



SHAKER HEIGHTS

General Fund Expenditures & Transfers  
2024 Projection & 2025 Budget  
November 12, 2024

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City Council & Finance Committee  
Joint Work Session

John Potts – Director of Finance

# 2025 Budget Timeline – Recap

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*The following is a recap of the timeline for the presentation of the 2025 budget (all designated as Joint Council / Finance Committee meetings).*

October 28<sup>th</sup> – 2024 General Fund (GF) projected revenues; 2025 GF revenue budget

**November 12<sup>th</sup> – 2024 GF projected expenditures and transfers; 2025 GF proposed expenditure budget and transfers**

November 25<sup>th</sup> – 2025 proposed capital budget

December 2<sup>nd</sup> – 2025 proposed operating and capital budgets (review); 2025 all other fund budgets

December 16<sup>th</sup> – 2024 clean-up ordinance; adoption of 2025 budget ordinances (operating and capital)

# 2024 Revenue Projection – Recap

## 2024 General Fund Revenue Projections

	Aug YTD	Sep-Dec Projection	2024 Projection	2024 Budget	Var to 2024 Budget	%
Income Tax	30,485,431	12,813,636	43,299,067	43,750,000	(450,933)	-1.0%
Property Tax	7,813,878	494,377	8,308,255	8,200,000	108,255	1.3%
Charges for Services	2,185,181	883,318	3,068,499	2,930,000	138,499	4.7%
Licenses & Permits	800,988	371,012	1,172,000	1,257,000	(85,000)	-6.8%
Local Governmental Fund	582,798	332,621	915,419	950,000	(34,581)	-3.6%
Fines & Forfeitures	292,824	152,100	444,924	450,000	(5,076)	-1.1%
Investment Earnings	2,214,408	1,240,378	3,454,786	3,000,000	454,786	15.2%
Other Taxes	74,438	31,249	105,687	95,500	10,187	10.7%
Miscellaneous	1,189,089	93,966	1,283,055	1,135,000	148,055	13.0%
Intergovernmental Revenue	142,313	0	142,313	115,000	27,313	23.8%
<b>General Fund Revenues</b>	<b>45,781,348</b>	<b>16,412,657</b>	<b>62,194,005</b>	<b>61,882,500</b>	<b>311,505</b>	<b>0.5%</b>

# 2024 Revenue Projection – Recap

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2024 Revenue Budget: \$61.9 million

**2024 Revenue Projection: \$62.2 million (↑ \$0.3 million)**

➤ **Income Tax \$451K ↓ 1.0%**

Notwithstanding a slight overall decrease from budget we continue to be on the positive side of Work From Home withholding receipts.

➤ **Charges for Services \$138K ↑ 4.7%**

Medicare & Medicaid reimbursement rates are up over last year and run volume has increased by almost 90 trips.

➤ **Investment Earnings \$455K ↑ 15.2%**

We continued to try to maximize our investment earnings in the current market and consistent with our prudent investment strategy.

# 2024 Expenditures Projection

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2024 Expenditures Projection – utilized August YTD actuals plus projected wages and other expenses from September through December.

2024 Expenditures Budget: \$47.4 million

**2024 Expenditures Projected: \$45.9 million (↓ \$1.4 million)**

2024 Transfers Budget: \$14.5 million

**2023 Transfers Projected: \$16.2 million (↑ \$1.7 million)**

Finance has confidence in the 2024 expenditures projection as we compile these estimates late in the budget year. In 2023, actuals came in 3.3% below Projection and in 2022 actuals came in 0.1% above Projection.

# 2024 Expenditures Projection

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## **Exhibit 1** – Projected 2024 General Fund Expenditures & Transfers

- The Administration proposes to transfer an additional \$1.7 million from the projected 2024 surplus to the General Capital Fund toward 2025 capital budget needs. Funds for proposed capital projects will be discussed at the November 25<sup>th</sup> Capital Budget meeting.
- After the above additional transfer of \$1.7 million, we are projecting a 2024 surplus of \$71K and a General Fund Reserve of 47.5%.

# 2024 Recap After Additional Transfers

	2024 Projection	2024 Budget	2024 Proj vs Budget
<b>Total Operating Expenditures</b>	<b>45,948,085</b>	<b>47,388,158</b>	<b>(1,440,073)</b>
General Capital Fund	10,200,000	8,500,000	1,700,000
Debt Service Fund	975,000	975,000	0
Police Pension Fund	1,700,000	1,700,000	0
Fire Pension Fund	1,700,000	1,700,000	0
Recreation Fund	1,000,000	1,000,000	0
Self Insurance Fund	400,000	400,000	0
Housing Nuisance Abatement Fund	200,000	200,000	0
<b>Transfers Out</b>	<b>16,175,000</b>	<b>14,475,000</b>	<b>1,700,000</b>
<b>Total Disbursements</b> (Expenditures + Transfers)	<b>62,123,085</b>	<b>61,863,158</b>	
<b>Total General Fund Revenue</b>	<b>62,194,005</b>	<b>61,882,500</b>	<b>311,505</b>
<b>Surplus/(Deficit)</b>	<b>70,920</b>	<b>19,342</b>	
Personal Services	32,961,167	34,025,016	(1,063,849)
Other Expenses	12,986,918	13,363,142	(376,224)
<b>Total Operating Expenditures</b>	<b>45,948,085</b>	<b>47,388,158</b>	<b>(1,440,073)</b>
<b>Projected Year End GF Balance</b>	<b>29,512,387</b>		
<b>Projected Year End GF Reserve %</b>	<b>47.5%</b>		



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# 2024 Expenditures & Transfers Projection Questions/Comments

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# City Goals & Priorities

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- **Goal 1) Superior Response & Service Delivery** – Deliver outstanding services including safety and public works, with targeted modernization of technology, facilities, and infrastructure as Shaker’s population, commercial development, and number of residential properties continue to grow.
- **Goal 2) Financial Health & Sustainability** – Responsibly manage and deploy necessary resources to fund strategic priorities and capital budget needs. Increase the tax base by maintaining and increasing high quality housing and commercial development.
- **Goal 3) Greenspace and Public Spaces** – Maintain the quality of Shaker’s beautiful greenspaces and public spaces.
- **Goal 4) Recreation** – Determine the level and type of recreation services and programming based on demand and available resources; deliver quality, accessible programming.

# City Goals & Priorities

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- **Goal 5) Human Capital and Talent** – Attract and retain a diverse resident population and staff who contribute to and benefit from Shaker’s welcoming and inclusive culture.
- **Goal 6) Environmental Sustainability** – Educate, advocate for, and support the environmental, economic and social sustainability of the community in partnership with our residents and businesses to meet the needs of our entire community without compromising the resources or well-being of future generations.
- **Goal 7) Quality Housing** – Invest in both new and existing housing to ensure that a diversity of high-quality and well-maintained housing types are available to residents. Encourage both reinvestment in older housing and the growth of additional attractive housing types to meet the needs and desires of current and future residents across a wide spectrum.
- **Goal 8) Economic Development** – Develop and maintain vibrant commercial districts through public/private partnerships and other innovative approaches.

# Framing the 2025 Operating & Capital Budgets

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- Reviewed the City-wide goals adopted by Council along with each goal's strategic priorities.
- Identified some of Council's highest strategic priorities that are completed or will be completed in 2024:
  - Doan Brook Restoration and Amenities nearing design completion.
  - Lower Lake Path constructed.
  - Recreation Study nearing completion (Spring 2025).
  - Successful new hiring processes for police officers.
  - Additional access to school gyms for basketball, pickleball and indoor swimming.
  - Listening Project final report and referral to Community Advisory Group.
  - Lee Road Action Plan Parking Lot Pilot Project completed.
  - First CALL Mental Health Response Program expanded to four other communities.
  - Joint deer culling with Beachwood to enter 2<sup>nd</sup> year.

# Framing the 2025 Operating & Capital Budgets

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- Highlighted some of Council's highest strategic priorities that will continue or be added / expanded in 2025:
  - Greenspace and Environmental Sustainability: New Forestry Superintendent position in Public Works.
  - Traffic Safety: Add part time Traffic Signal Technician to maintain and replace traffic and street name signs; replace underground wiring for signals, etc.
  - Community Engagement: Retain full time Diversity Coordinator to maintain and expand community engagement and the work of the DEI Committee.
  - Code Enforcement: Retain full time Building and Housing Inspector originally budgeted for two years (2023/2024).
  - Environmental Sustainability: Expanded City-wide composting program for Shaker residents.

# 2025 Budget – Primary Themes

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- The Work From Home impact continues to make it difficult to forecast long term income tax trends. The expenditures operating budget is developed to be as stable as possible, however additional positions are recommended to be added from time to time based on Council priorities and the need to maintain superior service delivery to residents. Additionally, the budget will grow based upon regular increases to personal services (e.g. COLA, bargaining unit negotiated increases, employer health care cost increases, etc.).
- 2025 Personal Services budget includes a 2.25% cost of living adjustment (COLA) and a 2.50% merit pay plan budgeted for all non-bargaining employees. For all bargaining units, negotiations are beginning for the 2025 – 2027 contract.
- Health Care Equivalent costs are budgeted to increase 9.2%. The 2024 increase was 5.1%.
- Inflationary pressures and supply chain disruption continues to increase some materials and supply budgets in addition to a large number of capital project estimates.

# 2025 Revenue Budget – Recap

## 2025 General Fund Operating Revenue Budget

	Actual 2023	Budget 2024	Projection 2024	Budget 2025	Budget 2025 to Projected 2024	%
Income Tax	41,984,370	43,750,000	43,299,067	44,166,000	866,933	2.0%
Property Tax	8,228,896	8,200,000	8,308,255	10,300,000	1,991,745	24.0%
Charges for Services	2,931,784	2,930,000	3,068,499	3,010,000	(58,499)	-1.9%
Licenses & Permits	1,298,813	1,257,000	1,172,000	1,270,000	98,000	8.4%
Local Governmental Fund	973,705	950,000	915,419	930,000	14,581	1.6%
Fines & Forfeitures	450,963	450,000	444,924	460,000	15,076	3.4%
Investment Earnings	2,685,400	3,000,000	3,454,786	2,500,000	(954,786)	-27.6%
Other Taxes	118,754	95,500	105,687	102,500	(3,187)	-3.0%
Miscellaneous	1,647,731	1,135,000	1,283,055	1,160,000	(123,055)	-9.6%
Intergovernmental Revenue	111,689	115,000	142,313	140,000	(2,313)	-1.6%
<b>General Fund Revenues</b>	<b>60,432,105</b>	<b>61,882,500</b>	<b>62,194,005</b>	<b>64,038,500</b>	<b>1,844,495</b>	<b>3.0%</b>

# 2025 Expenditures Budget

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## Overall

- A 2.25% COLA and a 2.50% merit pay plan budgeted for Non-Bargaining employees. For all bargaining units, negotiations are beginning for the 2025 – 2027 contract.
- 9.2% increase in employer and employee health care premium equivalents.
- Most department staffing levels remain at prior year budgeted levels except as noted herein. Vacancies are historically budgeted at the beginning of the year.

# 2025 Expenditures Budget

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## **Police Department**

- The Police Department's authorized sworn manpower limit is 68 (currently at 57) and the personal services budget continues the Summer Student Bike Patrol from last year (\$50K).
- Addition of a Part Time Vehicle Fleet Coordinator to assist with traffic, pedestrian and bike safety.
- Chagrin Valley Dispatch is now using a new Cost Allocation Methodology for its members and the cost to the City has decreased \$15K.
- Additional funds (\$38K) for additional FLOCK Cameras.
- Additional funds (\$20K) for continued Community Outreach and Safety Day, Metro Teen Summit, etc.
- Deer Culling Contract (joint with Beachwood) increase of \$34K

## **Fire Department**

- Fire Department at its full complement of 55 which includes all Firefighters/Paramedics, Lieutenants, Battalion Chiefs and the Fire Inspector.
- \$226K FEMA Training Grant was not fully utilized by end of 2024, included in 2025 budget.
- One time increase of \$20K for replacement of mechanic tools and supplies for new Full Time Fire Mechanic operating out of Station #2 and now performing work for the University Heights fire vehicles (City of Shaker billing for these services).

# 2025 Expenditures Budget

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## **Recreation Department**

- Addition of a Facilities Maintenance Worker to provide custodial services due to PW custodian moving to City Hall which will also provide expanded resident access to the Stephanie Tubbs Jones Community Building.
- Senior Transportation Connections contract increase of \$20K for services to seniors.
- Increased costs (\$25K) for field maintenance supplies and mulch work as prices continue to increase.

## **Planning Department**

- No significant budget changes from last year.

## **Communications & Marketing Department**

- No significant budget changes from last year.

# 2025 Expenditures Budget

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## **Building & Housing Department**

- Misc. Engineering, Architectural Design Service expenses up \$30K. Most of this budget is plans examiner fees and can fluctuate from year to year based on commercial activity. We anticipate higher plans examiner expenses in 2025 due to the Arcadia project. These are pass through expenses fully paid for by the applicant. Therefore there will be a dollar for dollar increase in projected 2025 revenue.
- Additional funding of \$20K to hire a consultant for setting up Point-Of-Sale escrow estimating tool and to have on retainer for appeals or consultations.
- Retain full-time Inspector position originally funded for 2 years for the RAYE apartments and StoryPoint Senior Living facility to maintain levels of code enforcement.

## **Mayor's Office**

- No significant budget changes from last year.

# 2025 Expenditures Budget

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## **Economic Development Department**

- Home Repair Resource Center (HRRC) increase of \$25K for additional home repair grants.
- SHDC Annual Contribution (subsidy) remains at \$75K similar to 2024 to continue to support SHDC's work toward the City's economic development goals.

## **Public Works Department**

- Addition of a Forestry Superintendent, and one additional Laborer.
- Returning to 2 staff custodians in City Hall instead of outsourcing City Hall janitorial services.
- Temporary Labor increased \$48K based on usage in 2024.
- Supplies and material costs continue to increase due to inflationary pressures. Some budget line items increased 10% based on actual spend in 2024.
- Landfill Disposal Services contract increase expected (increase of \$46K)

# 2025 Expenditures Budget

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## **CAO Department (includes DEI Office)**

- Retain full time Diversity Coordinator to maintain and expand community engagement and the work of Council's DEI Committee.
- Reduction of \$50K for Listening Project Consultant not recurring in the 2025 budget.

## **Finance Department**

- No significant budget changes from last year.

## **Law Department**

- Other Expenses up mainly due to potential increased Legal Services for Union contracts negotiations which are beginning soon and expected to continue into the first quarter of 2025.

## **City Council**

- No significant budget changes from last year.

## **Municipal Court**

- No significant budget changes from last year.

# 2025 Expenditures Budget

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## **Human Resources & Civil Service Departments**

- NEOGOV contract for staff development increasing \$10K.
- Civil Services expense budget increasing \$20K as there are Police entry level, promotional and Fire / paramedic tests next year.

## **Information Technology Department**

- No significant budget changes from last year.

## **Contractual Charges & Statutory Expenses (CCSE) Department**

- Increase of \$75K for new City-Wide Composting Program.
- Cuyahoga County Board of Health contract increasing \$19K.
- Contribution of \$50K for one year support of Shaker Historical Society operations.
- \$54K increase in Property Insurance Premiums (10%)

# 2025 Transfers Budget

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- \$8.9M – General Capital Fund (funding 2026 capital)
- \$900K – Debt Service Fund
- \$2.7M – Police and Fire Pension Funds (reserve remains at 100%)
- \$1.0M – Recreation Fund (General Fund subsidy)
- \$500K – Self Insurance Fund

# 2025 Expenditures Budget

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## **Exhibit 2** – Budgeted 2025 General Fund Expenditures & Transfers

- In keeping with our city goal of Superior Response & Service Delivery, Police, Fire & Public Works personal services budget represents **71%** of the total City personal services budget and **51%** of the total City operating budget (personal services plus other expenses).
- We are hearing that legislation increasing pension employer contributions for Police expected to move forward potentially this year. Under the legislation, the contribution amounts that employers must pay to OP&F would increase from 19.5% to 24% over a four-year period, aligning the police contribution rate to be equal to the contribution rate for fire. **City Impact over 4 Years = \$308K**. This has not been budgeted.

# 2025 Expenditures Budget

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## Overall Recap of 2025 Budget

➤ General Fund Operating Revenues Budget	\$64,038,500
➤ General Fund Operating Expenditures Budget	(\$49,976,026)
➤ General Fund Transfers Budget	<u>(\$14,050,000)</u>
➤ Budget Revenues exceed Disbursements	\$12,474
Projected General Fund Reserve end of 2025	46.1%



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# 2025 Expenditures & Transfers Budget Questions/Comments

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# Next Budget Meeting

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**November 25, 2024 6:00 PM**

**Joint Council / Finance Committee Meeting:**

- ***Presentation of 2025 Capital Budget by Department***
- ***Recap of Transformational Projects***
- ***Presentation of 10 Year Capital Plan (2025-2034)***



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# Final Questions/Comments

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