

2020 Budget Proposal Overview & Policy Discussion

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The 2020 Peduto Budget Proposal

\$608.2 M Revenue and \$608 M Expenditure Budget

\$3.2Billion Dollar 5 Year Plan

Expenditures increase by \$33M over 2019, Budget Revenues by \$26M

Budgetary 900+ Police Officers – 120 Recruits

8.8% Fire Salary Increase (\$4M) , 4% Police Salary Increase (\$3M)

3% salary increase for non-union,

Benefits, Implementation of other contracts

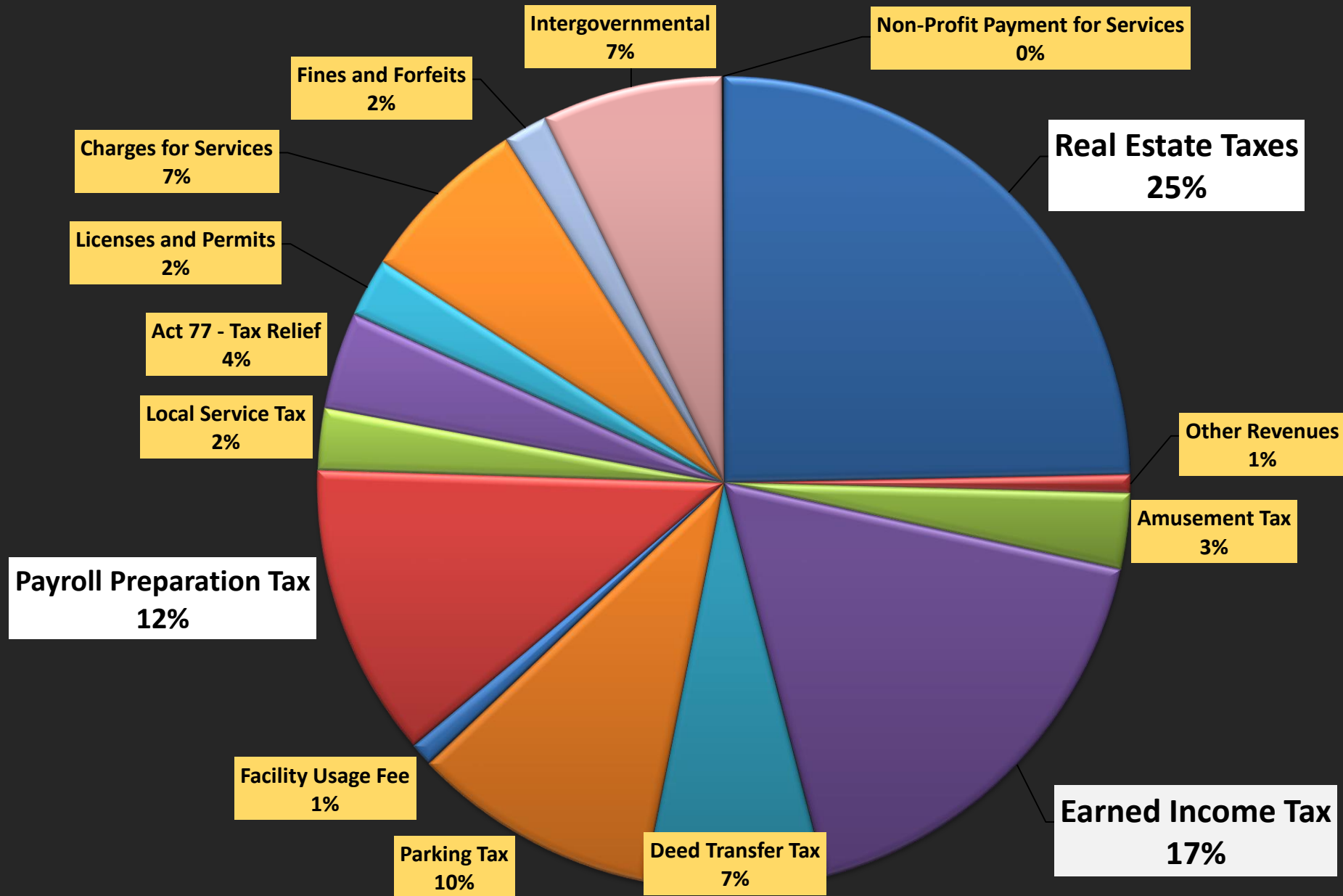
City's Total Portion of Pension will be \$98M

- **\$51.5 Million MMO, \$26.7 Million Parking, \$19.8 Million MMO+**

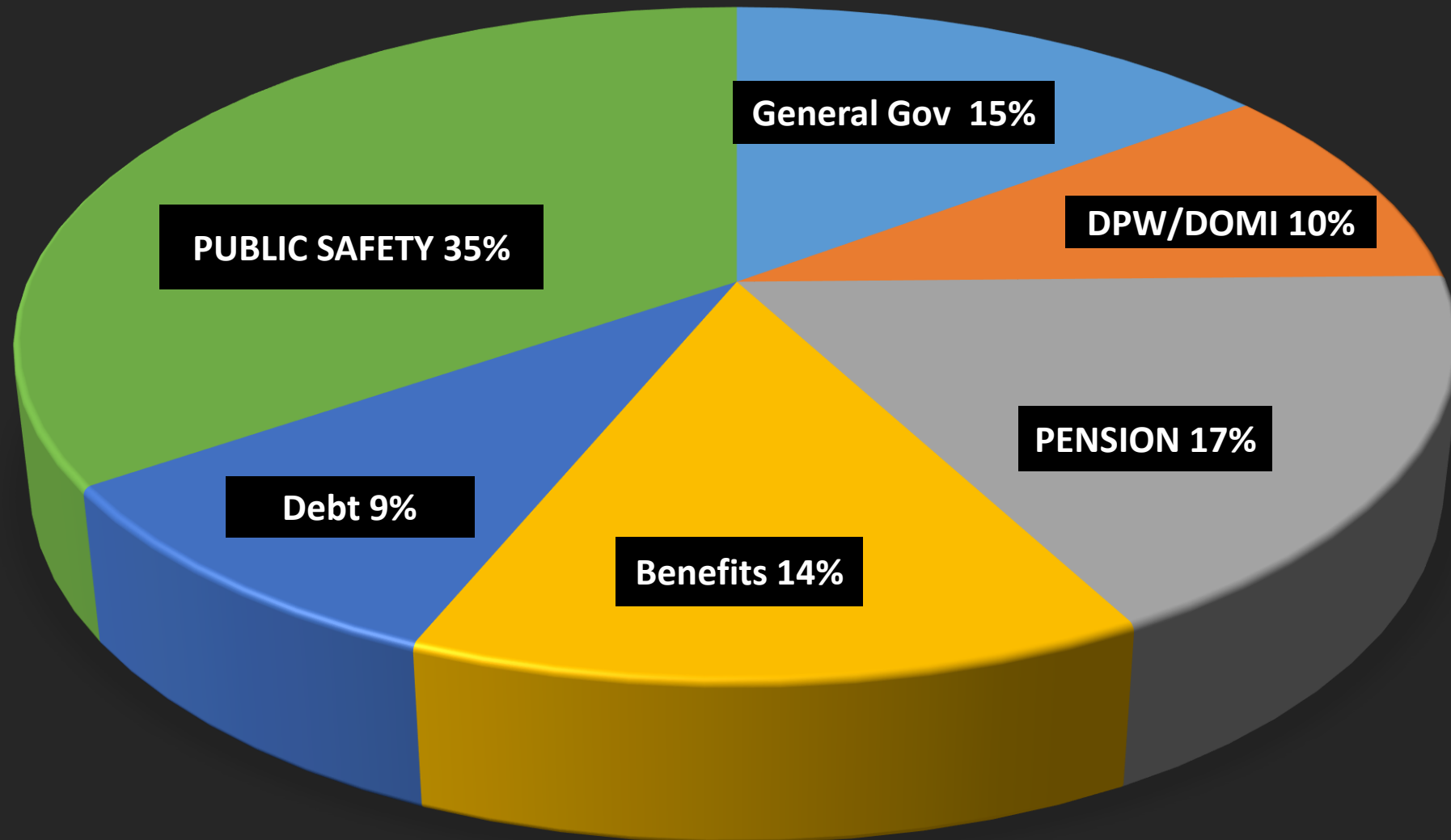
\$14.6 Million Transfer from Fund Balance to PAYGO

\$108.4 Million Capital Budget

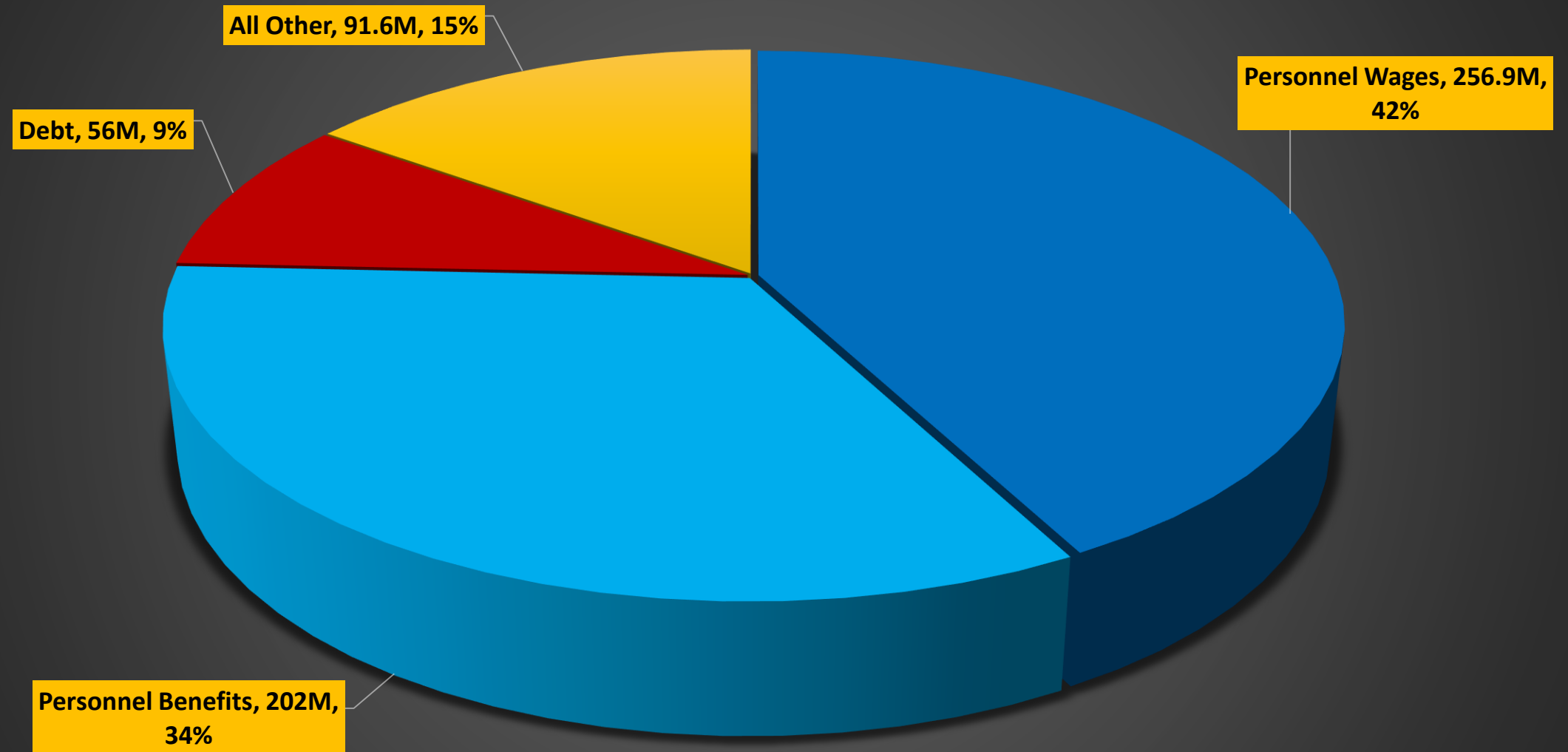
Revenues 2020 - \$608.2 Million



2020 Expenditures \$608 Million



People Costs 76% of Budget



■ Personnel Wages ■ Personnel Benefits ■ Debt ■ All Other

2020 Expenditure Cost Drivers

Expenditures	2019 Estimate	2020 Budget	Increase/Decrease	%
Operating Departments	\$ 326,428,459	\$ 360,529,073	\$ 34,100,614	10.4%
Pension/OPEB	\$ 93,145,662	\$ 106,544,242	\$ 13,398,580	14.4%
Healthcare, Workers Comp	\$ 81,435,977	\$ 84,857,314	\$ 3,421,337	4.2%
Debt Service	\$ 73,682,352	\$ 56,079,739	\$(17,602,613)	-23.9%
Total Expenditures	\$ 574,692,450	\$ 608,010,367	\$ 33,317,917	5.8%

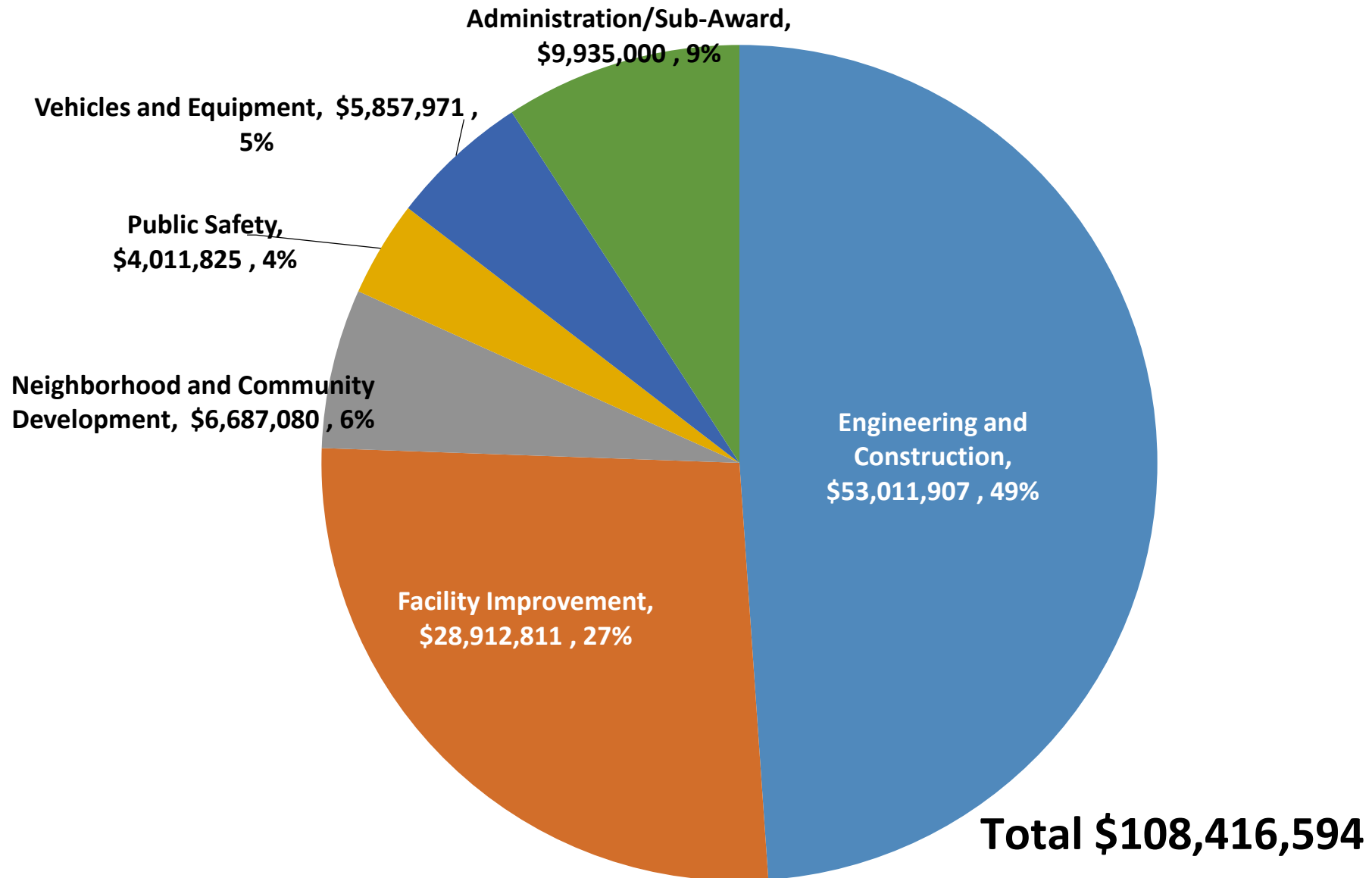
Increases:

- 3% Non-Union wage increase
- Increases in Public Safety Police, Fire, EMS Average 6.4%
- Pension/OPEB +\$13.4 Million
- Healthcare + \$3.4M
- Debt Service -\$22.5M decrease

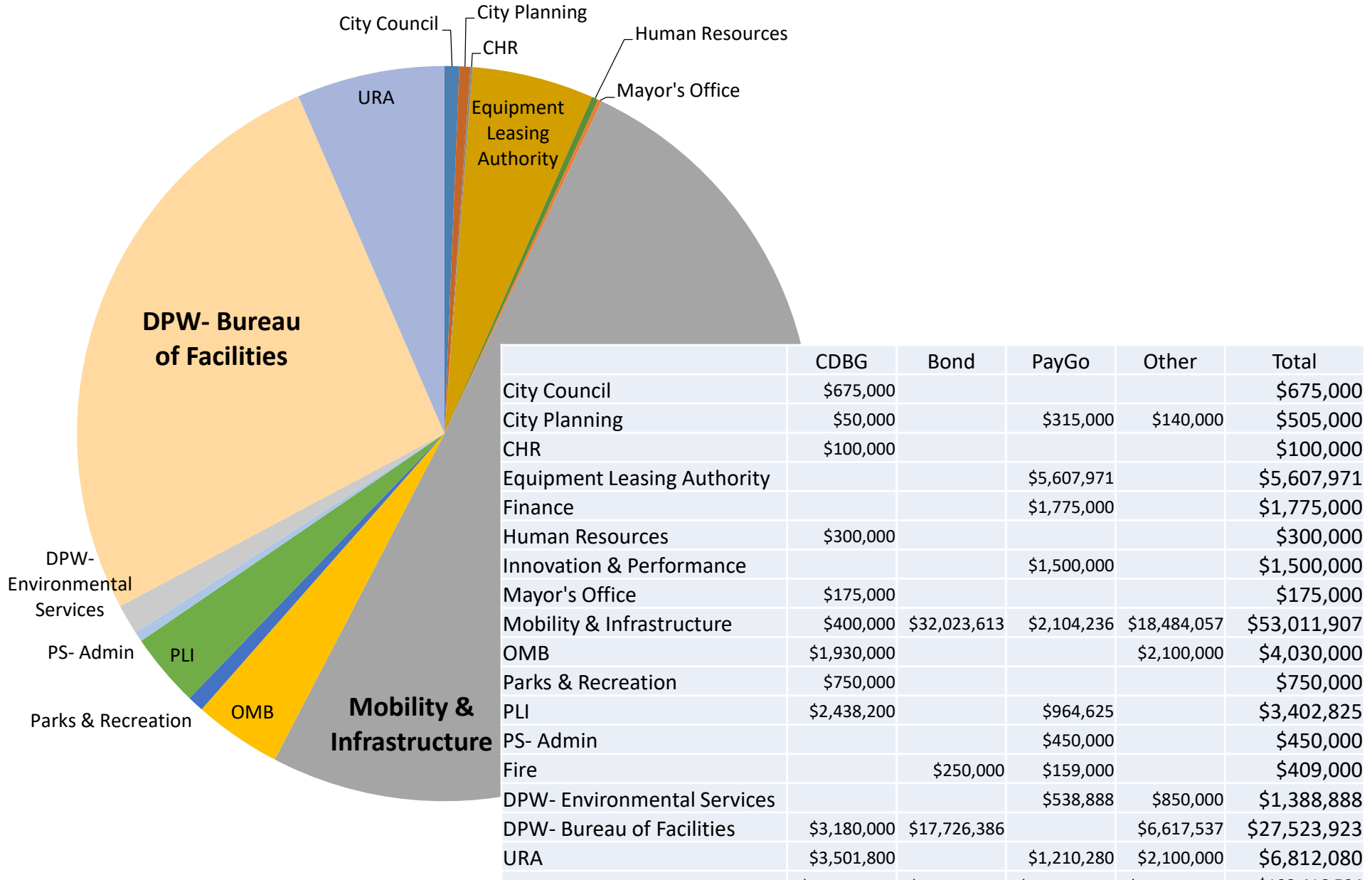
2020 Financial Outlook

Revenues	\$ 608,235,885
Expenditures	
Operating Departments	\$ 360,529,073
Pension	\$ 106,554,242
Healthcare, Workers Comp	\$ 84,857,314
Debt Service	\$ 56,070,739
Total Expenditures	\$ 608,010,885
Operating Result	\$ 225,517
Beginning Fund Balance	\$ 85,757,250
Transfer to PayGo	\$ (14,625,000)
Ending Reserve Fund Balance	\$ 71,357,767
Fund Balance as % of Expenditures	11.7%
Debt as % of Expenditures	9.22%

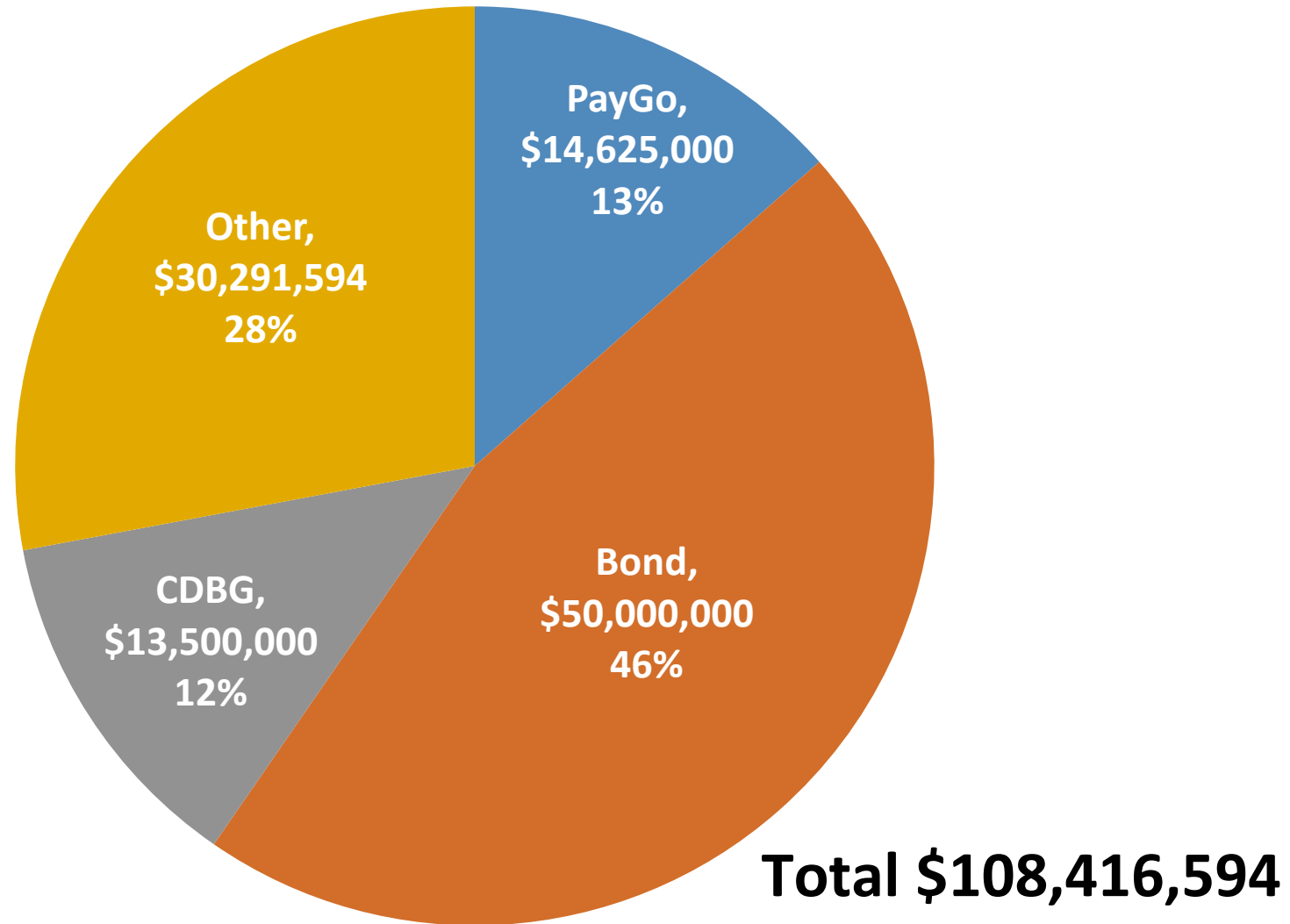
2020 Capital Budget by Functional Area



2020 Capital Budget by Department



2020 Capital Budget by Fund Source



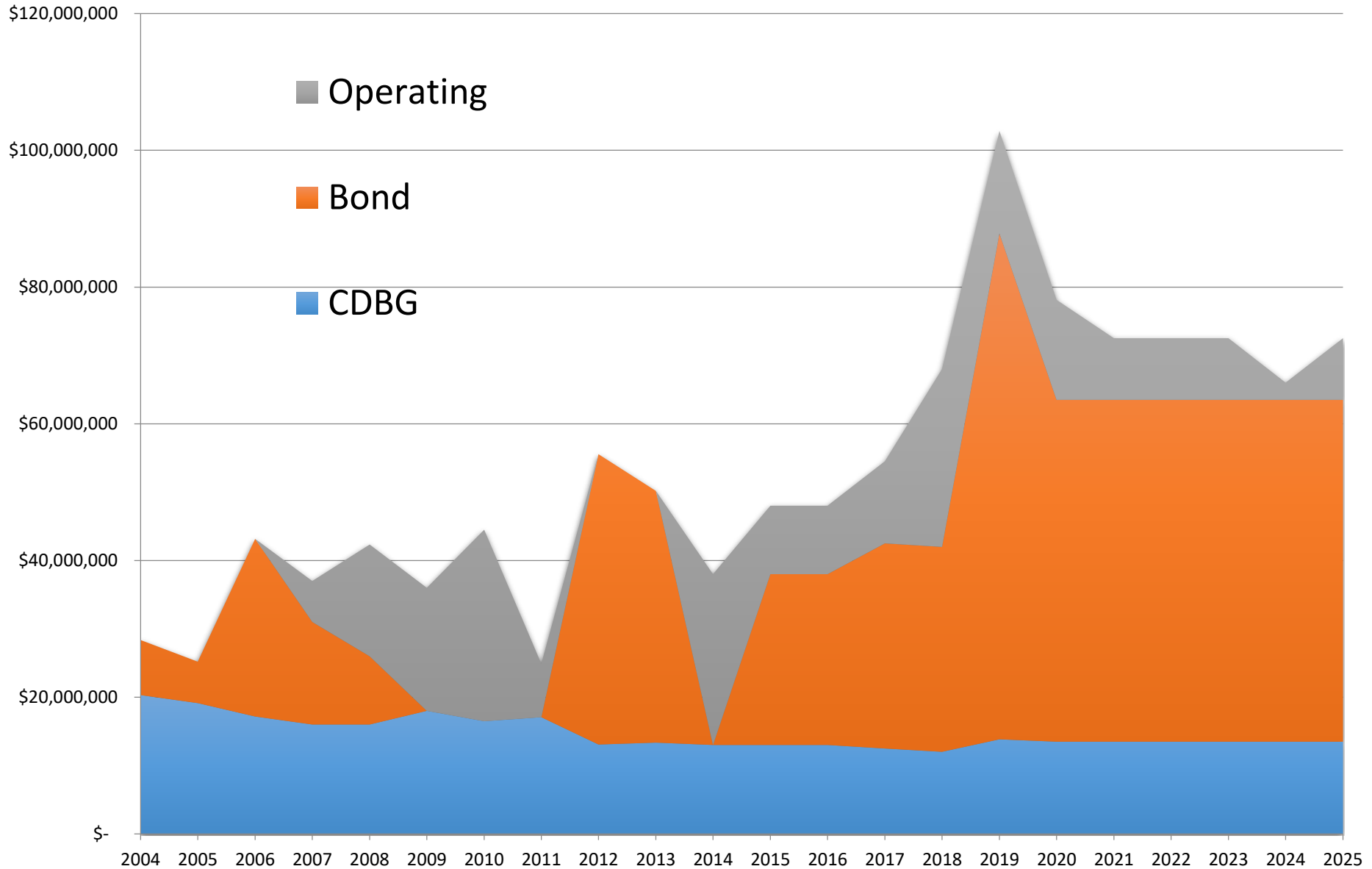
155 Deliverables
\$108.4 million



Requests v Funding

- 455 projects were requested by departments for inclusion in the 2020 Capital Budget (including 121 from Council)
- \$215+ million of requested Bond/PayGo/CDBG funds
- Of \$78 million available in 2020 budget, over \$25 million already “spoken for” due to legislative commitments or grant requirements (Larimer Choice, Walnut Street, etc)

Capital funding 2004-2025



2020-2025 Capital Improvement Plan

	2019	2020	2021	2022	2023	2024	2025
CDBG	\$ 13,500,000	\$ 13,500,000	\$ 13,500,000	\$ 13,500,000	\$ 13,500,000	\$ 13,500,000	\$ 13,500,000
Bond	\$ 74,000,000	\$ 50,000,000	\$ 50,000,000	\$ 50,000,000	\$ 50,000,000	\$ 50,000,000	\$ 50,000,000
PayGo	\$ 15,000,000	\$ 14,625,000	\$ 9,000,000	\$ 9,000,000	\$ 9,000,000	\$ 2,500,000	\$ 9,000,000
Other	\$ 28,003,588	\$ 30,291,594	\$ 23,386,184	\$ 27,007,400	\$ 47,602,050	\$ 30,600,000	\$ 6,600,000
Total	\$ 130,844,093	\$ 108,416,594	\$ 95,886,184	\$ 99,507,400	\$ 120,102,050	\$ 96,600,000	\$ 79,100,000

Changes from last year's plan

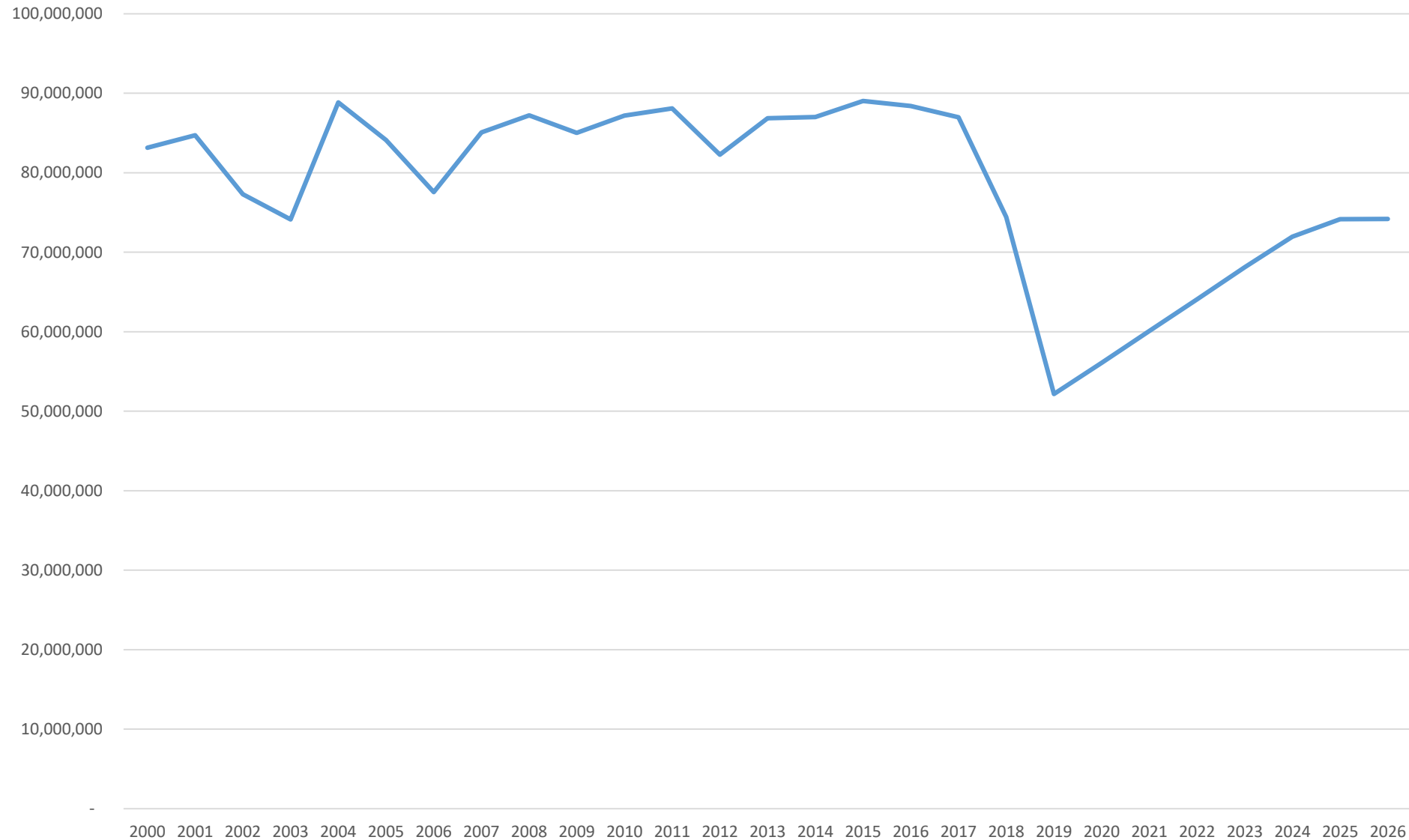
	2019		2020		2021		2022		2023		2024	
CDBG	\$	340,505	\$	-	\$	-	\$	-	\$	-	\$	-
Bond	\$	-	\$	(10,000,000)	\$	(10,000,000)	\$	(10,000,000)	\$	(10,000,000)	\$	(10,000,000)
PayGo	\$	-	\$	4,625,000	\$	-	\$	-	\$	1,000,000	\$	(6,500,000)
Other	\$	(1,709,350)	\$	(10,168,329)	\$	(12,899,711)	\$	(34,681,545)	\$	25,923,105	\$	22,921,055
Total	\$	(1,368,845)	\$	(15,543,329)	\$	(22,899,711)	\$	(44,681,545)	\$	16,923,105	\$	6,421,055

How this interacts with Operating

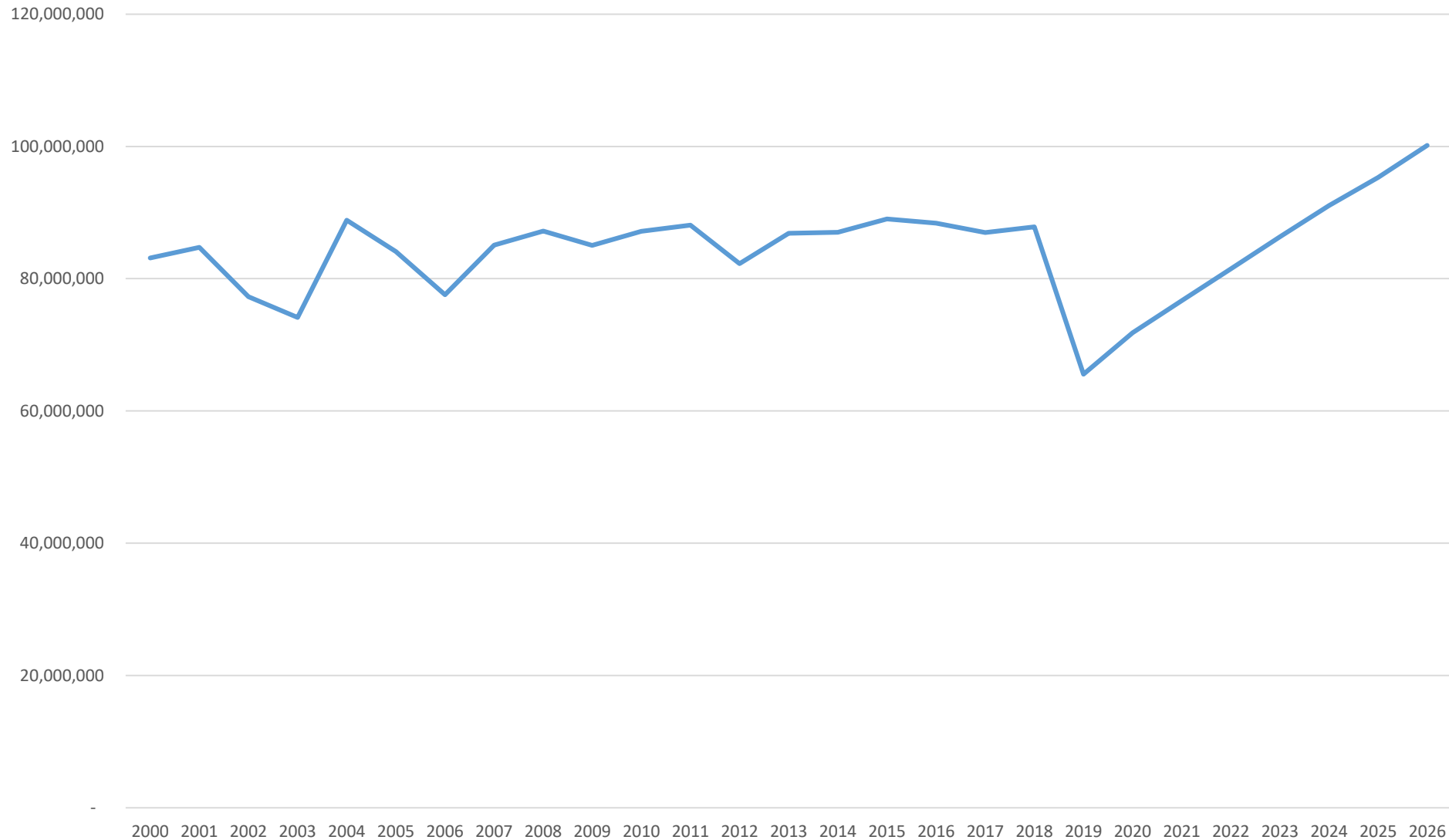
- The \$50 million in borrowing each year is put on the City's credit card, reflected in the operating budget.
- Debt issued for 20 years (longer if refinanced)
- The \$50 million borrowed this year will cost \$81.5 million to pay off (more if refinanced)
- "rates will never be lower" was true last couple years. Not so in future, especially if municipalities will have to pay taxes on borrowing.



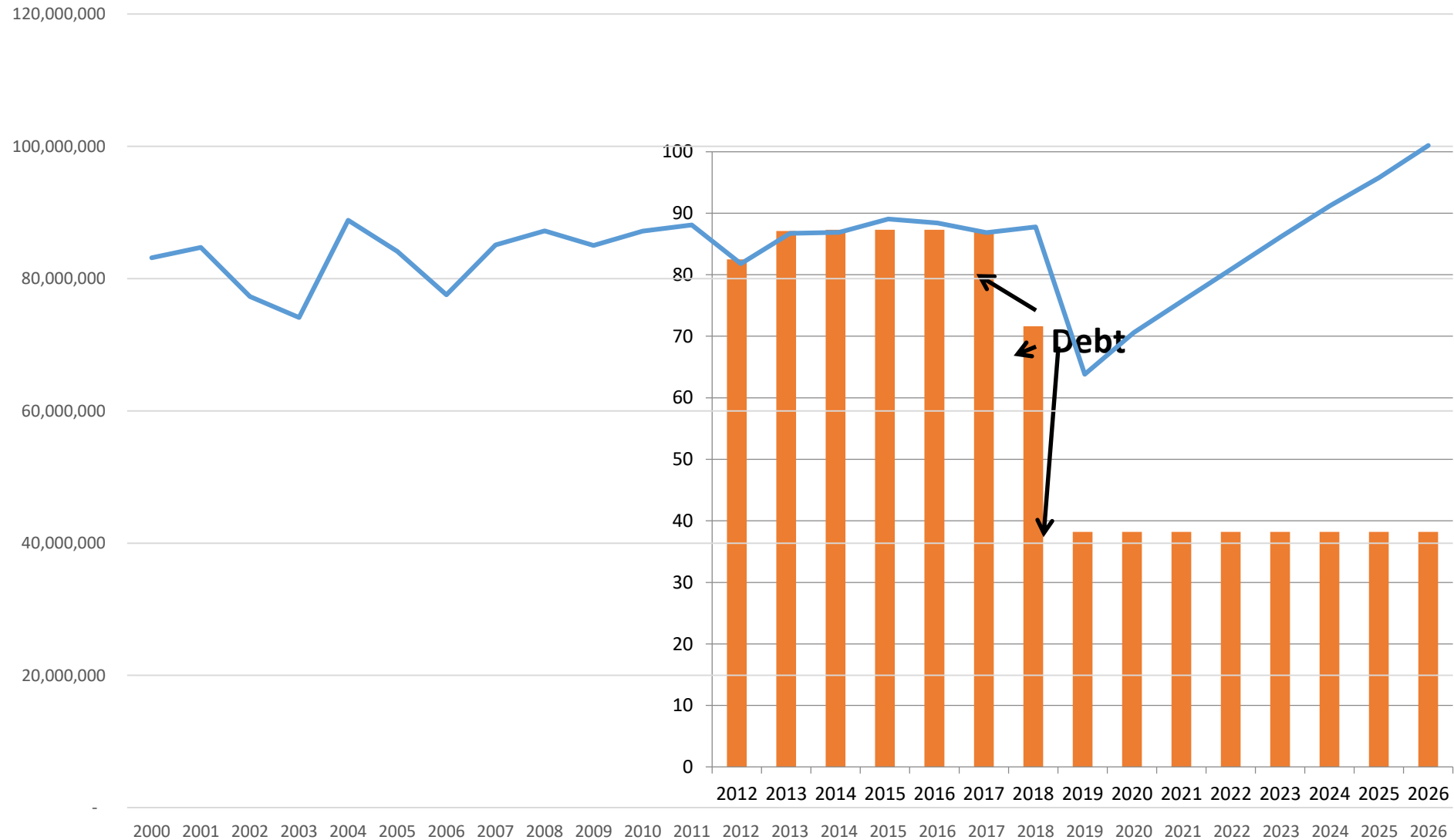
Debt Service, including planned borrowing



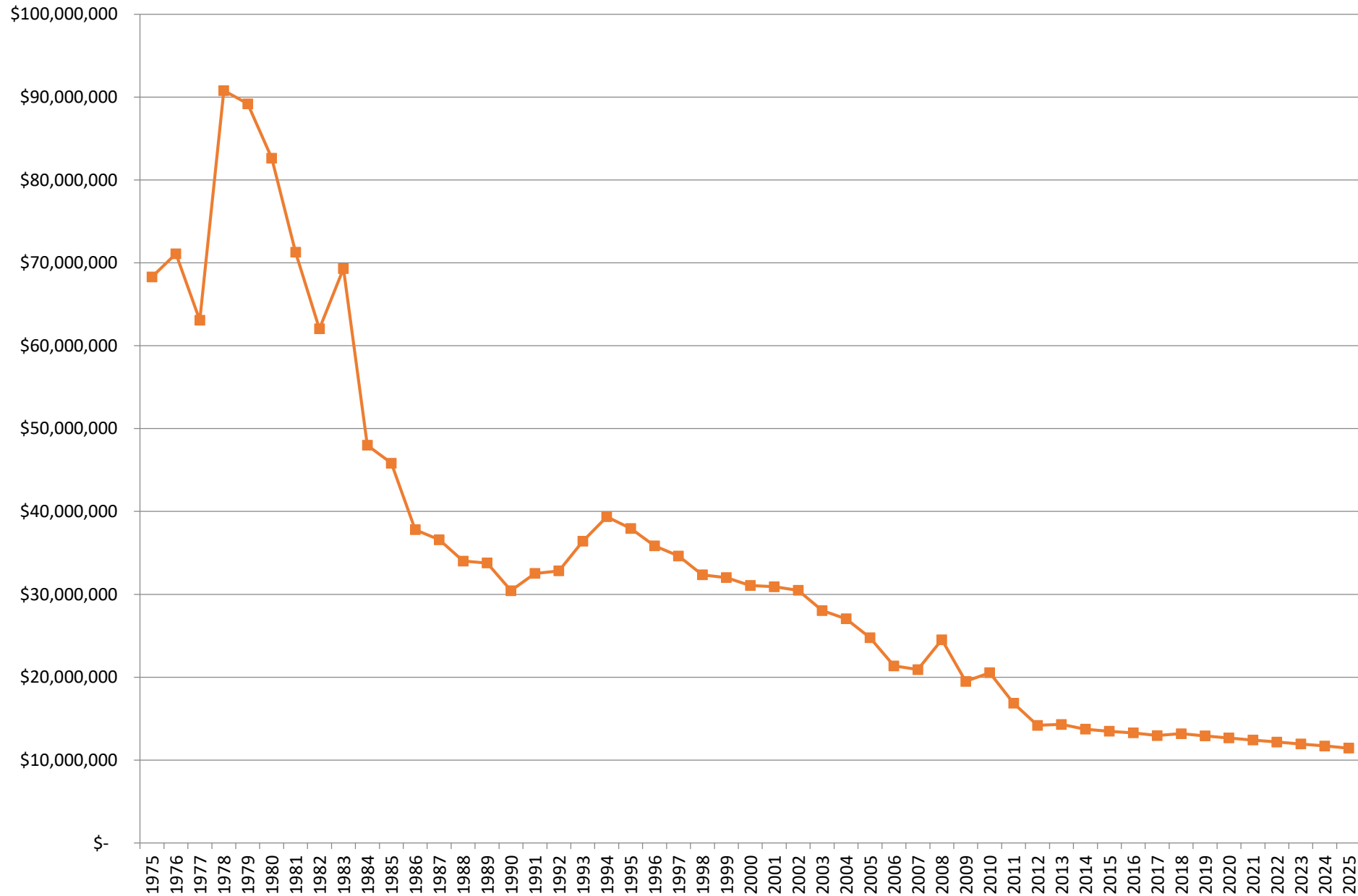
Planned debt, plus the Parking Tax diversion for pensions



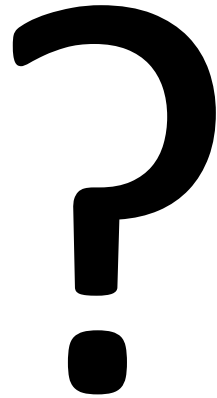
Debt cliff?



Pittsburgh CDBG adjusted for inflation



Trust Funds



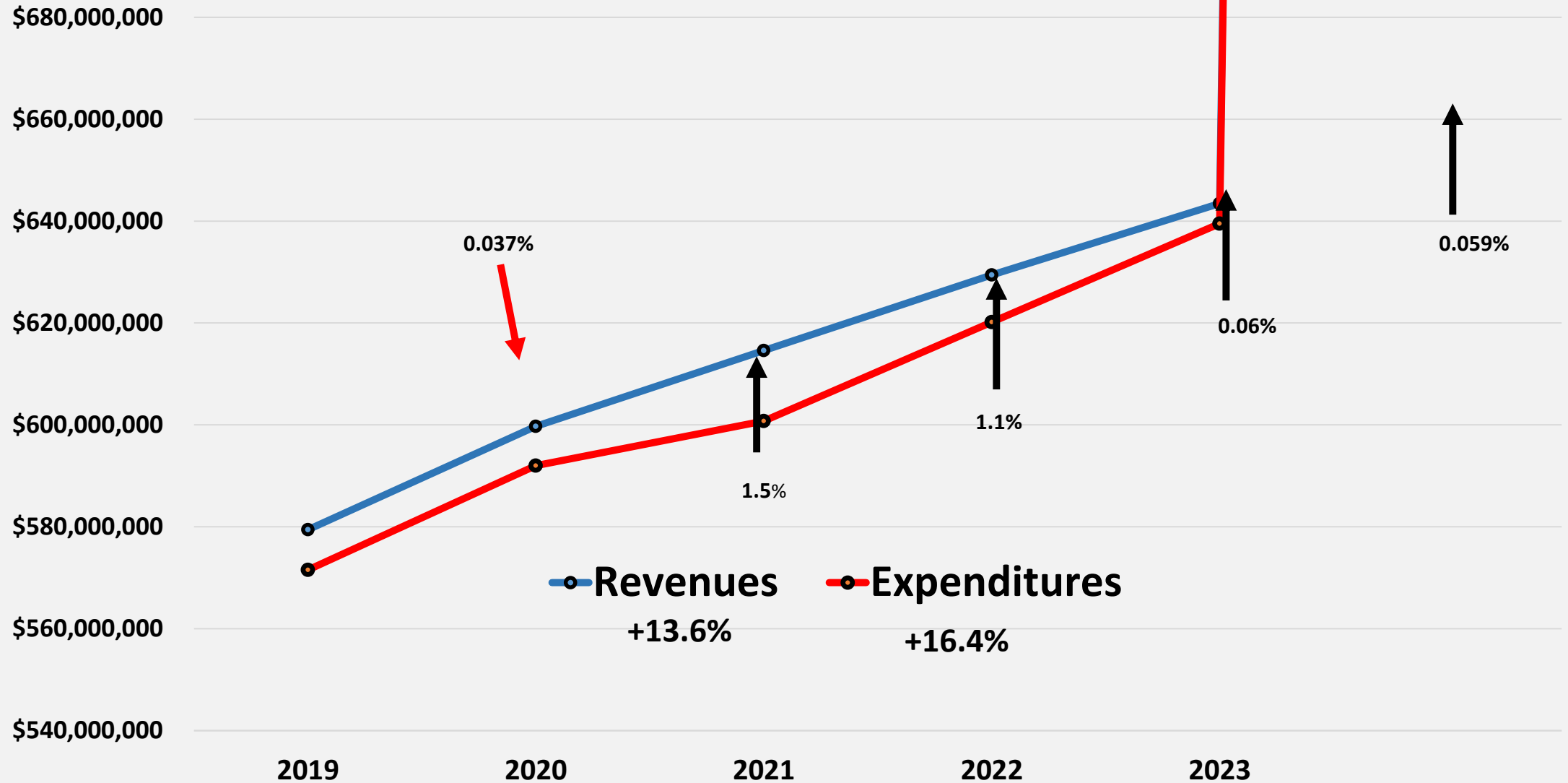
Proposed 5 Year Plan \$3.2 Billion

5 Year Plan Highlights

- \$14.6M PayGo from fund balance in 2020 - \$29.5M 2021-2024 Total
- \$50 Million Bonds for Capital each year of Plan
- Pay As You Go pension commitment continues

	2019	2020	2021	2022	2023	2024
Revenues	\$ 591,132,684	\$ 608,235,885	\$ 624,077,803	\$ 640,019,188	\$ 655,276,873	\$ 643,445,158
Expenditures	\$ 574,692,450	\$ 608,010,367	\$ 615,332,316	\$ 632,080,725	\$ 650,977,331	\$ 639,490,667
Op Result	\$ 16,440,234	\$ 225,517	\$ 8,745,487	\$ 7,938,436	\$ 4,299,542	\$ 3,954,491
Beginning FB	\$ 86,317,016	\$ 85,757,250	\$ 71,357,767	\$ 71,103,254	\$ 70,041,717	\$ 72,119,809
PayGo Transfer	\$ (15,000,000)	\$ (14,625,000)	\$ (10,000,000)	\$ (9,000,000)	\$ (9,000,000)	\$ (8,000,000)
Ending FB	\$ 85,757,250	\$ 71,357,767	\$ 71,103,254	\$ 70,041,717	\$ 65,341,259	\$ 64,119,809
Fund Balance %	14.9%	11.7%	11.6%	11.1%	10.0%	10.0%
Debt Service%	12.82%	9.22%	9.77%	10.14%	10.46%	10.78%

Revenues vs. Expenditures 2019-2024



5 Year Plan Cost Driver Public Safety

- Since 2014 Public Safety Costs have increased \$64.7 Million or 44%
 - That averages to an increase of 7.4%
- The budget has increased \$127.7 Million or only 27% over that same period of time
 - Averaging only 4.4% annually
- City has minimal control over police and fire personnel costs due to Act 111 binding arbitration
- The need for new equipment such as fire equipment, body cameras and new PS technology will continue to add to strains on the budget
- Tough choices regarding force size or revenue enhancements may have to be considered in the future

2020-2024 Challenges

- Revenues –Cable Franchise Agreement; still missing: Billboard tax, Non-profits, MBRO
- Harrisburg issues: Pension Reform, Non-profits, Act 111 etc... Can we depend on State?
- Public Safety Costs – Public Safety Contracts
- Stop losing in Negotiations - Arbitration
- Federal Uncertainty: CDBG and Tax-exempt Bond Status, Infrastructure support etc...

Future Legislative Challenges

Through 5 Year Plan... continued

- The Great Inversion – Gentrification
 - AFFORDABLE HOUSING, Inspection, safe housing
- Equity Issues
- Police Relations
- Climate Change i.e. flooding - landslides
- Keeping up with Technology
 - Telecom, Software, Apps
- Pension asset securitization
- State Help with Non-profits/Pensions

PARKS REFERENDUM TAX

\$9 Million will be raised

The City will need to create a Trust Fund separate from the General Fund to allow collection and administration of the funds

Due to timing, a separate tax bill will be generated for 2020 and will go out before the end of the first quarter

There are no clear plans for how the funds will be allocated at this point... Impact on budget?

It's City Council's Budget Now

