

# City of Loveland

# CITIZEN'S

# BUDGET GUIDE



GENERAL FUND EDITION

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# CHAPTER 1: INTRODUCTION

# FOREWORD

The City of Loveland is facing budget deficits that will begin in 2013 because of cuts imposed by the State of Ohio. Loveland is not unique in this regard as other cities and townships are facing similar circumstances.

The gap in revenue that we as a City must face is close to \$600,000. So far, Loveland has managed to trim expenses and reduce its staffing without layoffs since the recession began in 2008. Now, the State of Ohio is halving a local government revenue sharing arrangement (the Local Government Fund) which started in 1934 when Ohio first implemented a sales tax. Of greater significance to the City of Loveland is the end of the Estate Tax (often called the “death tax” by its critics), a revenue stream which has been in existence in one form or another since 1893. In other words, while the City has weathered the most recent financial crisis through careful financial planning, decisions of the State now are changing what have been long-established sources of funding for Loveland’s basic government services.

*All data in book derived from City sources unless otherwise noted.*

## 2013 General Fund Revenue Forecast

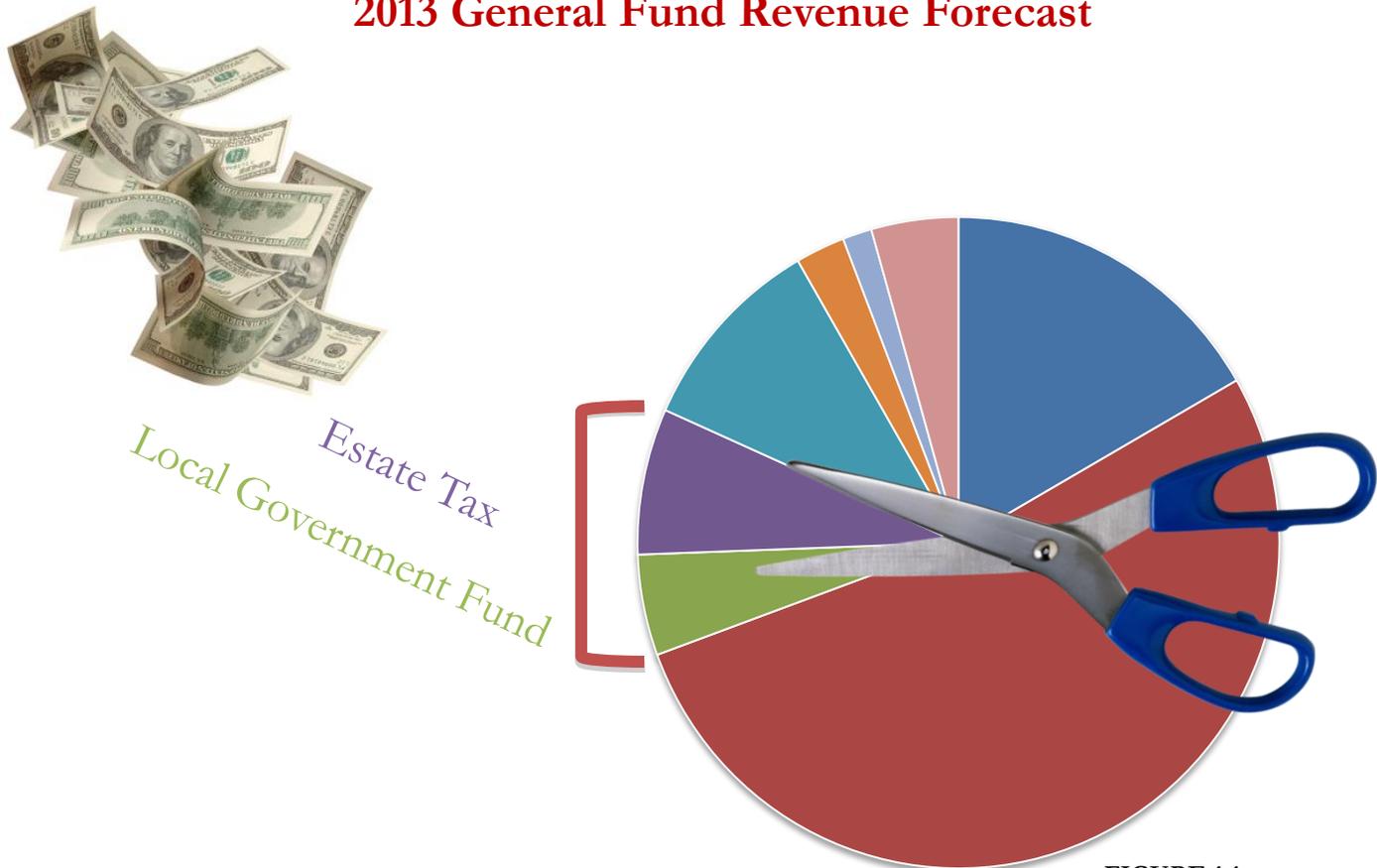


FIGURE 1.1

## **As a result of these cuts, we as a community are at a crossroads.**

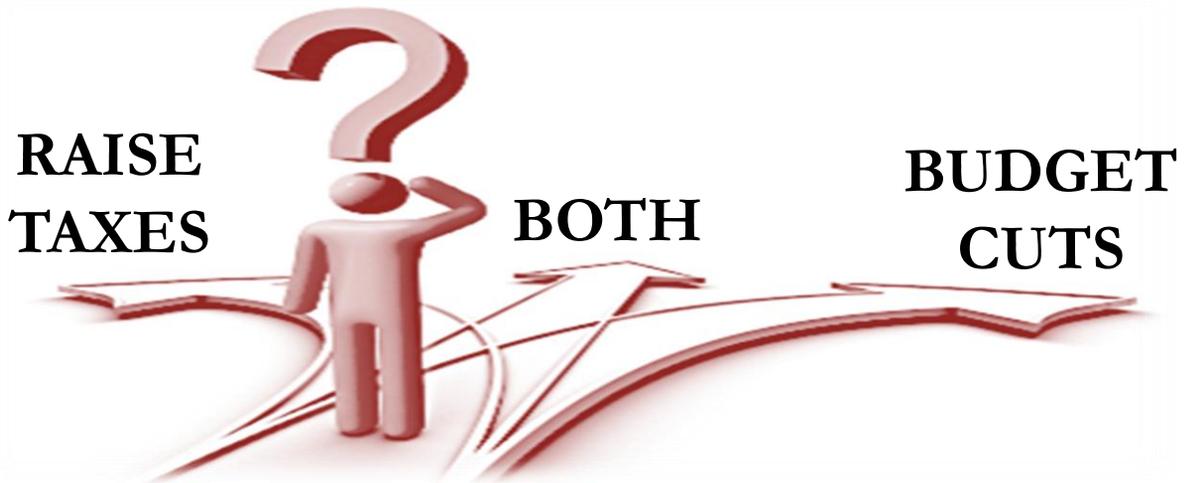
One might suggest that we recruit new businesses into Loveland to increase revenues instead of making difficult service level cuts. Unfortunately, we cannot simply grow our way out of this problem since most of the land in Loveland is already developed. There are opportunities for development and redevelopment, and the City has facilitated and will continue to facilitate job growth. However, these efforts alone will not solve the budget crisis created by the State.

Additionally, Loveland cannot merely become more efficient to solve this deep loss in revenues. While more efficiencies can and will be found, the low-hanging fruit has already been plucked.

One argument made by State legislators is that collaboration among local jurisdictions will help to offset the cuts made in their 2012-2013 budget. Loveland has already combined many services (e.g. fire services, solid waste). Consolidating other government services with entities facing equally serious financial concerns to ours is extending a weakness rather than growing our strength.

Loveland cannot get out of “unprofitable” businesses such as policing or road repairs. As a government, the City has a responsibility to provide core services that are by their very nature unprofitable yet essential.

Instead, our community must either cut services or raise taxes. Or both.



The starting point for this budget exercise will be to find specific expenditures that residents recommend the City eliminate or cut. We will attempt to reach an agreement on what specific cuts should be made in order to begin operating within Loveland’s new revenue limits. It will not be enough for residents to say, “Tighten the belt” or “Do what my family had to do and cut expenses.” All of us as residents will have to live with the consequences of cuts that must be made, and so our challenge is to be as specific and actionable as possible. This exercise will also look at what options exist for raising additional revenue to replace what is being eliminated by the State, including possible tax increases. A tax increase is a valid policy alternative, though it is clearly a choice that will be made only if residents, and ultimately City Council, cannot identify sufficient specific service cuts that they would prefer.

# OVERVIEW

An organization’s budget is its operational plan for the year. While it is filled with a lot of information, there are two questions that one must constantly ask while reviewing a budget:

1. Where is the money coming from?
2. What is the money being spent on?

The City of Loveland’s budget, like most government budgets, is organized by funds. Each fund is a legally separate “bucket” of money with different revenue streams and different services. Loveland’s 2013 budget will have 22 “buckets” (funds) that are expected to spend a total of \$16,869,100. As a full service municipality, the City provides a broad range of services—from life-giving water to life-saving ambulances. Loveland will spend \$1,396 per resident each year for the full range of government services.

## 2013 Projected City Budget

Figure 1.2 and Table 1.1 below reveals the City’s total budget with each fund’s expenditures. The General Fund, accounting for 34% of the total expenditures, represents the largest portion of the total budget.



General Fund	\$5,768,817
Historic Loveland TIF Fund	\$520,000
Lighting District Fund	\$27,500
Drug and Alcohol Training Fund	\$3,000
Reserves of Loveland Fund	\$0
Escrow Fund	\$0
Stormwater Fund	\$449,384
Issue 2 (SCIP) Fund	\$450,000
Sanitation & Environment Fund	\$1,074,017
Sewer Billing Fund	\$326,119
Sewer Capital Improvement Fund	\$3,415,368
Water Capital Improvement Fund	\$576,400
Water Operation Fund	\$954,949
State Highway Fund	\$40,000
Loveland Road Capital Improvement Fund	\$107,000
Hamilton MVR Fund	\$21,000
Clermont MVR Fund	\$13,000
Warren MVR Fund	\$2,000
Street Maintenance Fund	\$486,612
Fire Fund	\$733,551
EMS Fund	\$1,069,410
Fire & EMS Fund	\$518,874
Recreation Land TIF Fund	\$48,238
Northend TIF Fund	\$80,625
Special Projects Fund	\$192,238
<b>TOTAL</b>	<b>\$16,869,100</b>

FIGURE 1.2

**\$16,869,100**

\* Table 1.1 includes only actual expenditures. It excludes reserves, inter-fund transfers, and unspent money (but available to be spent if needed) that will be leftover for the next year. **TABLE 1.1**

Fortunately, the City's financial problems are isolated in only one of the City's 22 funds, the General Fund. Unfortunately, however, the General Fund supports some of the basic government services that residents have come to rely upon daily. For simplicity's sake, the General Fund can be thought of as supporting four core service areas: City Hall, Road Rehab, Police and Parks & Leisure, or as we like to call it, "CHRPP". Our exercise will focus on these four service areas and will show what each costs as well as the benefits residents enjoy from the taxes, fees and charges they pay.

paid for by the City's Sanitation and Environment Fund will not have any impact on the General Fund.

As stated earlier, it is important to be mindful of where the money received by a fund comes from. Loveland's General Fund revenue is derived from Income Tax, Property Tax, Administrative Transfers, the Local Government Fund, Estate Tax, Mayor's Court, building fees, and various other smaller sources.



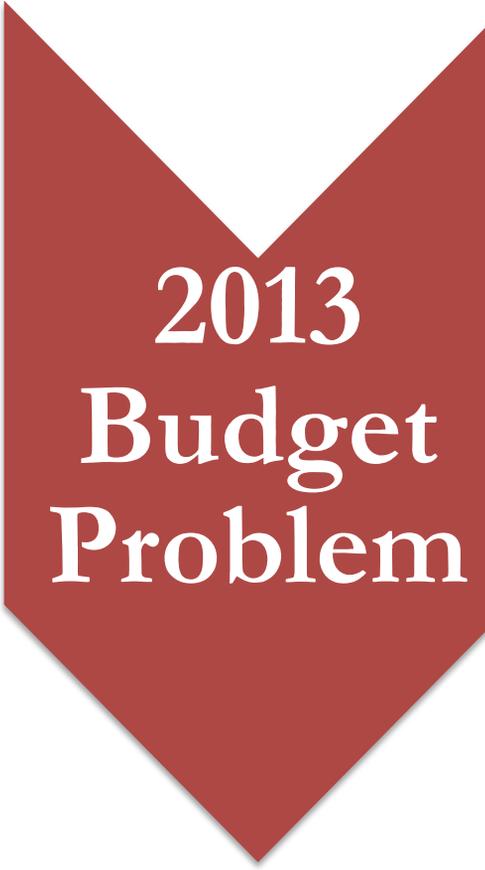
FIGURE 1.3

Some will offer suggestions for services that could be cut but will have no direct benefit to Loveland's General Fund. While these ideas are welcome suggestions, they do not help with the immediate problem and will not be considered at this time. For example, several residents have already suggested the City discontinue twice-a-year brush pickup. Aside from the possible negative policy implications of stopping this popular service (e.g. illegal dumping, open burning of brush near houses and wooded areas), a cut in this service that is

In 2011, these revenue sources equal \$5,768,817. By 2013, the complete elimination of the Estate Tax, reduction in the Local Government Fund, and losses in Property Tax mean that Loveland's General Fund will shrink to \$5,117,456 in 2013. We will effectively be facing a revenue gap of \$591,361. In short, the City needs to reduce its expenditures to match its new, lower revenue stream or augment its revenue stream to meet current expenditures.

## Assumptions

Though the state cuts have not yet occurred, they will begin in 2012 and be fully in effect by 2013. The City has two upcoming budget cycles to proactively chart a path forward and fix this problem. Resident input is a crucial part of this path forward. To estimate what our budget will look like in 2013, we started with our 2011 budget and then made several assumptions listed below so residents can make concrete recommendations to City Council.



# 2013 Budget Problem

- **There are no changes in General Fund expenditures from 2011 to 2013 other than healthcare, which we assume will increase 15%.**
- **Wages are flat through 2013.\***
- **There is no increase or decrease in the City's workforce.**
- **The Local Government Fund is cut by 50% by July 1, 2013.\*\***
- **The Estate Tax is eliminated January 1, 2013.**
- **Property Tax collections decline slightly due to known devaluations. Administrative Transfers are \$550,000 based on 2011 figures.**
- **Lastly, for this exercise, we are ignoring Senate Bill 5 and its possible implications as they are unpredictable at this time.**

\* The City is in the midst of collective bargaining with two police units, therefore flat wages for all employees may not be a valid assumption.

\*\* Further cuts to the Local Government Fund are expected two years from now. In fact, the Governor has stated the Local Government Fund will be eliminated or "zeroed out" of the state budget within the next few years.

FIGURE 1.4

# ***INTRODUCTION: REVIEW***

## **Chapter Summary**

-State budget cuts are going to shrink Loveland's General Fund revenue stream.

-As a result of these state cuts, a structural deficit will occur in Loveland's General Fund.

-In order to address this issue, we must select one of three courses of action:

1. We may make budget cuts to reduce expenditures.
2. We may raise taxes in order to replace revenues.
3. We may both raise taxes and make budget cuts in order to replace revenue and reduce expenditures simultaneously.

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# CHAPTER 2: BUDGET BASICS

# FUND ACCOUNTING

A local government's General Fund receives money that is the most flexible in terms of how City Council can spend it. Typically, a city's General Fund is fed by sources of revenue such as income tax, which can be spent by that community's City Council for any lawful purpose. Around the state, communities spend General Fund dollars for policing, fire and emergency medical services, parks, roads, economic development and job creation, general municipal functions, operating libraries, supporting cultural activities, sponsoring community events, and providing other similar services.

## General Fund Operations



FIGURE 2.1

## Enterprise Fund Operations



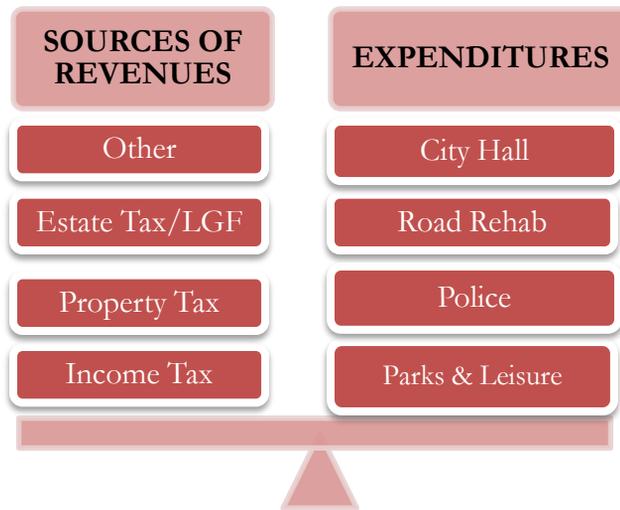
FIGURE 2.2

A General Fund is in sharp contrast to other types of government funds that are often restricted by law as to what the money can be spent on. For example, a city's water fund only receives money from water bill payments, and water fund money can only be spent on water services. City Councils have the ability to raise water rates to generate more money when deemed necessary because of rising energy costs, the need to replace water lines, or other inflationary costs. City Councils in Ohio cannot simply raise property taxes or the income tax rate to generate more money for its General Fund, however. Therefore, unlike balancing a water fund (or other similar type of enterprise fund), balancing a municipality's General Fund can be more difficult.

Again, Loveland's General Fund finances services provided by the Loveland Police Department, a portion of the City's overall Road Rehabilitation program, support for Loveland's park system and services delivered from City Hall. Loveland's base General Fund budget is \$5,768,817, while the overall City base budget is \$16,869,100.

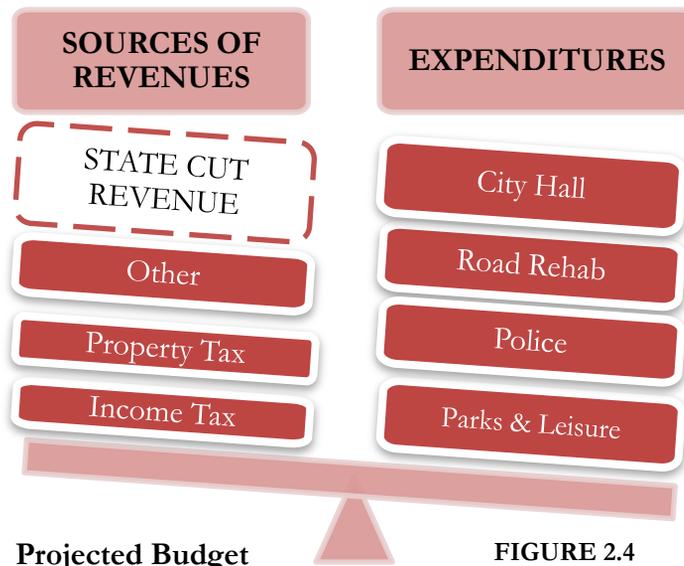
## Ideal Budget

In an ideal, structurally balanced budget, current year revenues will equal or exceed current year expenditures. It is possible that expenditures can exceed current year revenues for one or more years, but the resulting deficit has to be made up by previous surpluses.



Ideal Balanced Budget

FIGURE 2.3



Projected Budget

FIGURE 2.4

For many years, the City of Loveland has had a method in place to ensure that it maintains a structurally balanced budget. **The changes to the City's revenue stream, however, mean that the City will lose \$591,361 per year, and this fact pushes our community into a structural deficit in 2013 and beyond.** These are the known changes being imposed upon us by the State. We are further told that additional cuts should be anticipated after 2013 as the Local Government Fund will likely be eliminated altogether. For this exercise, however, we are only dealing with cuts that have been signed into law, not ones that may or may not happen after 2013.

## Structural Deficit

In order to regain a structurally balanced budget, we must adapt to the cuts in our General Fund revenue. This can be achieved by cutting expenditures, replacing revenues, or both.

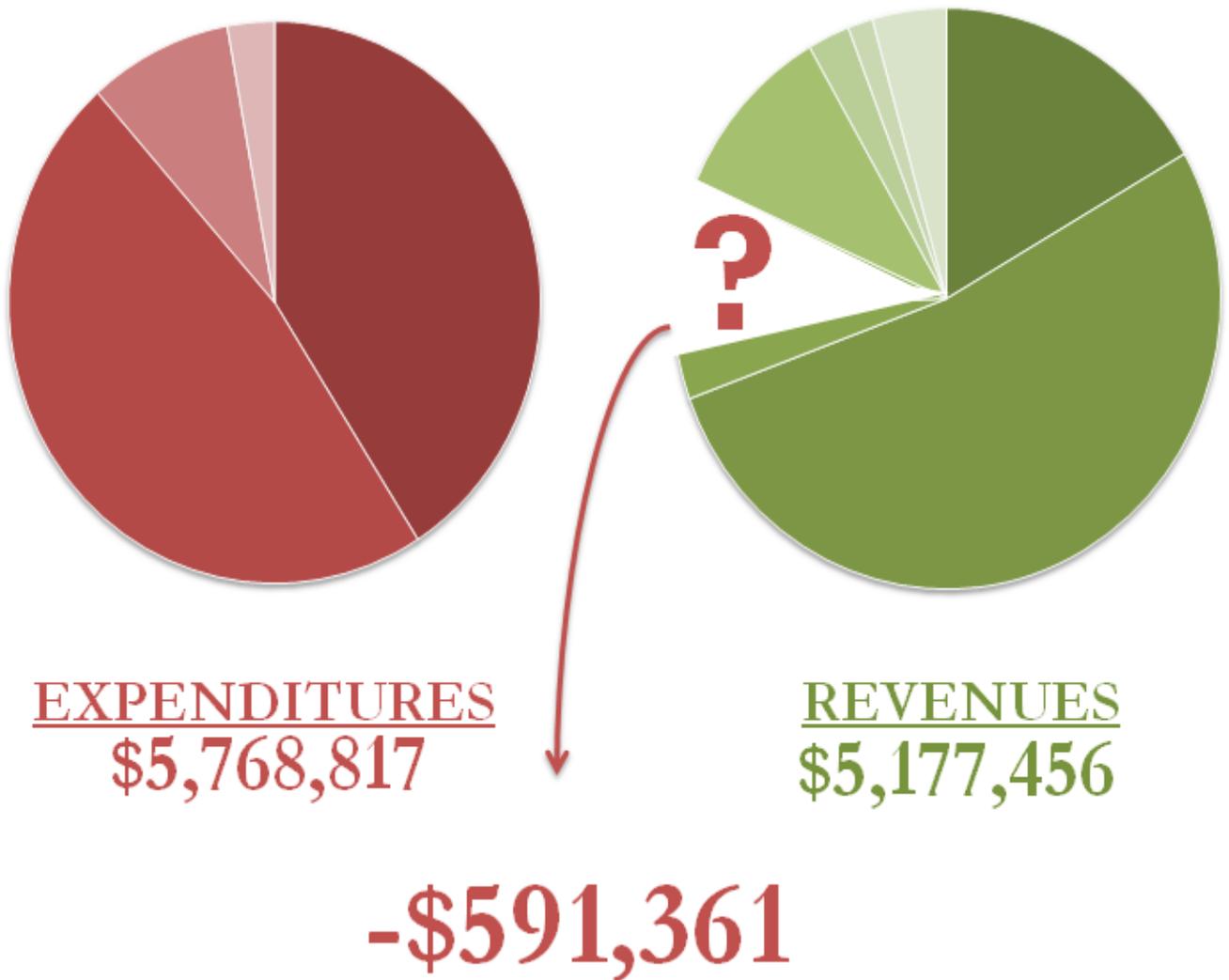


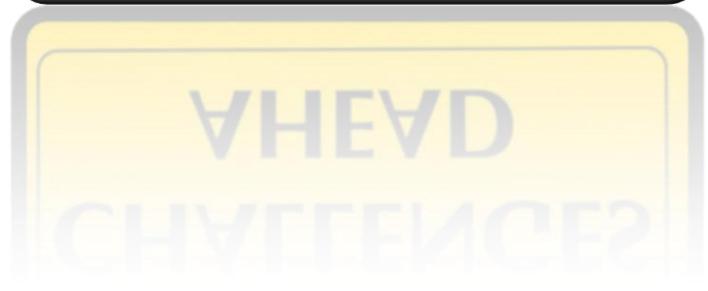
FIGURE 2.5

Our General Fund base revenues (prior to state cuts) are \$5,768,817, which are equaled by expenses. After state cuts, however, revenues will equal \$5,177,456, creating a gap of \$591,361. This number represents a structural deficit in our budget that will become effective in 2013, and that will continue to grow in the years following.

## Preparing for Changes

Our state legislative delegation informed City leaders more than two years ago that we should anticipate cuts, and we as a City have taken steps to prepare for these cuts. Specifically, we were told that the Local Government Fund was expected to be reduced substantially. In addition, the City's other General Fund revenues have been flat or declining following the recent recession. To prepare for this looming imbalance in revenues and expenditures, Loveland took a number of steps to cut costs. We attempted to do this without residents experiencing a significant reduction in services. These cost reductions include:

- Holding open a vacant police officer position, saving a net of \$60,000 a year
- Holding open a vacant maintenance worker position in Public Works, saving a net of \$50,000 a year
- Eliminating 2.4 positions in the Finance Department through retirements and attrition rather than layoffs
- Converting income tax collection to the Regional Income Tax Agency (RITA), saving \$100,000 a year
- Reorganizing Building & Zoning Division saving \$20,000 to \$60,000 per year (varies by work load)
- Switching all employees to a high-deductible healthcare plan
- Contracting directly for energy purchasing, saving \$140,000 per year
- Partnering with three other local governments to bid sanitation services as a bloc to generate more competitive bidding, saving Loveland residents \$110,000 per year



## A Worsening Environment

What was not expected was that the Estate Tax—a revenue source netting Loveland an average of \$420,000 per year— would be repealed starting in 2013 at the same time the Local Government Fund would be cut in half. Increasing healthcare costs, Tangible Personal Property Tax elimination, rising fuel costs, foreclosures and falling home prices have undermined our attempts to generate 2011 and 2012 surpluses which would enable the City to absorb state cuts. Had we not made the cuts listed earlier, Loveland would already have been forced to lay off employees, reduce service levels or raise taxes. Previous expenditure cuts though, have mostly been offset by rising costs or other revenue losses. In short, the City is running hard but staying in place.

Because the City has already been cutting costs as described previously, the next slate of cuts become more difficult as they will result in real and perceptible reductions in service levels. City leaders have also been told that the State is likely to completely cut the Local Government Fund by 2015, though this will not be decided or discussed until 2013.

Thus, we are turning to our residents to help us decide what other cuts to make, recognizing that these cuts will directly affect services that Loveland residents rely upon daily. It is also important to have the input of residents because, if sufficient cuts cannot be found, tax increases will have to be passed by the voters of Loveland. Therefore, resident input is integral in the process of solving this problem.

**WE ARE  
TURNING TO  
YOU FOR HELP.**



# ***RESIDENT CHALLENGE***

**T**his structural deficit leaves the City of Loveland with three policy options:

- 1. Cut almost \$600,000 annually from the \$5,768,817 General Fund**
- 2. Raise almost \$600,000 of additional revenue annually to offset the new reality**
- 3. Combine cuts and additional revenues to make up almost \$600,000 per year**



Because we are dealing with the City's actual budget, this exercise is not theoretical. Specific cuts will have to be identified, and the ramifications of these cuts will need to be evaluated. All options will impact different residents in different ways, depending on the services they use and their life circumstances. Ultimately, City Council must choose from a suite of unpleasant options that residents and other stakeholders will put forward.

Your suggestions as residents will be among the most seriously considered policy recommendations.

All residents will bring a different set of values, perspectives, philosophies and experience to the exercise. Some of the service cut options will directly affect real people, some of whom may be people you know well. Some service cuts under consideration might strike a nerve with fellow residents. What is important throughout the process is that we strive for civility and respect for others' opinions, and that we recognize that contrary views about balancing the City's budget stem from different values and priorities. No services are off limits from evaluation and all ideas presented will be carefully weighed. In the end, it will be up to the elected policy makers of this community to make difficult decisions of how to ensure the City's budget is structurally balanced and meets the needs of our residents.



the same bond rating. Generally speaking, these cities provide a useful context in which Loveland can be analyzed. The variances offer insight as to how Loveland compares to communities with differing socio-economic conditions.

When deciding upon cities to compare to Loveland, staff considered other communities as well. These communities included Reading, Springdale, Mariemont, Centerville, and Sharonville; all communities of similar size in the region.

### Comparable Cities

In order to provide a context in which to evaluate Loveland’s performance and fiscal situation as a municipality, it is helpful to benchmark ourselves against comparable cities in our region.

Selecting comparable cities requires significant data analysis. After evaluating a wide range of possibilities, staff identified the following six cities: **Blue Ash, Lebanon, Madeira, Monroe, Montgomery, and Springboro.** Blue Ash and Montgomery are significantly more affluent communities, both in terms of household income and property value, yet they are very close to Loveland in population size, form of government and proximity. Thus we consider them tier I peers. Madeira and Springboro (tier II peers) are modestly more affluent than Loveland and differ from Loveland in population size, but have the same bond rating and same form of government. Lastly, Monroe and Lebanon (tier III peers) represent communities slightly less affluent than Loveland. Monroe maintains a similar population size but a lower bond rating. Lebanon has a much larger population, yet

All of these cities, with the exception of Centerville, operate under a different form of government. Centerville was deemed too far away to be considered a comparable community for this purpose, though Centerville is very similar to Loveland in terms of socio-economic characteristics. In the end, these communities had enough key differences from Loveland to prompt staff to exclude them for this budgetary exercise.

Loveland is a member of the International City/County Management Association Center for Performance Measurement (ICMA CPM). This organization collects, analyzes, and applies performance data to a wide variety of municipal services. As a member, Loveland is able to benchmark its results against communities from across the country. This data provides a broader context for Loveland residents to gauge the value they receive for the taxes and fees they pay.

Throughout this budget guide, data will be presented to compare Loveland to our regional peers and to communities across the nation.

TIER	CITY	2010 POPULATION	MEDIAN HH INCOME (2008)	TOTAL ASSESSED VALUATION PER 1,000 (2010)	MOODY’S BOND RATING
I	Montgomery	10,251	\$109,561	\$51,035,943	Aaa
I	Blue Ash	12,114	\$75,630	\$62,599,284	Aa1
II	Madeira	8,726	\$73,217	\$37,144,152	Aa2
II	Springboro	17,409	\$87,979	\$28,068,489	Aa2
-	Loveland	12,081	\$64,759	\$24,865,243	Aa2
III	Monroe	12,442	\$61,173	\$24,745,352	Aa3
III	Lebanon	20,033	\$57,005	\$20,854,514	Aa2

Sources: US Census, County Auditors and Moody’s 2010

TABLE 2.1

# ***BUDGET BASICS: REVIEW***

## **Chapter Summary**

- The General Fund finances services in four main areas: City Hall, Road Rehab, Parks & Leisure, and Police.
- The City of Loveland is facing a \$591,361 annual deficit in its General Fund by 2013.
- We must determine whether to decrease expenditures through budget cuts, replace revenues through a tax increase, or both.
- Revenues generated in association with enterprise funds will not solve the deficit problem; the problem lies within the General Fund.
- Making cuts to the General Fund will have a direct, noticeable impact on service levels.

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# CHAPTER 3: GENERAL FUND EXPENDITURES

# OVERVIEW

The General Fund Budget in 2013 will be \$5,768,817. This funding supports four general service areas: City Hall, Road Rehabilitation, Parks, and Police. For purposes of simplicity, this can be described by the acronym “CHRRP” (*chirp*).

**C**<sub>ITY</sub> **H**<sub>ALL</sub> **R**<sub>OAD REHAB</sub> **P**<sub>OLICE</sub> **P**<sub>ARKS & LEISURE</sub>

In this context, City Hall (41%) is used as a catchall for a variety of administrative functions and direct customer services. The Road Rehabilitation Program (3%) pays for the City’s resurfacing of streets (snow plowing and general street maintenance is paid for from another fund). As is common in cities, one of the largest expenditures is Police (47%). Law enforcement is a labor-intensive public service and, as will be shown below, the majority of these costs are for personnel. Maintaining Loveland’s parks system (9%) is also paid for by the General Fund.

This section will describe how the General Fund spends money for each of these areas.

## Expenditure Breakdown

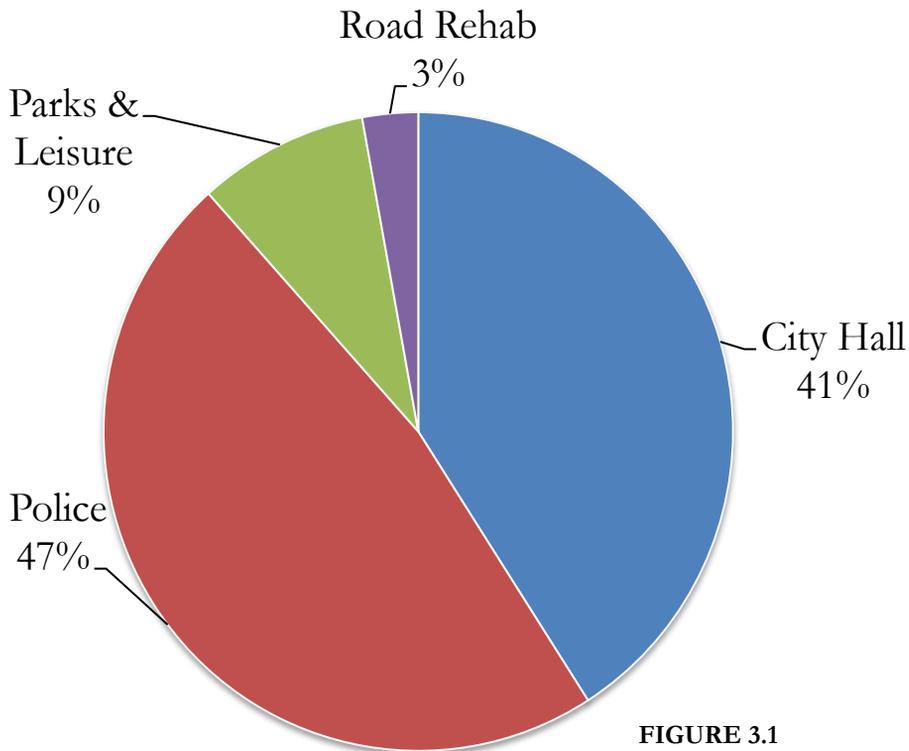
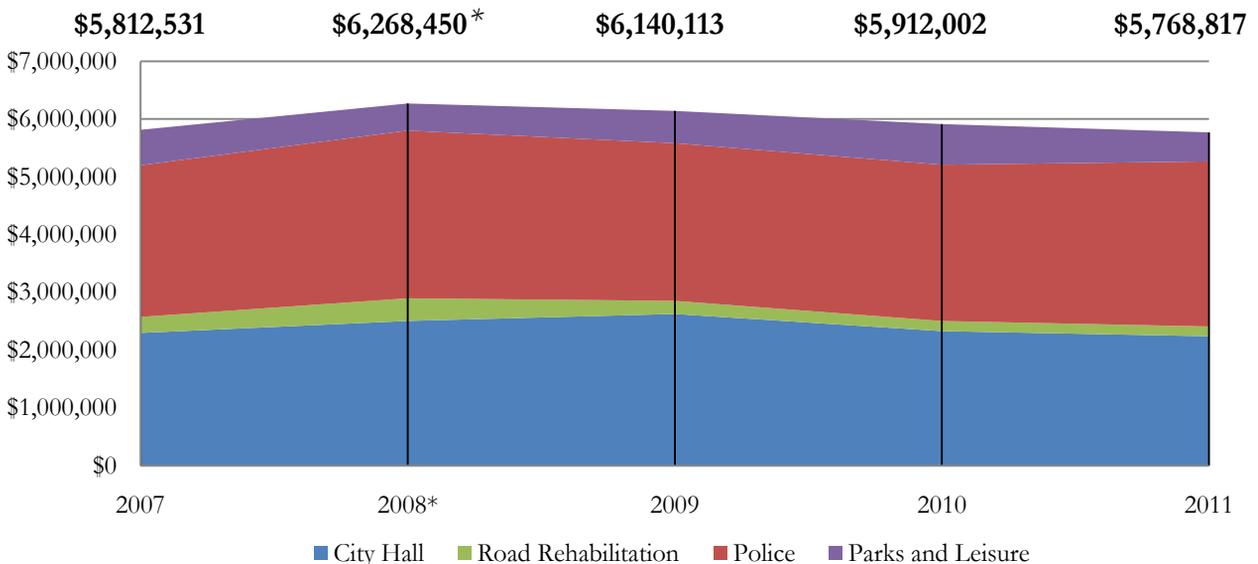


FIGURE 3.1

As previously stated, the four areas in the general fund are City Hall, Road Rehabilitation, Police, and Parks & Leisure. Spending in these areas is necessary in order to provide expected and fundamental services to the citizens of the City of Loveland. Unfortunately, the current fiscal situation has resulted in funding cuts that place the standards of these Loveland services at risk. If the City lacks the funding to maintain any of these operations at their current level, a reduction in quality is inevitable. We must do something to address this. **Inaction is not an option.** This is where we need your help. We need to determine whether residents will accept lower services or would prefer an increase in taxes in order to maintain our current service levels.

Before we do that, however, let's look at the trend lines for these four areas in recent history. Loveland's General Fund expenditures have been largely flat in recent years (see Figure 3.2). City Council has been very clear in their direction: limit expenditures, do not add new personnel, and live within our means. Council pursued this policy not just in the General Fund, but also for Water, Sanitation & Environment and Stormwater funds by holding rates in their current range in light of the sluggish economy.

## General Fund Expenditures 2007-2011



\* Figure excludes a one-time land purchase that was reimbursed the following year

**FIGURE 3.2**

Most budgets focus only on revenues and expenditures. In Loveland, we also strive to focus on the quality of service residents receive. One way to measure this is by tracking performance data. Throughout this discussion, performance measurements will be highlighted so that residents can see what level of service they receive from today's budget and understand the impact on services that will take place when funding is reduced. Performance measurements allow residents to see the value they get for the taxes they pay.

*See appendix table A2 for full list of General Fund performance measurements*

# CITY HALL



City Hall expenditures are broken down into the following accounting categories:

## City Hall 2013 Projected Expenditures

LEGISLATIVE	\$123,954
LEGAL SERVICES	\$110,000
CITY MANAGER'S OFFICE	\$565,392
FINANCE	\$545,841
OPERATIONS	\$675,418
BUILDING & ZONING	\$200,029
ENGINEERING	\$18,800
<b>TOTAL</b>	<b>\$2,239,433</b>

TABLE 3.1

See appendix table A3 for line-item breakdown

## LEGISLATIVE

Legislative expenditures cover costs associated with City Council (\$123,954). This includes City Council members' salaries and benefits, the Clerk of Council's costs, and dues or memberships in organizations like the Ohio Municipal League and the Center for Local Government. Having a seven-member City Council and City Clerk is a requirement of the City's Charter. Resident-elected Council members control the City's budget, hire city officials, make and amend laws, and set policy for Loveland.

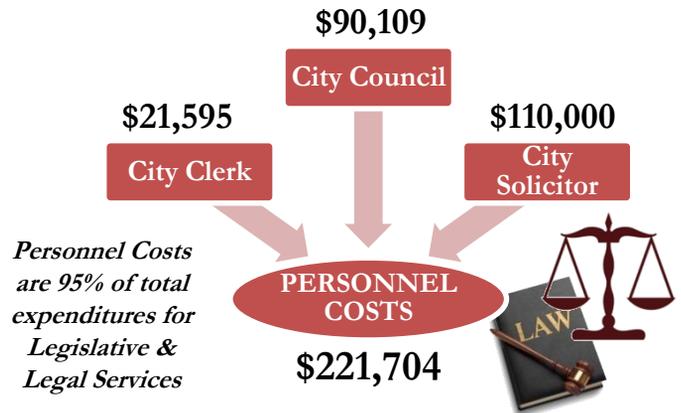


FIGURE 3.3

## LEGAL SERVICES

The next accounting category in the General Fund City Hall service area is legal services (\$110,000). This accounting category refers to the costs associated with maintaining a City Solicitor, a position required by the City's Charter. This position is held by Frank Klaine, an attorney with Strauss and Troy. The Legal Services expenditures do not pay his salary, but are instead the charges we pay to Strauss and Troy. These charges generally cover access to a number of attorneys within this firm who have specialties in addition to those of Mr. Klaine. This annual expenditure provides legal services such as writing laws, reviewing contracts, offering personnel advice, attending and advising at City Council meetings, and representing the City for some litigation. More complicated cases like the City's MSD lawsuit are not paid for from this section of the Loveland's budget.

## CITY MANAGER'S OFFICE

The City Manager's Office (\$565,392) performs a variety of jobs. The City Manager position is required by Charter, and is responsible for the day-to-day workings of the City. To assist with this charge, the City Manager's Office includes a City Hall Receptionist, the Executive Assistant to the City Manager, a Management Analyst, a part-time Human Resources Manager and the Assistant City Manager. Because these job titles do not immediately reveal what these employees do every day, table 3.2 summarizes the duties of each position that affect residents most directly as well as the salary costs associated with each. This list is not exhaustive of position duties.

In order to understand how these personnel costs compare, Table 3.3 below benchmarks the Loveland City Manager's salary to our comparable cities. The Loveland City Manager's salary is consistent with the marketplace, as are other positions in the City Manager's Office.

*See appendix table A1 for employee salary and benefits*

## Employee Costs & Duties

POSITION TITLE	SALARY	POSITION DUTIES
Receptionist	\$37,434	Telephones, cashier, financial control, general information
Executive Assistant to City Manager	\$57,207	Council packet preparation, correspondences, office management
Management Analyst	\$42,494	Website, newsletters, recycling initiatives, special projects, grant writing
PT Human Resource Manager	\$24,933	Legal compliance, labor negotiations, training
Assistant City Manager	\$86,486	Economic development, IT, oversee building & zoning, grant writing
City Manager	\$106,950	Policy analysis, general administration, budget

**TABLE 3.2**

## City Manager (CM) Salary Comparison

CITY	2010 POPULATION	CM SALARY	CM SALARY PER CAPITA
Montgomery	10,251	\$152,068	\$14.83
Blue Ash	12,114	\$134,264	\$11.08
Lebanon	20,033	\$110,353	\$5.51
Madeira	8,726	\$107,500	\$12.32
<b>Loveland</b>	<b>12,081</b>	<b>\$106,950</b>	<b>\$8.85</b>
Springboro	17,409	\$102,000	\$5.86
Monroe	12,442	\$101,764	\$8.18

*Sources: US Census, Center for Local Government*

**TABLE 3.3**



## OPERATIONS

Operations (\$675,418), another catchall accounting category, includes a variety of general expenditures. Some of these costs are fixed, meaning they cannot be cut easily or without serious consequences. For example, Loveland cannot discontinue insurance coverage, nor can we simply cut mandated legal publishing requirements. Loveland has to pay its debt or risk a credit rating reduction and litigation. Therefore, many of the costs in this section of the General Fund should be viewed as off-the-table.

## FINANCE

The Finance Office (\$545,841) consists of the Charter-required Finance Director position as well as a part-time Finance Clerk, an Accounts Payable Clerk, and a Financial Analyst. (The Utility Billing Clerk position also falls under the Finance Office and works at City Hall, but this position's costs are not in the General Fund and are therefore not included in this analysis). As in the City Manager's Office, these job titles may not provide enough description as to what these people do, so Table 3.4 shows the major duties for each.

### Employee Costs & Duties

POSITION TITLE	SALARY	POSITION DUTIES
PT Finance Clerk	\$22,464	Income tax, utility billing, customer service, cashier
Utility Billing Clerk	Paid by Other Funds	Bill generation, database management, cashier
Accounts Payable Clerk	\$50,274	Purchasing, receivables, payroll, special projects
Financial Analyst	\$49,005	Income tax, fixed assets, payroll, special projects
Finance Director	\$85,010	Financial oversight, fiscal analysis, budget control

TABLE 3.4

### Fixed Expenditures\*

Property Liability Insurance	\$27,000
Utilities	\$21,000
Communications	\$14,000
Warning Sirens	\$3,400
IT Consulting Support	\$70,000
Computer Supplies & Parts	\$9,500
Office Supplies & Equipment Maintenance	\$21,000
Postage	\$9,000
Legal and Job Advertisement	\$13,000
Municipal Code Updates and Web Access	\$5,000
Street Lights	\$64,000
Federal and County Mandatory Auditors Fees	\$20,500
Computer and IT Replacement	\$25,000

TABLE 3.5

Other expenses in the Operations section are more flexible, providing opportunities for cuts and perhaps even elimination. These important but not required services include televising Council meetings, providing community newsletters, promoting employee wellness and organizational development. Cutting or reducing these programs may prove necessary, but not without consequences. These consequences need to be taken into serious consideration when determining whether or not to alter the funding for these programs.

### Variable Expenditures\*

Employee Administration & Relations	\$10,000
Continuous Improvement Training	\$20,000
Wellness Program	\$35,000
Municipal Maintenance Salary	\$22,500
Municipal Building Maintenance & Supplies	\$13,000
Public Relations & Newsletter	\$12,000
Neighborhood Revitalization	\$3,000
ICRC Contract (Public Access TV)	\$50,000

TABLE 3.6

\*Please refer to Appendix table A3 for full breakdown of operations expenditures

## BUILDING & ZONING

The Building & Zoning Office (\$200,029) ensures that buildings are built and maintained safely, an important yet lower visibility function of city government. Core functions include building plan reviews, building inspections, zoning compliance enforcement, land use planning, property maintenance enforcement, and issuance of various permits. Loveland, like other cities, charges for many of these services in order to offset at least part of the cost to provide them.

In 2011, this office was reorganized and its costs were cut by 10-30%. These savings could grow even larger depending on building activity in the community (see Figure 3.8). Not only does this office generate revenues to partially offset its costs, it has already been reorganized to save money.



### Cost Recovery Ratio

BUILDING & ZONING	2007	2008	2009	2010	2011
COVERAGE RATIO	50%	45%	27%	35%	38%

TABLE 3.7

### Cost Recovery

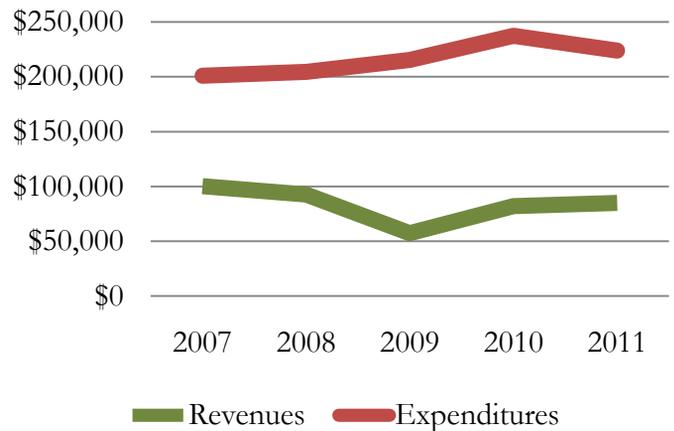


FIGURE 3.4

Performance Measure	2007	2008	2009	2010	Projected 2011
New Housing Starts	26	28	10	22	20
Total Property Investment	\$12,100,000	\$14,217,343	\$6,384,589	\$7,357,168	\$6,000,000

TABLE 3.8

## ENGINEERING

Twenty percent of the costs for the City Engineer position (\$18,800) are paid for from the General Fund. The balance of this position's costs are paid for by the Water, Stormwater, Sanitation and Street Maintenance funds due to the City Engineer's diverse assignments across many civil engineering disciplines.

# Road Rehab

The Road Rehabilitation Program (\$170,000) is the smallest independent wedge of General Fund expenditures. Road Rehabilitation is not exclusively financed by the General Fund. Figure 3.5 illustrates how General Fund dollars combine with Gas Tax and Motor Vehicle Registration receipts to finance the total annual Road Rehabilitation Program. This graph demonstrates that the General Fund contribution to the Road Rehabilitation Program has been declining over the past few years and that Gas Tax and MVR funds have been relatively flat. In an ideal world, Gas Tax and Motor Vehicle Registrations would fully fund a city's road maintenance program. Because it is not a perfect world, it is quite common in Ohio for cities either to supplement from their General Fund or underfund road maintenance. In 2011, it is projected that the Road Rehabilitation Program will receive \$327,068 from gas tax, motor vehicle registrations, and the General Fund. The City Engineer recommends that our road program should receive no less than \$500,000 per year from all sources to avoid compounding roadway decline.

## Total Road Rehab Expenditures

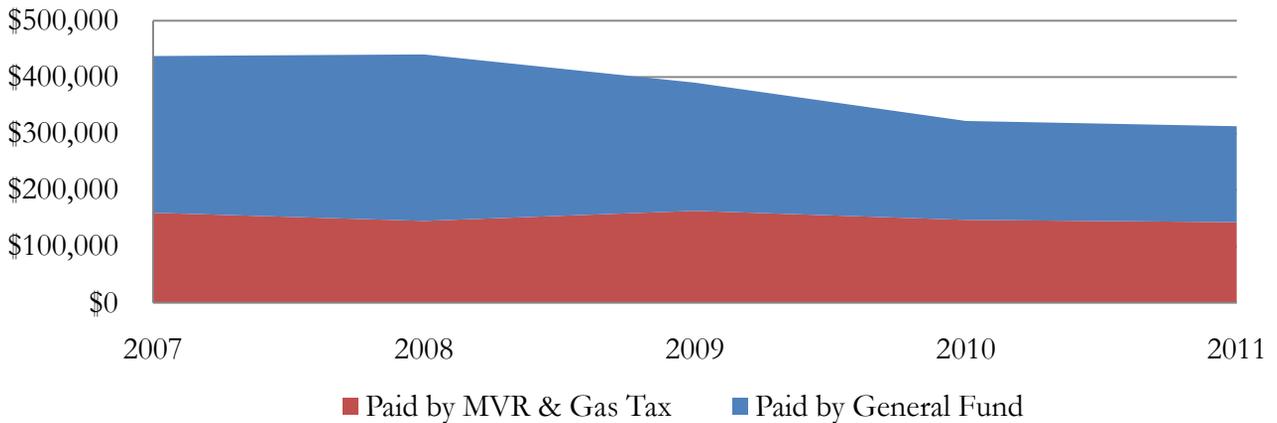


FIGURE 3.5



Performance Measure	2007	2008	2009	2010	Projected 2011
Per Capita Road Rehabilitation Expenditures	\$34.95	\$34.81	\$30.28	\$26.07	\$23.79
ICMA CPM Mean Benchmark (2009)			\$34.60		

TABLE 3.9

# Police

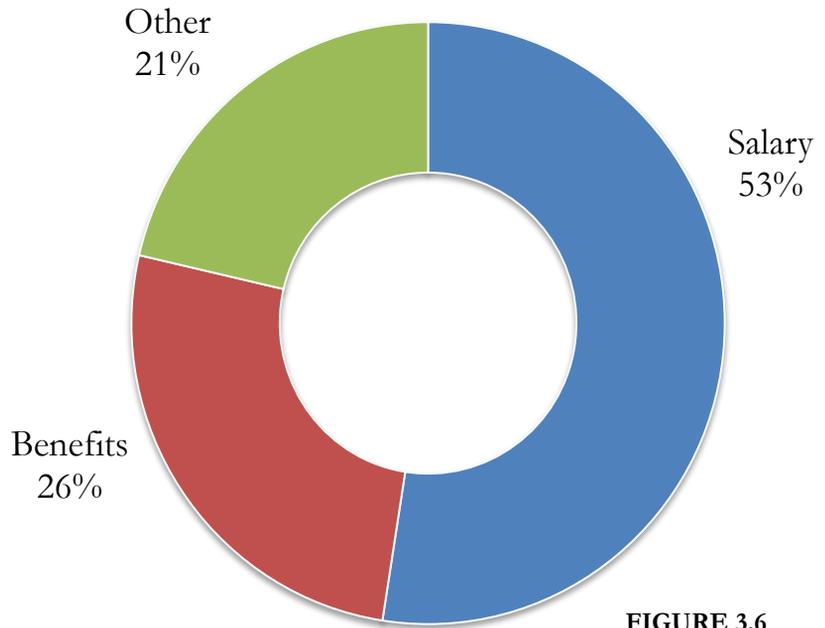


*Pictured above is the LPD in 2008. Several of these individuals have since retired or left service. The City has two part-time officers today who are not pictured.*

The Police Department and Mayor's Court (\$2,856,545) receive 47% of the General Fund expenditures. Mayor's Court expenditures total \$122,598 while police expenditures total \$2,733,947.

The LPD patrols our community 24 hours a day, 365 days per year. Generally three officers are on patrol at any one time. To fill three patrol shifts each day of the year, the LPD has to have 17 officers. In addition, the LPD has a dedicated detective, school resource officer, Police Chief and Police Captain, all of whom work regular business hours unless otherwise needed. According to the Department of Justice, a city Loveland's size has 24 police officers on average.

## Expenditures



**FIGURE 3.6**

# POLICE DEPARTMENT

The largest portion of Police Department expenditures are personnel costs. Loveland Police Department provides services beyond basic, community patrol. One officer is assigned full-time as a detective, allowing him to focus exclusively on investigating criminal activities. For example, earlier this year, having this position enabled the capture of a bank robber within 24 hours of the crime. Loveland also has one officer dedicated to working proactively in and with Loveland Schools to stem juvenile crime. Two other sworn police officer positions—the Police Chief and Police Captain—work regular business hours unless otherwise needed and manage the day-to-day operations of the department. They are augmented by two civilian administrative professionals who oversee the Mayor’s Court and maintain crime databases supporting front-line police work.



## Employee Cost Breakdown

POSITION TITLE	SALARY	NUMBER
Police Chief	\$86,486	1
Assistant Police Chief	\$79,914	1
Average Sergeant	\$73,167	3
Average FT Patrol Officer	\$62,474	12
Part-time Patrol Officers	\$14-20/hour	6 (equivalent of 3 FT officers)
Clerk of Court	\$45,469	1
Records Clerk	\$45,448	1

TABLE 3.10

Loveland is rather unique in having a part-time supplement to its full-time police force. Loveland is able to provide a higher and more economical level of safety service by using part-time officers effectively. The Police Department budgets for 6,000 hours of part-time labor per year. This is the equivalent of three full-time Patrol Officers but is two-thirds of the cost. The part-time police officer program enables Loveland to provide the same service levels at a reduced cost.



Both Civil Service rules and collective bargaining agreements require that all part-time officers be laid off before the first full-time officer may be laid off. Were Loveland to lay off the six part-time officers in the Police Department, the City would save approximately \$191,000, but would lose the equivalent of three full-time officers.



When benchmarked against cities of similar size, Loveland spends less per capita on law enforcement (see Table 3.11). Despite this, the Loveland community is overall very safe. As the data in Figures 3.7 and 3.8 substantiates, our crime rates are relatively low.

Loveland's low crime rates are not solely attributed to the LPD; socio-economic status and other community factors play a role in Loveland's safe environment. Even though we live in a safe community, the data illustrates that the LPD deals with more crime than most residents might be aware of.

Part I Crimes include homicide\*, rape\*, robbery\*, aggravated assault\*, burglary, larceny, motor vehicle theft, and arson.  
*\*denotes Part 1 Violent Crime*

### Part 1 Crime Per 1,000 Residents

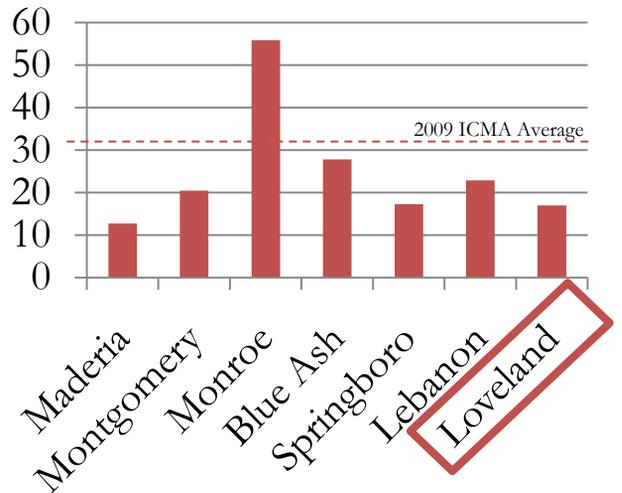


FIGURE 3.7

### Part 1 Violent Crime Per 1,000 Residents

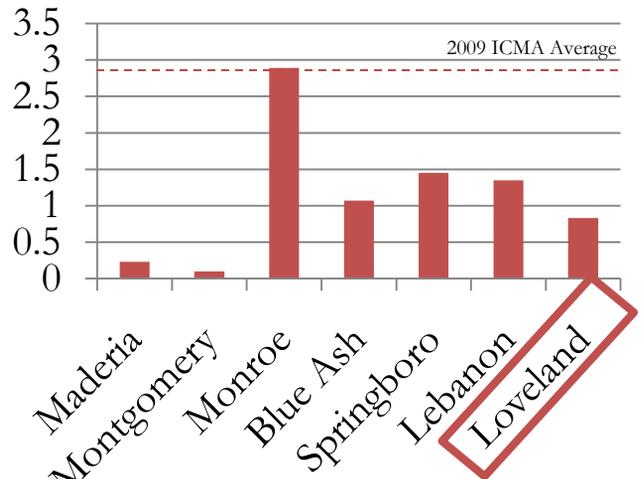


FIGURE 3.8

Source: FBI Uniform Crime Report

Performance Measure	2007	2008	2009	2010	Projected 2011
Loveland Population	11,956	11,980	12,033	12,081	12,100
Police Expenditures Per Capita (excluding Mayor's Court)	\$205.07	\$199.15	\$205.71	\$214.74	\$223.42
ICMA CPM Mean Benchmark (2009) Cities under 25,000			\$243		

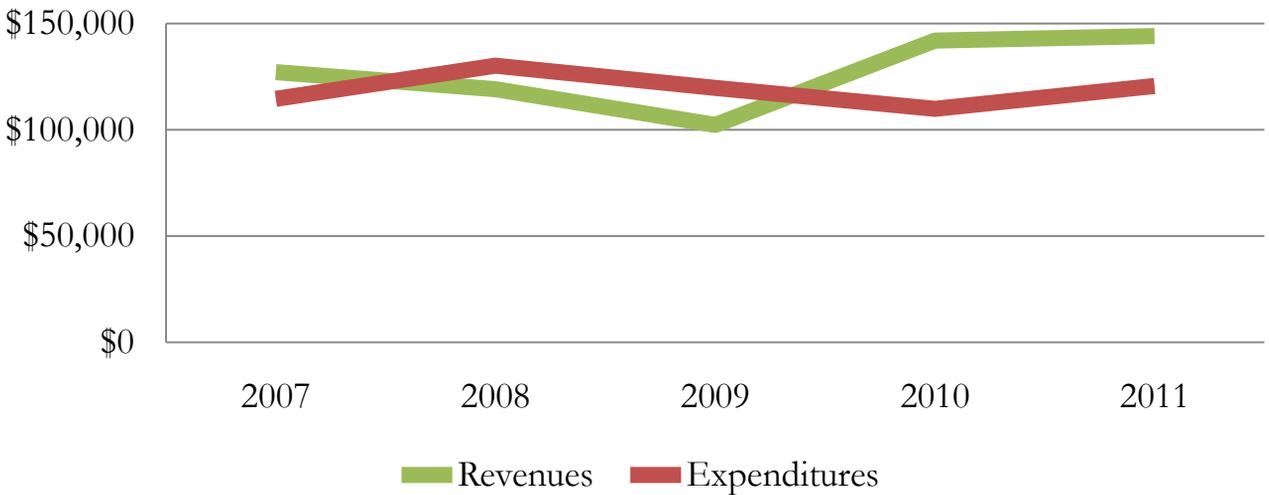
TABLE 3.11

# MAYOR'S COURT

Like Building & Zoning in the City Hall category of the General Fund, Mayor's Court also has traditionally recovered substantial portions of its costs. The costs associated with Mayor's Court include the Magistrate, Public Defender, Prosecutor, Clerk, and office supplies and computing. The Mayor's Court hears local misdemeanor cases such as speeding, disorderly conduct, property maintenance violations, traffic violations, and the like. Mayor's Court receives fees and fines for convictions of these violations. Mayor's Court expenditures are largely or completely offset by revenues generated through these fees and fines. Below is a graph illustrating the Mayor's Court cost recovery ratio trend over the past few years.

As Figure 3.9 shows, Mayor's Court's cost recovery ratio is now positive. Generally, revenues generated from the operation of Mayor's Court roughly match expenditures, causing Mayor's Court to "pay for itself." Recognizing a negative cost recovery ratio a few years ago, Council voted to increase fees and fines in order to ensure that revenue equals or exceeds costs. Starting in 2010, Mayor's Court generated a slight surplus of revenues over expenditures. This is also projected to be the case in 2011. Therefore, discontinuing Mayor's Court as a service to residents would not help Loveland fill the gap and could instead deepen Loveland's budget deficit.

**Cost Recovery**



**FIGURE 3.9**

**Cost Recovery Ratio**

MAYOR'S COURT COVERAGE RATIO	2007	2008	2009	2010	2011
	111%	92%	85%	129%	119%

**TABLE 3.12**

# Parks & Leisure

<b>OPERATIONS</b>	\$365,833
<b>CAPITAL</b>	\$137,006
<b>TOTAL</b>	<b>\$502,839</b>

TABLE 3.13

## OPERATIONS

Parks & Leisure expenditures account for the second smallest portion of General Fund money (9%). The cost of Parks & Leisure is broken into two components: operations and capital. The operations category receives \$365,833 from the General Fund. Operations consists largely of personnel costs for activities such as mowing fields, litter control, lining ball-fields, tree-trimming and planting, and floral maintenance. In addition to these parks maintenance items, operations also includes special events such as Fourth of July, the Rhythm on the River Concert Series, Moonlight Movies and other similar community activities.

## Fixed Expenditures

OPERS (City Share)	\$22,750
Medicare	\$2,134
Workers Compensation	\$3,600
Historic Loveland Materials	\$4,000
Utilities	\$21,000
Communications	\$5,000
Property and Liability Insurance	\$2,079
<b>TOTAL</b>	<b>\$60,563</b>

TABLE 3.14



## Variable Expenditures

Salary	\$175,000
OPERS (Employee Share)	\$16,250
Health Insurance	\$18,420
Medical Reimbursement & Vacation Sellback	\$15,100
Park Material & Supplies	\$15,000
Portolet Service	\$4,000
Equipment & Supplies	\$10,000
Fuel	\$9,000
Veterans Memorial	\$2,500
Concerts in the Park	\$9,500
Fourth of July Fireworks & Concert	\$8,500
Beautification	\$14,000
Tree Removal & Replacement	\$7,500
Miscellaneous	\$500
<b>TOTAL</b>	<b>\$305,270</b>

TABLE 3.15

## CAPITAL

Capital, which includes equipment and infrastructure, makes up for the remaining \$137,006 of the General Fund's Parks & Leisure expenditures. This primarily includes payments for debt service from previous park improvement projects. This transfer should be considered a fixed cost until the debt is paid off. Capital also consists of equipment costs, such as mowers, pick-up trucks, gators and other tools.

### Variable Expenditures

Parks Capital	\$25,000
Parks Equipment	\$24,000
<b>TOTAL</b>	<b>\$49,000</b>

TABLE 3.16

### Fixed Expenditures

Transfer to Bond Fund, Debt Service	\$88,006
<b>TOTAL</b>	<b>\$88,006</b>

TABLE 3.17



# ***BEST PRACTICE CONSTRAINTS***

## **DEBT**

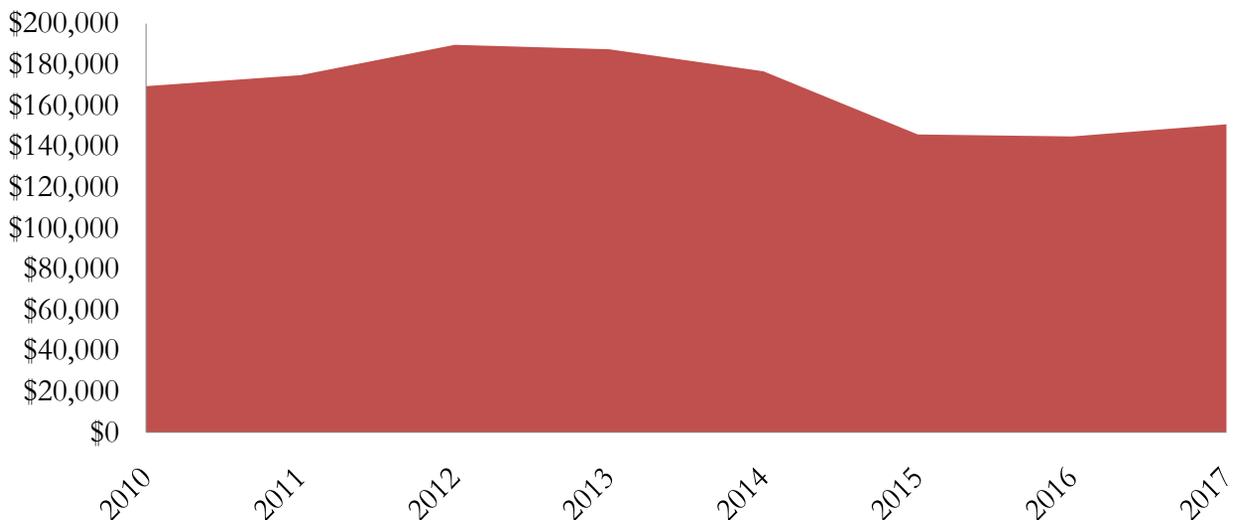
Government debt has been very much in the news lately because of the impasse between Republicans in Congress and President Obama over the federal debt ceiling. Unlike the federal government, none of Loveland's slightly more than \$12 million of debt was ever spent on operating costs and all are secured with physical assets owned by the City.

Overall, Loveland has low debt levels. Total Loveland debt in 2011 is \$12,199,749, or \$1,010 per resident. To make debt payments on this total debt, the City will spend \$1,225,973 in 2011. The majority of this debt is associated with the City's utility infrastructure, such as our water system, water towers, stormwater pipes, and sewer lines. A smaller portion of this debt is associated with infrastructure paid for from General Fund, such as the Loveland Safety Center, the Public Works Garage and recent improvements to Lever Park.

In 2011, the General Fund will pay \$174,810 in debt payments for infrastructure, or 14.25% of our overall debt payments. To understand if a community like Loveland has high, low or average overall debt, the Government Finance Officers Association (GFOA) standard is to compare debt to assessed valuation. In 2011, Loveland's overall debt burden of just over \$12 million is 3.82% of Loveland's overall assessed valuation for all taxable property in the community. Legally, with voter approval, Loveland could borrow three times more money than it presently has borrowed.

So, the City's overall debt burden is relatively low, General Fund annual debt payments are modest, and most of the City's debt is associated with utility and roadway infrastructure, not the General Fund.

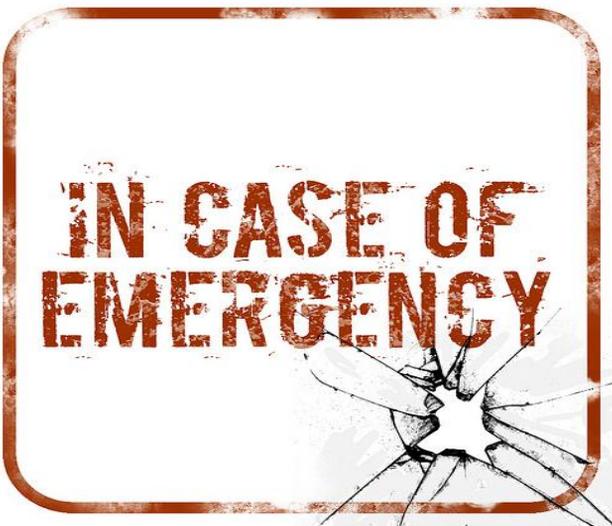
**General Fund Principal and Interest Payments**



## RESERVES

The City of Loveland has an Emergency Reserve, often referred to by policy watchers as a “rainy day fund”. In addition to the Emergency Reserve in the City’s General Fund, the City has reserves in other funds, and the City rarely budgets all available revenue in a given year in any fund. This means that at any given time, the City has a \$4-6 million treasury which is held in safe investments to ensure that the City’s idle cash is yielding some investment income. Most of this treasury comes from restricted funds, such as the Water Fund, and is not available for general government expenditures.

The General Fund’s Emergency Reserve is \$1,062,300 in 2011. This means that Loveland sets aside more than \$1million each year which it could spend but does not because it is holding those funds as a reserve. Explicit City Council approval is required before the Emergency Reserve can be tapped. The only time in recent history this was contemplated was in 1999, when portions of Loveland’s Commerce Park were hit by a tornado. Fortunately, this tragedy did not impact the City’s operations and tax revenue severely enough to warrant accessing the Emergency Reserve at that time.



**EMERGENCY  
RESERVES TOTAL**

**= \$1,062,300**



The City’s Emergency Reserve is determined by a best practice formula established by the Government Finance Officers Association (GFOA), an organization dedicated to promoting the public benefit by identifying and developing financial policies and best practices for all types of government bodies. GFOA recommends that a city have a reserve equal to five to fifteen percent of its regular general fund, or one to two months of operating expenses.

Could the City reduce its Emergency Reserve? Yes, with City Council approval. GFOA recognizes that many units of government have elected to spend some or all of their “rainy day” funds in the last three to five years. As such, GFOA recently established a guideline which states that the government should have clear rules for spending reserves and should have a plan for replenishing the reserves. Both the City of Loveland and GFOA recognize that an emergency reserve can be used to patch a budget hole in the short term, but good financial policy requires that adjustments be made to the operating budget to ensure that annual budgets are balanced without reliance upon “rainy day” funds. This is essential because you can only spend the money once and eventually it will be needed for that rainy day.

Residents should contemplate carefully any changes to the City’s financial practice which lowers the Emergency Reserve threshold.

# ***GF EXPENDITURES: REVIEW***

## **Chapter Summary**

- The General Fund covers expenditures for City Hall (41%), Road Rehab (3%), Parks & Leisure (9%), and Police (47%).
- City Hall costs a total \$2,239,433. The largest portion of this total is spent on Operations followed by the City Manager's Office and the Finance Department, respectively.
- A total of \$170,000 is spent on Road Rehabilitation Program from the General Fund; the General Fund is not the only source of financing for Road Rehab.
- Police costs a total of \$2,856,545. Mayor's Court accounts for \$122,598 while the Police Department accounts for \$2,733,947.
- Mayor's Court currently has a positive cost recovery ratio, meaning it generates slightly more revenue than it spends each year.
- The bulk of police expenditures come from personnel costs.
- Parks & Leisure costs a total of \$502,839. Operations accounts for \$365,833 of that total while Capital accounts for \$137,006.
- Best practices demand that certain expenditures, namely those for debt and emergency reserves, be considered fixed.

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# CHAPTER 4: GENERAL FUND REVENUES

# OVERVIEW

Loveland's General Fund revenue has come from Property Tax, Estate Tax, building fees, Income Tax, City Hall, the Local Government Fund, Mayor's Court, and various other sources. As previously stated, state budget cuts to the Local Government Fund as well as the elimination of the Estate Tax will cause a sharp decrease in these revenues. The Local Government Fund is going to be cut in half. The state will likely eliminate this fund completely at some future point as well. The Estate Tax will be eliminated in 2013, creating a further decrease in revenues received by the City of Loveland. However, these are not the only causes of decreasing revenues. In this section, we will analyze more closely the changes taking place in each revenue source.

Income Tax (\$3,050,000)
Property Tax (\$950,000)
Administrative Transfer (\$550,000)
Mayor's Court (\$144,000)
Building & Fees (\$85,000)
Other (\$253,456)
LGF (\$145,000)
Estate Tax (\$0)

FIGURE 4.1

## Revenue Breakdown

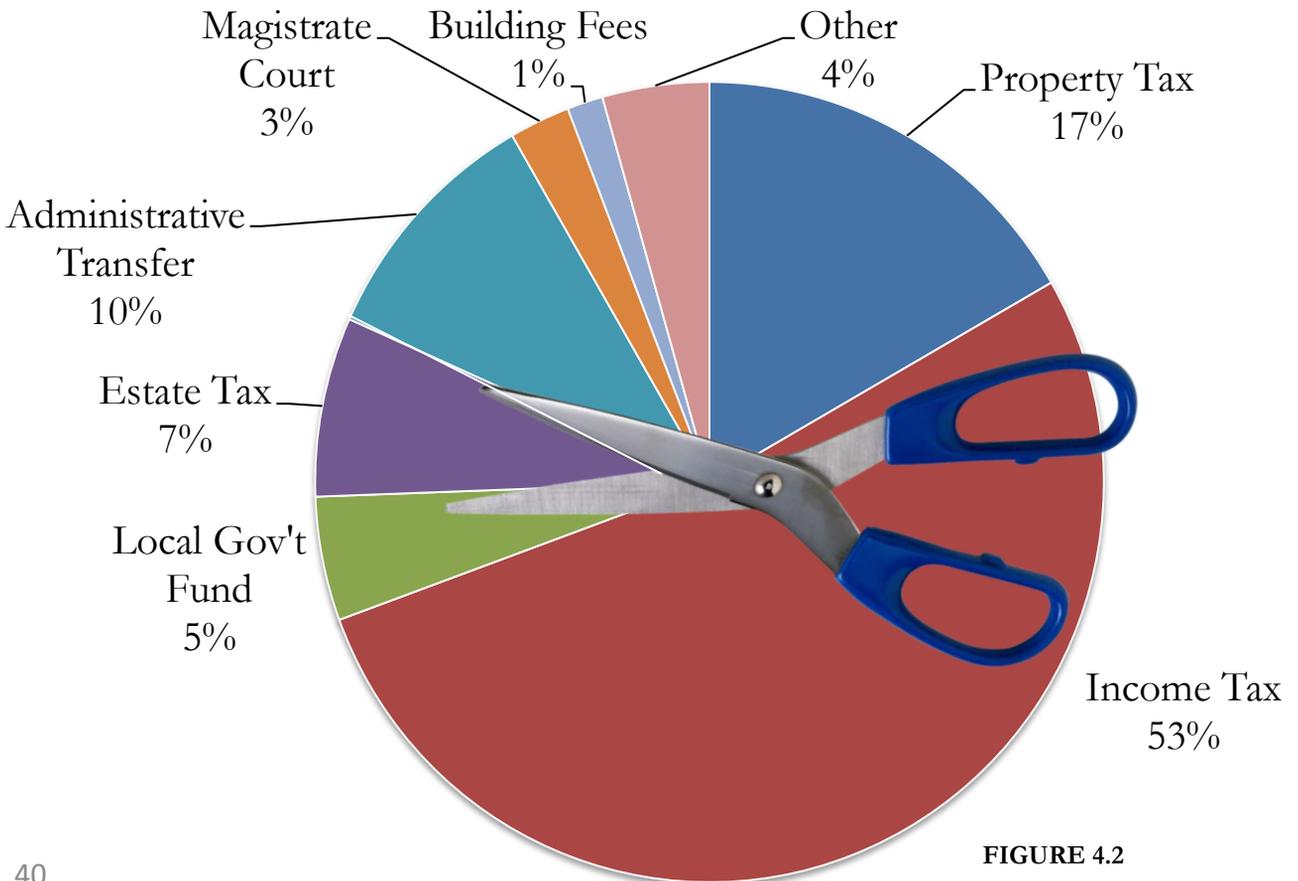


FIGURE 4.2

# INCOME TAX

Recently, revenues from income tax have been flatter than in the past. Though it appears that there was a relatively sharp increase from 2010 to 2011, this is largely due to the fact that Loveland converted to RITA (Regional Income Tax Agency) in 2010, causing a temporary drop in income tax revenue. However, the overall trend in income tax revenue is a downwards one.

Loveland residents enjoy a relatively low income tax rate when compared to our comparable cities. Our credit rates are also favorable relative to Loveland's comparable cities.

Annual Revenues

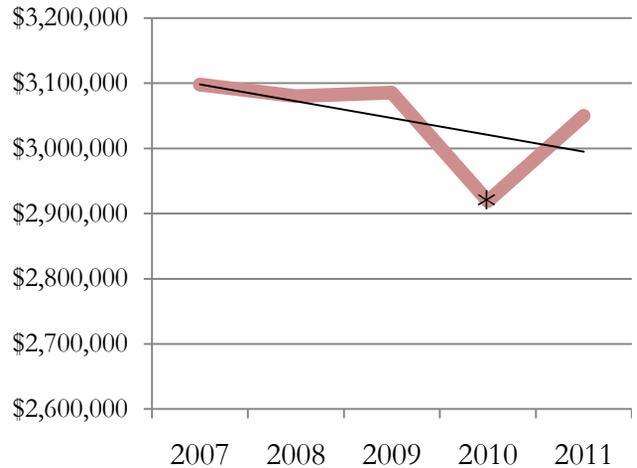


FIGURE 4.3

\*City converted to RITA in 2010, receiving 11 months of tax collections instead of 12 since RITA pays one month in arrears.

Tax Rate/Credit by City

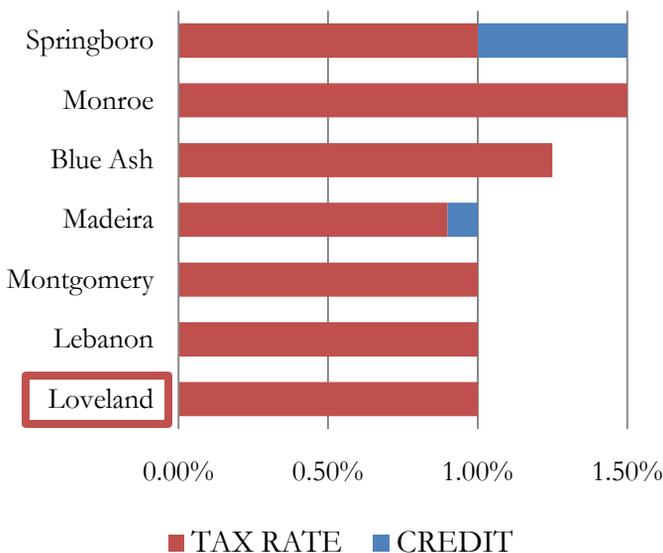


FIGURE 4.4

Source: The Southwestern Ohio Tax Administrators Association (SWOTAA)

CITY	TAX RATE	CREDIT
Monroe	1.50%	1.50%
Springboro	1.50%	1.00%
Blue Ash	1.25%	1.25%
Madeira	1.00%	0.90%
Lebanon	1.00%	1.00%
Montgomery	1.00%	1.00%
Loveland	1.00%	1.00%

TABLE 4.1

# PROPERTY TAX

As Figure 4.5 shows, property tax revenue increased from 2007 until 2010. However, beginning last year, property tax revenues began to decrease. This is largely a result of decreasing property values and the State's elimination of the Tangible Property Tax. It is projected that this trend will continue in 2011 and 2012, and possibly further into the future.

Figure 4.6 below compares the effective total millage rates for all property tax of Loveland to our comparable cities.

## Annual General Fund Property Tax

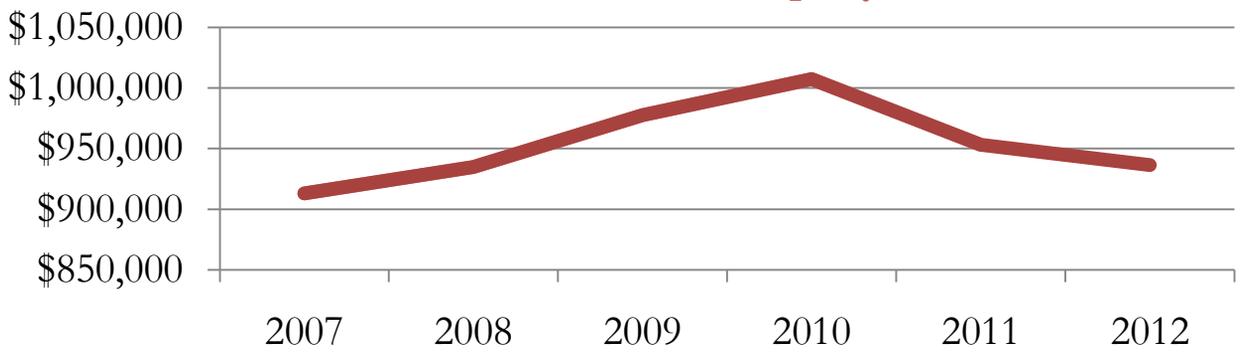


FIGURE 4.5

## 2010 Effective Total Millage Rates

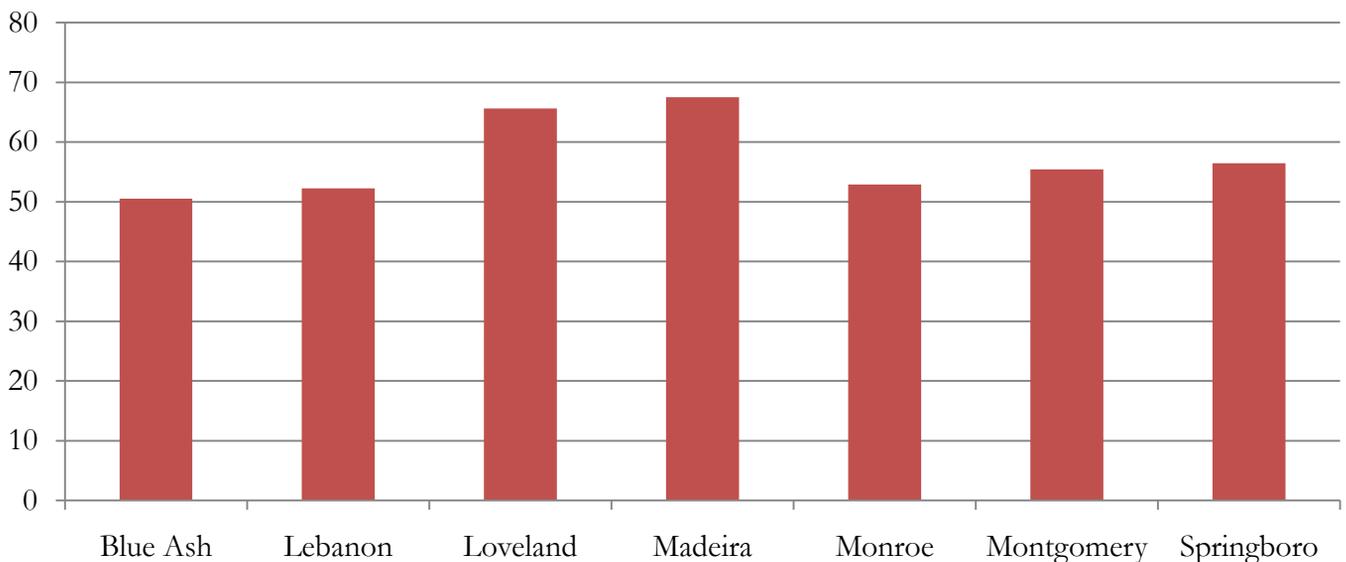


FIGURE 4.6

Source: County Auditors

The property millage rate varies depending on the county, school district, and township or city in which you live. The City of Loveland occupies three different counties and three different school districts. These different counties and school districts combine to create five different property tax districts with different combinations of tax rates. While the City of Loveland tax rate is uniform in all five districts, school and county tax rates vary. This causes residents in different areas of Loveland to have different tax burdens depending upon the county and school district in which they are located.

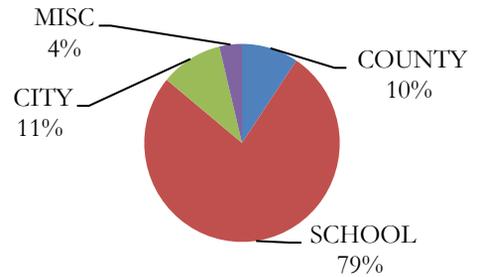
These five different City of Loveland tax districts, all of which are inside the City limits, are:

1. **Clermont County, Loveland Schools;**
2. **Warren County, Loveland Schools;**
3. **Hamilton County, Sycamore Schools;**
4. **Warren County, Little Miami Schools;**
5. **Hamilton County, Loveland Schools.**

Because county and school tax rates vary depending on where you live inside Loveland, the respective distribution of each dollar of property tax paid varies.

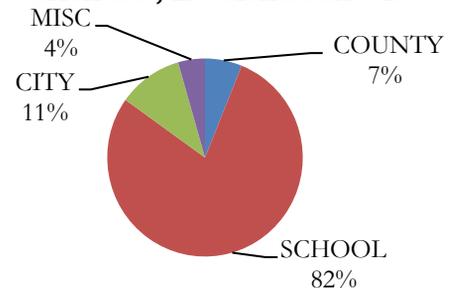
The figures to the right illustrate how your property taxes are distributed. As in most parts of Ohio, the largest portion of property tax is paid to school districts. Many county services are also supported through property taxes. In all five taxing districts inside the City limits, **the City of Loveland receives a relatively small portion of property tax.**

**Clermont Co., Loveland Schools**



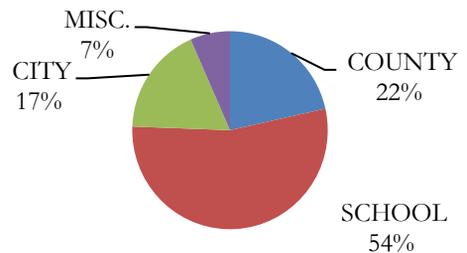
**FIGURE 4.7**

**Warren Co., Loveland Schools**



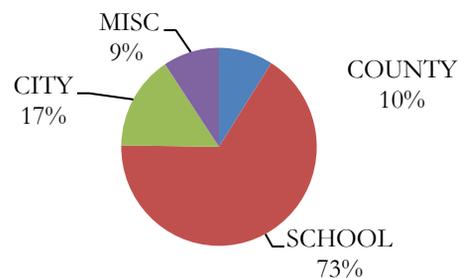
**FIGURE 4.8**

**Hamilton Co., Sycamore Schools**



**FIGURE 4.9**

**Warren Co., Little Miami Schools**



**FIGURE 4.10**

*Miscellaneous includes vocational schools, libraries, and social service funds.*

# WHERE DOES ONE DOLLAR OF PROPERTY TAX GO?

Because the largest single group of residents in Loveland live in Hamilton County and Loveland City Schools, we will further examine this tax district for illustrative purposes. In the Hamilton County, Loveland Schools tax district, a total of \$0.15 of every dollar of property tax paid is received by the City. Of the portion of property tax received by Loveland, an even smaller fraction is put towards the General Fund.

For residents in the Hamilton County, Loveland CSD jurisdiction, only \$0.06 of every dollar of property tax revenue is placed in the General Fund while \$0.09 supports our fire and EMS operations. As these figures show, the amount of revenue generated by property tax for Loveland's General Fund is smaller than it may initially appear.

## Hamilton Co., Loveland Schools



~19¢ to Hamilton Co.

~60¢ to Loveland Schools

~6¢ to misc.

~15¢ to City

~9¢ to Fire, Ems, and Fires & EMS funds



~6¢ to General Fund



FIGURE 4.11

# ADMINISTRATIVE TRANSFER



FIGURE 4.12

Another substantial General Fund revenue is the Administrative Transfer (\$550,000) from other funds. Administrative transfer recognizes that the City’s water utility, for example, receives legal, administrative and financial services from staff paid for by the General Fund.

If the water utility were a wholly separate company, it would need to have these business functions either in-house or paid for through contracts. Because these functions are instead provided by staff paid for by the General Fund, the Water Fund “pays” the General Fund each

year through an Administrative Transfer.

This is done for Water, Stormwater, Sewer, Sanitation & Environment, and the Fire and EMS funds. When combined, these funds typically pay for more than \$500,000 of services from the General Fund each year. The amount transferred is based on a fixed formula.

Loveland is fortunate to have control of its own utilities (except for sewer). This enables the City’s General Fund to have a stable, more diversified revenue stream.

## Administrative Transfer by Fund

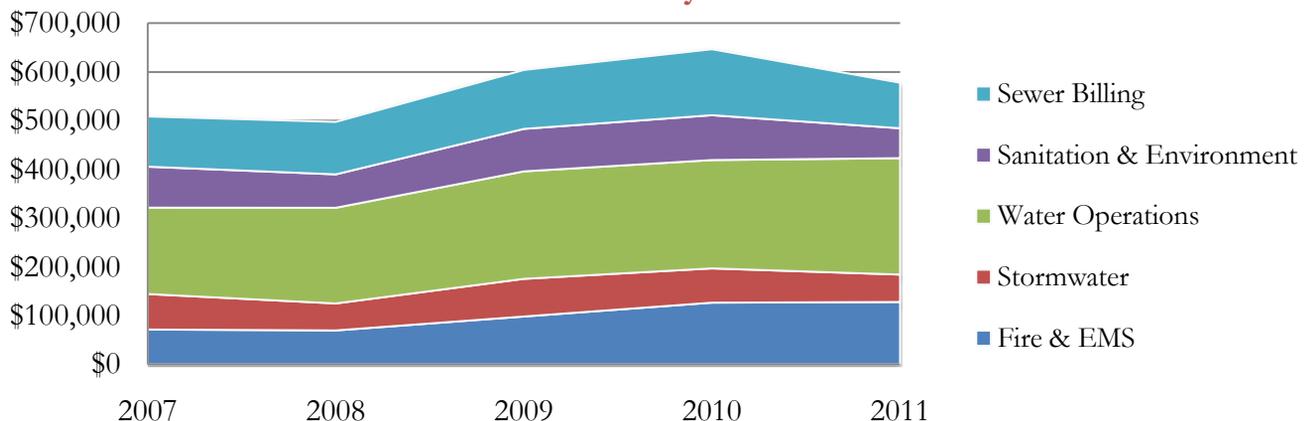


FIGURE 4.13

# ***MAYOR'S COURT, BUILDING & ZONING, OTHER***

As the revenue pie chart shows (Figure 4.2, pg. 40), these three categories make up a relatively small portion of General Fund revenues. Increasing fees and fines, while a valid policy option, will have a limited impact on the size of the City's deficit. Below is a chart providing a deeper look at the revenue sources associated with Mayor's Court, Building & Zoning, and other revenues.

## **Breakdown of Other Revenue Sources**

<b>Revenue Source</b>	<b>Amount</b>
Building & Zoning Fees	\$85,000
Mayor's Court Fines	\$144,000
Liquor & Cigarette Tax	\$15,656
Cable Franchise Fee	\$140,000
Water Tower Leases	\$15,000
Other	\$82,800
<b>TOTAL</b>	<b>\$482,456</b>

TABLE 4.2



# ***GF REVENUES: REVIEW***

## **Chapter Summary**

- Income tax revenues are trending slightly downwards.
- When compared to our peers, Loveland has a competitive income tax rate and a competitive income tax credit.
- Loveland residents' property taxes are distributed differently depending on the area of the city in which the resident resides. In all cases, the school district in which the resident is located receives the largest share of property taxes while the city receives a much smaller share.
- The General Fund receives revenues from other funds as compensation for services received by these areas from the General Fund. This practice is referred to as an administrative transfer.
- The final category of General Fund revenue sources is Mayor's Court, Building & Zoning, and Other. These revenues make up a relatively small portion of General Fund revenues as a whole.

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# CHAPTER 5: EXPENDITURE REDUCTION OPTIONS

# *POSSIBLE CUTS*

In order to aid residents in deciding which expenditures can be cut, we have created a list of possible cuts from each service area of the General Fund as well as possible City-wide adjustments. This list is not exhaustive, and residents are not limited to this list of possible cuts. Though these cuts are feasible, it is important to remember that all will have consequences to the community, our infrastructure, the City organization, City employees or some segment of Loveland.

While it is clear that cuts must be made, all of the expenditures on the list of possible cuts provide value that we can no longer sustain if these expenditures are eliminated. The ability of the city to cut certain expenditures may at times be limited by law, mandate, collective bargaining agreement, or sound business practice. The intent of discussing consequences of possible cuts is not to sound defensive, but is instead to point out real challenges Loveland faces as we reduce our budget.



# CITY-WIDE BENEFIT CHANGES & CUTS

**1. Eliminate vacation and sick leave sell back for non-bargaining employees (\$21,406).** This would save \$21,406 per year, though vacation and sick leave liabilities that are presently reduced through this benefit would grow.

**2. Eliminate health insurance for part-time employees below 1,500 hours (\$89,791).** This estimate includes City Council members. Presently, part-time employees pay 50% of their health insurance premiums.

**3. Increase employee contribution to health insurance (\$51,402).** The employee share towards premiums would increase from 11.5% to 25%. This is already contemplated starting in 2012; however the cost shift will largely be offset by 2012 known premium increases. Also, this change would affect union and non union employees differently as union employees are unwilling to give up this practice.

**4. Require spouses to take insurance with their employer (\$61,193)** (if offered, children insured by the birthday rule).

**5. Across the board wage cut for non-bargaining employees.** Each 1% wage reduction equals \$18,000 in savings annually, though only \$12,000 of this would be in the General Fund. Bargaining employees would have to agree to wage cuts and each 1% they agree to would save \$12,000 annually. While it may be possible to cut wages in the short run, eventually cost of living increases will need to be awarded to retain and recruit employees.

**6. Eliminate pension pickup for employee portion of OPERS.** This would save \$200,000 annually. Not all of these savings, however, would occur in the General Fund. Thus, not all of these savings will help solve the deficit. This would save \$114,000 to the General Fund annually and \$86,000

to other funds. This would be the equivalent of a 10% pay reduction for all non-bargaining employees. This may happen anyway as a result of Senate Bill 5, which prohibits this practice. If you will remember, we are not taking Senate Bill 5 and its possible implications into account throughout this process.

**7. Discontinue offering life insurance to non-bargaining employees.** This would save \$9,000 annually, but would treat bargaining and non-bargaining employees differently.

*Within City Hall, each accounting category was examined for possible cuts. Ahead are possible cuts identified in the City Manager's Office, the Finance Department, and City Hall Operations.*

## CITY MANAGER'S OFFICE

**1. Eliminate Receptionist Position (\$55,752).** This position is responsible for answering telephones, cashiering, providing a check on other money-handling employees, answering general questions, and assisting customers with various needs. If eliminated, Loveland will discontinue person-to-person telephone services, risk financial loss, and the City of Loveland will no longer be a clearing house for resident questions.

**2. Eliminate Management Analyst Position (\$61,392).** This position is responsible for public communication, the website, budget analysis, special projects, and policy analysis. This position in the last year obtained grants which offset half of the total position cost. If eliminated, Loveland should discontinue its monthly utility billing insert, the website, recycling programs, and other similar programs.

**3. Eliminate Assistant City Manager Position (\$116,349).** This position is responsible for economic development, overseeing the Building & Zoning Office, information technology, grant writing, and high level special projects.

Over this position's 10 year history, the Assistant City Manager position has recruited companies with annual payroll taxes well in excess of the position's annual total cost and has obtained hundreds of thousands of dollars in competitive grants. If eliminated, Loveland would have to reassign economic development and information technology functions to other employees which would displace other services.

**4. Reduce Car allowances from flat monthly stipend to direct reimbursement (\$6,000).** The City Manager's Office spends \$6,000 on annual vehicle stipends. Some months, this over-compensates employees for actual mileage, other months, it would not. Savings would range between \$0 and \$6,000 annually and will require tracking and accounting.

**5. Reduce training budgets and dues and subscriptions (\$10,500).** The City Manager's Office spends \$10,500 per year on membership dues, subscriptions, and training. These allow staff to stay current on best practices and general management, economic development, information technology, and organizational development. Reducing this would save between \$0 and \$10,500 per year.

**6. Discontinue Management Internship Program (\$6,000).** This program hires Loveland High School alumni who are in college and who have an interest in public service. Projects have included increasing recycling, marketing, performance measurement, public information, and budget analysis.

## **OPERATIONS**

**1. Eliminate Employee Relations (\$10,000).** This expenditure pays for the City's Employee Assistance Program (EAP), quarterly employee luncheons, team building, and similar expenditures. Reducing this would save between

\$0 and \$10,000 per year.

**2. Reduce Continuous Improvement Training (\$20,000).** This expenditure pays for organizational wide training and specific employee coaching. At times, this investment has been for problematic employees while other times it is solely for employees' proactive development. Reducing this would save between \$0 and \$20,000 per year.

**3. Reduce Wellness Program (\$35,000).** Each year, the City spends less than 5% of its total health care budget on promoting employee and family wellness. Results have been remarkable, though financial benefits from wellness may take years to be fully realized. Because wellness is directly related to health insurance cost, staff does not recommend that this program be eliminated entirely and, in fact, staff recommends that it be held at current levels. Reducing this would save between \$0 and \$35,000 per year.

**4. Reduce City Hall Building Improvements (\$4,000).** This expense covers minor investments in the City Hall building. While it may be reduced or cut short-term, maintaining a forty year old building will require funding in the future.

**5. Discontinue City Website (\$6,984).** This figure does not include savings of time, costs which only "go away" if a position is eliminated.

**6. Eliminate Newsletter (\$12,000).** This is the monthly insert inside utility bills. The City has already discontinued quarterly newsletter, reducing this expenditure by \$25,000 annually. Without a newsletter, residents will have to rely on news media and the website for timely communications about City affairs and activities. The City is promoting electronic billing to reduce printing and mailing costs.

**7. Discontinue Neighborhood Program (\$3,000).** This program matches contributions by organized neighborhoods to make durable improvements to the neighborhood. Often this line item goes unspent anyway.

**8. Eliminate ICRC (\$50,000).** The Intercommunity Cable Regulatory Commission (ICRC) provides public access television to all Time Warner Cable customers. ICRC is a consortium of area governments founded to assist communities like Loveland with cable franchise negotiations and regulations; this is now done under a state franchise agreement. As a result, the reason for ICRC's formation no longer exists. ICRC services now include televising city council meetings, community events, and occasional high school sports competitions. The contract renews automatically each fall. Eliminating ICRC will save \$50,000 per year but will necessitate greater effort on the part of residents to stay current with City of Loveland government.

**9. Eliminate records management and digitization line item (\$7,500).** The City's records are the records of the public. As such, the City has a legal requirement to save documents for public review. The volume of records in multiple media formats is substantial, and the consequences to Loveland of failing to manage these records can be significant. Accordingly, the City budgets money each year to digitize and dispose of records properly. Eliminating this expenditure will require more staff time to ensure public records are managed effectively.

## FINANCE

**1. Reduce Car allowances (\$3,000).** The Finance Department spends \$3,000 annually on car allowances. Some months, this over-

compensates for actual mileage, other months, it would not. Savings would range between \$0 and \$3,000 annually and will require tracking and accounting.

**2. Reduce training budgets and dues and subscriptions (\$8,600).** The Finance Department spends \$8,600 per year on dues, subscriptions, conferences and training. These allow Finance staff to stay current on best practices, changes in accounting standards, tax law, general management, and loss control. Reducing this would save between \$0 and \$8,600 per year.

## POLICE

**1. Eliminate All part-time police hours (\$196,000).** The city budgets approximately 6,000 hours of part-time police labor. This is the equivalent of three full-time officers. Under both collective bargaining agreements and civil service regulations, part-time employees must be laid off prior to full time employees. This means that the City must eliminate the equivalent of three full-time police officers from the part-time program prior to eliminating any of the twelve full-time officers.

**2. Eliminate one full-time patrol officer (\$100,000 on average).** As mentioned above, all part-time officers must be laid off before a full-time officer. Assuming the City has laid off all part-time police officers already, each full-time officer thereafter who is laid off will save approximately \$100,000 per year in salary and benefits. This cannot be accomplished without reducing minimum staffing to this community. One consequence could be elimination of School Resource Officer (SRO) position. Another consequence could be elimination of the dedicated detective assignment. Both officers assigned to these duties would likely be returned to the road as patrol officers.

**3. Eliminate K-9 Program (\$10,000).** This includes food, veterinary services, and some officer time for care and grooming

**4. Eliminate tuition reimbursement (\$13,000).** The City reimburses employees for college-level courses relevant to their job and in pursuit of a degree.

**5. Reduce outside labor negotiation and consulting charges (\$10,000).** Currently the City uses an outside consulting firm for these purposes. Having a consistent firm provides organizational knowledge and has been helpful in fact-finding.

**6. Reduce Training and Conferences (\$10,000).** Reductions in this line-item will result in the LPD losing ground in combating crime trends.

## **PARKS & LEISURE**

*Below are possible cuts identified within the Parks & Leisure service area.*

**1. Eliminate Rhythm on the River Concerts (\$9,500).** This expenditure includes six to eight free concerts each year and the Moonlight Movies.

**2. Fourth of July Fireworks, Band, and Festival (\$8,500).**

**3. Beautification (\$14,000).** Includes flower costs and labor costs from City employees.

**4. Veterans Memorial (\$2,500).** This covers miscellaneous expenses for the Veterans Memorial at West Loveland and Riverside Drive.

**5. Eliminate Parks Capital Projects (\$25,000).** Each year, the City makes one substantial improvement to our parks such as recent upgrades to the restrooms and electricity at Nisbit Park.

## **ROAD REHAB**

*Below are possible cuts identified within the Road Rehabilitation service area.*

**1. Eliminate/Reduce Road Rehabilitation (\$0-\$170,000).** The City will still have Gasoline Tax and Motor Vehicle Registration fees of approximately \$140,000 annually. The City Engineer recommends that Loveland spend a minimum of \$500,000 per year, however.

**2. Reduce General Fund subsidy for road salt (\$0 to \$20,000).** Loveland's General Fund subsidizes the Street Maintenance Fund by purchasing additional salt to maintain roads during winter storms.

# ***EXPENDITURES REDUCTION OPTIONS: REVIEW***

## **Chapter Summary**

-All service areas and their respective subcategories were analyzed by staff in order to identify possible cuts.

-All cuts will have consequences to the community, our infrastructure, the City organization, City employees or some segment of Loveland.

-The vast majority of cuts will directly impact the standard of service currently sustained in Loveland.

-The discussion of consequences is solely an attempt to illustrate the challenges Loveland faces as a result of our budget situation.

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# CHAPTER 6: REVENUE ENHANCEMENTS

# OVERVIEW

There are three major options in regards to making up for lost revenue, all of which would involve raising taxes. Each have their own pros and cons and each affect different groups of residents.

These options are:

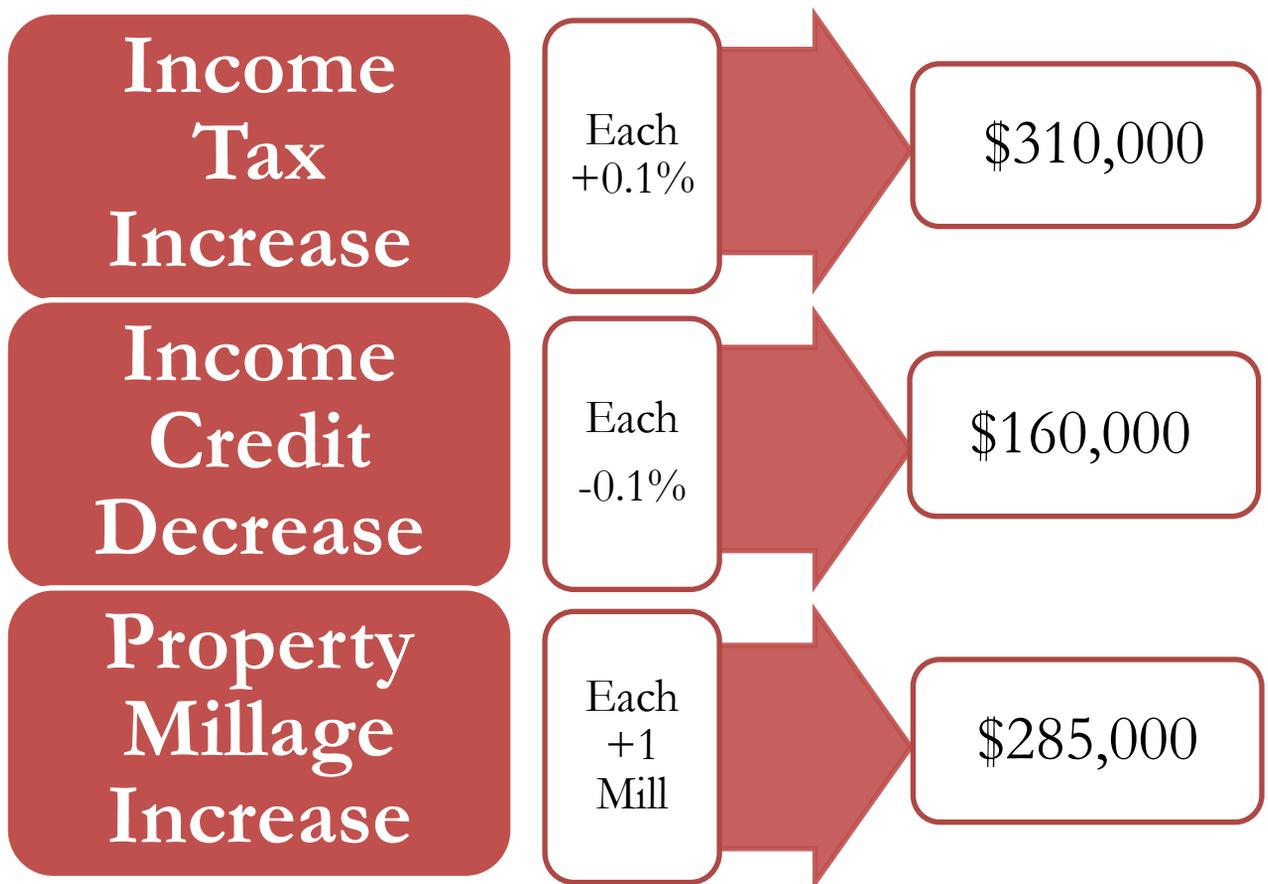


FIGURE 6.1

# TAX OPTIONS

## INCOME TAX INCREASE

Currently, 55% of income generating residents pay the City of Loveland income tax. The other 45% pay income tax where they work and receive a credit against their Loveland tax liability for payment to another city. An income tax increase of from 1% to 1.25% is the first major revenue enhancement option.

**For a resident with an annual salary of \$65,000 a year, income tax is currently \$650 a year. Increasing the income tax rate to 1.25% would increase your income tax payment by \$162 a year (\$13.50 a month). This option would generate \$750,000-\$800,000 dollars of revenue annually for the city.**

The people **not** affected by this include:

- Residents who work in another city and pay an income tax rate equal to or greater than Loveland's new increased tax rate.
- Retirees who do not have earned income
- Unemployed residents

## INCOME CREDIT DECREASE

Currently, 45% of income generating residents do not pay the City of Loveland income tax. An income credit decrease is another revenue enhancement option. If the income credit were to be reduced by half, \$800,000 would be generated annually for the city. This would be enough to allay concerns about our immediate deficit as well as proactively address future revenue source reduction, such as complete elimination of the Local Government Fund (which is likely).

**Under the current income tax credit, a resident living in Loveland and working in Blue Ash earning \$65,000 a year pays Blue Ash \$812 in income tax and Loveland \$0. After the income tax credit reduction, this resident would pay Loveland \$325 in addition to the \$812 paid to Blue Ash annually.**

Certain citizens would **not** be affected by this option. These categories of residents are listed below:

- People who work in the City of Loveland
- People who work in a township but live in Loveland and therefore already pay the City a 1% income tax.
- Retirees who do not have earned income
- Unemployed residents

## PROPERTY TAX MILLAGE INCREASE

The third revenue enhancement option is a property tax increase. A two mill property tax increase would augment revenue for the City by \$712,500 annually. Again this would be enough revenue to solve our impending budget issues with a relatively stable margin for the further revenue source reduction likely to occur in the future.

**This would cost a land owner \$87.50 per \$100,000 of property.**

The following categories of residents would **not** be affected by a property millage increase:

- Renters
- Churches
- Not-for-profit property owners



# ***REVENUE ENHANCEMENTS : REVIEW***

## **Chapter Summary**

-All revenue enhancement options involve increasing taxes. The three major revenue enhancement options are an income tax increase, income credit decrease or a property tax increase.

-An income tax increase could raise the income tax rate .25% and would generate \$750,000-\$800,000 annually for the City.

-An income tax increase would not affect residents who work in another city and pay an income tax rate greater than or equal to Loveland's new, higher tax rate, retirees who do not have earned income, and unemployed residents.

-An income credit decrease could reduce the credit rate by half and generate \$800,000 annually for the City.

-An income credit decrease would not affect people who work in the City of Loveland, people who work in a township, retirees who do not have earned income, and unemployed residents.

-A property tax increase could raise the property tax rate by two mills and would generate \$712,500 annually for the City.

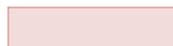
-A property tax increase would not affect renters, churches, or not-for-profit owners.

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# APPENDIX

# A1: City of Loveland 2011 Employee Salary and Benefits

City Hall	Total Cost	Base Salary (2080 hours)	Other (Cell phone/car allowance)	Mandated Medicare & Workers Comp	Mandated Pension Pick-Up	Pension Pick-Up	Life Insurance	Health Insurance Premium & HSA Contribution	Wellness Incentive Program	Longevity
City Manager	\$157,024	\$106,950	\$4,200	\$3,554	\$15,084	\$10,774	\$559	\$14,242	\$100	\$1,560
Finance Director	\$130,297	\$85,010	\$3,600	\$2,920	\$12,405	\$8,861	\$459	\$14,242	\$1,000	\$1,800
Assistant City Manager	\$116,624	\$86,486	\$3,600	\$2,970	\$12,612	\$9,009	\$467	\$1,000		\$480
Clerk of Council/Exec. Asst.	\$101,163	\$65,624	\$1,800	\$2,240	\$9,439	\$6,742	\$354	\$14,242		\$720
Building & Zoning Coord.	\$87,527	\$56,202	\$600	\$1,905	\$7,952	\$5,680	\$303	\$13,085		\$1,800
Accounts Payable Clerk	\$79,192	\$50,274		\$1,696	\$7,038	\$5,027	\$271	\$13,085		\$1,800
Financial Analyst	\$77,866	\$49,005		\$1,653	\$6,861	\$4,900	\$265	\$14,242	\$100	\$840
Utility Billing Clerk	\$66,511	\$41,205		\$1,390	\$5,769	\$4,120	\$223	\$13,085		\$720
Management Analyst	\$61,527	\$42,494	\$600	\$1,442	\$6,033	\$4,309	\$229	\$5,939		\$480
Receptionist	\$55,872	\$37,434		\$1,263	\$5,241	\$3,743	\$202	\$5,939	\$250	\$1,800
PT Finance Clerk	\$41,698	\$22,464		\$758	\$3,145	\$2,246		\$13,085		
PT Human Resources Manager	\$37,697	\$24,933		\$841	\$3,491	\$2,493		\$5,939		
U of Cincinnati Co-Op	\$13,247	\$10,400		\$351	\$1,456	\$1,040				
Police	Total Cost	Base Salary (2080 hours)	Other (Overtime, OIC, cell phone, etc.)	Mandated Medicare & Workers Comp	Mandated Pension Pick-Up	Pension Pick-Up	Life Insurance	Health Insurance Premium & HSA Contribution	Wellness Incentive Program	Longevity
Police Chief	\$131,155	\$86,486	\$600	\$2,926	\$25,690		\$467	\$13,085	\$100	\$1,800
Assistant Police Chief	\$123,444	\$79,914	\$600	\$2,705	\$23,752		\$432	\$14,242		\$1,800
Average Sergeant (3 total)	\$108,894	\$73,167	\$2,314	\$2,493	\$14,602		\$395	\$14,242		\$1,680
Average FT Patrol Officer w/ Insurance (11 total)	\$92,037	\$62,474	\$5,116	\$1,897	\$9,355		\$337	\$11,347	\$200	\$1,310
Average FT Patrol Officer w/o Insurance (2 total)	\$76,772	\$57,755	\$5,265	\$1,792	\$9,161		\$337	\$1,000	\$175	\$1,287
Clerk of Court	\$74,599	\$45,469	\$1,238	\$1,552	\$11,210		\$246	\$13,085		\$1,800
Account Clerk	\$72,059	\$45,448		\$1,533	\$10,908		\$245	\$13,085		\$840
PT Patrol Officer	\$50,144	\$30,000	\$1,120	\$1,028	\$6,068			\$11,927		
PT Patrol Officer	\$41,117	\$29,600	\$3,925	\$1,055	\$6,537					
PT Patrol Officer	\$24,575	\$20,000		\$675	\$3,900					
PT Patrol Officer	\$20,643	\$16,800		\$567	\$3,276					
PT Patrol Officer	\$18,431	\$15,000		\$506	\$2,925					
PT Patrol Officer	\$15,974	\$13,000		\$439	\$2,535					
PT Patrol Officer	\$12,287	\$10,000		\$337	\$1,950					
PT Patrol Officer	\$8,355	\$6,800		\$229	\$1,326					
Public Works	Total Cost	Base Salary (2080 hours)	Other (Overtime, pager pay, etc.)	Mandated Medicare & Workers Comp	Mandated Pension Pick-Up	Pension Pick-Up	Life Insurance	Health Insurance Premium & HSA Contribution	Wellness Incentive Program	Longevity
Public Works Director	\$124,553	\$86,486		\$2,918	\$12,108	\$8,649	\$467	\$13,085		\$840
City Engineer	\$120,056	\$79,914	\$600	\$2,705	\$11,272	\$8,051	\$432	\$14,242	\$2,000	\$840
Crew Leader #1	\$106,386	\$50,274	\$21,472	\$1,828	\$10,044	\$7,175	\$271	\$14,242		\$1,080
Average FT Maintenance Worker	\$79,203	\$45,305	\$6,619	\$1,615	\$7,182	\$5,130	\$245	\$11,512	\$250	\$1,347
Crew Leader #2	\$78,670	\$50,274	\$9,674	\$2,007	\$8,309	\$5,935	\$271	\$1,000		\$1,200
Engineering Intern	\$12,717	\$9,984		\$337	\$1,398	\$998				
Average Seasonal Maintenance Worker	\$12,643	\$8,900	\$1,040	\$315	\$1,393	\$995				
City Council	Total Cost	Base Salary	Other	Mandated Medicare & Workers Comp	Mandated Pension Pick-Up	Pension Pick-Up	Life Insurance	Health Insurance Premium & HSA Contribution	Wellness Incentive Program	Longevity
Weisgerber	\$5,948	\$4,670		\$158	\$654	\$467				
Bednar	\$18,479	\$4,235		\$143	\$593	\$424		\$13,085		
Cox	\$17,925	\$3,800		\$128	\$532	\$380		\$13,085		
Fitzgerald	\$19,083	\$3,800		\$128	\$532	\$380		\$14,242		
Leeper	\$4,840	\$3,800		\$128	\$532	\$380				
Osborne	\$4,840	\$3,800		\$128	\$532	\$380				
Zuch	\$19,083	\$3,800		\$128	\$532	\$380		\$14,242		



# A2: Performance Measurements

<b>Police Department</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>Projected 2011</b>
Loveland Population	11,956	11,980	12,033	12,081	12,100
Police Expenditures Per Capita	\$205.07	\$199.15	\$205.71	\$214.74	\$223.42
ICMA CPM Mean Benchmark (2009)					
All Jurisdictions:			\$219		
Cities under 25,000:			\$243		
<b>Mayor's Court</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>Projected 2011</b>
Mayor's Court Revenue	\$127,055	\$119,080	\$102,218	\$141,982	\$144,000
Mayor's Court Expenditure	\$114,504	\$130,138	\$119,603	\$119,602	\$120,627
Court Cost Recovery Ratio	1.11	0.92	0.85	1.29	1.19
<b>Traffic Enforcement</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>Projected 2011</b>
Parking Citations	250	146	116	65	70
Total Traffic Charges	1,730	1,789	1,446	1,537	1,550
Traffic Warnings	494	693	920	738	750
Operating Vehicle While Intoxicated (OVI)	37	41	38	35	37
OVI per 1,000 Residents	2.96	3.24	2.99	2.89	3.06
Auto Accidents	159	162	150	153	150
Injury Auto Accidents		13	12	25	15
Auto Accidents/Alcohol		4	7	6	6
Fatal Auto Accidents		1	0	0	0
<b>Part I Crime</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>Projected 2011</b>
Murder	0	0	0	1	0
Rape	6	3	4	6	4
Robbery	3	2	3	2	2
Aggravated Assault	3	0	3	4	3
Burglary, Breaking and Entering	29	34	41	45	40
Theft/Larceny	162	111	152	196	175
Motor Vehicle Theft	4	2	1	4	3
Arson	2	4	1	2	1
Total Part I Crime	209	155	205	260	228
Part I Crime / 1,000 residents	16.7	12.3	16.2	21.5	18.9
ICMA CPM Mean Benchmark (2009)					
All Jurisdictions:			36.66		
Cities under 25,000:			31.17		
<b>Crime Response</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>Projected 2011</b>
Total Arrests	717	622	677	612	620
Drug Related Arrests (All)		80	103	91	100
Juvenile Arrests		94	76	71	70
Juvenile Drug Related Arrests		18	17	18	18
Arrests / 1,000 residents	57.3	49.19	53.4	50.6	51.3
Use of Force Incidents	4	11	9	6	6
Average Response Time to Priority Calls in minutes (from dispatch to arrival)		4:25	4:58	3:36	3:36
ICMA CPM Mean Benchmark (2009)					
All Jurisdictions:			4:52		
Cities under 25,000:			3:65		

<b>Building &amp; Zoning</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>Projected 2011</b>
Tall Grass Violations	40	55	75	94	70
Debris Violations	60	29	54	47	35
Exterior Structure Violations	-	11	38	53	30
Other Violations	50	25	53	12	40
Total Code Violations	155	120	220	206	180
Violations Complied With	-	120	193	206	160
Abated by Contractor	-	20	27	45	40
Cited to Mayors Court	-	2	11	10	6
Total assessed for clean up	\$6,000	\$8,959	\$18,950	\$25,070	\$20,000
<i>Permits and Valuation</i>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>Projected 2011</b>
Residential Permits	175	124	114	115	90
Commercial Permits	47	71	48	42	50
Residential Inspections	418	274	205	141	140
Commercial Inspections	98	240	54	89	50
New Housing Starts	26	28	10	22	20
Commercial Investment Valuation	\$2,500,000	\$6,118,988	\$1,808,771	\$2,804,861	\$2,000,000
Residential Investment Valuation	\$9,600,000	\$8,098,355	\$4,575,818	\$4,552,307	\$5,000,000
Total Property Investment	\$12,100,000	\$14,217,343	\$6,384,589	\$7,357,168	\$6,000,000
<i>Planning and Zoning Commission</i>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>Projected 2011</b>
Performance Bond Reductions	2	2	0	1	0
Site Plan Reviews	7	2	3	1	0
Conditional Uses	0	5	5	5	0
Zoning Code Text Change	1	1	0	1	5
Loveland Madeira Overlay*	7	7	8	6	10
Lot Splits	2	1	1	2	2
Final Plats	0	0	0	0	2
Substitution, Non-Conforming Use	0	1	0	0	2
Zone Map Change	0	0	0	0	0
Total Cases	19	19	17	16	19
*Loveland Madeira Overlay (e.g. Signage, Building Color, Substantial Expansion, Outdoor Sales, etc.)					
<i>Board of Zoning and Appeals</i>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>Projected 2011</b>
Appeals Requested	2	0	1	1	0
Variances Requested	2	1	0	1	0
Total Cases	4	1	1	2	0
Cases Denied	0	0	1	0	0

<b>Debt</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>Projected 2011</b>
All Debt Outstanding Principle (includes SCIP)	\$9,450,962	\$10,978,867	\$11,858,133	\$10,530,774	\$12,199,749
Total City of Loveland Assessed Valuation, \$ (Excludes Tangible Personal Property)	270,250,000	282,170,000	286,170,000	302,631,000	285,241,000
Total Debt Principle as a % of Assessed Value <sup>[1]</sup>	3.20%	3.70%	3.80%	3.48%	3.82%
Number of Outstanding Debt Issues	31	33	35	30	29
Year-end, Weighted Average Interest Rate	3.29%	3.26%	3.08%	3.08%	3.01%
Total General Obligation (GO) Debt <sup>[2]</sup>		\$5,942,563	\$5,165,572	\$6,908,665	\$8,115,803
GO Debt as a % of Assessed Valuation		2.10%	1.80%	2.29%	2.70%

[1] Includes all debt, not just general obligation debt, which is more commonly benchmarked against property values.

[2] 2011 General Obligation debt assumes \$283,000 for City Hall HVAC and 1\$1,400,000 for downtown TIF bonds (as opposed to notes in prior years).

<b>Treasury</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010 (Projected)</b>	<b>Forecasted 2011</b>
Treasury & Cash Reserve Management	\$6,820,892	\$5,629,990	\$5,400,000	\$4,226,861	\$5,050,000
Interest Income	\$389,401	\$284,018	\$135,000	\$41,730	\$45,000
City Annual Yield on Treasury	5.71%	4.26%	2.50%	1.36%	0.89%
STAR Ohio Yield	4.95%	2.26%	0.12%	0.11%	0.15%
Basis Points Above/Below LoveDEX <sup>[3]</sup>				104.25	52.25

[3] The LoveDEX is a customized benchmark to monitor outside investment services overtime. It consists of Star Ohio, multiplied by 125%, plus 18 basis points. This accounts for the notion that the City of Loveland has historically beaten Start Ohio by 125%, and the City is paying a total of 18 basis points to Fort Washington and US Bank (the custodian). If the LoveDEX is not outperformed over time, than the City would be better either to invest for itself rather than use Fort Washington or hire another firm.

<b>Tax Collections</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010* (Projected)</b>	<b>Forecasted 2011</b>
Income Tax Collections (after refunds)	\$2,954,097	\$2,974,562	\$3,085,000	\$2,919,302	\$3,050,000
Tax Collection Costs	\$316,501	\$314,280	\$317,613	\$221,919	\$209,000
Tax Collection costs as a Percent of Net Collections	10.70%	9.47%	9.29%	7.60%	6.85%

\* Year the City converted to the Regional Income Tax Agency (RITA)

<b>Human Resources</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010 (Projected)</b>	<b>Forecasted 2011</b>
Total City Salary and Wages	\$3,062,923	\$3,218,713	\$3,451,651 <sup>[4]</sup>	\$3,081,432	\$3,079,525
Total City Paid Hours	104,236	110,633	128,377	107,299	119,000
Average Hourly Rate per Labor Hour	\$28.59	\$29.09	\$26.89	\$28.72	\$25.68
Open Recruitments <sup>[5]</sup>	3	5	0	2	2
Total Applications	133	503	NA	156	200
Applicants per Job	44.3	100.6	NA	78	100
Average Tenure of Full time City Employees (Years)	9.34	8.57	7.86	8.48	9.4
City Health Insurance Expenditures <sup>[6]</sup>	\$394,878	\$537,971	\$519,761	\$554,807	\$631,824
Percent Change in Health Insurance Expenditures	10.50%	36.24%	-3.39%	1.07%	18.41%

[4] This year's figures include a 27th pay period, a fact inflating total salary and wages by 3.7% over the year prior.

[5] This figure does not include internal promotions, only recruitments which are open to the general public.

[6] Includes total premiums and Health Savings Account and Health Reimbursement Account contributions made by the City to employees to cover a portion of the maximum out-of-pocket expenditures.

## City Manager's Office

	2007	2008	2009	2010	Projected 2011
Press Releases	40	40	42	44	45
Annexations	2	0	2	1	0
Acreage Annexed	35.48	0	61.805	27.5013	0
City Limits, Square Miles	5.12	5.12	5.26	5.3	5.3
City Population <sup>[1]</sup>	11,956	11,980	12,033	12,081	12,100
Residents per Square Mile	2,445	2,470	2,410	2,279	2,283
Legislative items approved by Council	92	88	84	87	85
Council Memos	135	115	117	98	100
L-NAT Meetings <sup>[2]</sup>	4	3	5	5	4
Adult Participants at all Neighborhood Meetings			150	76	100

[1] Using the 2010 Census, the City of Loveland estimates population annually by multiplying the number of new housing starts by 2.4 residents per household

[2] The 2010 figure includes the Neighborhood Leadership Summit (May 24, 2010) and the National Night Out Event (August 3, 2010), neither of which are traditional neighborhood meetings but which are included here because both relate to the Loveland Neighborhood Action Team activity.

## Risk Management

	2007	2008	2009	2010	Projected 2011
Total Property Loss, Premiums, and Expenditures per \$1,000	\$1.65	\$0.95	\$1.39	\$0.68	\$1.00
ICMA CPM Mean Benchmark (2009)					
All Jurisdictions:			\$3.75		
Cities under 25,000:			\$3.10		
Expenditures for Liability Claims Per Capita	\$3.07	\$1.93	\$0	\$0	\$0
ICMA CPM Mean Benchmark (2009)			\$5.33		
Workers Comp Claims per 100 FTEs		8	6	3	5
ICMA CPM Mean Benchmark (2009)			12.5		
Expenditures for Workers Comp per \$100 of Total Wages and Benefits <sup>[1]</sup>	\$0.53	\$0.62	\$0.89	\$0.78	\$0.88
ICMA CPM Mean Benchmark	\$2.36	\$2.03	\$1.62		
Number of Work Days Lost to Injury Per Claim		5.5	0	1	2
ICMA CPM Mean Benchmark (2009)			5.06		

[1] Workers Compensation premiums have been increasing not because of the City of Loveland's experience, which has been excellent, but because the State of Ohio's Workers Compensation fund is increasing premiums statewide.

## Real Estate Activity

	2007	2008	2009	2010	Projected 2011
Average Sales Price of Loveland Homes Sold <sup>[1]</sup>	\$232,872	\$188,965	\$177,581	\$187,460	\$182,000
Total City of Loveland Assessed Valuation in dollars (Excludes Tangible Personal Property)	270,250,000	282,170,000	302,911,000	300,397,000	290,000,000
% Increase in Assessed Valuation	16.05%	4.41%	7.35%	-0.83%	-3.46%
Available <b>Detached</b> Single Family Housing <b>Lots (Units)</b> in Platted Subdivisions	-	136	127	126	110
Available <b>Attached</b> Single Family Housing <b>Units</b> in Platted Subdivisions (White Pillars)	-	108	99	58	86
Foreclosures	42	15	16	17	17
Community Reinvestment Area (CRA) Tax Abatements	1	4	2	1	1
New Jobs from CRAs	10	46	84	40	25
Properties sold, purchased or leased by the City	1	1	3	1	1
Properties sold, purchased or leased by the Loveland CIC	0	4	1	1	1

[1] Average sales price includes all homes which were sold inside the corporate limits in a given year, including new and existing homes. The change in average sales price since 2007 is in part a reflection of fewer new home starts in 2009-2011, not necessarily a decline in the value of existing homes in the community. Home sale prices are projected to go down in 2011 largely because staff believes sales in 2010 were increased because of federal programs which have expired.

<b>Parks &amp; Leisure</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>Projected 2011</b>
Loveland Youth Recreation Participants		4,250	3,796	3,900	3,900
Percentage of All Rec. Participants from City		30.80%	31.70%	31.70%	31.50%
Acres of Parkland per 1,000 residents (developed and undeveloped) <sup>[1]</sup>	25.03	24.78	25.34	25.3	25.24
ICMA CPM Mean Benchmark (2009)			24.2		

[1] The increases in parks land represent the acquisition of the Christman Farm in 2007 and the acquisition of the Donnie Gay property in 2009. Average park land per capita goes down slightly as the City's estimate of the City's population increases annually.

<b>Street Maintenance</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>Projected 2011</b>
Loveland Population	11,956	11,980	12,033	12,081	12,100
Road Rehabilitation Expenditures	\$437,534	\$440,203	\$390,183	\$314,967	\$287,839
Per Capita Road Rehabilitation Expenditures	\$34.95	\$34.81	\$30.28	\$26.07	\$23.79
ICMA CPM Mean Benchmark (2009)			\$34.60		
Lane-Miles of Roadways Rehabilitated		5.69	9.2	8.5	8.9
Road Rehabilitation Expenditures per Lane-Mile		\$92,144	\$41,734	\$37,055	\$31,341
Tons of Road Salt Used		1,200	1,082	1,050	1,050
Hours of Street Sweeping		292	261	352	350
Total Loveland Lane Miles of Roadway (Accepted/Dedicated)		100.4	101.2	101.6	101.6

\*Includes contracted sweeping in 2010 and 2011. This will be three sweeps of the residential neighborhoods by a contracted sweeping company, plus the City's own sweeping.

## A3: General Fund Expenditures

### PROJECTED GENERAL FUND EXPENDITURE

<i><b>Legislative</b></i>	
City Council & Clerk Salary	36,300
Council Memberships, Dues, Subscriptions, Meetings	7,500
OPERS (City Share)	5,082
OPERS (Employee Share)	3,630
Life Insurance	500
Medical Reimbursement	15,549
Health Insurance	49,117
Workers' Compensation	1,000
Medicare	526
Miscellaneous	4,750
<b>Subtotal, City Council</b>	<b>123,954</b>
<i><b>Legal Services</b></i>	
City Solicitor, Contract Labor	110,000
<b>Subtotal, Legal Services</b>	<b>110,000</b>
<i><b>City Manager's Office</b></i>	
City Manager Salary	106,950
City Manager's Office Staff Salary	249,200
OPERS (City Share)	50,701
OPERS (Employee Share)	36,215
Life Insurance	1,600
Medical Reimbursement & Vacation Sellback	33,035
Health Insurance	49,117
Workers' Compensation	3,500
Medicare	2,974
Dues, Subscriptions, & Meeting Expenses	4,000
Conferences, Education, Training	6,500
Miscellaneous	6,000
Automobile Expense	9,600
Management Intern Salary	6,000
<b>Subtotal, City Manager's Office</b>	<b>565,392</b>
<b>Total, Legislative, Legal Services, CMO</b>	<b>799,345</b>

## FINANCE

Finance Director Salary	85,010
Finance Department Miscellaneous	1,850
Automobile Expense	3,000
Salaries	125,327
OPERS (City Share)	30,160
OPERS (Employee Share)	21,543
Life Insurance	1,700
Medical Reimbursement & Vacation Sellback	22,396
Health Insurance	44,393
Workers' Compensation	3,500
Medicare	3,124
Office Supplies	1,000
Postage	1,000
RITA	85,000
Office Equipment	3,000
Income Tax Refunds	105,088
Dues, subscriptions, & Meeting Expenses	2,750
Conferences, Education, Training	6,000

**Total** **545,841**

## OPERATIONS

Employee Administration & Relations	10,000
Continuous Improvement Training	20,000
Wellness Program	35,000
Municipal Maintenance Salary	22,500
Municipal Building Maintenance & Supplies	13,000
Building Improvements	4,000
Property Liability Insurance	27,000
Utilities	21,000
Communications	14,000
Warning Sirens	3,400
IT Consulting Support	70,000
Computer Supplies & Parts	9,500
Office Supplies & Equipment Maintenance	21,000
Postage	9,000
Office Furniture	1,500
Legal and Job Advertisement	13,000
Public Relations & Newsletter	12,000
Neighborhood Revitalization	3,000
ICRC Contract (Public Access TV)	50,000
Municipal Code Updates and Web Access	5,000
Street Lights	64,000
Health Inspections Contract with Hamilton County	12,704
Federal and County Mandatory Auditors Fees	20,500

LCSD Revenue Sharing (Amano & LCS)	7,500
Computer & IT Equipment Replacement	25,000
Records Retention and Digitization	7,500
Transfer to Bond Fund, Debt Service	131,314
Advance to Street Maintenance Fund	20,000
Transfer for Leave Reserve	20,000
Miscellaneous	3,000

**Total** **675,418**

## BUILDING & ZONING

Salary	83,200
OPERS (City Share)	11,648
OPERS (Employee Share)	8,320
Health Insurance	18,400
Life Insurance	700
Medicare	1,121
Medical Reimbursement & Vacation Sellback	1,500
Workers Compensation	1,190
Office Supplies	3,000
Transportation	1,200
Property Maintenance Inspection Contract	15,000
Plan Examiner Contract	5,000
Building Inspection Contract	25,000
Property Maintenance Remediation	20,000
Education, Training, & Conferences	1,000
Membership, Dues, Subscriptions	1,250
Miscellaneous	2,500

**Total** **200,029**

## ENGINEERING (20%)

Salary	16,300
Membership, Dues, Subscriptions	500
Miscellaneous	2,000

**Total** **18,800**

## MAYOR'S COURT

Salary	54,000
OPERS (City Share)	6,825
OPERS (Employee Share)	4,875
Health Insurance	15,113
Life Insurance	267
Medicare	1,280
Medical Reimbursement & Vacation Sellback	6,938
Workers Compensation	900
Magistrate	7,000
Prosecutor	12,500

Public Defender	1,000
Office Supplies	2,000
Computer System Maintenance	5,400
Incarceration Charges	3,500
Miscellaneous	1,000

**Total** **122,598**

**POLICE**

Salary	1,416,000
Ohio Police and Fire (sworn officers only)	265,000
OPERS (City Share)	26,833
OPERS (Employee Share)	19,167
Health Insurance	238,976
Life Insurance	6,000
Medicare	23,000
Workers Compensation	27,500
Medical Reimbursement & Vacation Sellback	130,858
Tuition Reimbursement	13,000
Labor Negotiations and Outside Labor Relations	20,000
Uniform Cleaning and Repair	4,500
Replacement/New Uniforms	18,000
Property and Liability Insurance	24,500
Building Maintenance & Supplies	11,606
Janitorial Services	7,500
Building Repairs	5,000
Office Supplies & Equipment	13,200
Records Management Software Contract	8,600
Utilities	20,000
Communications	15,000
Hamilton County Communications Center	8,500
Northeast Communications (Dispatching)	85,000
Vehicles, Fuel	50,000
Vehicles, Repairs & Parts	35,000
Police Equipment	12,000
Continuous Training (state-mandated line item)	2,000
Training, Conferences and Policy Promulgation	25,000
Membership, Dues, Subscriptions & meeting Expenses	4,500
Crime & Drug Prevention	9,100
K-9 Program	3,000
Replacement Cars, Body Armor, Weapons	115,000
Transfer to Bond Fund, Debt Service	66,607
Miscellaneous	4,000

**Total** **2,733,947**

## Parks & Leisure, Operations

Salary	175,000
OPERS (City Share)	22,750
OPERS (Employee Share)	16,250
Health Insurance	18,420
Medicare	2,134
Medical Reimbursement & Vacation Sellback	15,100
Workers Compensation	3,600
Park Material & Supplies	15,000
Portolet Service	4,000
Equipment & Supplies	10,000
Fuel	9,000
Veterans Memorial	2,500
Historic Loveland Materials	4,000
Concerts in the Park	9,500
Fourth of July Fireworks & Concert	8,500
Beautification	14,000
Tree Removal & Replacement	7,500
Utilities	21,000
Communications	5,000
Property and Liability Insurance	2,079
Miscellaneous	500

**Subtotal, Operations** **365,833**

## Parks & Leisure, Capital

Parks Capital	25,000
Parks Equipment	24,000
Transfer to Bond Fund, Debt Service	88,006

**Subtotal, Capital (Non-Operating)** **137,006**

## OPERATIONS

Road Rehabilitation Program	170,000
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**Total** **170,000**

***Total Expenditures, General Fund*** ***5,768,817***

## A4: General Fund Revenues

### PROJECTED GENERAL FUND REVENUES

Property Tax	950,000
Local Government Fund (Reduced by 50% in 2013)	145,000
Estate Tax	ELIMINATED
Liquor & Cigarette Tax	15,656
Cable Franchise Fee	140,000
Mayor's Court Fines & Fees	144,000
Building Permits, Fees, and Property Assessments	85,000
Administrative Transfer	550,000
Water Tower Leases	15,000
Operations Reimbursements	15,000
Police Grants and Reimbursements	2,500
Used Equipment Sales Proceeds	10,000
Employee Payroll Withholdings	36,000
Property Lease Income	4,800
Park Impact Fees	5,000
Historic Loveland Property Tax Assessment	4,000
Miscellaneous	5,500
Income Tax	3,050,000
<b><i>Total Revenues, General Fund</i></b>	<b><i>5,177,456</i></b>

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# BUDGET GLOSSARY

**Administrative Transfer:** A fee paid to the General Fund by City of Loveland enterprise or special revenue funds to pay for services provided by the General Fund, such as personnel, legal, accounting, and general managerial services.

**Assessed Valuation:** A value placed upon real estate or other property by the various county auditors and used as a basis for levying property taxes. For residential and commercial property in Ohio, the assessed valuation is 35% of market value.

**Balanced Budget:** An annual budget in which operating revenues are equal to or greater than approved operating expenditures.

**Bond:** Bonds are debt instruments requiring repayment of a specified principal amount on a certain date (maturity date), together with interest at a stated rate, or according to a formula for determining the interest rate.

**Budget:** The official written statement of the City of Loveland's financial program that is adopted every year by City Council. As the operating plan for the City, it consists of proposed expenditures for specific purposes, projects, and programs and the adopted means of financing those expenditures.

**Capital Equipment:** New or replacement equipment which has a minimum life expectancy of one year and a minimum expense of \$1,000.

**Capital Project:** New infrastructure (e.g. buildings, roads, parks, water lines, etc.) or replacement of or improvements to existing infrastructure which has a minimum life expectancy of five years and a minimum expense of \$10,000.

**Debt Service:** Payment of principal and interest on an obligation resulting from the issuance of bonds and notes according to a predetermined payment schedule.

**Emergency Medical Services (EMS) Fund:** The property tax-supported operating fund of the City of Loveland that supports the City's contractual obligations to the Loveland-Symmes Fire Department for their emergency medical services to the Loveland community.

**Emergency Reserve:** The portion of General Fund balance which is appropriated but only available for expenditure by way of a City Council resolution or emergency declared by the City Manager. In Loveland, the Emergency Reserve is established by Resolution 2010-59, a legislative act which replaced the former policy promulgated by Resolution 1993-82. The City's emergency reserve in the General Fund is 15% of the City's General Fund revenues.

**Enterprise Fund:** A fund in which the services provided to customers/residents are financed and operated similarly to a private business. An enterprise fund is operated so that the costs of providing services are financed through user fees and charges. In Loveland, the City provides four services—water, wastewater, stormwater and solid waste—through enterprise funds.

**Estate Tax:** A tax levied on the net value of the estate of a deceased person before distribution to the heirs. This tax has been eliminated effective January 1, 2013 in the State of Ohio's latest budget.

**Expenditures, Fixed:** Expenditures which are fundamental and/or necessary to the operation of the City.

**Expenditures, Variable:** Expenditures which support the operation of the City but which are not absolutely necessary.

**Fire Fund:** The property tax-supported operating fund of the City of Loveland that supports the City's contractual obligations to the Loveland-Symmes Fire Department for fire protection for the Loveland community.

**Fire and EMS Fund:** A fund created by voter approval in 2001 and paid for by a levy on property tax to support the City's contractual obligations to the Loveland-Symmes Fire Department. Its collections may be used by the City to pay for either Fire or EMS expenditures, making it more flexible than either the Fire Fund or the EMS Fund.

**Financial Policies:** A series of written procedures used to guide the City's budget process. Financial policies help ensure that the City uses best financial practices to manage its money, assets, infrastructure, treasury and debt.

**Fiscal Year:** The twelve-month period that establishes the beginning and the ending period for recording financial transactions. The fiscal year for the City of Loveland is January 1 to December 31.

**Fund:** An accounting concept used to separate or subdivide financial activity of a city for legal and managerial purposes. All financial activity of a municipality must be classified in relation to a fund.

**Fund Balance:** The difference between the debits and credits of a particular fund. The fund balance not spent in one fiscal year will be carried forward to the next as the beginning fund balance, unless it is reserved for some other purpose.

**General Fund:** The general operating fund of the City of Loveland that accounts for financial resources not restricted to any specific purposes. The General Fund pays for services such as Police, Finance, Building & Zoning, Administration and other general government programs and services.

**Local Government Fund:** Local government funds provide a revenue-sharing mechanism by which local governments, libraries & parks share in the cumulative wealth of the state.

**Operating Expenses:** All expenses that are necessary to maintain existing levels of services. Operating expenses generally include wages, utilities, supplies, etc., but not equipment replacement and capital expenditures. Operating expenses can also be labeled fixed costs.

**Performance Measurement:** A quantitative or qualitative measure of work performed (e.g. total traffic violation arrests) or services provided (e.g. number of utility bill payments processed) or results obtained through a program or activity (e.g. reduction in neighborhood crime due to community oriented policing programs). The purpose of performance measures is to translate taxes paid into services received and to facilitate the efficient deployment of resources.

**Property Tax:** A capital tax on property imposed by municipalities; based on the estimated value of the property.

**RITA:** The Regional Income Tax Agency provides cost-effective services to collect income tax for 190 municipalities in the State of Ohio. Loveland made the switch to RITA in 2010.

**Revenue:** Funds that the City of Loveland receives as income, such as tax payments, fees for services, receipts from other governments, fines, and grants.

**Street Maintenance Fund:** A fund used to pay for routine maintenance of Loveland's roadways, such as plowing, patching, sweeping, etc. The Fund is supported principally through gasoline tax and motor vehicle registrations.

**Structural Deficit:** The difference between ongoing revenues and on-going expenditures during a fiscal year. If on-going expenditures exceed on-going revenues, the City is in a structural deficit.

**Tax:** Compulsory charges levied by a government unit for the purpose of raising revenue, which in turn pays for services or improvements provided for the benefit of the general public. The City's primary sources of taxes are the one percent income tax and real estate property tax.

**User Fees/Charges:** A payment made to the City of Loveland for receipt of services by the user who benefits from the service. The City of Loveland's primary source of user fees is for utility services, such as water, sewer, stormwater and sanitation.

**Water Fund:** The specific fund which receives all payments for and charges against the acquisition and distribution of water in and around Loveland. The Water Fund is an enterprise of the City of Loveland.

# ASSIGNMENT

***FOR OFFERING SUGGESTIONS ABOUT BUDGET CUTS, PLEASE KEEP THE FOLLOWING OBJECTIVES AND GROUND RULES IN MIND:***

## **OBJECTIVES**

Using the information presented, we have three objectives for public input:

- 1.To develop a comprehensive list of cost reduction ideas that can be considered as options in closing the budget gap that is projected to emerge over the next few years.
- 2.To prioritize our cost reduction ideas so that we can clearly identify which ideas are of highest interest.
- 3.To rank areas of tax revenue increase we would use to fill any remaining budget gap after cost savings.

## **GROUND RULES**

For Focus Group discussions the following guidelines are requested:

- Keep the conversation focused on our objectives and avoid side discussions as they are distracting, especially since we have a limited amount of time together.
- Stay positive and constructive. At the idea generation stage, no idea is a bad idea.
- Be open and don't take things personally. We're all different and we see things in our own unique ways. Ultimately, that's the power of us as a group, so let's get the most out of our time together.
- Questions intended to clarify and increase understanding are fine, but we won't have time for extensive debate and defense of ideas. Use your vote during the prioritizing section of the meeting to express how you feel about the ideas that we have developed.

***TO PROVIDE THE CITY WITH YOUR INPUT, PLEASE COMPLETE THE THREE QUESTIONS ON THE FOLLOWING PAGES.***

**PRE-WORK QUESTION #1**

Use the following grid to develop your list of areas/ideas that you would recommend for cost reduction to help fill the projected budget gap. Be as specific as possible.

Priority (#1, #2, Etc.)	Budget Area	Cost Reduction Idea Description	Estimated Annual Budget Savings (\$ Per Year)	Consequences/Impact To The City Of Loveland And/Or Its Residents – Either Positive Or Negative

**PRE-WORK QUESTION #1 (CONTINUED)**

Use the grid below if you need extra space to continue your list for question #1

Priority (#1, #2, Etc.)	Budget Area	Cost Reduction Idea Description	Estimated Annual Budget Savings (\$ Per Year)	Consequences/Impact To The City Of Loveland And/Or Its Residents – Either Positive Or Negative

**PRE-WORK QUESTION #2**

Assuming that taxes *had to be raised* to fill any remaining budget gap after cost savings, rank order the following from most preferred to least preferred:

Tax Revenue Sources	Your Ranking (Most preferred = 1, Next most Preferred = 2, etc.)
Increase the income tax rate	
Reduce the income tax credit rate for taxes paid to other cities/municipalities	
Increase the property tax rate	

**PRE-WORK QUESTION #3**

Using the grid below, describe any additional ideas (aside from those you gave in questions 1 and 2 above) for closing the projected budget gap?

Idea	Estimated Annual Budget Savings (\$ per year)	Consequences/Impact to the City of Loveland and/or its Residents – Either Positive or Negative



# ACKNOWLEDGEMENTS

This Citizen's Budget Guide to the City of Loveland General Fund was made possible by the efforts of three very bright young professionals.

Michelle Knowland, our Management Analyst and former Management Fellow through the International City/County Management Association, led the project. I am so pleased that Loveland has been able to attract and retain the best of the next generation of public servants. Michelle certainly meets this description and it has been a pleasure to watch her develop a solid mastery of the City's budget complexities, performance data, and policy considerations in just over a year. Michelle oversaw the City's two Management Interns, Samantha Cardwell and Natalie Siddique. Both are alumnae of Loveland High School and are presently in college. Sam will be a junior studying Policy Analysis at Indiana University's prestigious School of Public and Environmental Affairs, and graduated from Loveland High School in 2009. Natalie will be a sophomore studying International Relations and Russian/Eastern European Studies at Boston University. Natalie graduated from Loveland High School in 2010 and served as Loveland Mayor in the long-standing traditional student government night.

Harry Steger, Linda Collins and Myra Kroeger from the Finance Department provided data throughout the preparation of this document. The Finance Committee was kind enough to hold an extra meeting to review the draft presentation and provide keen insight on how to make it more clear. Two members of City Council also provided some highly useful, constructive criticism to this document.

It is my hope that residents will find this document useful. The City of Loveland is at a crossroads. Loveland must either decide how to live with less, replace lost revenue to maintain current service levels, or both. This will be difficult, as every government expenditure in Loveland benefits somebody and Loveland provides basic yet highly valued government services. I welcome any thoughts on improving our services, cutting our budget, saving tax dollars, or raising more revenue for our community.



Loveland City Manager



