

# City of Cleveland

## 2015 Mayor's Budget Estimate

January 30, 2015

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**CITY OF CLEVELAND**  
Mayor Frank G. Jackson

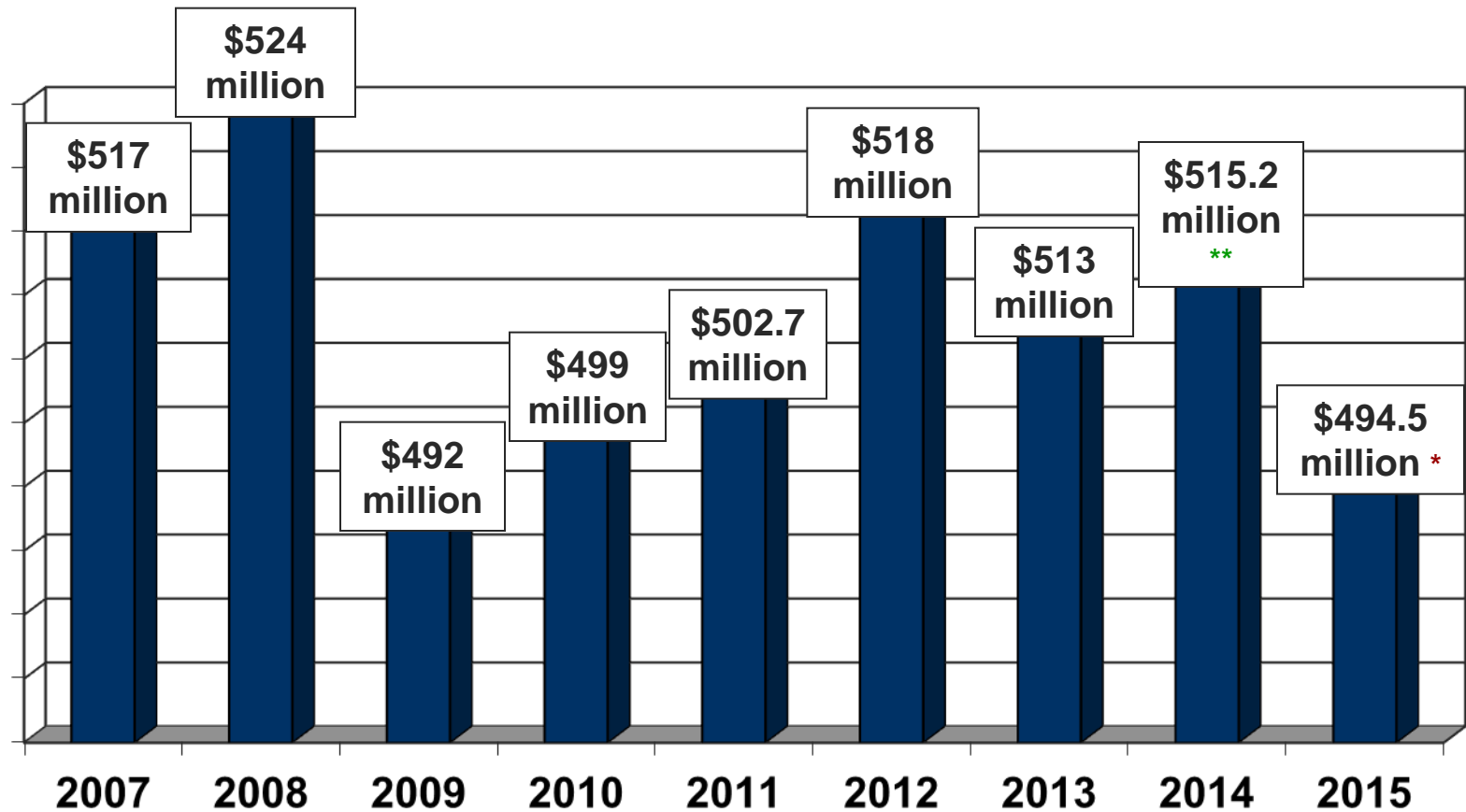
# Where We Are Now...

- Despite economic growth in our area, the City's revenue remains flat. The City receives no direct benefit i.e. sales tax, business tax (Commercial Activity Tax) from the development of restaurants, hotels and businesses in Greater Cleveland.
- Our municipal budget is supported primarily by income taxes (60%) and property taxes (18% county levy).
- We continue to have challenges to our tax base like House Bill 5 and challenges from Professional Sports Teams that will likely substantially reduce the amount of income tax we receive.
- We will receive admission, parking, and bed taxes.
- There is no anticipation of any new taxes that would positively impact revenue collection so our only option is to control costs.
- Successfully controlling costs will preserve our current work force and the efficient delivery of services.

# Review of City Finances

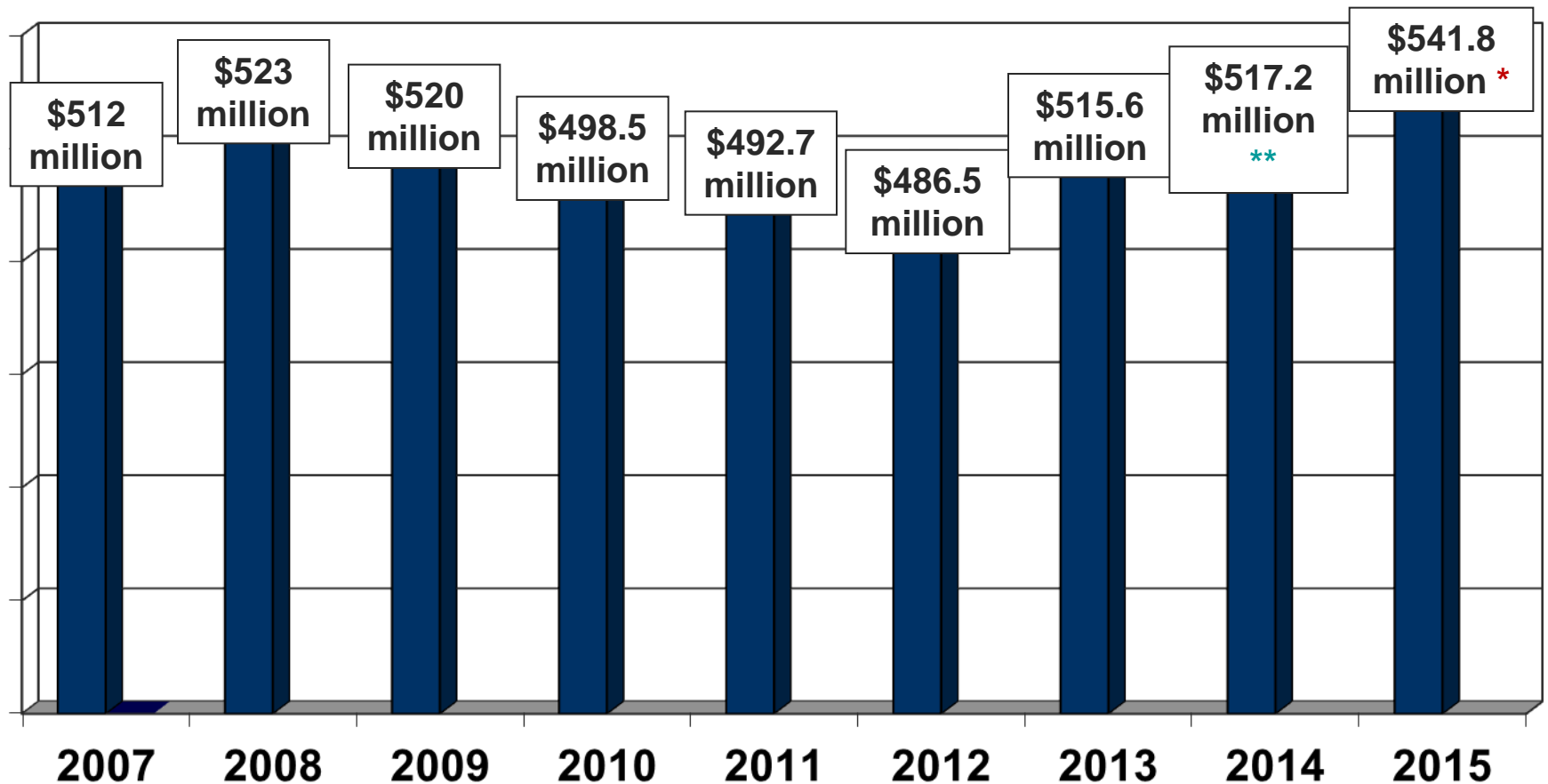
- For at least 10 years, revenue has not kept pace with the increase in expenses
  - Wages, benefits, health care
  - Fuel and utilities
- The global recession and state budget cuts led to significant revenue loss for the City.
  - Permanent loss of \$18 million property tax in 2007-2014 (global recession – foreclosure crisis).
  - Permanent loss of \$30 million in local government fund (LGF), commercial activities tax, tangible personal property tax and estate tax combined since 2010.
  - Additional losses of \$13.2 million between 2014 – 2015 (Red light camera revenue, fines & forfeitures etc.)

# Revenue – General Fund



\*Budgeted \*\*Unaudited

# Expenditures – General Fund



# Cost increases for the 2015 budget

- Civil Service Testing
  - For Police and Fire entrance exams to maintain current workforce levels
- Health Care
  - Projecting a 3% increase in cost due to self-insurance
- The cost of salt used during snow removal per ton has doubled (from \$29.40 to \$51.22)
- April 1<sup>st</sup> Wage increase for negotiated contracts
- 10 Additional Police Officers (C.O.P. Grant)

# Cost increases for the 2015 budget

## Additional **Unbudgeted** Expenses:

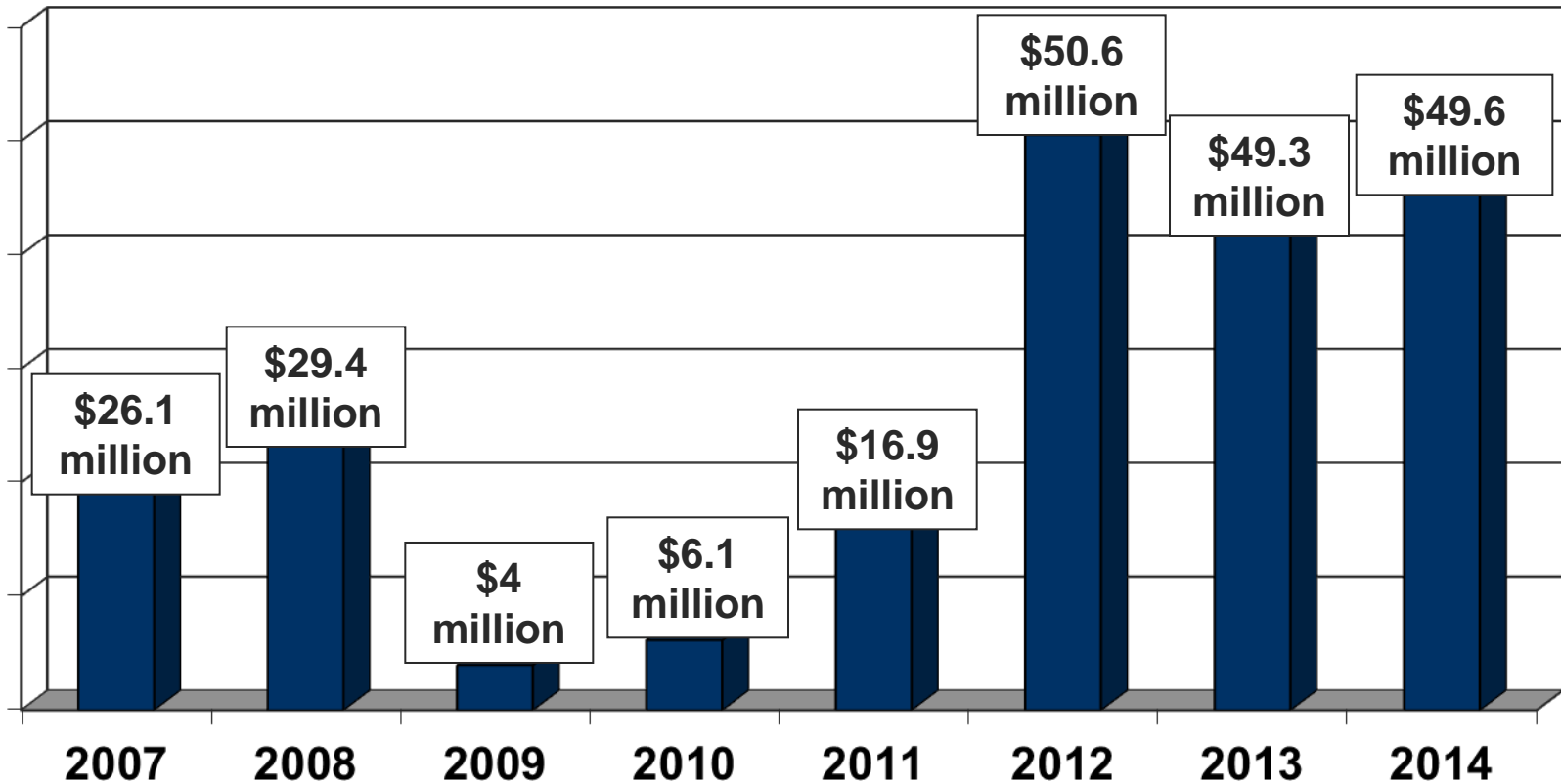
- Remaining outstanding contract negotiations with public safety which may include retro pay which will be millions of dollars.
- DOJ Compliance
- RNC Anticipated prep costs and cash flow support for safety and security, some of which will be reimbursed.

# Key revenue loss 2014 to 2015

Source	Amount
Worker's Comp Refund	\$3,300,000
Estate Tax	\$635,000
Fines & Forfeitures	\$1,300,000
Red Light Camera Revenue	\$6,900,000
COPS grant	\$1,000,000
Local Government Fund	\$981,761
Solid waste collection fee	\$378,000
Casino	\$363,000
<b>TOTAL</b>	<b>\$14,857,761</b>



# Carry Over Balance



# Estimates for Fiscal Year 2015

Beginning Balance (Slide 9)	\$49,626,721
Revenue Estimate (Slide 4)	\$494,546,085
<b>Total Resources</b>	<b>\$544,172,806</b>
Expense Estimate	\$541,750,135
Projected Ending Balance	\$2,422,671

Thank you