
FY11 CITY BUDGET STATUS

AS OF APRIL 20, 2010

SIGNIFICANT CHANGES FROM FY10

GENERAL FUND:

OVERVIEW:

PROBLEM: Projected Budget Gap of \$46 Million

- \$18.7 million: Decline in FY10 revenue, primarily sales and earnings taxes
- \$ 3.4 million: One-time savings from FY10 employee furloughs
- \$13.0 million: One-time revenue from FY10 budget
- \$11.5 million: Police, fire and civilian employee pension costs increases
- \$ 7.2 million: Decline in Use Tax and other funds; increased costs to General Fund
- \$ 2.3 million: Miscellaneous cost increases (e.g., FY11 elections)
- (\$6.1) million: FY11 base revenue growth from FY10 revised estimate @ 1.4%
- (\$3.9) million: One-time sources

PROPOSED SOLUTIONS IN THIS BUDGET—OVERVIEW:

- Adjustments in compensation to keep compensation (pay + benefits + pension costs) flat
- Cuts tailored to make City government more efficient, reduce or eliminate functions that do not impact quality of life

\$20.0M (4.4%) IN GENERAL FUND COMPENSATION ADJUSTMENTS + CUTS

174 TOTAL POSITIONS ELIMINATED ALL FUNDS—71 OCCUPIED

100 POSITIONS ELIMINATED IN GENERAL FUND—40 OCCUPIED

- New revenue sources—**\$14.6M**
- Re-deployment (temporary and permanent) of existing revenue sources—**\$11.5M**

PROPOSED SOLUTIONS—DETAILS:

COMPENSATION ADJUSTMENTS:

Non-Uniformed Employees:

- Budget includes 3.5% reduction in all non-uniformed employee compensation, except for elected officials—elected officials may opt to accept
- \$4 million in general fund savings offsets expiring furloughs (\$2.3M) + pension cost increases (\$2.5M) less Health Insurance decrease (\$0.2M)
- Details subject to negotiation—ongoing w/employee unions
- All possible civil service compensation adjustments built into County office pay plans.
- Circuit Court savings not included but have indicated willingness to participate

Police Department:

- \$3.6M in increased police pension costs offset by \$3.1M reduction in other compensation costs (including “matrix” suspension)
- Budget covers increased cost of civilian employee pensions
- **Total police budget \$1M LESS than FY10**
- **NO** loss of uniformed officers—50 uniformed officers added as training of COPS-funded officer training is completed

Fire Department:

- \$5.9 million pension cost increase
- Budget includes \$3.3 million in reduction in uniformed employee compensation
- Assumes most compensation savings will occur through attrition—no firefighter layoffs
- Details subject to negotiation—ongoing w/firefighter unions
- **Total fire department budget including pensions is \$4.3M MORE (+6.14%) THAN FY10**, not including \$7.9M in estimated costs to be financed and spent on fire suppression equipment in FY11

BUDGET CUTS/OTHER ADJUSTMENTS--HIGHLIGHTS:

Public Safety Highlights:

Protecting public safety makes up well over half of the City budget—but public safety is one of our most important priorities. Consistent with the City’s priority for keeping our citizens safe, public safety is spared the brunt of the impact of the cuts.

As noted above, the **POLICE DEPARTMENT**’s total budget, including both pension and operating costs, is \$1 million less than FY10. A \$3.1M compensation cut that offsets the majority of the \$3.6 million in pension cost increase, and the Department has made an \$1.5 million in cuts, for an overall .6% cut in the Department’s combined operating and pension budgets. These cuts will be made **without reducing uniformed strength**. Thanks to an ARRA “COPS” grant, the number of officers on the streets will actually **increase by 50** as “COPS” officers complete training and join the force. In addition, the Police Department is working with the City to combine duplicative services where possible—these discussions are ongoing and potential savings have not been included in the proposed budget.

The **FIRE DEPARTMENT** budget will actually go up by 6.14%. This budget is one of only three departmental budgets that will increase, and this Fire Department increase is the largest of any department. That will mean no layoffs of firefighters, and no closing of fire houses. However, because firefighter pension costs are increasing by \$5.9 million, the City is seeking other compensation changes to offset the increase. These changes are the subject of negotiations with the firefighters unions. The budget assumes that these changes will result in savings, but, because many of the changes are expected to be accomplished through attrition, the full impact of the savings will not be experienced in the FY11 fiscal year. In addition, the proposed budget includes operational savings that reflect elimination of redundant positions and the shifting of some duties formerly performed by uniformed firefighters whose positions are now vacant to a civilian employee. In addition, the City has issued two Emergency Medical Service-related RFPs that seek proposals for two mutually exclusive options: billing services that will require guarantees of increased revenue to the City, and furnishing of all EMS services. Each RFP states that the City may or may not enter into a contract pursuant to the RFP. The City will not know whether it will choose one or none of those options until the proposals are submitted and can be evaluated.

The **CIRCUIT ATTORNEY** budget will be spared cuts and increased by 1%.

The **CIRCUIT COURT** has agreed to reduce its budget by more than \$1 million. \$209K needed to fund the Drug Court is moved to the special “Crime Prevention Fund”.

The **DIVISION OF CORRECTIONS** will eliminate 28 positions. This is possible without impacting public safety because Circuit Court judges are moving criminal cases faster—as a result, the number of prisoners held in City correctional facilities pending disposition of their cases at any one time has been reduced.

Six (6) **NEIGHBORHOOD STABILIZATION OFFICERS** have been eliminated. Their duties will be redistributed among the remaining NSOs and building division and other staff, in consultation with the Board of Aldermen.

In a joint effort with the Police Department, **CITY COURTS** will complete implementation of a “mobile ticketing” system. The cost of this implementation is \$186,000, ½ of which will be paid by the Police Foundation and ½ of which is included in the City Courts budget. In subsequent fiscal years, this new system will reduce the City Court budget by approximately \$100,000 annually.

The number of inspectors in the **BUILDING DIVISION** has been reduced since building activity has decreased due to the recession. However, the Building Division also expects an increase in revenue as construction starts on major building projects that were delayed due to financing difficulties.

Other Highlights:

The **ELECTION BOARD**'s budget is increased by 30% or \$750,000. This increase is necessary to cover the costs of federal and state elections in August and November and City elections in March and April, all in the FY11 fiscal year. Operating budget includes recommended reduction of two vacant positions.

A variety of **SUBSIDIES TO NON-CITY ORGANIZATIONS** are eliminated: ARCHS (\$100K), Teach for America (\$75K), Regional Sports Commission (\$100K), Laclede's Landing (\$200K), . Some of these organizations may apply for other City funding—e.g., Crime Prevention Fund.

The **CITYVIEW** program is being eliminated, saving \$159,000. This elimination will make an additional \$159,000 in communications revenues available to offset reductions in General Fund revenue.

Four (4) occupied middle-management positions are being eliminated in the **RECREATION DIVISION**. In addition, revenue from charges for City recreation programs is included in the revenue side of the budget. The rate structure is now being developed and will include “free” access for low-income clients.

In FY10, the **STREET DEPARTMENT** anticipated staffing up for participation in the state's “Dig Rite” program. The four (4) positions added in FY10 for this purpose were never filled and are eliminated in the FY11 budget.

The **BOARD OF PUBLIC SERVICE** is restructuring the administration of neighborhood capital improvements made possible with ½ Cent Ward Capital Improvement funding. This

restructuring will result in the elimination of a liaison position from the BPS budget—this position is vacant.

The FY10 budget included a separate section for management of the 1520 Market (old Abram) Building. In FY11, this separate budget is eliminated and incorporated into the overall **FACILITIES MANAGEMENT** budget—although this overall budget appears to have increased, this budget is actually a reduction when compared with the total of FY10 1520 Market Building costs and other facilities management costs. In addition, Facilities Management is overseeing energy conservation retrofits that will be performed at City Hall and the Carnahan Courthouse with ARRA Energy Efficiency and Conservation Block Grant funding—a separate ordinance will appropriate this \$3.7 million in grant funds.

The Capital Fund budget includes \$500,000 for **EQUIPMENT REPLACEMENT**—this amount represents ½ of an annual \$1 million lease payment for a \$10 million expenditure for new fire pumpers, refurbishment of existing combination pumper/ladder trucks, and snow removal/dump truck vehicles.

NEW REVENUE SOURCES:

CHARGES FOR REFUSE COLLECTION/RECYCLING: Budget assumes \$10M in new revenue from household trash charges at \$8/month flat rate for all residential units. \$3 million will fund broad-based single-stream recycling implementation and enhanced illegal dumping enforcement—deployment of recycling and enforcement enhancements to be determined in consultation with Aldermen. \$7 million will be used to offset General Fund cost increases/revenue decreases. Residents will receive two trash pickups per week—one for recycled waste and one for non-recycled waste. Yard waste disposal, and monthly bulk pickups will be included in the trash charges and these current services will be preserved. **The proposed \$8/month solid waste/recycling charge is far less than the charges for most surrounding municipalities, and more services are included in the charge.**

“FAILURE TO APPEAR” CHARGES: Richmond Heights charges \$126.50 for “failure to appear” at a city court proceeding. **Budget assumes \$2.0M in revenue generated from imposing these charges** on 50,000 warrants at \$100.50/warrant (general fund portion \$82) assumes 50% collection rate.

RECREATION CENTER CHARGES: As noted above, the budget assumes \$1.0 million. Charge structure being established, with low income residents exempted. This revenue source was suggested by Recreation Division.

CHARGES FOR SPECIAL EVENTS: The City will begin charging for City services associated with some special events. The Police Department budget assumes some cost savings from this approach. No specific savings have been included in other general revenue budgets—will be included in FY12 budget after revenue history is established.

EMERGENCY MEDICAL SERVICE REVENUE INCREASE/COST AVOIDANCE: As noted above, the City has issued two (2) RFPs: one for EMS billing and one for EMS services. The budget assumes that the City will realize either increased revenues from the billing services RFP if implemented, or cost avoidance from the services RFP if implemented. If neither, additional cuts will be required. RFP responses due by April 27.

FEE INCREASES: Fee increases for food control inspections, street blocking/other street permits, mechanical permits; new fees—major project Cultural Resources plan reviews.

CHARGE FOR CITY HALL PARKING: At present, selected employees and elected officials park at no charge in the City Hall “circle” and underneath City Hall. Budget proposes charging for these parking spaces for all but elected officials—other employees are already charged \$80/month for parking on the City Hall back lot. Mayor has agreed to pay. Other elected officials may opt to pay.

EXISTING REVENUE RE-DEPLOYMENT (TEMPORARY/PERMANENT):

Existing revenues described below will be moved from special purpose uses to the General Fund to cover a portion of the General Fund’s revenue decreases/cost increases.

CAPITAL FUND:

- **½ Cent Sales Tax Ward Allocations:** Currently proposed for 75% reduction. Total budget of \$1.8M includes \$700,000 from 1/8 cent local park tax fund. May change to smaller percentage depending on outcomes of other pending budget elements.
- **½ Cent Sales Tax “Major Parks” and Recreation Center Allocations:** \$0 proposed for FY11, with the exception of a Forest Park share of \$1.5 million—most of this funding is required to pay debt service on previously issued bonds. The inability of Forest Park to accommodate a cut in ½ cent capital funding is partially offset by moving the Forest Park utility cost payments (\$580K) to the Forest Park Fund. \$1.3 million in Metro Parks Sales Tax funding for neighborhood parks remains in the budget for these purposes. May change to smaller percentage depending on outcomes of other pending budget elements.

COMMUNICATIONS (CABLE) FUND:

- **“Cable Television”:** \$400,000 in cuts proposed—1 clerical, 1 PIO, 55% of “Per Performance”, overtime, consulting/PR contracts.
- **Cityview:** Eliminated.

CRIME PREVENTION FUND:

- FY11 \$1M and \$450,000 from FY10 remains intact—BUT \$210,000 in drug court expense to be funded from this source, and \$1M from FY09 used to balance FY10.

USE TAX:

OVERVIEW:

“Use Tax” revenues fund the Affordable Housing Commission, demolition activities, the ConnectCare subsidy, and a variety of what would otherwise be General Fund activities—e.g., a portion of the Police Department’s budget, a portion of the Refuse Division’s budget, a portion of the Building Division’s budget, and 100% of the Health Department’s budget.

PROBLEM: Estimated FY11 revenue @ \$5.9 Million less than FY10 budget

- Based on FY10 experience.

- Less revenue available to fund both Use Tax special affordable housing/demolition/health care “special purposes” and absorb General Fund costs

PROPOSED SOLUTIONS IN THIS BUDGET—OVERVIEW:

- Reductions in “special purposes” uses
- Efficiencies in Health Department activities
- Shift of some funding for some “General Fund” departments back to General Fund

PROPOSED SOLUTIONS—DETAILS:

- **Affordable Housing Commission:** Reduced by \$1 million; additional \$600K in revenue expected from terminating completed contracts, contracts w/no activity and funding reservations expired but not under contract.
- **Demolition:** Cut by \$2 million—leaves \$1 million.
- **Health Department:**
 - **Animal Regulation:** Care/adoption functions to be outsourced—RFP issued.
 - **Air Pollution:** Currently subsidize @ \$450K/year; state plans to cut additional \$350K. Will either (a) turn function back over to state; or (b) (**PREFERRED**) increase fees to cover \$800K of subsidy/state cut.
 - **Other:** Will also outsource some of communicable disease control, replace less-qualified health educators with fewer, more qualified professionals.
- **Health Care Trust Fund:** Regional Health Commission subsidy cut by \$200K.

74 TOTAL POSITIONS ELIMINATED IN USE TAX BUDGET—31 OCCUPIED

LONG/TERM PENDING—NOT INCLUDED IN BUDGET:

- **Payroll System:** Implement automated modern system to replace antiquated current system. Options being explored.
- **Accounting System:** Implement automated modern system to replace antiquated current system. Options being explored—may or may not be in conjunction w/payroll system.
- **Information Technology Services:** Restructuring being explored—may involve consolidation with other governmental IT services.
- **Consolidated “Public Safety Answering Point”:** At present, Police Department has its own 911 answering/dispatch system—this is the “primary” dispatch system that refers calls to the Fire Department—the Fire Department maintains two separate systems—Fire and EMS Dispatch. “Best practice” implemented in most other cities is to consolidate these functions—reduces cost, increases efficiency, reduces response times.
- **Take-Home Vehicles/Other Equipment Initiatives:** Reduce/eliminate “take home” vehicles; also eliminate redundant/unnecessary equipment. Exploring use of “first responder” vehicles to reduce wear and tear on expensive fire suppression equipment.

- **Consolidation of Police/City Administrative/Support Functions:** Variety being explored (multigraph, supply, IT).
- **Fire Department Training:** First 10 weeks at Community College, at trainee's cost. Financial aid will be available.
- **REJIS Costs:** Control REJIS costs through City-County Board authority.
- **Automobile License Fee Increase:** Needs to be put on ballot.