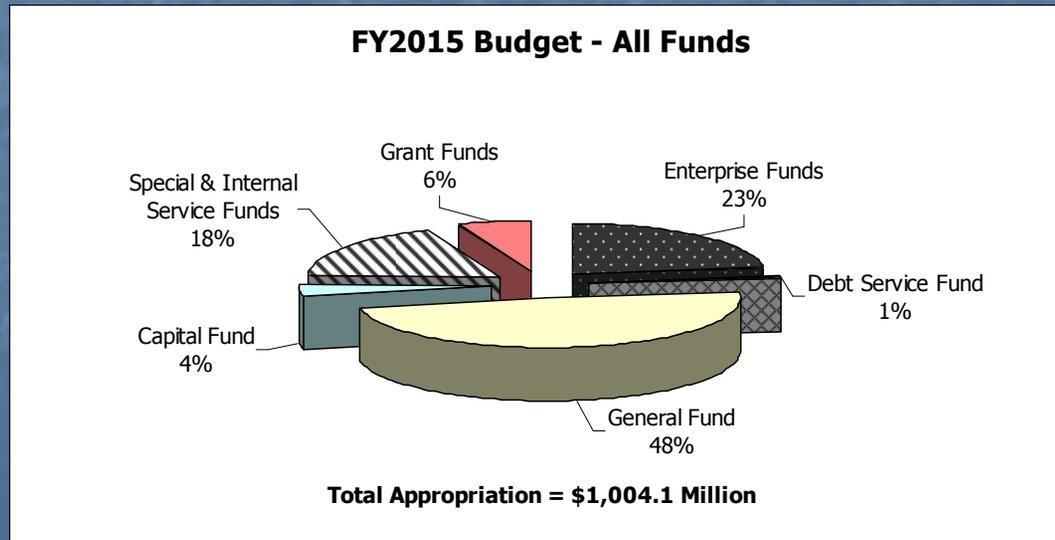


# CITY OF ST. LOUIS

## FY2015 Proposed Annual Operating Plan

The Annual Operating Plan for FY2015 totals \$1.0B, an increase of 1.9% over the previous fiscal year.

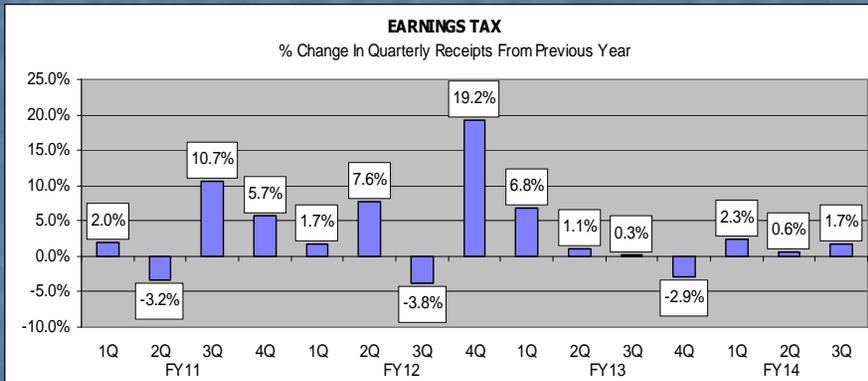
(in Mil. \$)	<u>FY14</u>	<u>FY15</u>	<u>% CHG</u>
General Fund	\$479.3	\$484.4	1.1%
Special Revenue	127.4	123.3	-3.2%
Grant Funds	53.9	60.6	12.4%
Debt Service Fund	8.7	5.1	-41.3%
Capital Improvement Funds	37.2	38.7	4.0%
Enterprise Funds	228.8	229.5	0.3%
Internal Service Funds	49.9	62.5	25.3%
	<b>\$985.2</b>	<b>\$1,004.1</b>	<b>1.9%</b>



# CITY OF ST. LOUIS

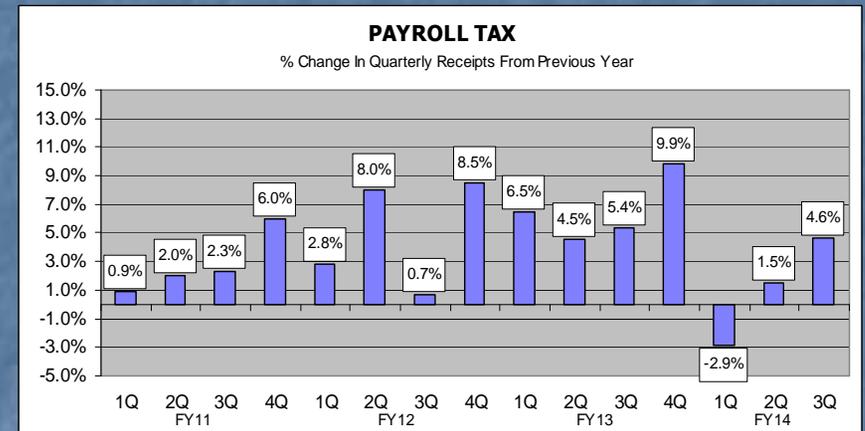
## FY2015 Proposed Annual Operating Plan

FY14 General Revenue Update: Earnings tax growth positive though modest; Payroll tax showing decline from prior year; Sales taxes slow start yet up 3% YTD; trailing in departmental and other receipts

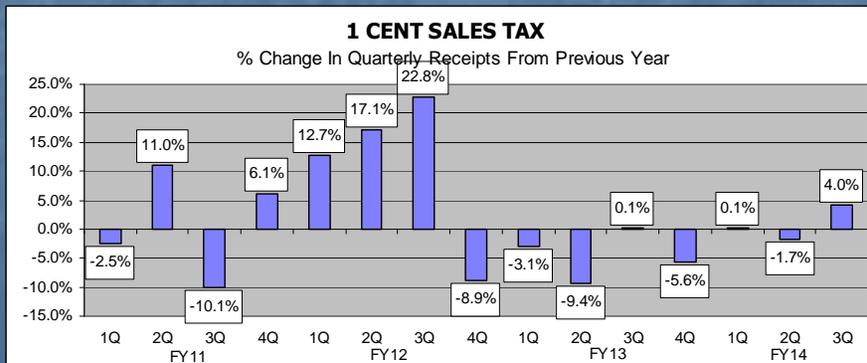


**Earnings Tax YTD**  
**1.5%**

**Payroll Tax YTD**  
**-0.9%**



**Sales Tax YTD**  
**3.0%**



# CITY OF ST. LOUIS

## FY2015 Proposed Annual Operating Plan

Total budget requests exceeded preliminary allocations by approx. \$23M. After reductions, base budget gap of \$10M+ remained.

FY14 General Revenue Base	\$479.3	M
Plus Revised FY14 Base	(2.5)	
Net Growth FY15 @ 1.6%	7.6	
	<u>\$484.4</u>	
FY14 General Fund Budget Base	\$479.3	M
Plus Increases / (Decreases):		
FY14 Capital reallocations (wards & rec)	2.5	
FY14 Other fund reallocations (use tax, other)	3.5	
Decline in special funds (e.g. gaming, special revenue)	1.9	
Lease Debt – Conv. Cntr. Incl. \$2M pre-pay in FY14	3.2	
Police & Police Pension (matrix, health ins., etc.)	6.4	
Fire & Fire Pension (matrix, health ins., exams, etc.)	(9.8)	
Other Employee Pay/Benefits (merit pay, health ins., etc.)	2.7	
Worker’s Compensation costs	2.0	
PDA subsidy	0.4	
Election Board – four scheduled elections	0.7	
Streets – salt supply	0.8	
Corrections Division – inmate medical costs	0.4	
Facilities Mgmt. – utility costs	0.5	
<b>FY15 Base Budget</b>	<u><b>\$494.5</b></u>	
<b>FY15 Preliminary Budget Gap</b>	<u><b>(\$10.1)</b></u>	<b>M</b>

# CITY OF ST. LOUIS

## FY2015 Proposed Annual Operating Plan

To Address The Budget Gap The FY2015 Annual Operating Plan Proposes A Mix of Budget Cuts and Reallocations.

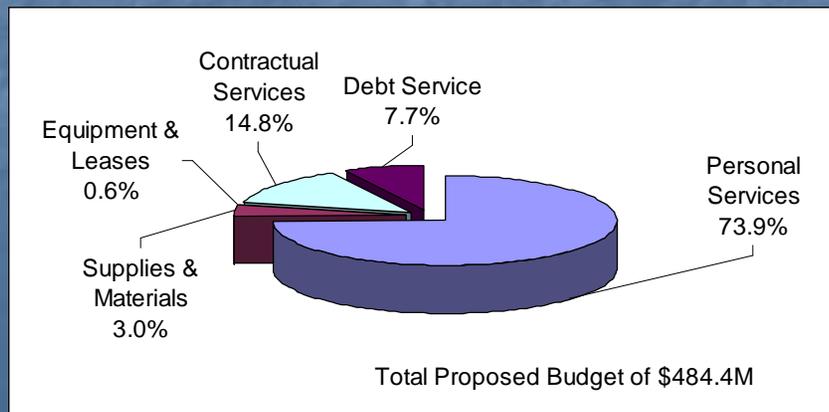
■ Budget Cuts:	\$4.2M	Includes Departments absorbing cost of portion of pay increases, initiative to reduce worker's comp by 15%, and miscellaneous cuts across other departments
■ Revenue Reallocations:	\$5.9M	Includes reallocation of ½ Cent Capital Funds (from Wards and Recreation Center accounts), a portion of Local Use Tax allocations as well as charge of some expenses to special funds
■ Special Fund Balances:	\$ --	Increases in funds such as Public Safety sales tax offset by declines in Gaming Fund, Excess Use tax and other special revenue. Resulting net increase to general fund subsidies.
	<u>Total</u>	
	\$10.1M	

# CITY OF ST. LOUIS

## FY2015 Proposed Annual Operating Plan

Payroll Costs Represent Nearly 75% of total expenditures....necessary part of any plan to keep a balanced budget:

- o FY15 budget includes approx. \$2.3M for full year costs of FY14 2% merit pay increases on employee anniversary dates, plus \$0.8M to meet increase in health insurance and \$0.2M for disability insurance. ERS pension costs (non-uniformed employees) declined \$0.5M in general fund. Does not allocate funds for FY15 pay increases which departments would have to absorb.
- o Police Dept. includes full year cost of FY14 pay & matrix steps of \$1.5M and decrease in pension costs of \$0.3M; includes \$4.4M increase in health insurance costs (prior year encumbered \$3M) Authorized strength to increase by 5 to 1,251.
- o Fire Dept. includes full year cost of FY14 pay & matrix steps of \$0.7M and health insurance of \$0.2M. Contributions to pension systems (FRS and FRP) combined down \$10.8M in general fund. Reduction of 7 positions in inspection unit following Building Division assumption of duties; Authorized uniform strength of 587 (includes 20 SAFER grant) still requires that two doubled-up fire companies be held non-operational.



# CITY OF ST. LOUIS

## FY2015 Proposed Annual Operating Plan

### Other Proposed Changes Across Departments:

General Govt. / Finance	\$0.1M	Most changes associated with increased items (e.g. Personnel fire exams \$150k, PDA \$400k increase and City Counselor special fund positions \$200k and Police unit PFPC \$600k) Otherwise, misc. decreases and increases in depts.
City Wide	(\$2.6M)	Workers' Comp distributed across depts. with 15% target decrease of \$900k. Unemp. Comp. down \$200k, Assessor subsidy down \$300k, Police communication subsidy no longer an item at \$270k. Net debt increases of \$3.1M with \$700k reduction in CCC asset preservation & other misc. reductions.
Parks, Recreation & Forestry	(\$0.2M)	\$100k reduction in Forestry per perf. to FY13 level, & misc. reductions. Otherwise, shift of Park Rangers to Police Dept. and increase related to one-time special Parks funds used in FY14 (\$340k)
Judicial Offices	(\$0.2M)	Circuit Clerk Office merged with Circuit Courts & Juvenile cut 3 pos. Drug Court remains @ \$312k to P.S. Fund

# CITY OF ST. LOUIS

## FY2015 Proposed Annual Operating Plan

### Other Proposed Reductions: (Continued)

County Offices	\$0.1M	Medical Examiner/Recorder of Deeds miss. contractual costs. (other than Election Bd. of \$0.7M increase already listed)
Streets	(\$0.8M)	Salary savings & 5 vacant positions to help offset cost of salt increase (\$400k). Transfer station waste reduction (\$100k). Refuse net 1 pos. & sal savings. (\$300k) Traffic lighting supplies increases offset with salary savings.
Public Safety	(\$0.2M)	Minimal changes other than Fire & Corrections listed earlier. Fire Dept. includes reduction of 7 positions (\$0.3M) related to reduced inspection Unit assumed by Building Div. (add 2 pos. \$100k)
Board Of Public Service	(\$0.4M)	Other than increase in utilities listed earlier; ESD reduction in fleet supplies (\$400k) BPS includes contract compliance position.
Total Other Proposed Reductions	————— (\$4.2M)	

# CITY OF ST. LOUIS

## FY2015 Proposed Annual Operating Plan

### Continued Reallocation of Special Revenues and Balances

1/2 Cent Capital Sales Tax	\$2.5M	Continues reallocation of unrestricted capital funds to offset Citywide capital costs. Includes \$0.5M from Recreation and \$2.0M from FY15 Ward allocation (75% of normal) Ward amount will increase \$0.5M
Forest Park Fund	\$0.6M	\$610K in Forest Park facility utilities to continue to be charged to F.P. Fund
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:	\$5.9M	

### Special Fund Balances

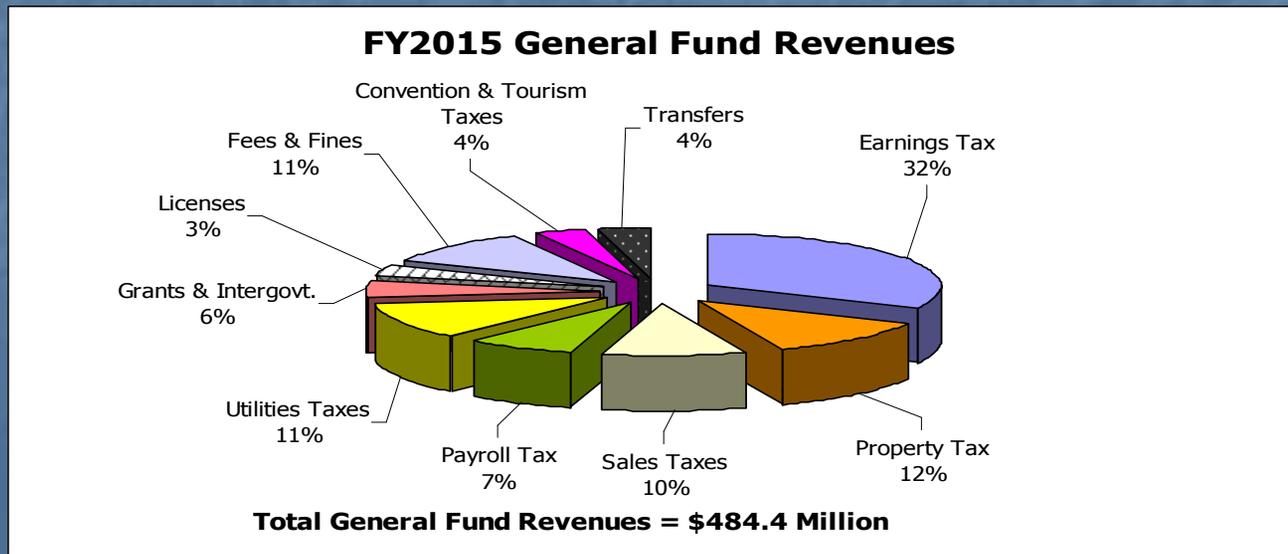
Gaming Fund	(\$0.4M)	Some special fund revenues trail current year estimates; general fund net impact
Special Revenue 1116	(\$1.1M)	
Excess Use Tax	(\$0.8M)	
Public Safety Trust / Sales Tax	<u>\$0.7M</u>	
Total	(\$1.6M)	

# CITY OF ST. LOUIS

## FY2015 Proposed Annual Operating Plan

### General Fund Revenue Outlook:

Rounded (in Mil. \$)	Actual	Revised	Estimated	% CHG.
	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	
Earnings Tax	\$151.0	\$153.3	\$156.1	1.8%
Property Tax	55.5	56.5	57.3	1.5%
Sales Tax	47.9	49.1	48.8	- 0.7%
Payroll Tax	35.9	35.6	36.1	1.5%
Franchise (Utility) Taxes	53.4	54.6	55.4	1.5%
Intergovernmental	24.7	23.7	26.8	12.7%
Licenses	15.0	15.9	16.0	0.7%
Departmental Fees and Fines	56.4	54.3	53.0	- 2.4%
Other	31.6	33.9	34.9	2.9%
	<b>\$471.4</b>	<b>\$476.9</b>	<b>\$484.4</b>	<b>1.6%</b>



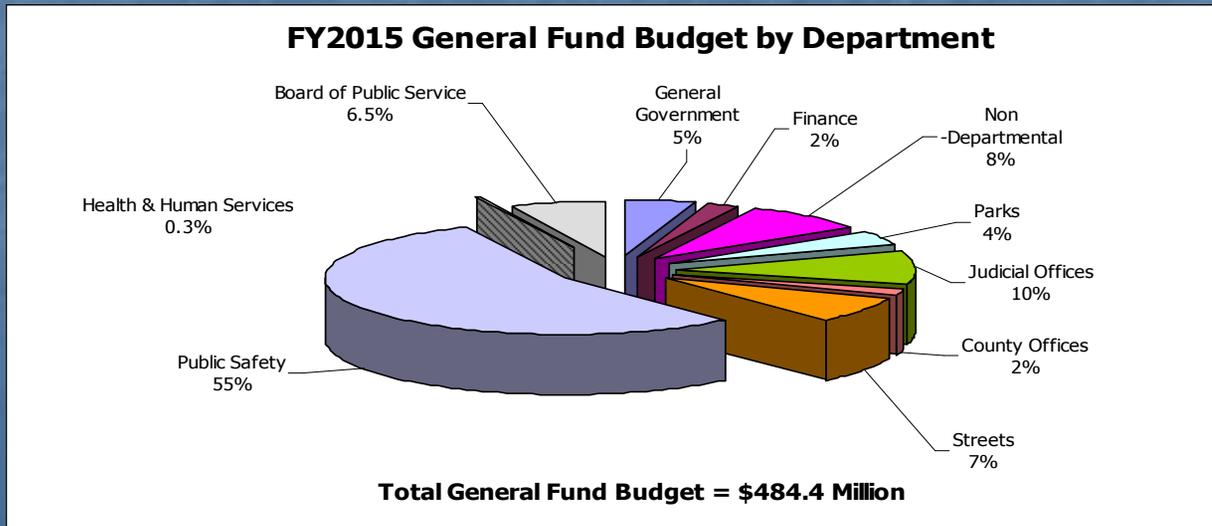
# CITY OF ST. LOUIS

## FY2015 Proposed Annual Operating Plan

### General Fund Expenditure Outlook:

(Rounded in Mil. \$)	Actual FY13	Budget FY14	Proposed FY15	% CHG.	
General Government	21.0	\$19.4	\$22.7	9.2%	*
Finance	9.8	10.3	10.6	2.3%	
Non-Departmental	42.3	42.1	40.6	- 3.6%	
Parks, Recreation & Forestry	20.7	21.4	20.6	- 2.4%	*
Judicial Offices	44.8	47.1	46.3	- 1.7%	*
County Offices	8.8	8.0	9.0	10.8%	
Streets	33.7	34.9	36.0	3.3%	
Public Safety	260.7	272.2	265.9	- 2.3%	*
Human Services	1.3	1.3	1.4	1.8%	
Board of Public Service	21.4	22.6	31.3	8.8%	*
	<b>\$464.5</b>	<b>\$479.3</b>	<b>\$484.4</b>	<b>1.1%</b>	

\* Reflects realignment of units to/from Police Department



# CITY OF ST. LOUIS

## FY2015 Proposed Annual Operating Plan

### Proposed Changes in Special Funds Include:

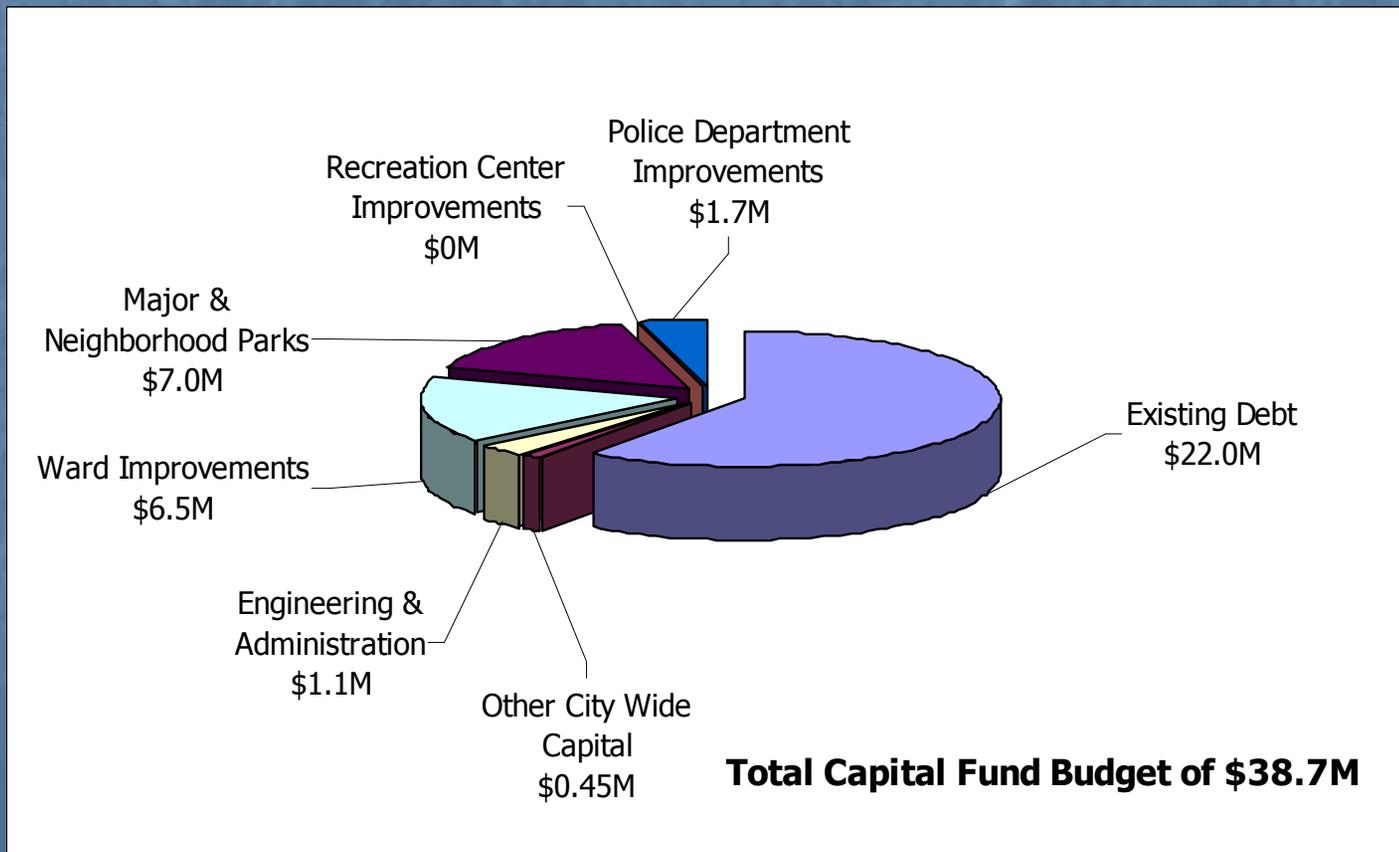
- |                              |   |
|------------------------------|---|
| Local Use Tax                | <ul style="list-style-type: none"><li>o Up 7.2% YTD w/ new 3/16 rate; tracking \$30.1M vs. \$29.8M est.</li><li>o FY15 Budget of \$32.5M down \$1.0M as prior year contained existing fund balances</li><li>o Continues Reallocation of \$0.5M in Affordable Housing Funds; total Affordable Housing programs @ \$5.0M with funds released from prior years</li><li>o Building Demo Funds remain at reduced allocation of \$1.5M</li><li>o Health Dept. Budget up 2.3%; realignment of positions among divisions; focus on communicable disease and family health</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 to remain in excess of \$2M</li></ul>   |
| Gaming Fund                  | <ul style="list-style-type: none"><li>o Revenue down 12% through FY14 third quarter</li><li>o FY15 Budget of \$7.4M down \$2.7M reflecting decline in revenue</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

## FY2015 Proposed Annual Operating Plan

Proposed Capital Fund Budget reflects increase in sales tax revenues; mostly due to full year of new 3/16 Parks sales tax revenue for Parks improvements

- Continues 1/2 cent reallocations to meet Citywide Capital debt
- Meets FY15 obligations; longer term capital funding needed (e.g. G.O. Bond Issue)



# CITY OF ST. LOUIS

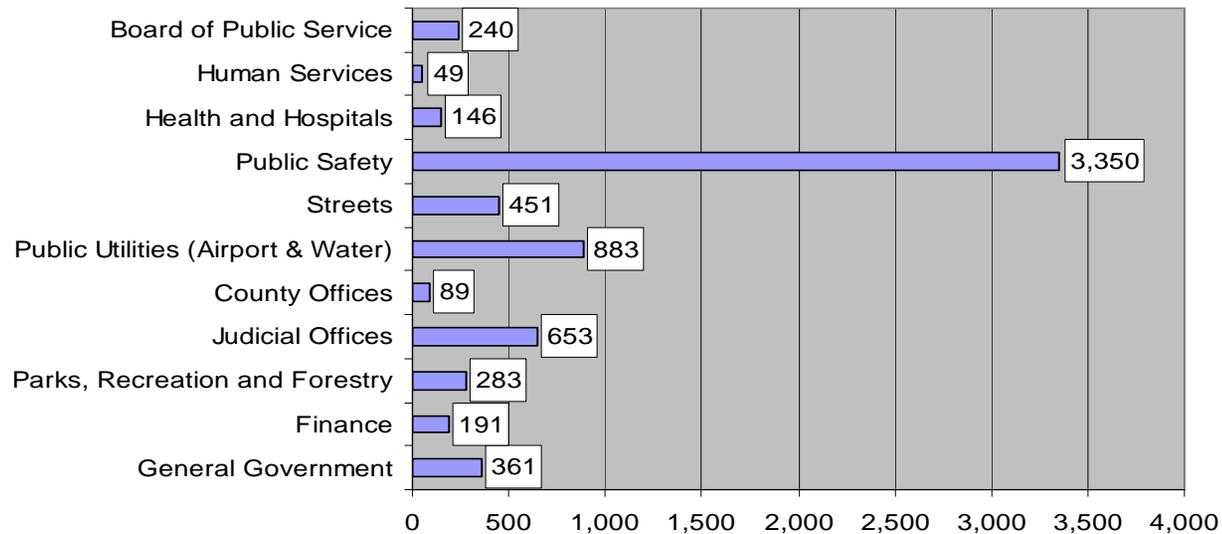
## FY2015 Proposed Annual Operating Plan

### Total Personnel Changes By Department – All Funds:

#### Personnel Totals - All Funds

	FY14	FY15	Change
<b>BY FUND</b>			
General Fund	5,043	5,041	-2
Special Funds	457	458	1
Grant Funds	315	318	3
Enterprise Funds	873	878	5
<b>Totals</b>	<b>6,688</b>	<b>6,695</b>	<b>7</b>

#### FY15 PERSONNEL TOTALS BY DEPARTMENT

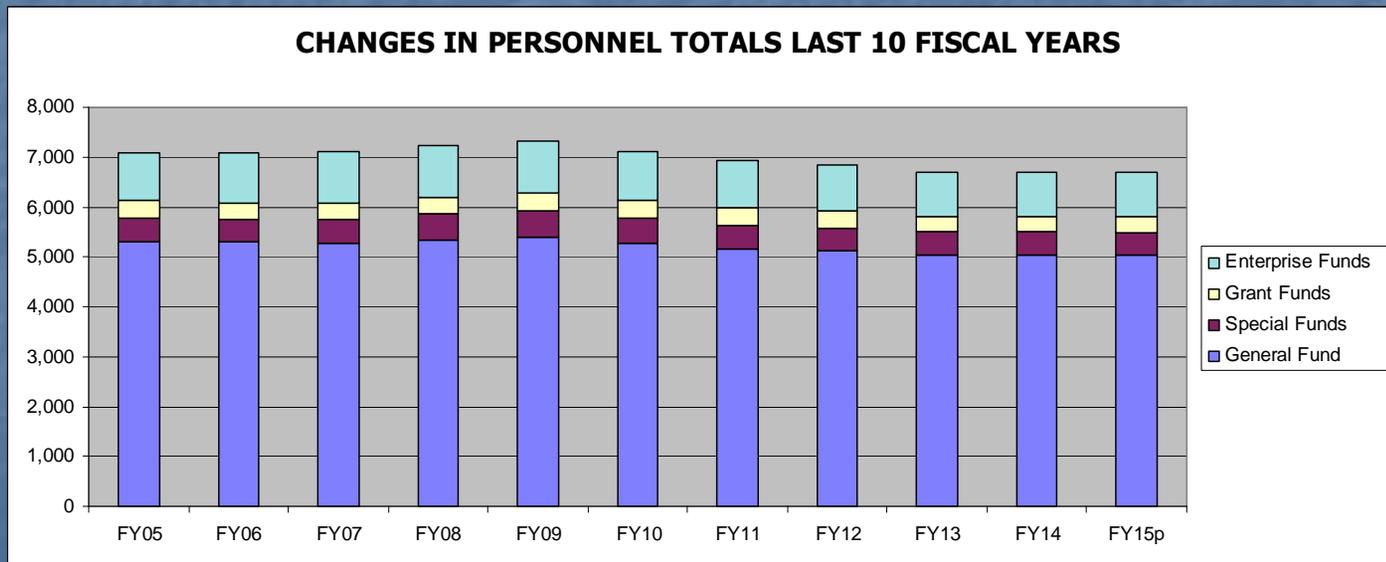


# CITY OF ST. LOUIS

## FY2015 Proposed Annual Operating Plan

### Number of Personnel – Last Ten Fiscal Years vs. FY15p:

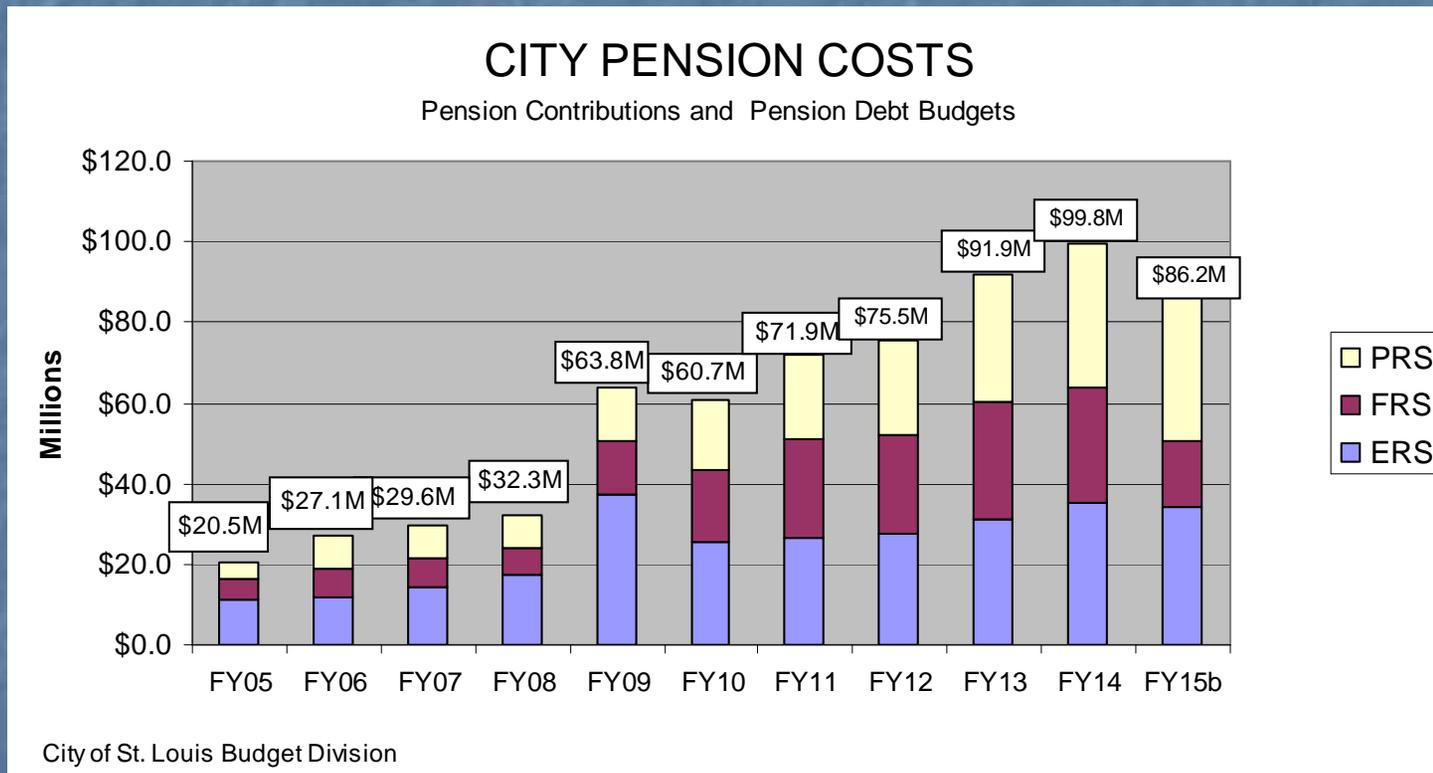
	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15p	10Yr CHG
General Fund	5,316	5,295	5,287	5,341	5,393	5,270	5,147	5,127	5,040	5,043	5,041	-275
Special Funds	460	450	467	521	546	513	479	447	460	457	458	-2
Grant Funds	344	330	329	343	348	349	371	357	317	315	318	-26
Enterprise Funds	975	1,013	1,025	1,021	1,024	970	949	905	889	873	878	-97
	7,096	7,088	7,107	7,225	7,310	7,102	6,947	6,837	6,702	6,688	6,695	-401



# CITY OF ST. LOUIS

## FY2015 Proposed Annual Operating Plan

Pension Costs – With earlier losses fully recognized and following Fire Pension Reform, first decline in costs in over 6 years.



# CITY OF ST. LOUIS

## FY2015 Proposed Annual Operating Plan

### Pension Funding Overview

	Employee Retirement		Fire Retirement			Police Retirement	
<b>Valuations</b>							
(as of 10/1/13)			FRS	FRP			
Assets - Market Value	\$730.5	M	\$492.2 M	\$1.5 M	M	\$706.3	M
Assets - Actuarial Value	\$685.4	M	\$459.1 M	\$1.5 M	M	\$690.7	M
Actuarial Accrued Liabilities	\$889.4	M	\$463.6 M	\$59.8 M	M	\$879.9	M
Actuarial Unfunded Liability	\$204.0	M	\$4.4 M	\$58.3 M	M	\$189.2	M
Funded Ratio - Actuarial Basis	<b>77.1%</b>		<b>99.0%</b>	<b>2.52%</b>		<b>78.5%</b>	
Funded Ratio - Market Basis	<b>82.1%</b>		<b>106.1%</b>	<b>2.52%</b>		<b>80.3%</b>	
<b>1) Pension Costs</b>							
	<b>Total</b>						
Employer Contribution	\$72.4	\$30.1 M	\$1.0M	\$8.9 M	M	\$32.3	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>\$86.2</b>	<b>M</b>	<b>\$ 7.5 M</b>	<b>\$8.9 M</b>	<b>M</b>	<b>\$35.7</b>	<b>M</b>
<b>2) Active Membership</b>							
Active		4,998		553		1,127	
Active In Drop		440		67		167	
Less Non-City		-800		--		--	
Less Depts. budgeted separately		-200		--		--	
Total Active		4,438	(FRS & FRP)	620		1,294	
<b>3) Projected Pension Costs Per Active Participant</b>							
		<b>\$7,658</b>		<b>\$26,471</b>		<b>\$27,650</b>	

# CITY OF ST. LOUIS

## FY2015 Proposed Annual Operating Plan

### Summary:

- o Total FY15 Budget of \$1,004.1M a 1.9% increase from previous fiscal year
- o General Fund Budget of \$484.4 up 1.1%; bridges \$10M+ gap
  - Includes:
    - \$4.2M in expenditure reductions to offset pay and benefit increases including reductions in special funds and misc. cuts across departments
    - \$5.9M in revenue reallocations including Capital fund, Use tax, etc.
- o Total reduction of net 2 general fund positions and increase of 7 positions in all funds
- o While Balanced, Longer Term Budget Challenges Continue to Remain:
  - Attaining structural balance – recurring revenues meet expenditures without reliance on one-time measures (getting closer but revenue growth lagging)
  - Continuing to restore reserves
  - Continuing pension reforms for all 3 systems (not kicking costs down the road)
  - Incorporating Police Department operations into City govt. (first full year)
  - Financing of Capital needs (buildings, streets & bridges, fire equipment, etc.)