

# City of Cincinnati



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To: Members of Council

From: Mayor Mark Mallory

Date: May 15, 2013

Copy To: City Manager Milton Dohoney, Jr.

Subject: Mayor's Comments on the Proposed 2014/2015 Biennial Budget

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As per the City of Cincinnati Charter, I am pleased to transmit to City Council the City Manager's proposed 2014/2015 City of Cincinnati Budget.

The 2014/2015 City Budget process faces several unusual challenges, some anticipated, some not. For the last several budgets, the City of Cincinnati has faced difficult budget decisions because of the recession and resulting decline in tax revenue. Despite those challenges, the Manager, a majority of City Council, and I have annually passed City Budgets that prevented police and fire layoffs, avoided tax increases, increased City Services, maintained our City's bond rating, and most importantly invested in a growth strategy.

That growth strategy has been successful. Since 2008, the City has signed economic development deals to create 9,000 jobs, retain 11,000 jobs and create 6,400 construction jobs. That growth is helping to balance our budget. Income tax revenues are already up over \$2 million in the first three months of 2013, and are projected to increase by \$8.7 million in FY 2014 and an additional \$5 million in 2015. The City of Cincinnati is growing out of the recession and closing our structural imbalance.

However, the Governor and the State Legislature cut \$27 million in state assistance that the City has traditionally received as a share of the state collected taxes and the estate tax. That cut created our current budget deficit and delayed our ability to grow toward a balanced budget. In response to that deficit, the City Manager proposed and the City Council adopted the Parking Modernization Plan to provide on-going revenue to the City General Fund and up front funding that could be used to help balance the budget over the next few years as growth continues to move the City toward a balanced budget. That plan has been delayed; and therefore, we are again faced with difficult budget decisions that will require budget cuts and a reduction in the City Workforce.

I want to thank the City Manager and his team for developing a balanced budget in the midst of these changing conditions. His proposed budget has attempted to mitigate the harmful effects of the delay in the implementation of the Parking Modernization Plan.

As I transmit the budget to Council, I am making several changes to reduce the number of layoffs, which have a direct, negative effect on City Services to citizens. In order to restore as many positions as possible, I have eliminated funding to several outside organizations. It is a difficult decision. I strongly believe in the City's partnerships with those organizations and would prefer to continue to provide funding. However, in light of the delay in the Parking Modernization Plan, we cannot fund outside organizations at the loss of police officers, firefighters, and other important City Employees.

**Restorations:**

I am restoring 18 fire fighter positions and 17 police officer positions, reducing the layoff number to 53 and 49 respectively. I am restoring three positions to the Health Department to conduct vital community health inspection to homes, businesses, restaurants, and other environmental concerns. I am also restoring two positions to the Law Department to help address community concerns and enforce City regulations.

**Cuts:**

In order to restore those positions, I am beginning by making further cuts to my office budget. I am cutting an additional \$32,000 from my office budget. This cut is on top of the \$88,000 that I already cut from my office budget in April.

In addition, I am eliminating funding to the the Center for Closing the Health Gap (\$100,000), the Cincinnati USA Regional Chamber of Commerce (\$100,000), the Greater Cincinnati African American Chamber of Commerce (\$100,000), the Greater Cincinnati and Northern Kentucky Film Commission (\$50,000), the Neighborhood Support Program, and the Neighborhood Business District Support Fund (\$215,000 combined). I am reducing funding for the Port Authority by \$200,000. I am reducing the subsidy for Nature Education by \$253,000. I am reducing the subsidy to 3CDC for Fountain Square by \$85,000. In addition, I am proposing closing two additional recreation centers as recommended by the Cincinnati Recreation Commission: Mt Auburn and the Westwood Town Hall (\$185,325).

The above cuts total \$1,323,242. In addition, since the Manager's proposed budget went to print, the City has experienced some positive developments. The Budget Department has identified an additional \$500,000 in unspent funds from this year that can be applied to the next budget. And the Finance Department has determined that there is an additional \$1 million in revenue in FY 2013 that can be used in the FY 2014 budget.

In total, I have identified \$2,823,242 through cuts to the proposed FY 2014 budget, savings in the FY 2013 budget, and increased 2013 revenue. That amount allows the restoration of the above positions.

I look forward to working with City Council to finalize a City Budget that minimizes the negative consequences of the delay in implementing the Parking Modernization Plan. It is my hope that the delay is short, and that we will soon be able to move forward with a comprehensive solution to the Biennial City Budget that will continue our investment in growth and increase and improve our services to citizens of Cincinnati.

<b>Cuts, Savings, and Increased Revenue Collection</b>	<b>Amount</b>
Mayor's Office Budget	(32,000)
Center for Closing the Health Gap	(100,000)
NSP and NBDSF Funding	(215,000)
Cincinnati USA Regional Chamber of Commerce	(100,000)
Greater Cincinnati and Northern Kentucky Film Commission	(50,000)
Greater Cincinnati African American Chamber of Commerce	(100,000)
Port Authority of Greater Cincinnati	(200,000)
Reduce Subsidy for Nature Education	(253,000)
Reduce 3CDC Subsidy for Fountain Square	(85,000)
Close Mt. Auburn Center	(75,460)
Close Westwood Town Hall	(109,865)
Cancel Additional 2013 Encumbrances	(500,000)
Additional 2013 Revenue	(1,000,000)
<b>Total:</b>	<b>(2,820,325)</b>
<b>Restored Positions</b>	<b>Amount</b>
Three Sanitarians for Environmental Inspections	210,065
<i>Reduced Layoff Costs</i>	(47,585)
Two Attorneys in General Counsel	241,561
<i>Reduced Layoff Costs</i>	(31,723)
Restore 18 Fire Fighters	1,728,705
<i>Reduced Layoff Costs</i>	(349,581)
Restore 17 Police Officers	1,568,907
<i>Reduced Layoff Costs</i>	(491,811)
<b>Total:</b>	<b>2,828,539</b>