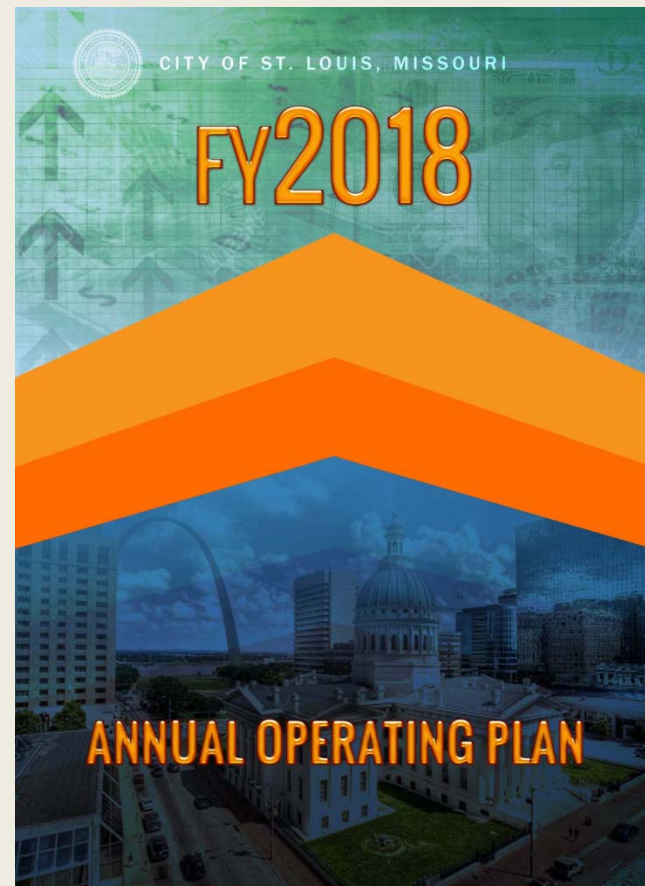


CITY OF ST. LOUIS  
**PROPOSED FY2018  
ANNUAL OPERATING PLAN**

Presentation to the Ways and Means  
Committee

May 10, 2017



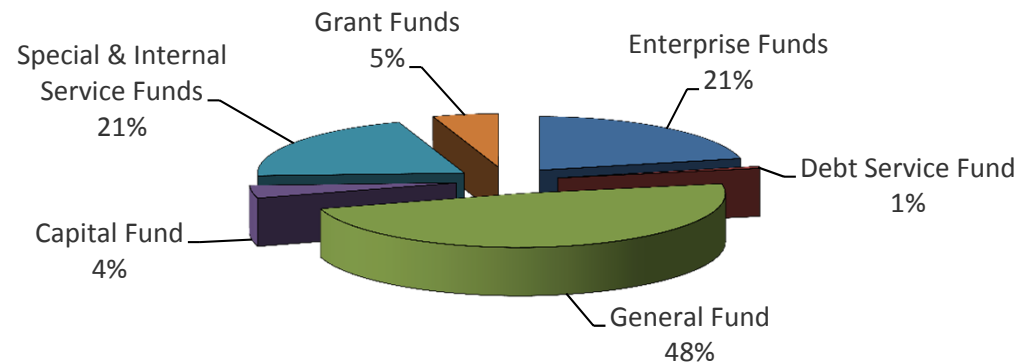
# CITY OF ST. LOUIS

## FY2018 Proposed Annual Operating Plan

**THE ANNUAL OPERATING PLAN FOR FY2018 TOTALS \$1,051M, AN INCREASE OF 1.0% OVER THE PREVIOUS FISCAL YEAR.**

<b>(in Mil. \$)</b>	<b><u>FY17</u></b>	<b><u>FY18</u></b>	<b><u>% CHG</u></b>
General Fund	\$511.1	\$510.5	-0.1%
Special Revenue	125.8	133.6	6.2%
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%
	<b>\$1,041.2</b>	<b>\$1,051.4</b>	<b>1.0%</b>

**FY2018 Budget - All Funds**

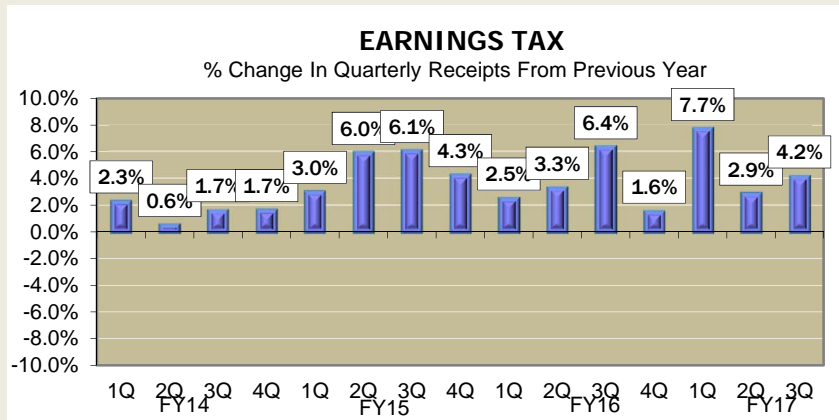


**Total Appropriation = \$1,051.4 Million**

# CITY OF ST. LOUIS

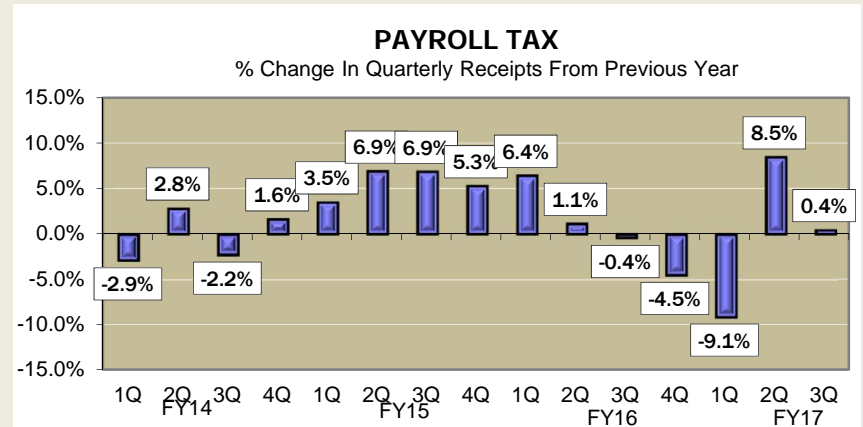
## FY2018 Proposed Annual Operating Plan

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

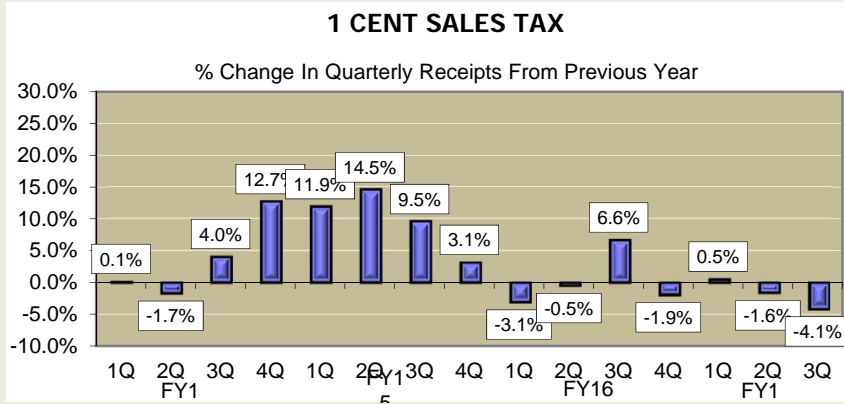


Earnings Tax YTD  **4.9%**

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;  
3<sup>RD</sup> QUARTER REVISIONS & FINAL HEALTH & PENSION NUMBERS LEAVE BASE  
GAP BEFORE REDUCTIONS OF \$17M.

<b>FY18 General Revenue Base</b>	<b>\$511.1 M</b>
Plus Revised FY16 Base	(2.4)
Net Growth FY18 @ 1.9%	9.5
27th Pay Reserve	(10.1)
<b>FY18 Estimated Revenue</b>	<b>508.1 M</b>
<b>FY18 General Fund Budget Base</b>	<b>511.1 M</b>
Plus Increases / (Decreases):	
Return to 26 pay days (less resumption of \$1.0M to 27 <sup>th</sup> 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 <sup>nd</sup> year refinancing savings less than 1 <sup>st</sup> 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
<b>FY18 Base Budget</b>	<b><u>\$525.1 M</u></b>
<b>Preliminary Budget Balance / (Gap)</b>	<b><u>(\$17.0)M</u></b>

# 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.

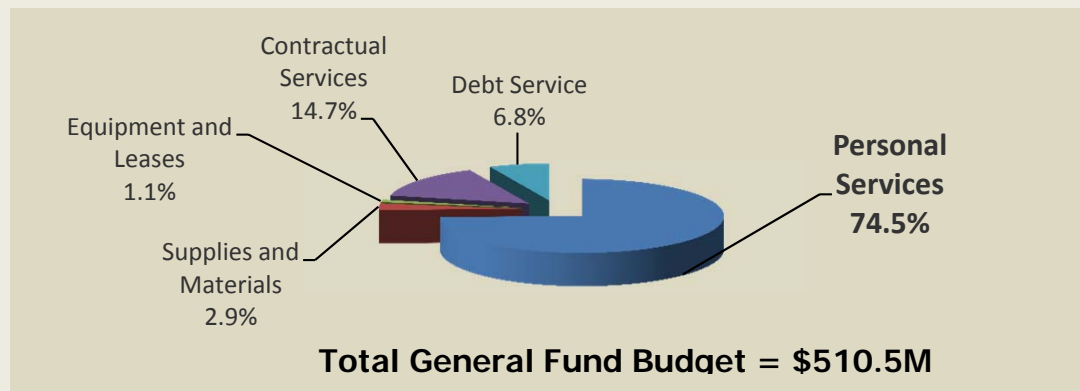
■ Budget Cuts:	\$7.3M	Includes cuts across most departments; Net reduction of 51 positions from General and Use tax funds. No additional rolling stock equipment replacements.
■ Revenue Reallocations:	\$6.4M	½ Cent Capital Funds to Wards @ 75% (\$2.25M) No new recreation capital (\$0.5M) and Restore Certificate of Inspection Fees to General Fund (\$1.35M); Continued reallocations of Local Use tax of Housing (\$315k) and Building Demo (\$2.0M)
■ New & Special Fund Revenues:	\$3.3M	Increase in EMS fees (\$1.0M); Estimated increase in base from on-line sales (\$1.15M); 10% share of Econ. Dev. Tax to Capital Fund (\$1.1M)
	<b>Total</b>	
	<b>\$ 17.0M</b>	

# 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 8 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 (2<sup>nd</sup> 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	(\$0.6M)	Bd. Of Ald. Cut 1 vac. Position; Mayors office up \$300k plus 1 pos.; City Counselor cut 2 pos.; Comptroller down net 3 positions (\$0.1M); defer Fire and Police promotional testing (\$0.6M)
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 (\$390k) 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)	Circt Crts 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	(\$0.9M)	Traffic LED lease offset with utility savings; down position & supply reductions (\$160k); Street Div. cut 5 utility workers and const. pos. (\$215k); Refuse net reduction 7 vacant positions (\$250k); Towing and Director's office misc. cuts (\$80k); School Crossing guards to be funded thru Public Schools (\$107k)
Public Safety	(\$1.0M)	Building Div. cut 5 positions & misc. (\$280k); Neigh. Stabilization cut 3 positions (\$205k); Corrections medical and food contract increase offset w/sal savings and overtime reductions (\$140k); Excise salaries down (\$30k); SLPD cut 5 vacant Park ranger pos. & other reductions; net 1 add attorney (\$143k); 1 vacant marshal position & misc. (\$70k)
Health Dept. & Human Services	(\$0.6M)	Health Dept. down net 14 pos. including contract with Animal control (\$580k); Human Srvcs. down net (\$40k)
Board Of Public Service	(\$1.0M)	Facilities utility accounts tracking under (\$1.0M) cut Deputy pos. funding; ESD garage consolidation labor/supply costs inc. @ \$0.1M
Net Other Proposed Increases / Decreases	<u>(\$7.3M)</u>	



# CITY OF ST. LOUIS

## FY2018 Proposed Annual Operating Plan

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

#### New and Special Fund Revenues

EMS Fees	\$1.0M	Pending rate adjustments
Excess Use Tax	\$1.1M	\$1.1M est. increase in base on-line sales
Econ Dev Infrastructure – 10%	<u>\$1.1M</u>	10% allocated to Capital Fund
Total:	<b>\$3.3M</b>	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).
Lead Fund	\$1.35M	Returns 60% COI fees to General Fund Existing balance \$4M+
Local Use Tax	<u>\$2.32M</u>	\$315k in Affordable Housing funds \$2.0M in building demolition funds (lower than current year)
Total:	<b>\$6.4M</b>	

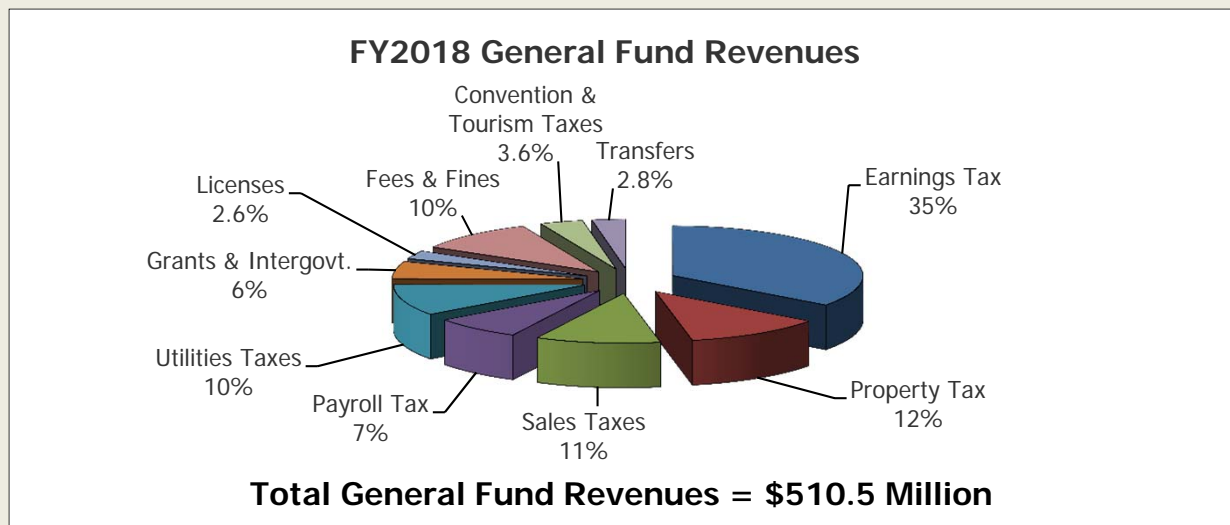
# CITY OF ST. LOUIS

## 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	53.0	6.9%
Other	33.3	42.7	33.0	-22.7%
	<b>\$491.4</b>	<b>\$508.7</b>	<b>\$510.5</b>	<b>0.2%</b>

\* 2.2% adjusting for FY17  
27<sup>th</sup> Pay Reserve



# CITY OF ST. LOUIS

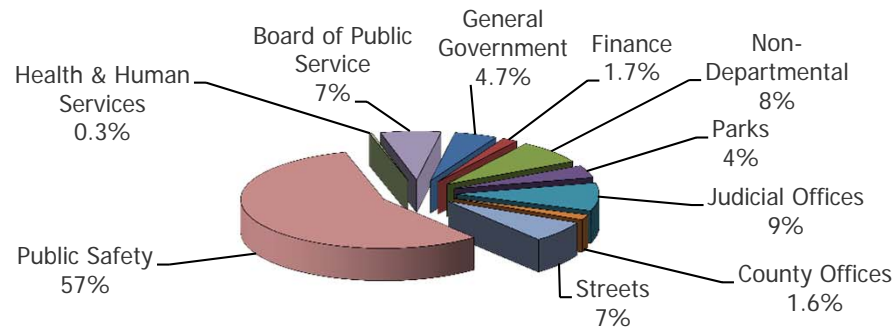
## FY2018 Proposed Annual Operating Plan

### GENERAL FUND EXPENDITURE OUTLOOK:

(Rounded in Mil. \$)	Actual FY16	Budget FY17	Proposed FY18	% CHG.
General Government	22.6	\$24.4	\$24.0	-1.5%
Finance	8.8	9.0	8.7	-2.3%
Non-Departmental	44.2	38.6	40.2	4.2%
Parks, Recreation & Forestry	20.9	21.4	21.0	-1.7%
Judicial Offices	44.9	47.8	46.9	-2.0%
County Offices	8.1	9.8	8.4	-15.0%
Streets	35.5	35.5	35.2	-1.0%
Public Safety	270.8	287.1	289.9	1.0%
Human Services	1.3	1.5	1.5	-4.3%
Board of Public Service	32.3	35.9	34.7	-3.3%
	<b>\$489.4</b>	<b>\$511.1</b>	<b>\$510.5</b>	<b>-0.1%</b>

\* Approx. 1.9% adjusting for FY17 27<sup>th</sup> Pay

**FY2018 General Fund Budget by Department**



**Total General Fund Budget = \$510.5 Million**

# CITY OF ST. LOUIS

## FY2018 Proposed Annual Operating Plan

### PROPOSED CHANGES IN SPECIAL FUNDS INCLUDE:

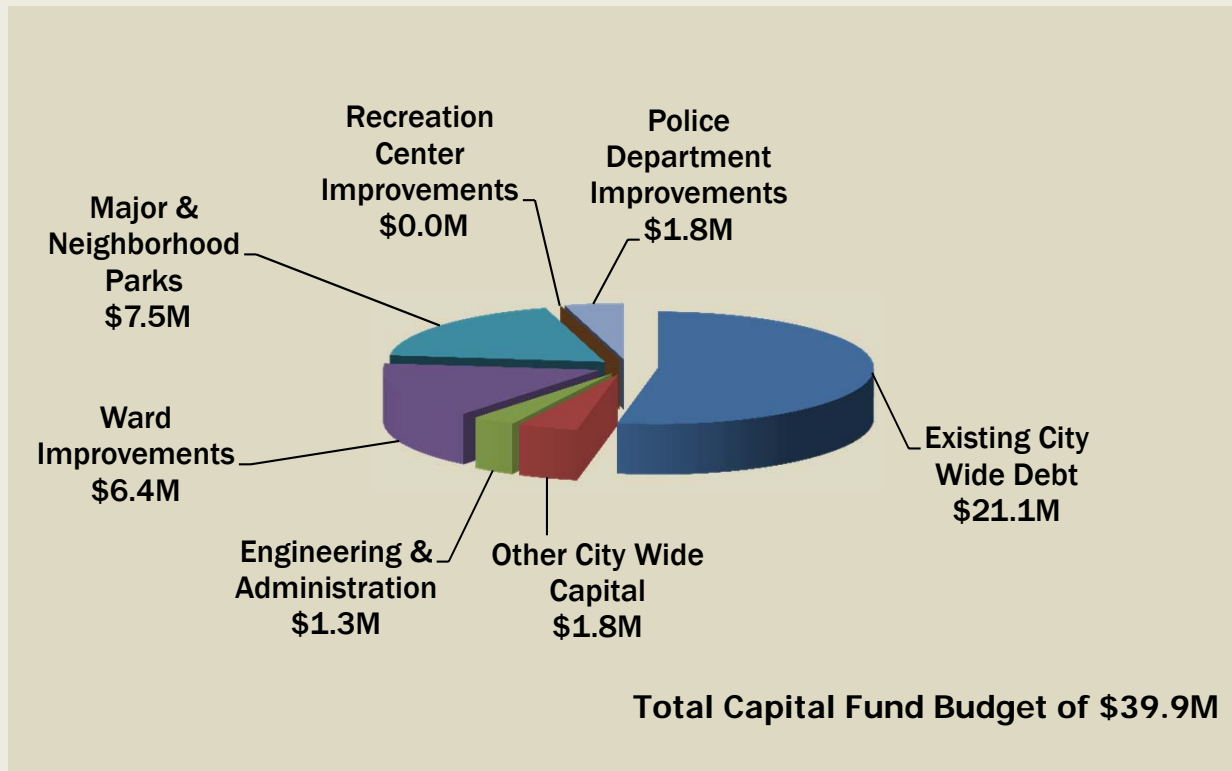
- Local Use Tax
- o Down 5.1% YTD; tracking @ \$28.1M (\$1.4M under estimates)
  - o FY18 Estimate of \$31.4M – **leaves 7 mos. of new rate from Economic Dev. Sales tax (\$2.25M) to be appropriated**
  - o Reduced Reallocation of \$315k in Affordable Housing Funds; total Affordable Housing budget @ \$5.0M with existing balance
  - o Building Demo Funds remain at reduced allocation of \$1.0M
  - o Health Dept. Budget @ \$7.0M; 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

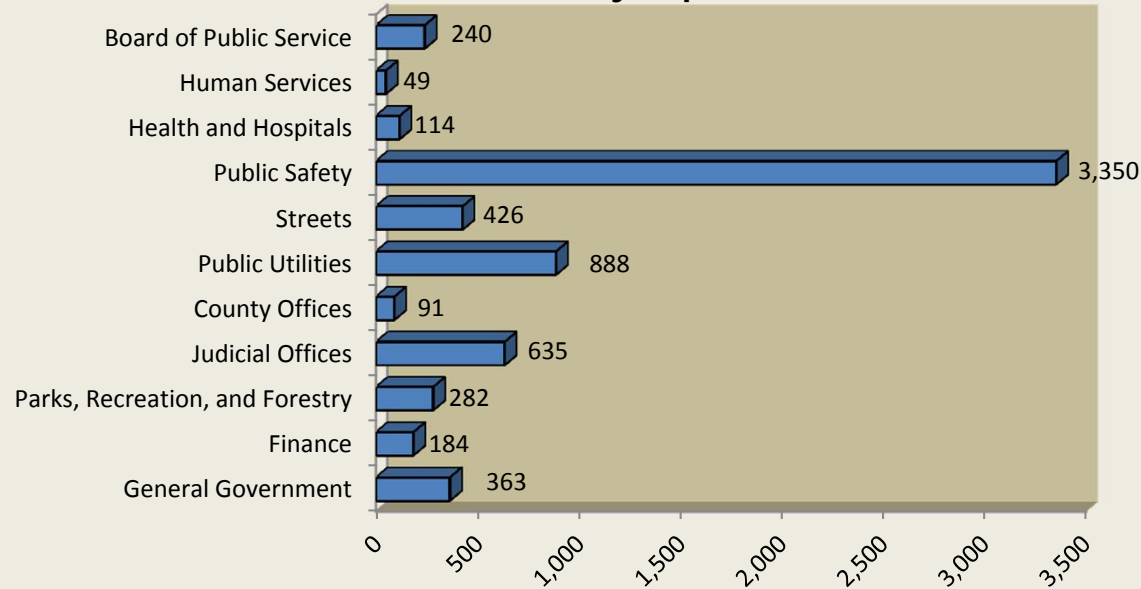
## FY2018 Proposed Annual Operating Plan

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

#### Personnel Totals - All Funds

	FY17	FY18	Change
<b>BY FUND</b>			
General Fund	5,045	5,009	-37
Special Funds	457	449	-8
Grant Funds	299	281	-18
Enterprise Funds	873	883	10
<b>Totals</b>	<b>6,675</b>	<b>6,622</b>	<b>-53</b>

#### FY18 Personnel Totals by Department All Funds



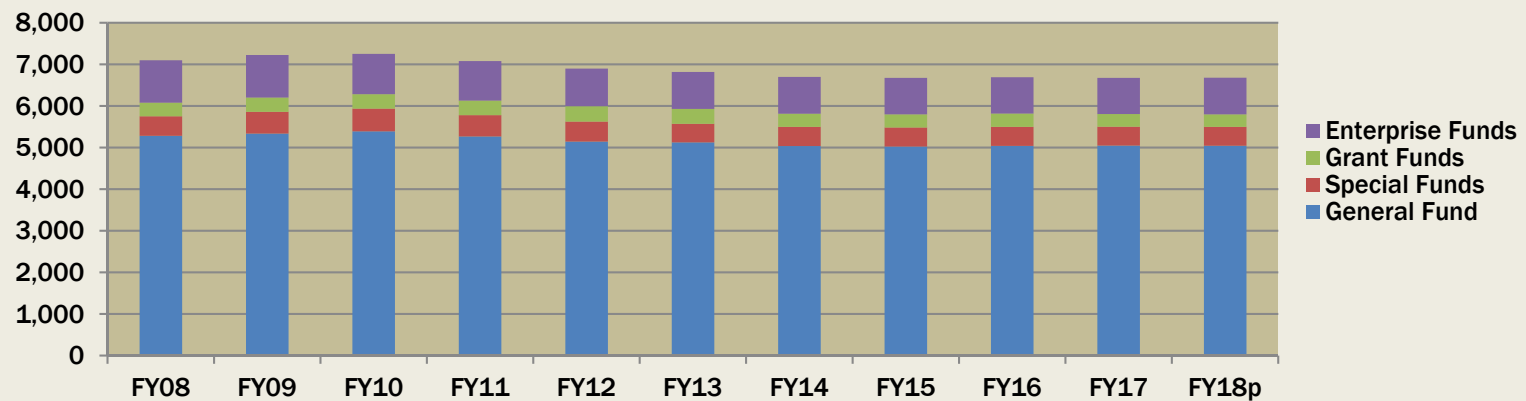
# CITY OF ST. LOUIS

## 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	5,009	-332
Special Funds	521	546	513	479	447	460	456	459	456	457	449	-72
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
	7,226	7,310	7,102	6,947	6,837	6,702	6,683	6,699	6,681	6,674	6,622	-604

### CHANGES IN PERSONNEL TOTALS

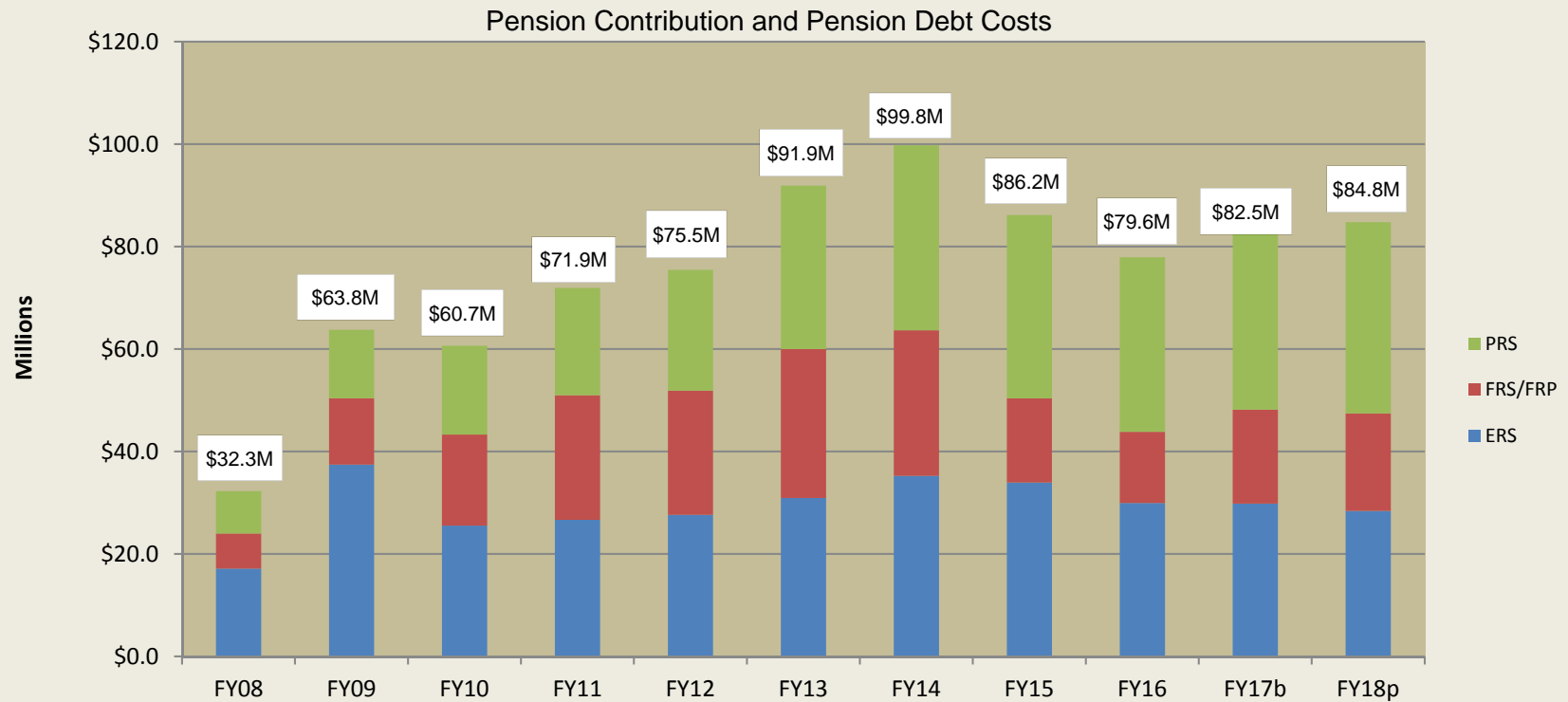


# CITY OF ST. LOUIS

## 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					
<b>Valuations</b>									
(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	<b>81.9%</b>		<b>92.4%</b>	<b>42.1%</b>		<b>78.0%</b>			
Funded Ratio - Market Basis	<b>78.5%</b>		<b>90.0%</b>	<b>41.0%</b>		<b>74.3%</b>			
<b>Pension Costs</b>									
	<b>Total</b>								
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	
<b>Total</b>	<b>\$84.7</b>	<b>M</b>	<b>\$28.4</b>	<b>M</b>	<b>\$9.8 M</b>	<b>\$9.2 M</b>	<b>M</b>	<b>\$37.3</b>	<b>M</b>
<b>Active Membership</b>									
Active	4,911				<b>\$19.0 M</b>				
Active In Drop	392								
Less Non-City	-864				--				
Less Depts. budgeted separately	-220				--				
Total Active	4,219		(FRS & FRP)		689			1,269	
<b>Projected Pension Costs Per Active Participant</b>	<b>\$6,731</b>				<b>\$27,602</b>			<b>\$29,914</b>	

# CITY OF ST. LOUIS

## FY2018 Proposed Annual Operating Plan

### RECAP:

- o Total FY18 Budget of \$1,051.4M a 1.0% increase from previous fiscal year
- o General Fund Budget of \$510.5M down 0.1% (1.9% after adj. for 27<sup>th</sup> pay)
- o Net decrease of 37 general fund positions and 53 positions from all funds.
- o Bridges budget gap with combination of budget cuts and additional special revenue and continued fund reallocations while leaving \$2.3M in Use Tax funds yet to be appropriated.
- o Balance scenario still 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**.
- o Continued Longer Term Challenges:
  - Entering 9<sup>th</sup> 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.)