



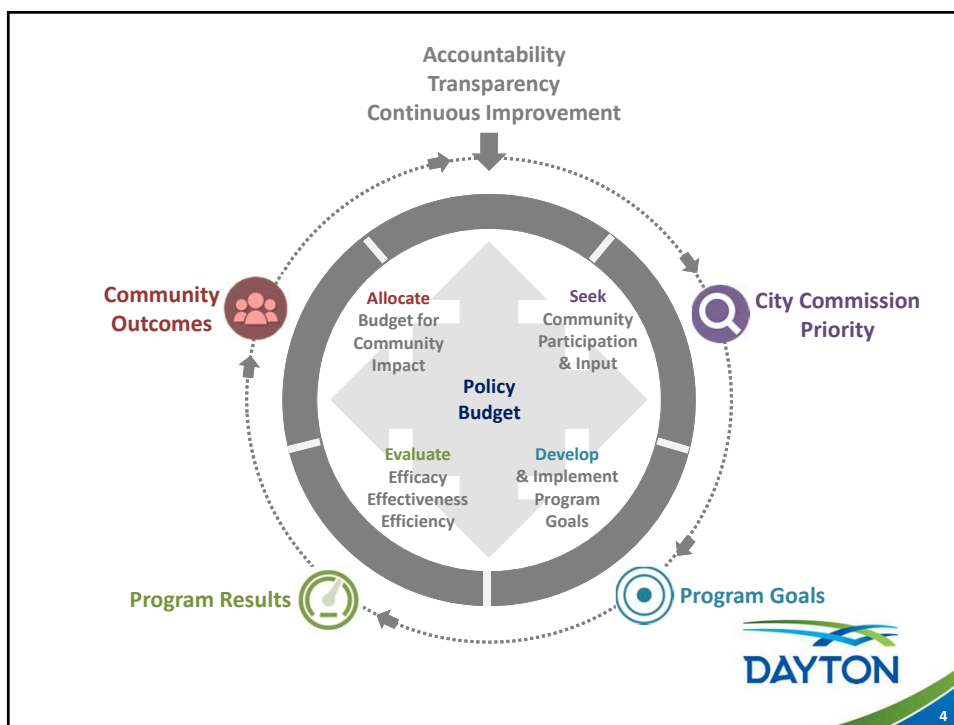
Today's Work Session

1. Background and Overview of the Policy Budget Process
2. Total Operating and Capital Sources
3. General Fund Revenue Estimates Assumptions
4. Expenditure Budgets and Budget Solutions
5. Economic & Community Development CSA
6. Justice CSA



Background

1. In November of 2014, a charter amendment was approved by voters that changed the budget process.
2. In 2015, City Commission adopted a new budget ordinance and a new budget process was implemented. Major components include:
 - a) Policy focus
 - b) Emphasis on Community Outcomes
 - c) Program Objectives and Performance Measures
 - d) Financial Policies



Community Service Areas

- Community Service Areas (CSAs) are comprised of a group of programs with an integrated mission to address a set of City Commission priorities
- CSAs are linked together to form the framework for the City's Policy Budget



DAYTON

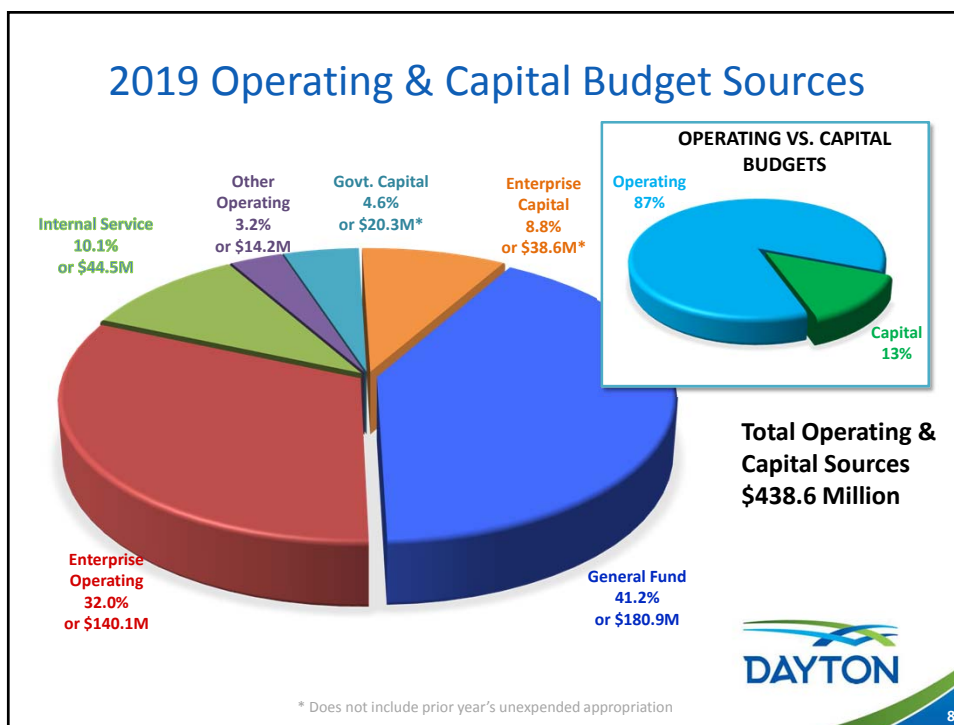
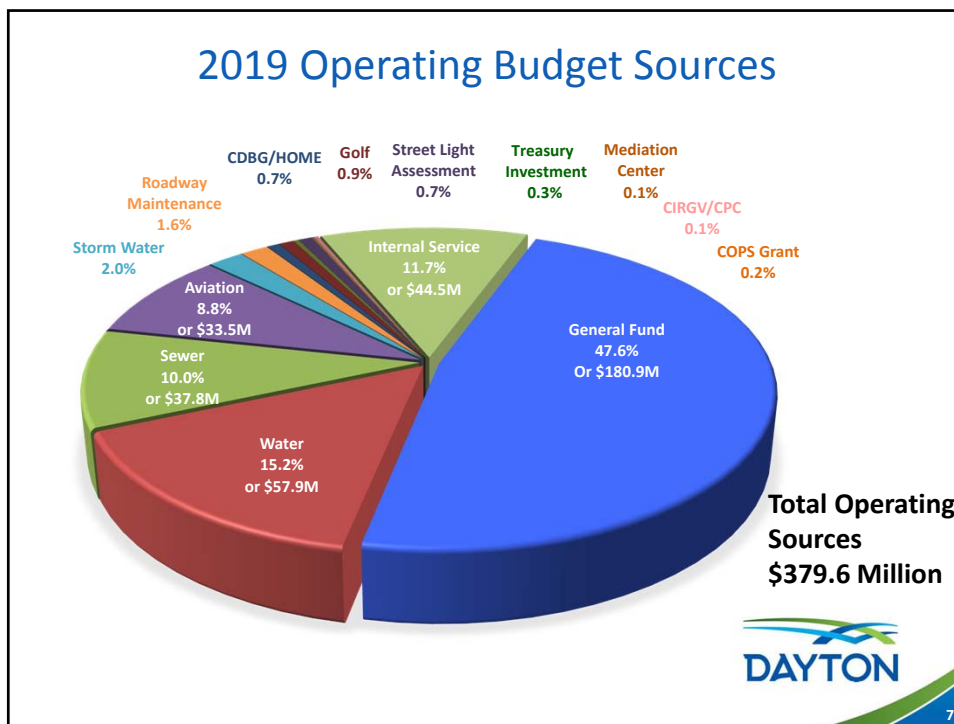
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Presentation Focus

1. Prior to 2016, our presentation focus was on the General Fund, Enterprise Funds and CDBG as discrete and separate units.
2. This is our fourth year of presenting the budget according to City Commission Priorities in each CSA and the programs that compose each area.
3. Accordingly, we will be combining the following parts of the City Budget in this overview as well as in the presentations of each respective Community Service Area:
 - a) **Operating** – General Fund, Selected Special Projects Funds, Roadway Maintenance, Enterprise Funds, Major Grants, Special Assessment Funds and Internal Service Funds
 - b) **Capital Improvements** – Enterprise, General Capital, HUD and Special Assessments
4. We will not present most Special Projects, Bond Retirement, Non-major Grants and Other Special Revenue Funds.

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2019 Operating & Capital Budget Sources

- General Fund revenues are projected to increase 5% compared to 2018 original budget, on higher income taxes, property taxes, permit fees and interest income offset by the one-time \$1.1 million BWC reimbursement received in 2018.
- Water revenue is expected to increase slightly based on inflation and the cost of service.
- Sewer revenue is expected to increase due to inflation and proposed periodic rate increase.
- Aviation revenue is projected to decline 3.6% due a decline in enplanements from the loss of Southwest Airline.
- Storm Water is projected to climb 3.8% due to the inflationary increase and better collections rates.

Sources	2018 Budget	2019 Budget	% Chg.
General Fund	\$ 172,220,200	\$ 180,861,300	5.0%
Water	55,968,400	57,885,200	3.4%
Sewer	35,564,400	37,820,800	6.3%
Aviation	34,780,700	33,521,900	-3.6%
Storm Water	7,401,000	7,683,700	3.8%
Roadway Maintenance	6,390,900	6,026,100	-5.7%
CDBG/HOME	3,204,200	2,661,600	-16.9%
Golf	3,204,500	3,231,900	0.9%
Treasury Investment	1,069,800	1,154,700	7.9%
Street Light Assessment	2,755,400	2,755,400	0.0%
Law Enforcement Funds	283,000	202,500	-28.4%
Mediation Center	524,600	504,600	-3.8%
CIRGV/CPC	340,000	226,000	-33.5%
COPS Grant	625,000	625,000	N.A.
Internal Service	39,256,700	44,474,300	13.3%
Subtotal Operating	\$ 363,588,800	\$ 379,635,000	4.4%
Governmental Capital*	23,749,700	20,271,500	-14.6%
Enterprise Capital*	33,125,800	38,648,600	16.7%
Subtotal Capital	\$ 56,875,500	\$ 58,920,100	3.6%
Total Operating and Capital	\$ 420,464,300	\$ 438,555,100	4.3%

*Does not include PY Unexpended Appropriation



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2019 Operating & Capital Budget Sources

- Roadway Maintenance revenue is expected to decline 5.7% attributable to the loss of the ODOT I-75 maintenance contract.
- CDBG/HOME operating is projected to decline nearly 17% as housing inspection activities were moved to the General Fund in exchange for higher CDBG funding for demolition in the capital plan.
- Golf revenue forecast is based on current trends and includes the General Fund subsidy of \$346,400.
- Street Light Assessment revenue is expected to remain flat.
- Internal Service Funds revenues are \$5.2 million higher than 2018 due to rising large insurance claims and higher costs for fuel.
- Governmental Capital has declined in 2019 due to the biennial G.O. debt issuance in 2018.
- Enterprise Capital is projected to increase nearly 17% due to higher cash funding for Water, Sewer and Storm Water and a larger Aviation capital plan.

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Water	55,968,400	57,885,200	3.4%
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Your Dollars, Your Neighborhood 2019 Budget

Issue 9 Budget	
Estimated Income Tax Proceeds	\$ 12,955,900
Support to Maintain Public Safety Services	4,403,400
Vacant Lot Mowing	624,000
Residential Road Resurfacing	3,384,500
Parks Upgrades	244,000
Preschool Promise	4,300,000
Total Services and Investments	\$ 12,955,900

- ◆ The components of Issue 9 include:
 1. Maintain Public Safety service levels
 2. Keep vacant lots mowed each month during the mowing season
 3. Repave 60+ miles of residential roads
 4. Improve City Parks
 5. Fund high quality preschool for all 4-year olds in Dayton
- ◆ Visit the Your Dollars, Your Neighborhood Dashboards for more information

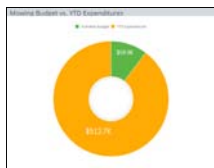


Your Dollars, Your Neighborhood

One Year Later

visit our website:

www.daytonohio.gov/yourdollarsyourneighborhood



2019 General Fund Budget

General Fund	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Original Estimate	2018 Final Estimate	2019 Original Estimate	'18 Revised to '19 Orig. \$ Chg.	'18 Revised to '19 Orig. % Chg.
Revenues	155.20	158.77	158.44	170.61	172.07	176.75	180.86	4.11	2.3%
Use of Cash Reserve	1.71	0.00	0.00	0.00	1.70	0.00	1.50	1.50	N.A.
27th Payroll Transfer	0.0	2.25	0.00	0.00	0.0	0.0	0.0	0.0	N.A.
Total Sources	156.90	161.02	158.44	170.61	173.77	176.75	182.36	5.61	3.2%
Total Uses	156.90	160.07	157.30	168.61	173.77	175.25	182.36	7.11	4.1%
Annual Balance	0.0	0.95	1.14	1.99	0.0	1.5	0.0	(1.5)	N.A.

Notes:

All numbers in \$ millions.

1. Does not include special projects, which are reported separately.
2. Actual Uses include expenditures against current year appropriation and expenditures against carry-over encumbrances.
3. 2018 Final Estimate reflects the revised revenue projection approved by the Revenue Advisors Group and estimated expenditures.
4. The 2018 Final Estimate reflects the plan to add \$1 million to \$2 million to the cash reserve in advance of an economic downturn.

- The 2018 Final Estimate reflects the proposed plan to add between \$1M to \$2M to the cash reserve in advance of an economic downturn.
- The 2019 revenue budget is \$4.1 million or 2.3% higher than the 2018 revised forecast. Even with Issue 9, revenues in 2019 are just \$6.1M or 3.5% higher than the peak 12 years ago in 2007.
- The 2019 revenue forecast includes \$13.0 million in additional income tax attributable to Issue 9.
- The \$1.5 million cash reserve will be used to fund 2019 investments, if necessary.
- The 2019 budget would be at least \$11 million (2010 dollars) higher if the state had not significantly slashed state-shared sources.

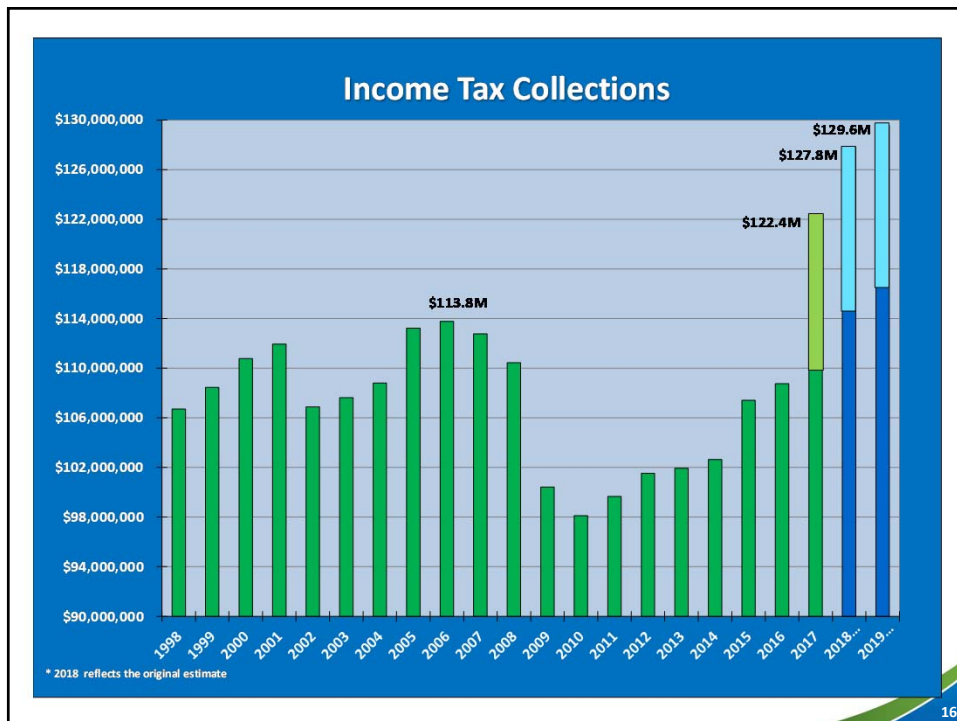
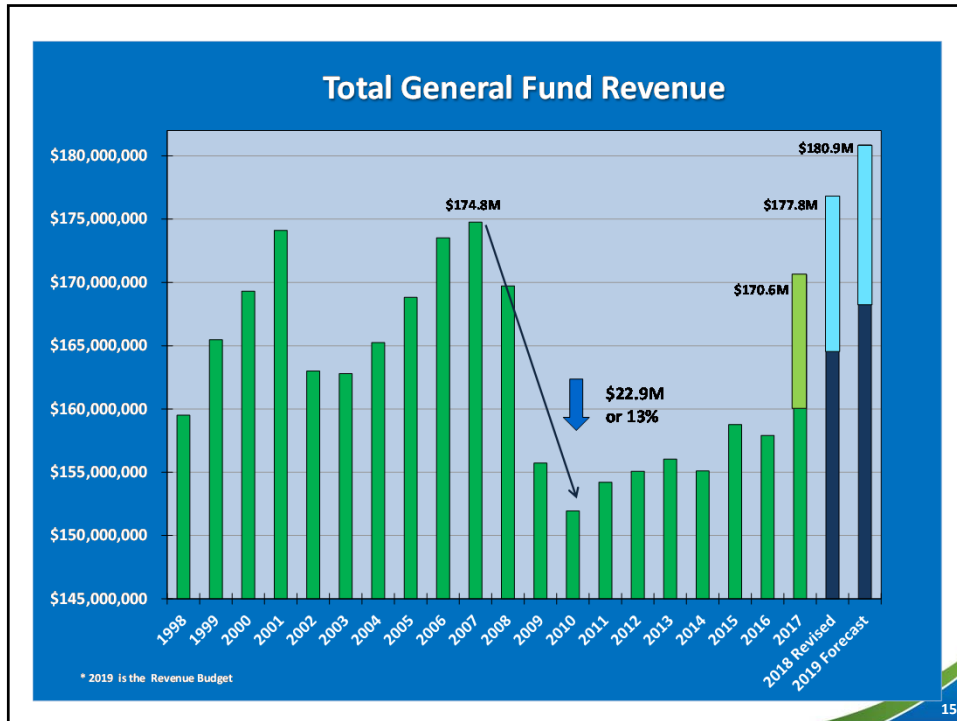


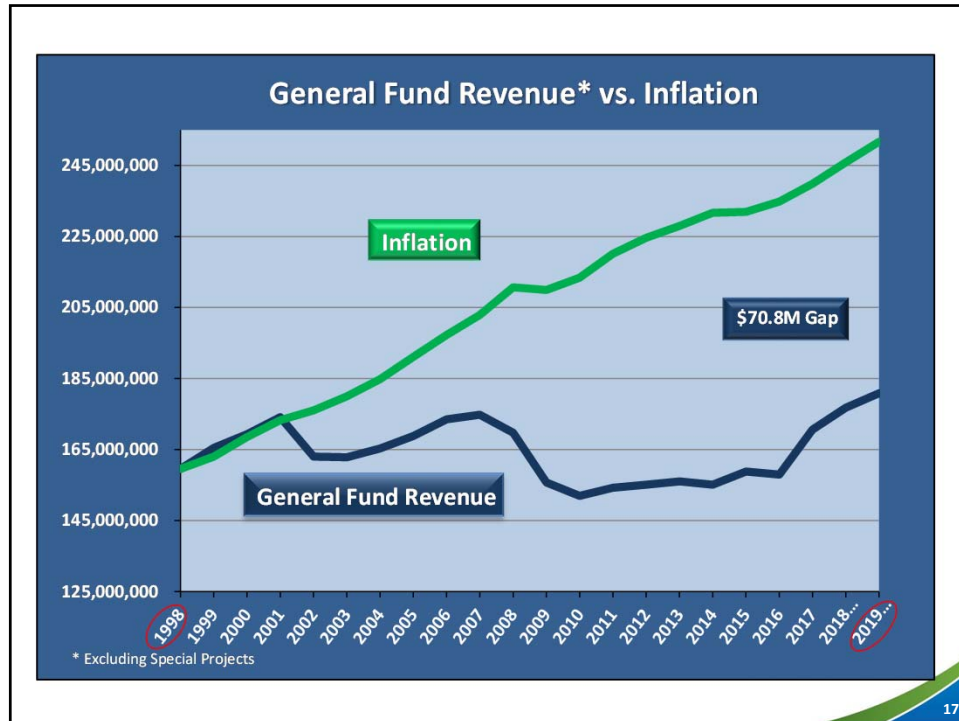
2019 General Fund Revenue Forecast

(all numbers in \$ millions)

Revenue Category	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Original Estimate	2018 Final Estimate	2019 Original Estimate	'18 Revised to '19 Orig. \$ Chg.	'18 Revised to '19 Orig. % Chg.
Income Tax	102.65	107.41	108.75	122.37	123.54	127.82	129.56	1.74	1.4%
Property Tax & Other Taxes	6.24	5.95	5.98	6.06	6.19	6.19	6.32	0.13	2.1%
Waste Collection Fees	9.11	9.12	8.76	8.50	9.08	8.40	9.11	0.71	8.5%
EMS Fees	4.51	5.41	5.42	3.51	4.91	4.00	5.00	1.00	25.0%
Other Charges for Services	11.88	12.10	11.59	12.26	11.07	11.11	11.33	0.22	2.0%
Local Gov't Fund	6.74	7.07	6.50	6.33	6.24	6.24	6.59	0.35	5.6%
Other Intergovernmental	5.62	4.38	4.68	4.32	4.13	4.13	4.13	0.00	0.1%
Fines and Forfeits	3.31	2.44	0.65	0.65	0.68	0.68	0.69	0.00	0.5%
Licenses and Permits	1.35	1.51	1.56	1.72	1.87	2.68	2.69	0.01	0.5%
Other Revenues	3.80	3.37	4.54	4.89	4.36	5.50	5.44	(0.06)	-1.1%
Total Revenues	155.20	158.77	158.44	170.61	172.07	176.75	180.86	4.11	2.3%
Use of Cash Reserve	1.71	0.00	0.00	0.00	1.70	0.00	1.50	1.50	N.A.
27th Payroll	0.00	2.25	0.00	0.00	0.00	0.00	0.00	0.00	N.A.
Total Sources	156.90	161.02	158.44	170.61	173.77	176.75	182.36	5.61	3.2%
% Chg. from Previous Year	0.6%	2.6%	-1.6%	7.7%	1.9%	3.6%	3.2%		
\$ Chg. from Previous Year	0.87	4.11	(2.58)	12.17	3.16	6.14	5.61		







2019 Expenditure Budget Highlights

1. Police and Fire recruit classes are funded at 20 Police recruits and 24 Fire recruits.
2. Public Works staffing realignment with focus on increasing service levels.
3. Planning and Community Development staff realignment to address CDBG funding objectives.
4. Development Fund allocation increased from \$2.75 million to \$3.0 million to cover the payments to school system from the robust job creation at the Dayton International Airport.
5. Investments in technology and equipment to improve efficiency and service delivery.

CSA Expenditure Budgets

Community Service Area	2018 Original Budget	2019 Recommended Budget	\$ Chg.	% Chg.
Economic and Community Development				
Economic Development	973,600	1,012,000	38,400	3.9%
Development Fund Trans	2,750,000	3,000,000	250,000	9.1%
Zoning Administration	348,800	366,200	17,400	5.0%
Planning/Community Development	1,925,100	1,658,300	(266,800)	-13.9%
Community Engagement	N.A.	396,200	396,200	N.A.
Human Relations Council	811,200	932,600	121,400	15.0%
Recreation & Youth	3,664,000	3,930,400	266,400	7.3%
Convention Center	2,043,700	2,093,600	49,900	2.4%
Water	116,700	123,700	7,000	6.0%
Aviation	5,538,000	5,327,500	(210,500)	-3.8%
CDBG/HOME	1,110,600	1,018,500	(92,100)	-8.3%
Golf	3,240,700	3,232,200	(8,500)	-0.3%
Recreation & Youth Golf Subsidy	318,700	346,400	27,700	8.7%
Total Economic & Community Development	\$ 22,841,100	\$ 23,437,600	\$ 596,500	2.6%

- PCD reflects realignment of staff and separates community engagement activities.
- HRC's budget includes \$50,000 to fund contract position in support of Welcome Dayton.
- Recreation's budget assumes a higher level of capital equipment funding in 2019 equal to \$73,000.
- Aviation assumes a reduction in consulting and professional services due to constrained revenue growth.
- CDBG reflects staff realignment to reflect work plan that addresses national objectives.
- Recreation and Youth – division of Golf subsidy assumes \$200,000 operating support, \$60,000 in capital improvement support and \$86,400 for capital equipment.



CSA Expenditure Budgets

Community Service Area	2018 Original Budget	2019 Recommended Budget	\$ Chg.	% Chg.
Justice				
Criminal Law	1,292,500	1,326,900	34,400	2.7%
Clerk of Courts	3,650,100	3,828,200	178,100	4.9%
Municipal Courts	4,476,800	4,662,500	185,700	4.1%
Police	50,817,900	51,996,500	1,178,600	2.3%
Law Enforcement Funds	594,300	255,100	(339,200)	-57.1%
COPS Grant	625,000	625,000	0	0.0%
CIRGV/CPC	340,000	226,000	(114,000)	-33.5%
Mediation Center	524,600	553,600	29,000	5.5%
Total Justice	\$ 62,321,200	\$ 63,473,800	\$ 1,152,600	1.8%

- Law – Criminal division, the Courts, and Police Department are all within the 3% to 5% 2019 budgetary thresholds.
- Police had \$455,200 in capital equipment funding in 2018. For 2019, capital equipment is being sourced from the new Public Safety Photo Enforcement Fund.
- Law Enforcement funds have historically varied from year to year but have declined significantly in recent years.
- COPS Grant reflects third year of three year allocation of \$125,000 subsidy for each of 15 Police Officers – annual subsidy is \$41,677 per officer.
- CIRGV programmatic goals and funding requirements are under evaluation.
- A 2019 Collaboration Lab between Police, Mediation, and the HRC will look at innovative ways to address conflict and violence in the city.



CSA Expenditure Budgets

Community Service Area	2018 Original Budget	2019 Recommended Budget	\$ Chg.	% Chg.
Building and Environmental Safety				
Building Inspection	2,024,600	2,164,900	140,300	6.9%
Environmental & Wellfield Protection	96,700	114,700	18,000	18.6%
Fire	39,796,600	42,043,800	2,247,200	5.6%
Housing Inspection	898,400	1,490,700	592,300	65.9%
Demolition Transfer	1,500,000	1,000,000	(500,000)	-33.3%
Waste Collection	10,584,200	11,423,800	839,600	7.9%
Water	28,721,600	29,795,600	1,074,000	3.7%
Sewer	17,593,900	18,521,700	927,800	5.3%
Storm Water	664,100	608,900	(55,200)	-8.3%
Aviation	6,612,300	6,888,100	275,800	4.2%
CDBG/HOME	1,940,700	1,469,700	(471,000)	-24.3%
Total Building & Environmental Safety	\$ 110,433,100	\$ 115,521,900	\$ 5,088,800	4.6%

- Building Inspection includes increase in overtime to meet strong building demand.
- The 2019 Fire budget assumes a higher level of overtime to maintain 7 engines and 4 ladders while 13 firefighters are in paramedic training class.
- Housing Inspection (GF) reflects the transfer of 6 positions to the General Fund in exchange for \$500,000 increase in CDBG funding for demolition. In addition, 2019 includes funding for 3 vehicles totaling \$71,200.
- Waste Collection includes the costs for providing service to Moraine.
- Sewer (Water Reclamation) is up due to an increase in capital equipment spending (from \$518,800 to \$1.1 million in 2019) due to vehicle and other equipment replacements.
- CDBG reflects a corresponding decrease in housing inspection-related costs.



CSA Expenditure Budgets

Community Service Area	2018 Original Budget	2019 Recommended Budget	\$ Chg.	% Chg.
Infrastructure				
Civil Engineering	1,723,800	1,871,700	147,900	8.6%
Capital Transfer	1,661,500	1,943,200	281,700	17.0%
Parks and Forestry	1,745,200	3,055,900	1,310,700	75.1%
Public Works Admin	471,400	559,800	88,400	18.8%
Street Maintenance	2,466,700	2,033,000	(433,700)	-17.6%
Water	26,984,900	30,070,800	3,085,900	11.4%
Sewer	19,537,300	21,710,100	2,172,800	11.1%
Storm Water	6,553,400	7,900,700	1,347,300	20.6%
Aviation	22,830,200	23,146,800	316,600	1.4%
Roadway Maintenance	6,206,000	6,126,100	(79,900)	-1.3%
Street Light Special Assessment	2,608,500	2,548,800	(59,700)	-2.3%
Total Infrastructure	\$ 92,788,900	\$ 100,966,900	\$ 8,178,000	8.8%

- The 2019 Civil Engineering budget includes the addition of a pick-up truck.
- The General Capital transfer is \$281,700 higher than 2018. The 2019 CIP also includes projected savings of \$2.1 million from the 2018 General Fund budget.
- Parks and Forestry budget has increased by \$1.3 million due to the realigning of Public Works staff (see Street Maintenance for offset) and increases in the level of service.
- Public Works Administration reflects the filling of the Deputy Director position.
- The Water capital transfer is increasing \$1.5 million as well as a \$1.2 million increase in debt service as the Department continues to make progress on their Asset Management Program.
- Sewer capital projects transfer is increasing \$1.7 million to address needed projects.



CSA Expenditure Budgets

Community Service Area	2018 Original Budget	2019 Recommended Budget	\$ Chg.	% Chg.
Corporate Service and Governance				
Clerk of Commission	1,299,700	1,301,000	1,300	0.1%
City Manager's Office	1,408,500	1,368,400	(40,100)	-2.8%
Civil Service	1,456,300	1,538,400	82,100	5.6%
Finance	3,267,800	3,636,900	369,100	11.3%
Finance Treasury Investment	1,069,800	1,154,700	84,900	7.9%
Human Resources	1,108,800	1,156,700	47,900	4.3%
Central Services/I. T.	6,825,400	6,780,300	(45,100)	-0.7%
Law - Civil	1,460,800	1,535,700	74,900	5.1%
Procurement, Management & Budget	1,737,300	1,799,100	61,800	3.6%
Non-Departmental	2,156,400	2,592,300	435,900	20.2%
Public Affairs	1,205,500	1,268,100	62,600	5.2%
Property Management	7,273,700	7,580,600	306,900	4.2%
Water	3,904,800	3,994,000	89,200	2.3%
CDBG/HOME	152,900	173,400	20,500	13.4%
Internal Service	39,516,500	44,178,400	4,661,900	11.8%
Total Corporate Services & Governance	\$ 73,844,200	\$ 80,058,000	\$ 6,213,800	8.4%

- The Commission and City Manager's Offices contained 2019 costs by filling vacancies at a lower cost.
- Civil Service budget includes additional funding for software maintenance and background investigations.
- Finance includes \$175,000 for additional costs for a new EMS third party administrator.
- The Non-department budget has a higher contingency budget due to economic uncertainty.
- Non-departmental reflects the second year of vacancy savings offset of \$1.0 million.
- The City's Health self-insurance fund is projected to increase \$3.6 million or 14.3% due to an increase in large claims. Fleet Management's 2019 budget has increased \$886,000 or 11.2% reflecting higher fuel costs.



2019 General Fund Major Budget Solutions

Reduced Current Year Investments Budget -- Reduction of \$1.4 million offset by \$250,000 increase to Development Fund for Job Creation Payments (Assumes \$2.2 million pre-funded from 2018 balance)	\$1,100,000
Reduce Fringe Benefit Rates (based on actual trends)	\$500,000
Unclaimed Funds	\$300,000
Contracts & Materials Cuts	\$500,000
Use of Cash Reserve	\$1,500,000
Total Major Budget Solutions for General Fund	\$3,900,000



2019 Department Budget/Service Solutions

Department	Amount	Description
Police	\$625,000	Third Year of COPS Grant supporting about 40% of the pay of 15 Police Officers
Public Works	\$288,600	Revenue from new service to Moraine
Public Works	\$185,000	Insourcing Alley Resurfacing
Fire/Finance	\$308,000	Revenue Enhancement from new Third Party Administrator for EMS
Fire	\$75,000	Increased Fire Fleet rate from \$90 to \$95
Law	\$30,000	Converted Attorney II position to Attorney I
Finance	\$15,000	Implementing SeamlessGov to streamline administrative processes
Procurement, Management and Budget/Finance	\$100,000	Implementing the use of virtual credit cards for payment of large invoices generating additional rebate revenue



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2019 Department Budget/Service Solutions

Department	Amount	Description
RYS-Convention Center	N/A	Created new Operations Specialist position to oversee events logistics and reduce OT
Information Technology	\$227,000	Funding for 3 months in 2019 rather than the full 12 month Vertical contract (thereafter annually)
Civil Service	\$27,000	Converted Employment Manager to Employment Analyst I
Water, Sewer	N/A	Repurposing several vehicles for use at the Water Reclamation facility
Planning & Community Dev.	\$15,000	Reviewing all development and plan review fees
Planning & Community Dev.	N/A	Staff realignment with focus on service delivery and meeting CDBG funding objectives



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General Fund Budget by Category

General Fund	2018	2019	\$ Chg.	% Chg.
Personnel	121,645,800	128,692,600	7,046,800	5.8%
Contracts & Materials	35,088,400	36,288,000	1,199,600	3.4%
Capital Equipment	1,912,300	2,263,200	350,900	18.3%
Sub-total Operating	158,646,500	167,243,800	8,597,300	5.4%
Investments:				
Cash Capital Transfer	1,661,500	2,003,200	341,700	20.6%
Development Fund Trans	2,750,000	3,000,000	250,000	9.1%
Other Transfers	1,283,700	1,225,800	(57,900)	-4.5%
Demolition	1,500,000	1,000,000	(500,000)	-33.3%
Issue 9	7,928,500	7,928,500	0.00	0.0%
Subtotal Investments	15,123,700	15,157,500	33,800	0.2%
Grand Total	173,770,200	182,401,300	8,631,100	5.0%



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2019 General Fund Budget Take-Aways

1. Given the performance of Income Tax in 2018, we are better positioned going into 2019. Accordingly, the 2019 General Fund budget is balanced.
2. Total sources (without reserves) are growing 2.3%. Future revenue growth is under threat given State law changes regarding income tax uniformity and collections.
3. The growth in General Fund uses has been contained to 2.3% in 2019 as compared to the 2018 revised.
4. Long-term, continued cost containment will be necessary given the cost of government will likely continue to outpace the growth in revenues along with the inevitability of recession in the next couple of years.
5. Federal budget actions could impact our HUD and grant funding and ability to support services.



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2019 Overview Summary

1. The City Manager is proposing a balanced budget for 2019 that preserves our Issue 9 commitments. The 2019 budget reflects maintaining current service levels with a focus on improved customer service.
2. We continue to make progress in terms of equipment and infrastructure replacement. However, we still have significant shortfalls for funding major capital improvements (demolition, City facilities, local matches on infrastructure projects).
3. Discussions are underway regarding longer term strategies to address our structural imbalance, especially in light of a pending economic downturn. While Issue 9 has provided needed support for critical City services, we still have the basic challenge of growth in revenues not keeping pace with inflationary growth in spending.

