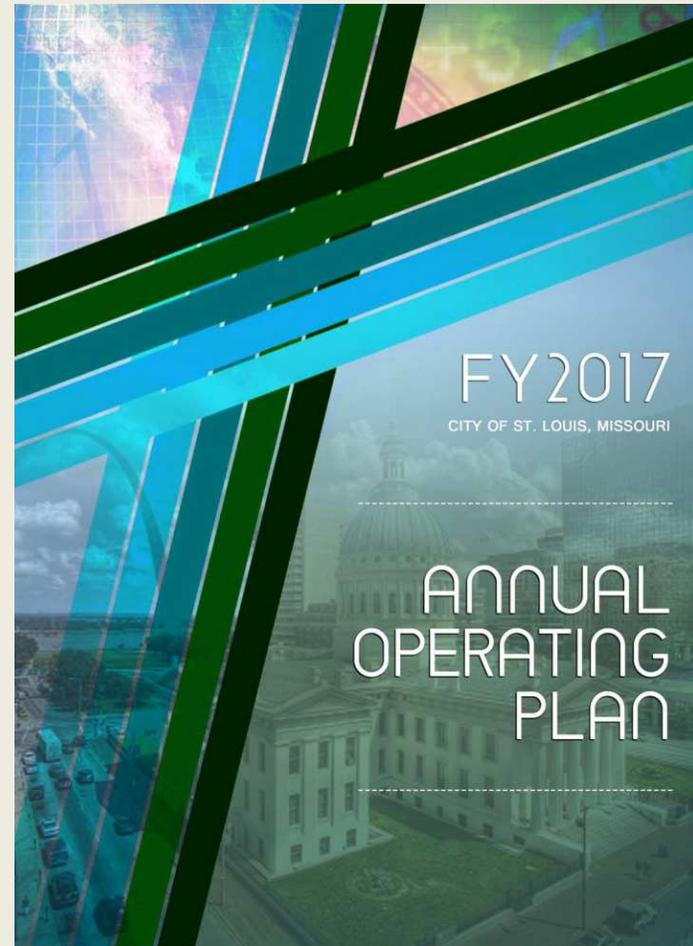


CITY OF ST. LOUIS

**PROPOSED FY2017
ANNUAL OPERATING PLAN**

Presentation to the Board of Estimate
And Apportionment

April 20, 2016

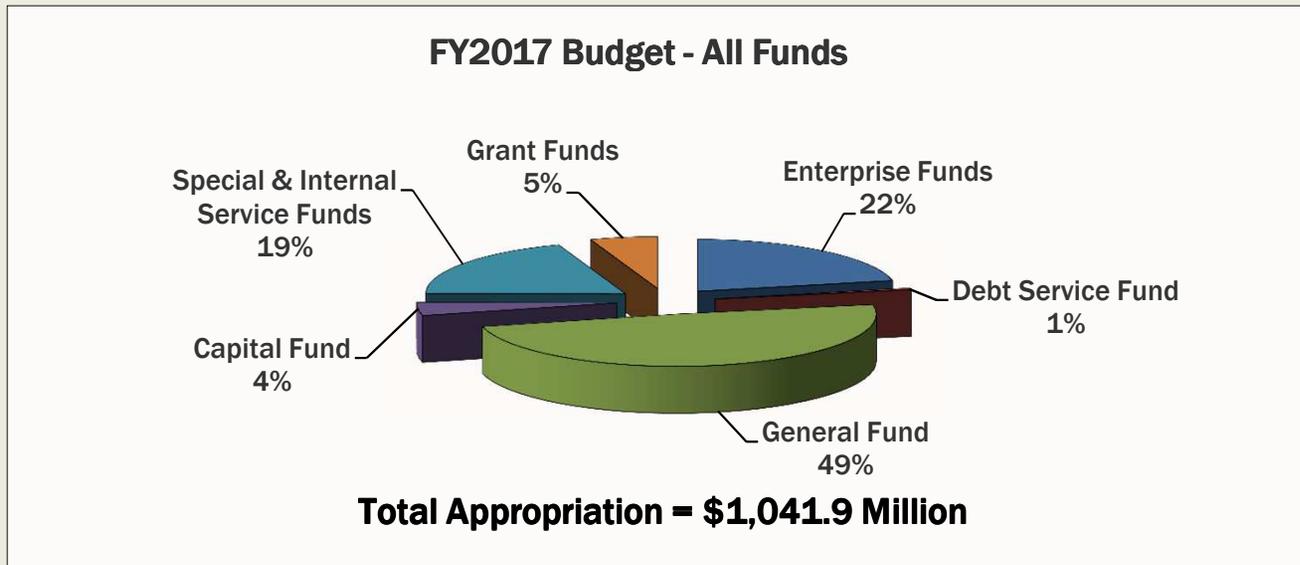


CITY OF ST. LOUIS

FY2017 Proposed Annual Operating Plan

THE ANNUAL OPERATING PLAN FOR FY2017 TOTALS \$1,042M, AN INCREASE OF 2.5% OVER THE PREVIOUS FISCAL YEAR.

(in Mil. \$)	<u>FY16</u>	<u>FY17</u>	<u>% CHG</u>
General Fund	\$492.6	\$510.7	3.7%
Special Revenue	126.3	125.9	-0.3%
Grant Funds	58.8	56.8	-3.4%
Debt Service Fund	4.8	4.4	-8.3%
Capital Improvement Funds	43.8	42.3	-3.4%
Enterprise Funds	225.5	226.0	0.2%
Internal Service Funds	64.8	75.8	17.0%
	\$1,016.6	\$1,041.9	2.5%



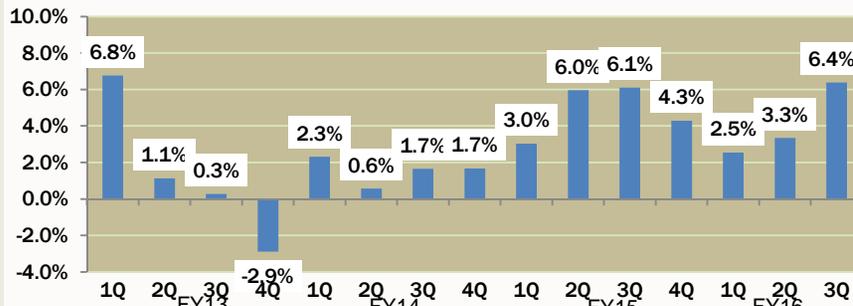
CITY OF ST. LOUIS

FY2017 Proposed Annual Operating Plan

FY16 MAJOR TAX REVENUES SHOWING CONTINUED GROWTH THROUGH 3RD QUARTER; DECLINES IN OTHER TAX REVENUES AND DEPARTMENTAL RECEIPTS LIMITS OVERALL GROWTH TO MEET OR SLIGHTLY EXCEED BUDGET.

EARNINGS TAX

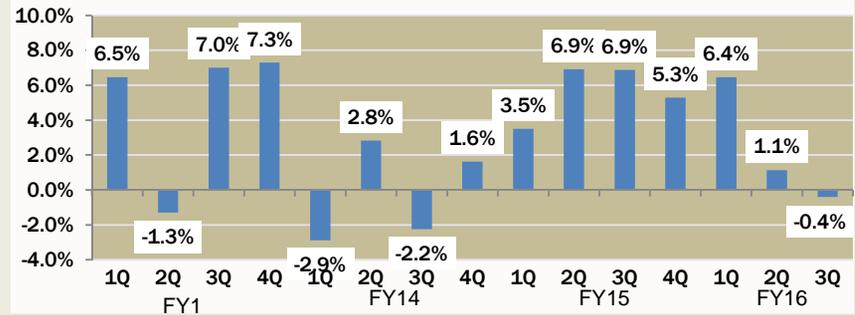
% Change In Quarterly Receipts From Previous Year



Earnings Tax YTD 4.2%

PAYROLL TAX

% Change In Quarterly Receipts From Previous Year

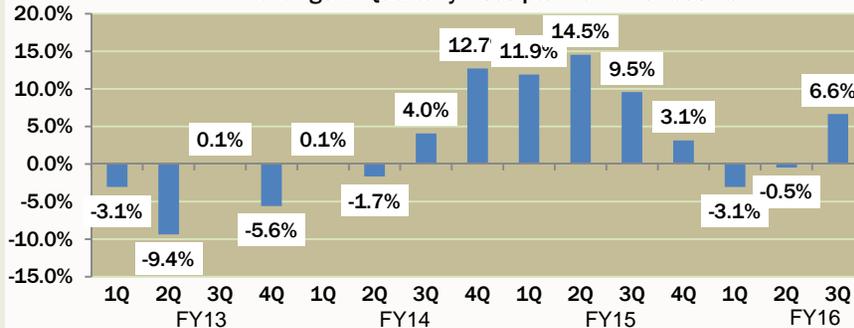


Payroll Tax YTD 2.2%

Sales Tax YTD 0.6%

1 CENT SALES TAX

% Change In Quarterly Receipts From Previous Year



CITY OF ST. LOUIS

FY2017 Proposed Annual Operating Plan

PROJECTED FY17 REVENUE GROWTH OF 2% OFFSET BY SOME HITS TO REVENUE (E.G. LOSS OF NFL FOOTBALL) ADDS TO STARTING BUDGET GAP; SOME REDUCTIONS AND REALLOCATIONS REQUIRED TO MAINTAIN BALANCE

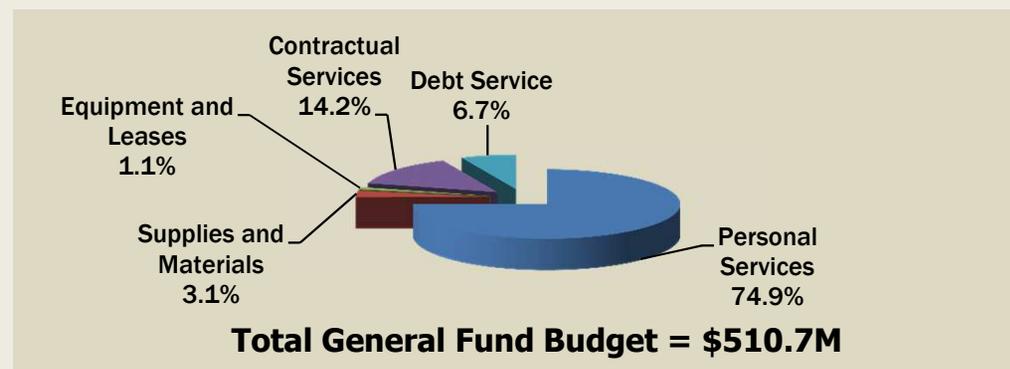
FY16 General Revenue Base	\$492.6 M
Plus Revised FY16 Base	1.2
Net Growth FY17 @ 2%	9.8
Adjustments to Base (e.g. NFL @ \$3M Gen Fund)	(3.0)
27th Pay Reserve	10.1
FY17 Estimated Revenue	510.7 M
FY16 General Fund Budget Base	492.6 M
Plus Increases / (Decreases):	
Police - salary increases; overtime, 27th pay & other	7.2
Fire - salary increase, pension increases, 27th pay other	6.6
Non-uniform pay and benefit increases incl. 27th pay	5.7
Lease/Debt Obligations:	
CCC Asset Preservation / NGA Debt / net Carnahan courthouse refinancing	0.5
Justice Center lease (offset with Capital revenue)	(2.7)
City Wide - Unemployment comp & Assessor subsidy	0.2
Worker's comp (excl. Police/Fire above)	1.0
Parks - status quo - minor reductions	(0.1)
Judicial Offices - Pub Admin, Drug Crt increases less cuts	(0.1)
County Offices - Election Bd. Elections inc. net other reductions	0.8
Streets - Refuse Div. reductions / net minor increases	(0.2)
Other Public Safety - sal savings / contractual services	(0.6)
Equipment Services Div. – Refuse & Fire Garage consolidation	0.4
Reduced fuel costs (excluding Police & Fire above)	(0.6)
FY17 Proposed Budget	\$510.7 M

CITY OF ST. LOUIS

FY2017 Proposed Annual Operating Plan

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

- o **\$10.1M** for 27th Pay – a by-product of the biweekly pay schedule that occurs every eleven years; funds have been set aside each year to a 27th pay reserve to cover cost
- o **\$4.5M** increase in Police Dept. personnel costs includes proposed FY17 pay matrix increases @ \$2,000 plus steps @ \$3.4M; \$1.9M increase in overtime costs; Police retirement increase of \$0.3M; ERS and civilian cost reductions @ (\$0.8M) Uniform strength to @ 1,292 (increase of 5 to gen. fund with grant exp.)
- o **\$5.3M** increase in Fire Dept. personnel costs includes proposed FY17 pay matrix increases @ \$2,000 plus steps @ \$1.6M; overtime up \$0.1M; non-uniform pay up \$0.2M. Contributions to pensions increase \$4.4M (\$1.7M FRP / \$2.7M FRS) of which \$3.9M is general fund. ERS and Workers Comp. down (\$0.5M). Uniform strength to remain at 587 (assumes 20 in new SAFER grant) still requires that two doubled-up fire companies be held inactive.
- o **\$1.4M** net increase in non-uniform costs; full year costs of FY16 1.5% merit pay increases @ \$2.0M plus \$0.2M to meet increase in health insurance (under 1% inc.) and \$1.0M increase in Workers' Comp. Offset by reduction in gen. fund ERS costs of (\$1.8M). Depts. to absorb 1.5% merit increases in FY17.



CITY OF ST. LOUIS

FY2017 Proposed Annual Operating Plan

OTHER PROPOSED CHANGES ACROSS DEPARTMENTS:

General Govt. / Finance	(\$0.1M)	Minimal overall changes. Some salary savings Bd. Of Aldermen; City Counselor 1 pos. for collections; Comptroller up net 1.5 pos. though with lower salaries; 2 vacant pos. cut @ Muni Garage & Microfilm
City Wide	(\$2.0M)	Conv. Cntr. asset preservation inc. \$0.7M; NGA debt service @ \$1.5M; Carnahan Crt. debt savings @ (\$1.6M); Justice Cntr. debt offset with capital @ (\$2.7M); Assessor subsidy inc. \$0.3M; Unemp. Comp down (\$0.1M) / TRANS interest down \$75k
Parks, Recreation & Forestry	(\$0.1M)	Minimal changes aside from fuel & worker's comp. discussed separately; Includes lifeguard costs @ Marq. pool
Judicial Offices	(\$0.1M)	Public Admin. Subsidy @ \$115k; Drug Court all in Gen Fund @ \$300k inc.; Sheriff down 5 pos.; City court down 4
County Offices	\$0.8M	Election Bd. Costs up \$0.9M for four scheduled elections; other county offices net down \$0.1M

CITY OF ST. LOUIS

FY2017 Proposed Annual Operating Plan

OTHER PROPOSED CHANGES: (CONTINUED)

Streets	(\$0.2M)	Towing net add 1 pos.; Street Div. salt increase @ \$40k; Refuse down 4 vac. positions; to reduce 5 more at 6 months due to garage consolidation (\$0.3M)
Public Safety	(\$0.0M)	Directors office to include sal. savings (\$50k) and Civilian Oversight Board as separate budget unit; Building Div. reduced 2 vacant pos. (\$0.1M); Corrections up 1 pos. with reductions in contractual costs (\$0.4M); Police supplies \$0.3M plus 5 additional Park Ranger positions \$0.3M
Board Of Public Service	\$0.4M	Facilities utility accounts tracking under (\$0.1M) ESD Refuse & Fire garage consolidation labor & supply costs inc. @ \$1.0M with (\$0.7M) reduction in Metro contract; ESD police unit costs up \$0.2M
Fuel (incl. Police & Fire)	(\$1.5M)	Allocated across depts. - ESD cost projection
Net Other Proposed Increases / Decreases	<hr/> (\$2.8M)	

CITY OF ST. LOUIS

FY2017 Proposed Annual Operating Plan

STILL SOME RELIANCE ON REALLOCATION OF SPECIAL REVENUES AND SPECIAL FUND BALANCES

Special Fund Revenues

Public Safety Sales Tax	\$1.6M	Higher sales tax base; Decline from prior year ending balance
Excess Use Tax	(\$1.2M)	
Gaming Fund	(\$0.1M)	
Public Safety Trust	<u>\$0.1M</u>	
Total	\$0.4M	Offset to general fund costs

Fund Reallocations

½ Cent Capital Sales Tax	\$1.4M	FY16 resumed full allocation of Ward and Recreation capital accounts. Due to FY17 gap, Ward Allocation proposed @ 85% (\$1.4M); Recreation remains at full allocation.
Public Safety ½ Cent	\$0.0M	Drug Court subsidy fully funded in Gen. Fund Previously @ \$300k from Crime Prev. fund
Local Use Tax	<u>\$2.5M</u>	\$0.5M in Affordable Housing funds \$2.0M in building demolition funds
Total:	\$3.9M	

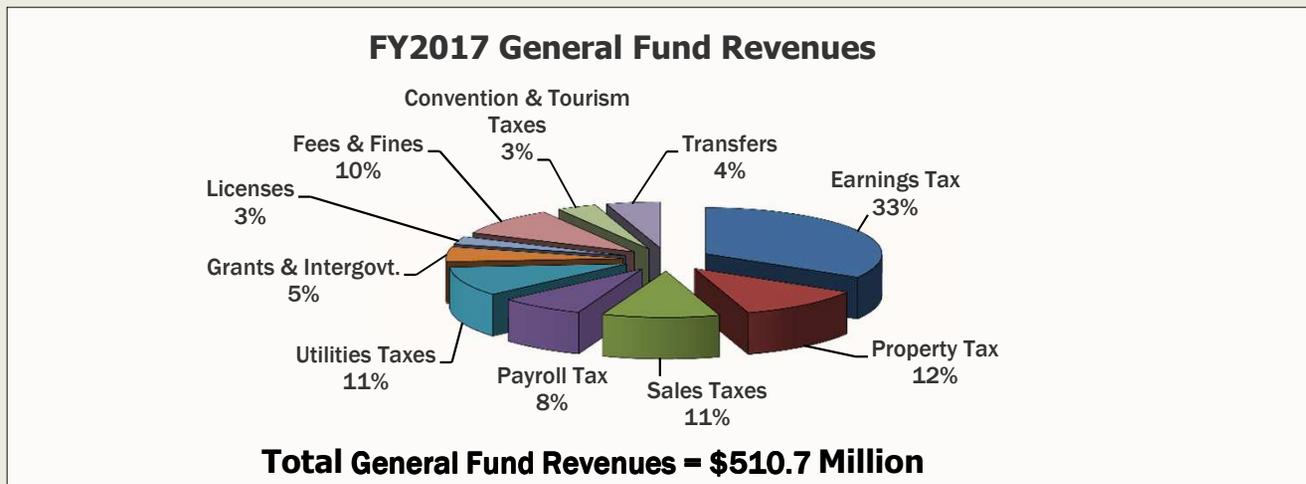
CITY OF ST. LOUIS

FY2017 Proposed Annual Operating Plan

GENERAL FUND REVENUE OUTLOOK:

(Rounded in Mil. \$)	Actual	Revised	Estimated	% CHG.
	FY15	FY16	FY17	
Earnings Tax	\$160.7	\$167.2	\$171.2	2.4%
Property Tax	57.5	58.3	59.2	1.5%
Sales Tax	54.2	54.5	54.6	0.2%
Payroll Tax	38.0	38.7	39.6	2.4%
Franchise (Utility) Taxes	52.1	51.3	52.6	2.5%
Intergovernmental	25.8	27.0	26.3	-2.5%
Licenses	15.7	15.3	13.9	-9.3%
Departmental Fees and Fines	50.6	48.6	49.6	2.1%
Other	34.6	32.7	43.7 *	33.6%
	\$489.2	\$493.6	\$510.7	3.5%

* {Incl. \$10.1M 27th Pay Reserve }
 {1.4% w/o 27th Pay }



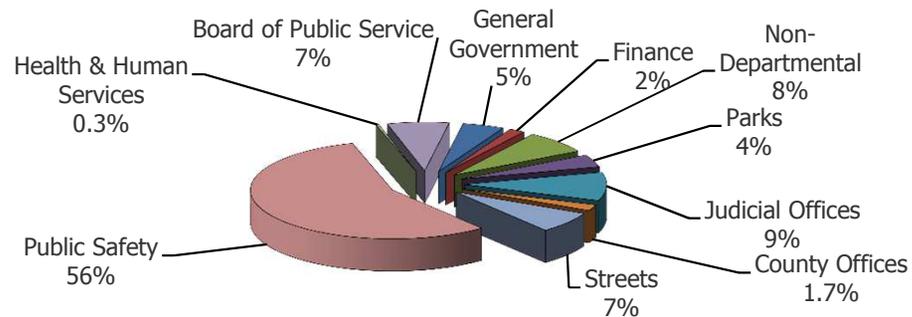
CITY OF ST. LOUIS

FY2017 Proposed Annual Operating Plan

GENERAL FUND EXPENDITURE OUTLOOK:

(Rounded in Mil. \$)	Actual FY15	Budget FY16	Proposed FY17	% CHG.
General Government	25.1	\$23.6	\$24.3	2.9%
Finance	10.6	8.9	9.0	0.4%
Non-Departmental	42.8	40.6	38.6	-4.9%
Parks, Recreation & Forestry	20.3	20.4	21.0	3.1%
Judicial Offices	44.9	46.6	47.9	2.7%
County Offices	8.6	8.6	9.8	13.2%
Streets	38.0	35.2	35.6	1.1%
Public Safety	266.9	272.2	287.1	5.5%
Human Services	1.4	1.5	1.5	3.9%
Board of Public Service	30.6	34.9	35.9	2.7%
	\$489.1	\$492.6	\$510.7	3.7%

FY2017 General Fund Budget by Department



Total General Fund Budget = \$510.7 Million

CITY OF ST. LOUIS

FY2017 Proposed Annual Operating Plan

PROPOSED CHANGES IN SPECIAL FUNDS INCLUDE:

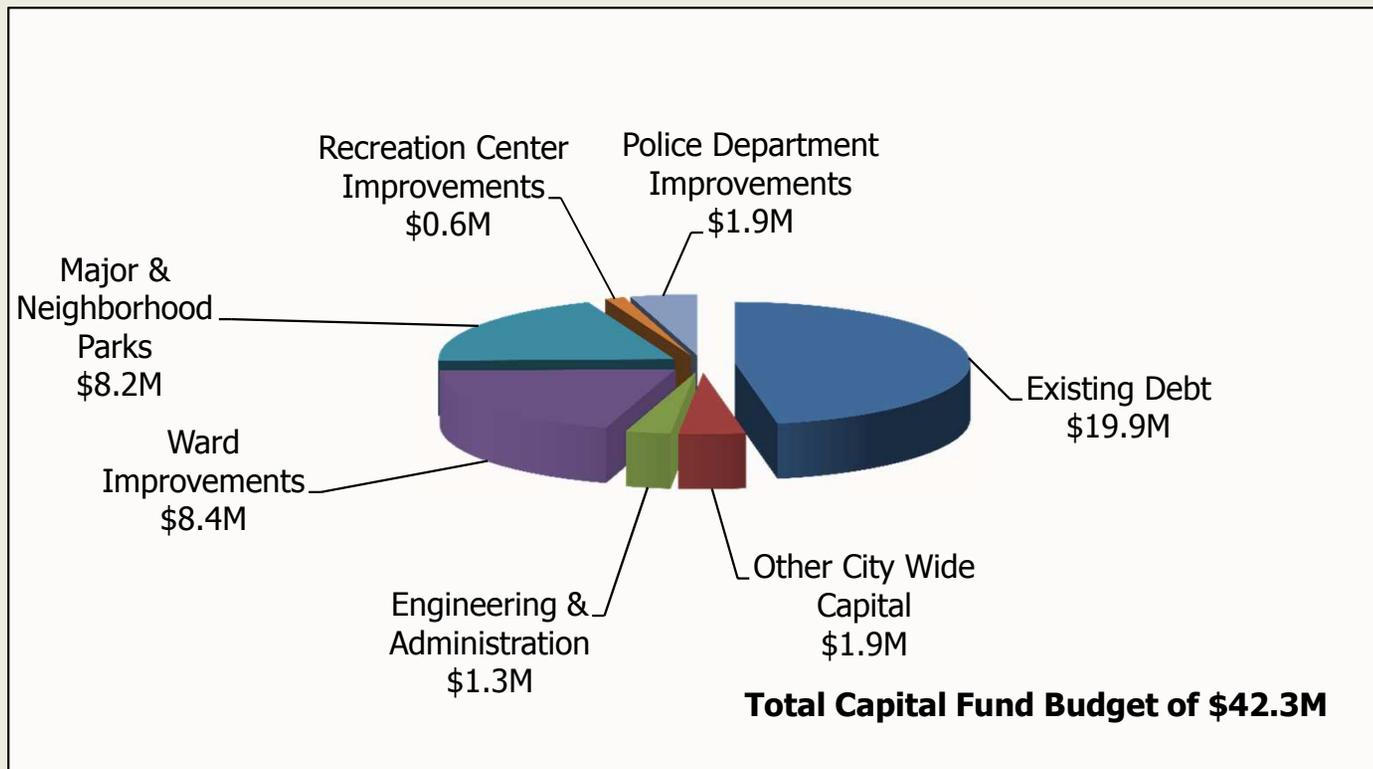
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|------------------------------|--|
| Local Use Tax | <ul style="list-style-type: none">o Down 2.1% YTD; tracking @ \$29.5Mo FY17 Budget of \$30.9M – with fund balance; down \$1.8Mo Continues Reallocation of \$0.5M in Affordable Housing Funds; total Affordable Housing budget @ \$4.7M with existing fund balanceso Building Demo Funds remain at reduced allocation of \$1.5Mo Health Dept. Budget @ \$7.7M |
| 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 \$1.8M range |
| Gaming Fund | <ul style="list-style-type: none">o Revenue down nearly 6% through FY16 third quartero FY17 Budget of \$7.1M down \$100k; also utilizes fund balance |
| C&T Fund | <ul style="list-style-type: none">o Retains funding for Sister Cities @ \$75k & Grand Center @ \$90k |

CITY OF ST. LOUIS

FY2017 Proposed Annual Operating Plan

PROPOSED CAPITAL FUND BUDGET AT \$42.3M IS A DECREASE OF \$1.5M FROM PREVIOUS FISCAL YEAR.

- WARD CAPITAL AT 85% OF FULL ALLOCATION
- MEETS FY17 OBLIGATIONS; LONGER TERM CAPITAL FUNDING NEEDED (E.G. ROLLING STOCK, OTHER NEEDS, ETC.)



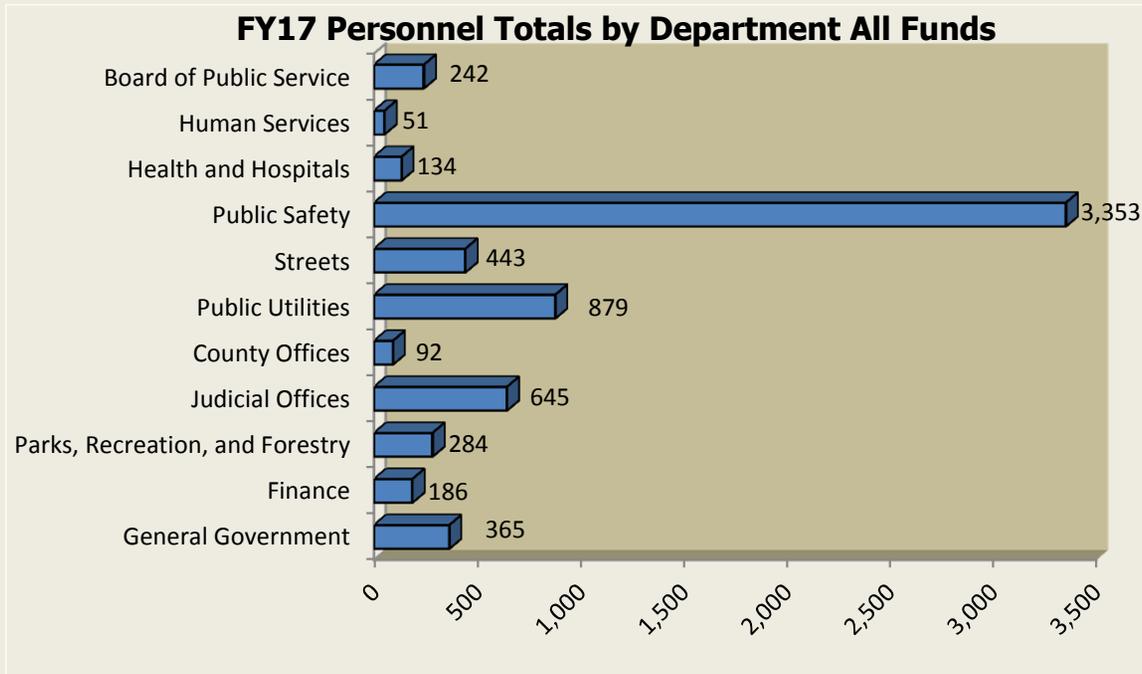
CITY OF ST. LOUIS

FY2017 Proposed Annual Operating Plan

TOTAL PERSONNEL CHANGES BY DEPARTMENT – ALL FUNDS:

Personnel Totals - All Funds

	FY16	FY17	Change
BY FUND			
General Fund	5,050	5,042	-8
Special Funds	456	458	2
Grant Funds	301	300	-1
Enterprise Funds	874	874	0
Totals	6,681	6,674	-7



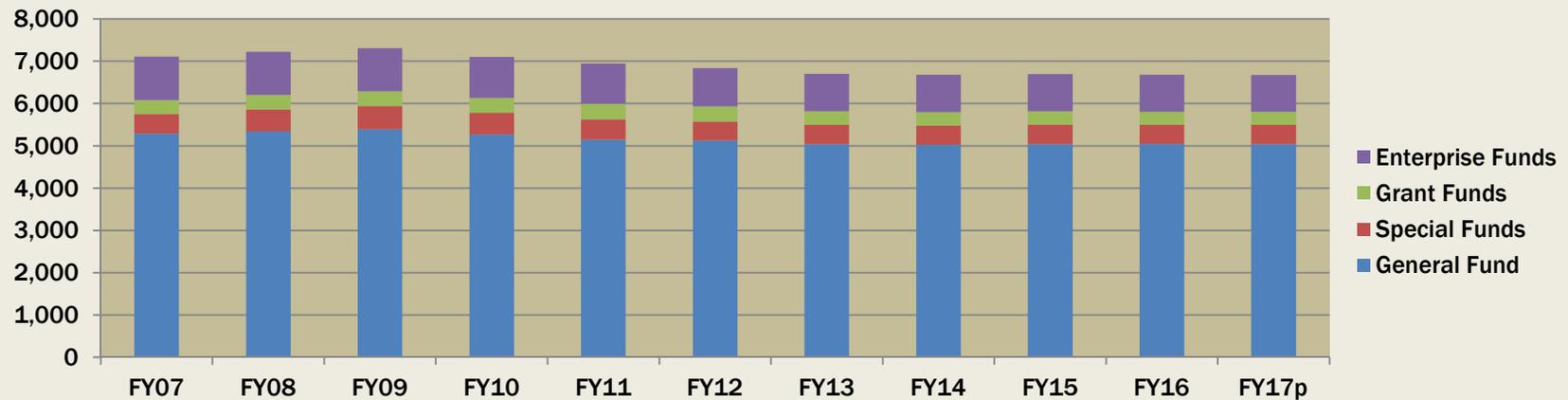
CITY OF ST. LOUIS

FY2017 Proposed Annual Operating Plan

NUMBER OF PERSONNEL – LAST TEN FISCAL YEARS VS. FY17:

	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17p	10Yr CHG
General Fund	5,287	5,341	5,393	5,270	5,147	5,127	5,040	5,028	5,043	5,050	5,042	-245
Special Funds	467	521	546	513	479	447	460	456	459	456	458	-9
Grant Funds	329	343	348	349	371	357	317	315	319	301	300	-29
Enterprise Funds	1,025	1,021	1,024	970	949	905	889	884	878	874	874	-151
	7,107	7,225	7,310	7,102	6,947	6,837	6,702	6,683	6,699	6,681	6,674	-433

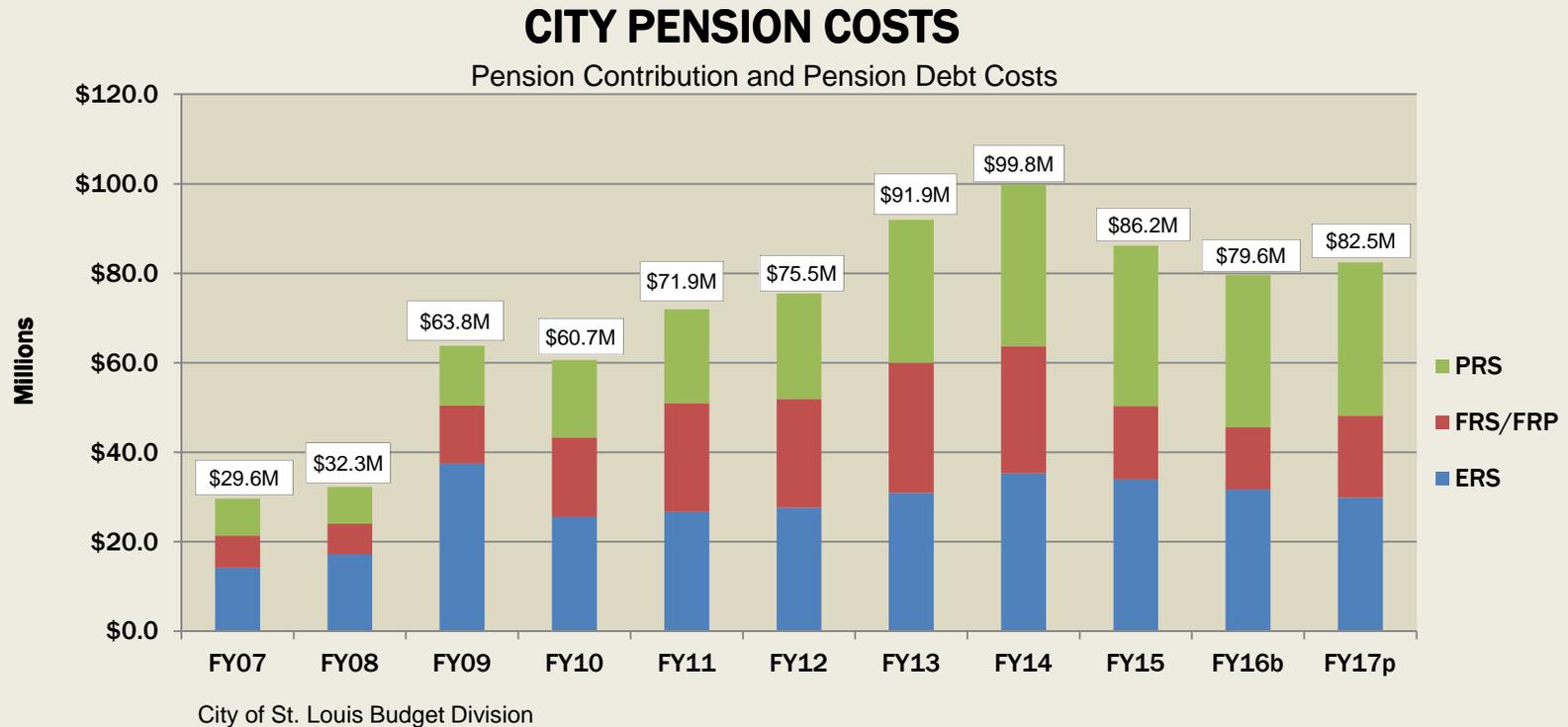
CHANGES IN PERSONNEL TOTALS



CITY OF ST. LOUIS

FY2017 Proposed Annual Operating Plan

PENSION COSTS – AFTER TWO YEARS OF DECLINES FOLLOWING IMPROVED FUND PERFORMANCE AND PENSION REFORMS, FY17 TO SEE A NET INCREASE IN COSTS.



CITY OF ST. LOUIS FY2017 PROPOSED ANNUAL OPERATING PLAN

Pension Funding Overview

	Employee Retirement		Fire Retirement			Police Retirement			
			FRS	FRP					
Valuations									
(as of 10/1/15)									
Assets - Market Value	\$728.0	M	\$447.1 M	\$29.8M	M	\$684.9	M		
Assets - Actuarial Value	\$770.0	M	\$476.0M	\$31.9M	M	\$720.8	M		
Actuarial Accrued Liabilities	\$955.1	M	\$509.7M	\$94.7 M	M	\$901.8	M		
Actuarial Unfunded Liability	\$185.1	M	\$33.7 M	\$62.8M	M	\$181.0	M		
Funded Ratio - Actuarial Basis	80.6%		93.4%	33.7%		79.9%			
Funded Ratio - Market Basis	76.2%		87.7%	31.4%		76.0%			
1) Pension Costs									
	Total								
Employer Contribution	\$68.7	\$26.0	M	\$2.7M	\$9.1M	M	\$30.8	M	
Debt Service	\$13.6	\$3.9	M	\$6.5M	--	M	\$3.2	M	
Admin. (net reimbursement)	\$0.2	--		--	--	M	\$0.2	M	
Total	\$82.5	M	\$29.9	M	\$ 9.2 M	\$9.1 M	M	\$34.2	M
2) Active Membership									
Active	4,955			546			1,077		
Active In Drop	404			61			165		
Less Non-City	-800			--			--		
Less Depts. budgeted separately	-200			--			--		
Total Active	4,436		(FRS & FRP)	607			1,242		
3) Projected Pension Costs Per Active Participant									
	\$6,730			\$30,193			\$27,590		

CITY OF ST. LOUIS

FY2017 Proposed Annual Operating Plan

RECAP:

o Total FY17 Budget of \$1,041.9M a 2.5% increase from previous fiscal year

o General Fund Budget of \$510.7 up 3.7% (1.6% adj. for 27th pay)

Bridges budget gap, components include:

- 27th pay expenditures to be funded from 27th pay reserve
- Pay, pension and benefit cost increases
- Fixed debt & other increases with targeted reductions across departments
- \$3.9M in revenue reallocations but restores funding in other areas

o Total decrease of net 8 general fund positions and decrease of 7 positions in all funds

o While Balanced, Longer Term Budget Challenges Remain:

- Entering 8th year of economic expansion; long by historical standards
- Attaining structural balance – where recurring revenues meet recurring expenditures; With some hits on FY17 revenue - not there yet
- Continuing to restore reserves – current @ \$14M; just over ½ of 5% target
- Continuing pension reforms
- Financing of Capital needs (buildings, streets & bridges, rolling stock, etc.)