

City of Covington, Kentucky

FY 2015-2016

City Manager

Recommended Budget

May 18, 2015



City Budget – FY 2015-16 All Revenues

2015-2016 Budget	General Fund	Housing Voucher Program	Capital Improvement	Non-major Government	General Fund	Combined
				CDBG, Home	Restricted	Funds Total
Estimated Fund Balance Beginning of the Year 2016	\$ 2,224,202	\$ 904,444	\$ 16,097,874	\$ 300,576	\$ 1,205,894	\$ 20,732,990
Estimated Revenue						
Payroll Taxes	22,103,006	-	-	-	-	22,103,006
Property Taxes	6,786,772	-	-	-	-	6,786,772
Insurance Premiums Tax	5,759,752	-	-	-	1,000,000	6,759,752
Franchise Taxes	2,028,888	-	-	-	-	2,028,888
Net Profit Taxes	2,706,317	-	-	-	-	2,706,317
Waste Collection	2,288,096	-	-	-	-	2,288,096
Parking and Rental	2,165,866	-	-	-	-	2,165,866
Income From Squad Runs	1,342,835	-	-	-	-	1,342,835
Licenses, Permit Fees, Penalty and Interest	515,775	-	-	-	-	515,775
Net Court Revenue	75,967	-	-	-	-	75,967
Employee, Police & Fire Pension Investments	-	-	-	-	2,132,193	2,132,193
All Other	1,237,131	-	-	-	331,718	1,568,849
Sale of One Time Assets the Hotel	-	-	-	-	750,000	750,000
Collection of Old Outstanding Written Off Receivables 80%	-	-	-	-	350,000	350,000
Devou Revenue - From Trust and From Drees	-	-	-	-	449,546	449,546
Employee Premium Income	-	-	-	-	289,517	289,517
Receipts from Other Governments	-	5,716,027	-	2,524,240	1,258,069	9,498,336
Total Estimated Revenue	47,010,405	5,716,027	-	2,524,240	6,561,043	61,811,715

City Budget – FY 2015-16 All Expenses

Estimated Expenses						
Administration	1,005,605	5,857,363	-	2,524,240	195,468	9,582,676
Human Resources	265,733	-	-	-	-	265,733
Development Department	1,468,314	-	-	-	-	1,468,314
Economic Development Fund 21	306,250	-	-	-	-	306,250
Legal Department	768,740	-	-	-	-	768,740
Finance Department	1,313,372	-	-	-	-	1,313,372
Police Department	12,612,450	-	-	-	193,720	12,806,170
Fire Department	12,045,604	-	-	-	-	12,045,604
Public Works Department	6,231,731	-	-	-	-	6,231,731
Parking Garage	830,582	-	-	-	-	830,582
Capital Outlay	160,000	-	11,314,341	-	1,000,000	12,474,341
Debt Service Including TAN payment	5,358,970	-	-	-	-	5,358,970
Self Funded Liability Insurances	1,110,480	-	-	-	-	1,110,480
City Properties and Plant	3,333,383	-	-	-	-	3,333,383
Employee, Police & Fire Pension Contribution/Expenditures	396,405	-	-	-	2,132,193	2,528,598
Estimated TIF Allocation	75,000	-	-	-	-	75,000
Devou Expenses	-	-	-	-	449,546	449,546
Police and Fire Supplemental Pay	-	-	-	-	894,350	894,350
Transfer into General Fund from Fund 10	<u>(306,250)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>306,250</u>	<u>-</u>
Total Estimated Expenses	46,976,369	5,857,363	11,314,341	2,524,240	5,171,527	71,843,839
Net Revenue Less Expenses Current Year	<u>34,036</u>	<u>(141,336)</u>	<u>(11,314,341)</u>	<u>-</u>	<u>1,389,516</u>	<u>(10,032,124)</u>
Estimated Fund Balance End of Year 2016	\$ 2,258,238	\$ 763,108	\$ 4,783,533	\$ 300,576	\$ 2,595,410	\$ 10,700,866

All City Funds Budget 2015-2016

Estimated Revenue	General Fund	Restricted Use Revenues Legal Obligations	Restricted Capital Improvement	Housing Voucher	CDBG, Home & Home Consortium	Restricted Grant and Special Purpose	Combined Funds Total
Payroll Taxes	22,103,006						22,103,006
Ad Valorem Taxes	8,815,660						8,815,660
Insurance Premium Taxes	5,759,752		1,000,000				6,759,752
Net Profit Taxes	2,706,317						2,706,317
All Other General Fund Revenue	7,625,670						7,625,670
Other Government Receipts				5,716,027	2,524,240		8,240,267
Other and Grant Receipts		2,421,710				2,039,333	4,461,043
One Time Sale Revenue and 80% of D-Tax Collection		1,100,000					1,100,000
Totals	47,010,405	3,521,710	1,000,000	5,716,027	2,524,240	1,496,323	61,811,715

General Fund

	FY 15	FY 16
	Projected	Recommended Budget
Payroll Taxes	\$ 22,090,209	\$ 22,103,006
Ad Valorem Taxes	8,745,552	8,815,660
Insurance Premiums Tax	5,759,752	5,759,752
Net Profit Taxes	2,706,317	2,706,317
All Other	<u>7,977,447</u>	<u>7,625,670</u>
General Fund Revenue	47,279,277	47,010,405
General Fund Expenses Includes Debt Service & TAN Payments	<u>47,259,518</u>	<u>46,976,369</u>
Carryover	19,759	34,036
Beginning Unassigned Fund Balance	<u>2,204,443</u>	<u>2,224,202</u>
Ending Unassigned Fund Balance	\$ <u>2,224,202</u>	\$ <u>2,258,238</u>

A Vision For Our Third Century

COMMISSIONERS' ORDER/RESOLUTION NO. OR-43-13

AN ORDER/RESOLUTION APPROVING A VISION STATEMENT FOR THE CITY FROM WHICH TO BUILD ON FOR GOALS, OBJECTIVES AND MEASURABLE CRITERIA FOR 2013 AND 2014.

* * * *

WHEREAS, the City of Covington's Vision Statement shall be:

Covington – the region's leader for:

- ...a thriving business environment, innovative and entrepreneurial;
- ...strong neighborhoods with diverse housing opportunities, including quality affordable and market rate housing
- ...inviting public spaces, open for activities and taking full advantage of our Ohio and Licking River assets;
- ...unparalleled public services, efficient and effective;
- ...cultural and historical influences, blended with compatible modern amenities;
- ...strong institutions, adding value through community advocacy and engagement;
- ...a diverse and educated population;
- ...artistic and cultural creativity;
- ...sound fiscal policy and practice.



CITY OF
COVINGTON
KENTUCKY

Picture a Covington that is:



- Bustling with Pedestrian Traffic
- Clean and Safe
- Vibrant with Residents, Businesses, and Visitors
- A Magnet for Tourism
- Full of Quality Residential and Commercial Development
- Replete with Excellent Streets, Sidewalks, Good Facilities, and Improved Recreational and Green Space Opportunities
- A Sustainable Community



Kentucky Career Center



Braxton Brewery



Market Lofts on Pike Street



Redevelopment on Pike Street



Holman Street Tree Planting Grant





**CITY OF
COVINGTON
KENTUCKY**

Commonwealth Bistro



New Development on Scott Street and Bike Patrol: 409 – 415 Scott



Up-Tech and Bad Girl Ventures on Pike Street



Boone Block Townhomes on Scott Street



New Restaurant in Mainstrasse



**CITY OF
COVINGTON
KENTUCKY**

Mutual Building at Pike and Madison



The Hotel Covington – Madison





Latonia Development - New Office Building



Urban Farming --“Where are the goats?”

Fiscal Year 15 Accomplishments

City Operations

- Completed Citywide Technology Asset Inventory and 5-year Replacement Plan
- Upgraded Voice-over-IP telephone system implementing new voicemail to email feature Citywide
- Worked with Finance to implement and automate Payroll Outsourcing to Paycor
- Worked with Finance to implement new Procurement credit cards
- Worked with Finance to plan SpringBrook Financials Implementation project
- Worked with Fire Department to implement Cloud-based FireHouse Software system
- Worked with Public Improvements to implement new Sign Making system

Fiscal Year 15 Accomplishments

continued

City Operations

- Worked with ABM Parking, Police, and Finance to consolidate and automate parking tickets process
- Negotiated contract and implemented new Cell Phones Citywide while reducing overall costs
- Negotiated contract and implemented multifunction devices Citywide (copy/print/scan/email/fax) reducing the fleet of printers, faxes, scanners, and copiers from 76 devices to 34 while reducing overall costs
- Negotiated lease contract for 72 new Golf Carts for Devou Golf Course and negotiated return of used golf carts to former vendor while reducing overall costs
- Negotiated contract and coordinated services implementation with Heating, Ventilation and Air Conditioning vendor for Fire, Police and Public Improvements

Fiscal Year 15 Accomplishments continued

Internal Audit

- Implemented and managed Workplace Fraud Hotline. Implementation included developing hotline policies and procedures, employee education, and monthly reporting to City Administration and Officials.
- Completed first city-wide risk assessment and audit plan. The risk assessment identified 83 separate activity groups throughout the City and ranked them utilizing 10 impact and probability factors.
- Completed a review of the EMS billing and collection process. Review led to improved reconciliation and monitoring of activity, as well as, the development of procedures outlining the billing and reconciliation processes.
- Provided independent oversight for the Police Department's narcotics disposal process.
- Developed new travel policy and made changes to the existing procurement policy outlining acceptable and unacceptable expenditures.

Fiscal Year 15 Accomplishments

continued

Human Resources

- Successfully completed the first on-line employee benefit enrollment using Paycor
- Continuous improvement to New Hire Orientation process
- Processed 30 New Hires since 7/1/15 (includes seasonal, part-time and full-time)
- Processed over 2,000 applications
- Developed and implemented a new approval process for staffing requests
- Completed 2nd year of across the board performance reviews
- Maintained cost savings in Worker's Compensation without an increase in premium
- Increased participation in the use of Care Here Health Center
- Continued Employee Engagement Activities

Fiscal Year 15 Accomplishments continued

Department of Development

- Closed out the Brownfield Cleanup Grant and the Economic Development Initiative grant to rehabilitate the Stewart Iron Works Building, and facilitated the swap of this property with 1324 Madison Avenue (former Robke) for the Life Learning Center.
- Finalized the construction for 1324 Madison Avenue (former Robke) with Corporex and the Life Learning Center. The City took ownership of this property and now manages the lease with the NKADD and the Kentucky Career Center.
- Working with the developer for the Lincoln Grant School, successfully was awarded LIHTC's for a Scholar House program.
- The negotiation of economic development incentives for the redevelopment of the Boone Block Building along with several other projects through the City's Economic Development Program.

Fiscal Year 15 Accomplishments

continued

Department of Development

- Riverfront Commons Grant applications were submitted.
- Devou Drive and Western Avenue Retaining Wall
- Russell Street Resurfacing and new water mains and hydrants for improved pressure, funded 80% by grants
- 8th Street Parking Lot Improvements
- The City was able to demolish another 50 privately owned vacant/abandoned houses and get another 30 cleaned up.
- CCDI initiative with Legal has begun and two groups of interested parties have initiated the foreclosure process with their money.
- Foreclosing on vacant properties will reduce future demos
- Caroline Underpass Roadway project and slide repairs were completed.
- Sidewalk project in South Covington and Latonia was completed
- Peaselburg Basin Phase I to be completed by July 1
- Streetscape project on Scott from 4th to 6th and on 6th from Scott to R/R
- Levee Waterstop repairs
- Annual resurfacing and curb work was completed
- Purchase 901 Madison Parking Lot
- Repave Madison 12th to 20th, funded by state

Fiscal Year 15 Accomplishments

continued

Code Enforcement

- Visible improvements resulting from code enforcement efforts.
- Biggest improvements have been as a result of the demolition of vacant/abandoned property throughout the City. We have knocked down over 100 properties and have the next list of 50 ready to go.
- Focus on proactive code enforcement as much as part time schedule will allow. Part time staff focuses on following through on a property from start to finish and holding property owners accountable.
- Part time model and City cutting grass rather than contractors saves a lot of money and still provides more on street code enforcement. Also provides more efficient property maintenance.
- From July 1 through April 30: 567 NOV, 161 citations, 900 compliance cases
- Pulled hundreds of "street spam" signs.
- Work closer with PD and FD to coordinate efforts
- Created interactive maps for both public and internal use, in an effort to reduce incoming calls, provide added service to residents, and reduce internal hours spent looking up frequently used information.
- Maintained online accessible eviction lists
- CCDI program has begun in an effort to speed up foreclosure process and get vacant property into new ownership and avoid demolition

Fiscal Year 15 Accomplishments continued

Code Enforcement

- Hardship programs were made available to homeowners that cannot afford repairs on their own
- Also had funding available to low income households with sewer lateral issues.
- Residential Rental Inspection program - Rental license required for every rental unit
- From July 1 through the end of April: 232 rental NOV's, 318 compliance, 572 inspections, 16 revoked licenses
- Vacant Property Maintenance
- Worked on bigger property maintenance issues other than just grass during the cold season and made a lot of highly visible progress
- Saved money (half of previous budget) by maintaining property with 1 full time staff member and 3 seasonal employees rather than by using contractors.
- Criminal Activity Process in rental properties:

Fiscal Year 15 Accomplishments continued

Zoning/ABC Administration

- 227 Zoning Permits issued (July 2014 – April 2015)
- Board of Adjustment: 6 Variance; 6 Conditional Uses (July 2014 – May 2015)
- Text Amendments to Zoning Ordinance to reflect Direction 2030 Comprehensive Plan and Northern Kentucky Area Planning Commission's new name (Planning & Development Services of Kenton County – PDSKC)
- ABC Board: Approved 1 Extended Hours Permit; Approved 1 Agreed Order; Suspended 1 ABC License

Fiscal Year 15 Accomplishments continued

Historic Preservation

- COA Cases – 101 COAs from July 2014 – April 2014
- UDRB Cases – 27 UDRB Cases from July 2014 – April 2014
- Covington Historic Design Guidelines completed and adopted
- NKY Restoration weekend: Two day event drawing over 500 people attended
- Adaptation of all applications to align with the new City brand

Fiscal Year 15 Accomplishments continued

CDBG/HOME

- Updated job descriptions and reassigned staff members to ensure the effective and efficient management of the CDBG/HOME Programs
- HOME and CDBG monitoring findings dropped significantly
- Fostered a good working relationship with the HUD Louisville Field Office
- Created Ad Hoc Grants Committee for City-wide usage of CDBG/HOME Programs
- Created 56 new homeowners through the Homebuyer Assistance Programs which served the cities of Covington, Ludlow, Newport, Bellevue and Dayton
- Financed the redevelopment of 11 affordable rental units in the downtown core area through the Upper Floor Residential Rehab Program
- Completed 21 low-income homeowner rehabs through the Code Enforcement Hardship and Homeowner Repair Programs
- Partnered with local Community Housing Development Organizations (CHDO's) to redevelop 5 single family homes for affordable homeownership

Fiscal Year 15 Accomplishments continued

Recreation Programming

- Successful offering of 10 events
- Successful pool season 8,000 pool passes
- CycloCross event in Devou Park
- Successful Softball Season
- Over 250 park permits issued

Parks Improvements:

- New playground installed in Latonia Elementary
- New playground installed in Goebel & Make Goebel Great initiative
- New playground at Volpenhein Shelter in Devou
- Ground Breaking for Gus Sheehan Park in Devou
- Reforestation Efforts in Devou

Fiscal Year 15 Accomplishments continued

Renaissance Covington

- New brand launched for Renaissance Covington
- Successful third year of holiday pop-up shops, five businesses participated, two became permanent storefronts.
- Over 30% growth in Farmers Market vendors
- Madlot project executed in 2014 and programmed with monthly events May-Oct 2015
- Two presentations delivered at National Main Street Conference highlighting creative placemaking and tactical urbanism.
- Renaissance Covington re-designated as a National Program, again ranking in top 10 of Kentucky Main Street programs
- CSX Underpass rock garden project granted support from Devougood for upgrade Summer 2015
- Conducted special events including Park(Ing) Day, RoeblingFest, NKY Restoration, Great American Clean-up, 199c, Madlot launch, Cosign reveal, Bike Pop Wow
- Partnership driven urban retail/restaurant/attraction map near completion for broad distribution 2015

Fiscal Year 15 Accomplishments continued

Business Development

- Covington Business Excellence 2015, Business Recognition Program and Event - Received significantly more participation in public nomination process this year
- Conducted 96 Proactive Business Visits (thru 4-30-15)
- Assisted 19 New Business Inquiries (Jan - April 2015)
- Worked or are working with several businesses on either retention/relocation/expansion projects.

Fiscal Year 15 Accomplishments continued

Approved Projects

12 Pike / Chako LLC	Technical Assistance	\$2,000.00	Grant	CEDP
625 Main / Commonwealth Bistro	Restaurant	\$150,000.00	Loan	CEDP
209-211 Pike Street / Market Lofts	Technical Assistance	\$2,000.00	Grant	CEDP
230 Pike	Façade	\$ 7,221.00	Grant	CEDP
114 Pike Street	Bad Girl Ventures Lease	\$102,000.00	Subsidized Lease	CEDP
112 Pike	UpTech (Nov 2013 - 2018)	\$ 86,140.00	Subsidized Lease	CEDP
112 Pike	Upper Floor Residential	\$70,000.00	Upper Floor CDBG	CDBG
220 Pike	Redevelopment / Mixed Use	\$50,000.00	Grant	CEDP
602 Main	Commercial	\$60,000	Grant	CEDP
402-22 Scott (Boone Block)	Residential	\$350,000	Forgivable Loan	CEDP (Via CIF)
629 Madison /Mutual Building	Façade	\$125,000.00	Grant	CEDP
629 Madison /Mutual Building	Upper Floor Residential/ Mixed Use	\$150,000.00	Grant	Investor (Now CEDP)
629 Madison /Mutual Building	Property Acquisition	\$450,000.00	Loan	Investor (Now CEDP)
701 Scott / Doctors Bldg	Upper Floor Residential/ Mixed Use	\$228,000.00	Negotiated Settlement	Investor (Now CEDP)
701 Scott / Doctors Bldg	Technical Assistance	\$ 2,000.00	Grant	CEDP
27 W 7th Street	Braxton Brewery Parking Lot	\$89,000	Loan	Bond
27 W 7th Street	Technical Assistance - environmental	\$1,558.00	Grant	CEDP
14 E 5th Street	Upper Floor Residential	\$40,000	Grant	CDBG
605 Madison	Upper Floor Residential	\$40,000	Grant	CDBG
2 W Pike Street	Upper Floor Residential	\$16,053	Grant	CDBG
7-9 E 5th Street	Upper Floor Residential	\$40,000	Grant	CDBG

Fiscal Year 15 Accomplishments continued

Department of Public Improvements

- Re-constructed the Drees Pavilion parking lot with DPI crews – savings of \$18,000 vs contracting out
- Constructed the Blueway Kayak path at 47th and Decoursey - in house vs contracting – saving of \$11,000
- Solid Waste division has advertised and contracted with new waste hauler starting on July 1, 2015 - Rumpke. This contract includes waste collection, newer fleet, newer GPS technology, recycling, City and direct billing, exclusive services throughout City.
- Implemented recycling services at City Hall.
- Improved and expanded the sweeping and leaf collection notices on the City's website.
- Removed trees along Pike Street and replaced with the right tree in the right location to prevent sidewalk damage, utility damage, and having to prune around overhead lines.
- Continue to improve and expand the fleet programs and services with local municipalities. Continue discussions and implementations of partnerships with Gateway Community College, Kenton County, and others.

Fiscal Year 15 Accomplishments continued

Department of Public Improvements

- Implemented new snow & ice plan for 24 hour coverage by DPI crews. This winter brought another significant amount of accumulating snow. This means multiple days of preparation prior to the storm and removal/clean up during and after the storm. DPI snow crews worked days, nights, weekends, and holidays, to fight snow and ice and provided excellent services to residents.
- Planned and maintained multiple landscaped islands throughout the City.
- Implemented the private sewer lateral program which the City provides assistance to businesses and residents with street and sidewalk damage due to lateral leaks/damage. SD#1 should be taking this responsibility starting on July 1st, 2015.
- Implementing the purchasing policy of bidding materials (asphalt, concrete, DGA, rock) up front and drawing off purchase order for the year. This will have significant savings rather than purchasing for each project or as needed.
- Successfully planned, installed, and dismantled the Madison Flood Gate with DPI crews due to the Ohio River levels cresting at around 58'. This is the first time the flood gate had been installed since 2001. It took about 10 hours to install and about 6 hours to dismantle.
- Implemented seasonal weekend coverage for special events and park clean ups.

Fiscal Year 15 Accomplishments continued

Finance

- Continued Implementation of Corrective Action Plan for State Auditor's Special Examination.
- Coordinate with Legal Department for concerted delinquent tax, fee and loan collection program.
- Implemented Paycor Payroll Process – City Hall Time-keeping – HR open enrollment live
- Began the process of Financial Transactions Software Conversion.
- Continue the Revenue Collection overhaul process.
- Began Development of a Complete Policies and Procedures Accounting Manual.
- Preparing and presenting quarterly financial to all departments at staff meetings
- Timely presenting financial information to the public through finance and City Commission meeting

Fiscal Year 15 Accomplishments

continued

Police Department

- Continued work toward CALEA
- Received national recognition by winning the MetLife grant by partnering with Center for Great Neighborhoods Covington and Local Initiatives Support Corporation. Covington was one of eleven winners across the country out of a total of 560 applicants.

<u>FBI Crime Category</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Part 1 Crimes</u>			
Homicide	4	2	2
Rape	20	18	30
Robbery	130	144	99
Aggravated Assault	90	83	80
Burglary	563	742	427
Larceny	1134	1434	1173
Motor Vehicle Theft	89	99	118
Arson	23	23	10
Totals:	2053	2545	1939
Traffic Statistics			
	<u>2012</u>	<u>2013</u>	<u>2014</u>
Total Traffic Collisions	1764	1830	1875
Total Injury Collisions	211	240	213
Total Fatal Collisions	2	1	1
Total State Traffic Citations	6053	5591	7740

Fiscal Year 15 Accomplishments continued

Fire Department

- Transition of the department's records management system is complete
- Purchased new personal protective firefighting gear
- More than 2000 life safety/ fire code inspections in 2014.
- Fire safety education is performed in the Covington Public schools at the fourth grade level
- Employees received Firefighter 1, Firefighter 2, Hazardous Materials Awareness, Hazardous Materials Operations, Fire Apparatus Operator, and Fire Service Instructor certificates.
- Completed 2171 on-duty training classes, which equates to 20924 actual hours of training.
- Minor improvements continue to be made to keep the facilities operational.
- Continues to refine the accuracy of information used to determine hydrant water flow for firefighting purposes. A generous donation allowed for the purchase of equipment necessary to test all of the hydrants in the city.
- Grants from the Kentucky Fire Commission for a thermal imaging camera and a treadmill.
- Applied for SAFER and AFG Grants

Private Investment in Covington

- Market Lofts \$1,500,000
- Pike Star I & II \$2,100,000
- Mutual Building \$2,700,000
- Doctor's Building \$2,500,000
- Hotel Covington \$23,000,000
- Braxton Brewery \$2,000,000
- New Mainstrasse Restaurant \$1,000,000
- Commonwealth Restaurant \$1,000,000
- Gateway Community College \$60,000,000
- Boone Block Lofts \$3,100,000
- 5th Street Properties Redevelopment \$2,000,000
- Gruff Restaurant at Roebling Point \$500,000
- Kentucky Career Center \$4,500,000
- Life Learning Center \$4,000,000
- Redevelopment of Pike Street \$1,000,000



The Future

- The City must be as **patient** as it is **determined**.
The City's vision and plans for success require constant vigilance, support, and patience.
- **Stay the Course!!!!**
- On to Our Third Century and Our Future



FY 2015 – 2016 Budget Themes

- Responsibility
- Sustainability
- Investment:
 - Our Neighborhoods
 - Our Infrastructure, Fleet and Equipment
 - Our Greatest Physical Asset - Location

City Manager Budget Goals for FY 2015-2016

- Structurally Balanced Budget (Kentucky Constitution & KRS)
- Financial Responsibility and Sustainability
 - Legal Obligations
 - Tax Anticipation Note
 - City Employee and Police and Fire Pensions
 - Risk Mitigation
 - Self Insured Medical
 - Self Insured Liability
 - City's Business Needs
 - Fund for Minimum Cash Flow
 - Restricted Capital Improvement

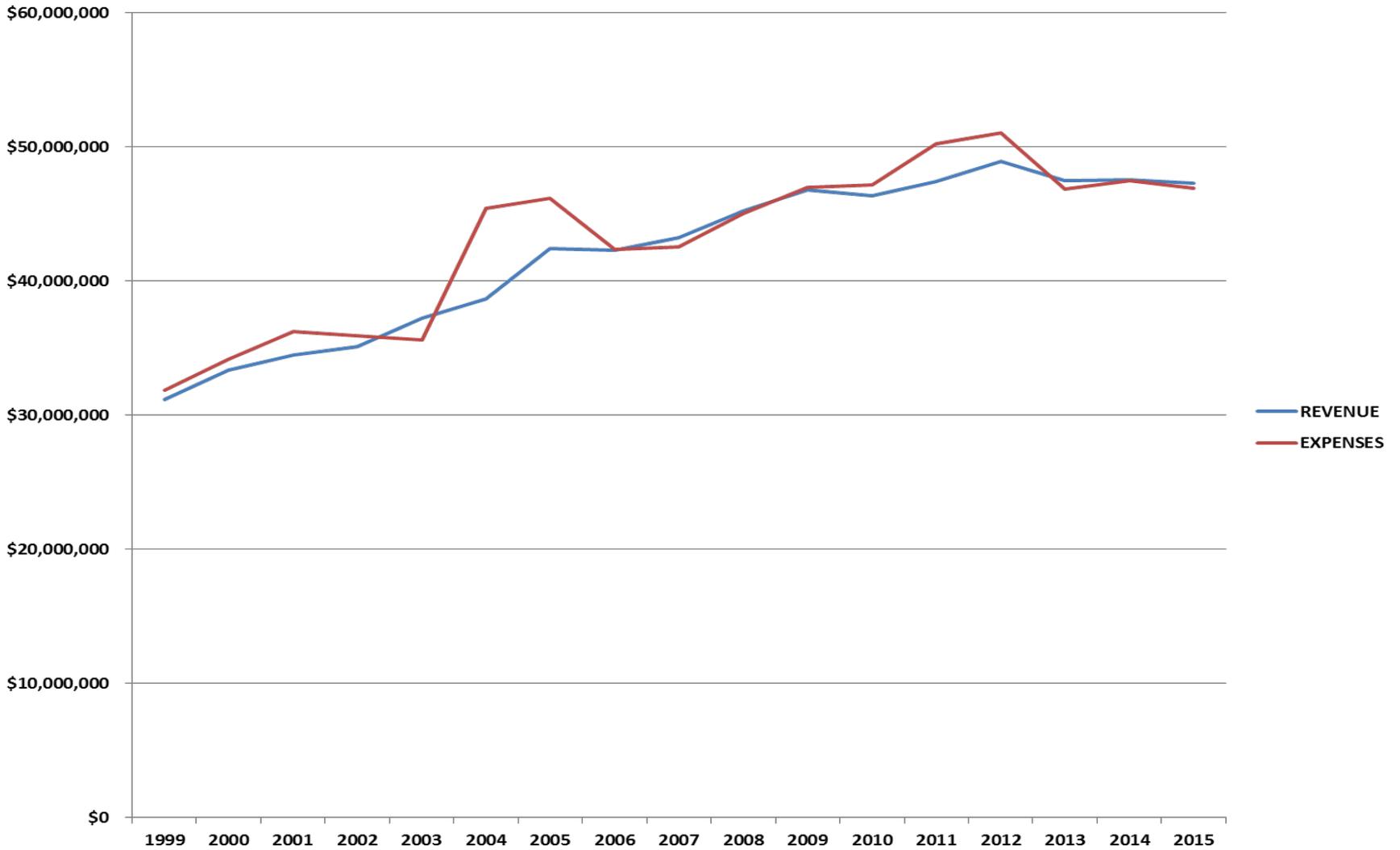


City Manager Budget Goals for FY 2015-2016 (continued)

- Budget Transparency
- Investment
- Economic Development Project Funding
- Grow General Fund Revenues
- Reduce General Fund Expenditures



Revenue and Expense History



Other Budgetary Guidance

- Order Resolution O/R 43-13 approved in February of 2013, established "A Vision for Our Third Century (2015)"
- Order Resolution O/R 166-13, approved in June of 2013, established a Five Year Community Investment Plan
- Order Resolution O/R -173-13, approved in June of 2013, adopted the Covington Center City Action Plan



Basic Assumptions in FY 2015-2016 Budget

- **REVENUE.** General Fund Revenue is expected to remain steady, with a slight change of .57% from last year.
- **PROPERTY TAXES.** The FY 2015-2016 Recommended Budget does not include an increased property tax rate intended to produce additional revenue. It is anticipated that the City will adopt a rate in 2015 that yields at least the same amount of revenue, the compensating rate.

Basic Assumptions in FY 2015-2016 Budget

- **PROPERTY TAX ASSESSMENT.** It is anticipated that the City's total property tax assessment for 2015 will increase by .01 perhaps requiring a change in the current compensating rate of .3045.
- **SALARIES AND WAGES:**
 - The FY 2015-2016 Annual Budget includes no wage increases for any employees. On January 1, 2015, each of the City's collective bargaining units, the FOP, Local 38, and AFSCME, received 3% wage increases the last wage increase of a four year labor contract that expires on December 31, 2015.
 - Non-union employees received no such across the board wage increase in 2015. During that four year labor contract, wage increases totaling 9% were given to employees represented by our three collective bargaining units, FOP, Local 38, and AFSCME.

Basic Assumptions in FY 2015-2016 Budget

- **KENTUCKY RETIREMENT – Hazardous Duty** Employees: The City's current employer contribution rate of 34.31% will decrease to 32.95% for FY 16 effective July 1, 2016, for all salaries and wages for Police Officers and Fire/EMS personnel.
- **KENTUCKY RETIREMENT – Non-Hazardous Duty** Employees: The City's current employer contribution rate of 17.67% will decrease to 17.06% for FY 16 effective July 1, 2016 for all non-hazardous duty personnel.
- **HEALTH AND DENTAL INSURANCE.** No Changes. The City funds the City employees' health and dental plans from the General Fund.

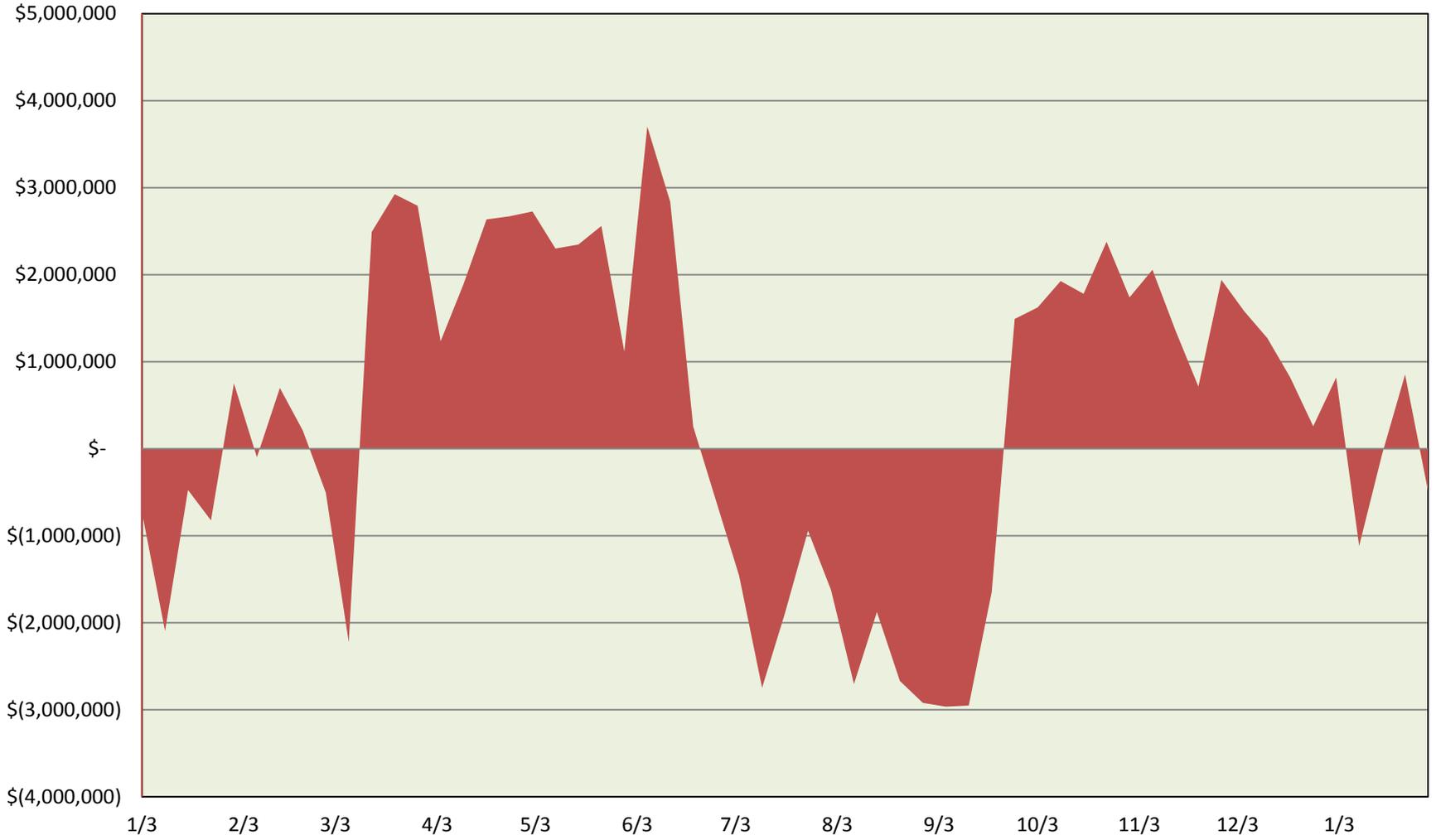
Key Recommendations

1. Establish Reserve Funds To Make City's Legal Obligations, Risk Mitigation Needs, And Business Needs
 1. Repayment Of Tax Anticipation Note
 2. City Employee And Police And Fire Retirement Funds
 3. Self Insured Medical
 4. Self Insured Liability
 5. Fund For Minimum Cash Flow
 6. Fund For Restricted Capital Improvement
2. Continue The Plan To Pay Down The City's TAN
3. Investment
 1. Complete Development Of City's 5-year Capital Plan
4. Grow Economic Development Dollars
5. General Fund
 1. Maintain A Lean And Strategically-focused Budget
6. Continue To Pursue The Plan To Replace The City's Facilities

Details of City's Legal Obligations

Revenue Sources and Uses (Balances = Amounts owed)	Legal Obligation to Pay off TAN	Legal Obligation for City Employees Pension Plan	Legal Obligation for Police & Fire Employees Pension Plan	Minimum Cash Flow Account	Self-Funded Medical Reserve	Self – Insurance Liability Reserve	Long Term Debt Bonds Payable
Goals	0	0	0	3,500,000	1,000,000	1,000,000	0
Beginning Balances	(3,150,000)	(1,619,009)	(2,637,495)	0	66,269	714,000	(75,370,686)
Revenue Sources							
Revenue from General Fund	350,000	127,078	269,327		4,839,517	820,964	5,008,970
Revenue from Pension Assets Sold		644,924	1,487,269				
Revenue from Sale of One Time Assets				750,000			
Revenue from collection 80% of old receivables				350,000			
Revenue Uses							
Payment of Obligations	350,000	644,924	1,487,269		4,839,517	820,964	5,008,970
Investment		127,078	269,327				
Ending Balances	(2,800,000)	(1,491,931)	(2,368,168)	1,100,000	66,269	714,000	(70,361,716)

Cash Flow Analysis without the TAN – When does the City Need the Proceeds from the TAX ANTICIPATION NOTE funded by the Bank



General Fund Revenues

	FY 15	FY 16
	Projected	Recommended Budget
Payroll Taxes	\$ 22,415,710	\$ 22,103,006
Ad Valorem Taxes	8,764,633	8,815,660
Insurance Premiums Tax	5,759,752	5,759,752
Net Profit Taxes	2,803,335	2,706,317
All Other	<u>7,535,847</u>	<u>7,625,670</u>
General Fund Revenue	<u><u>47,279,277</u></u>	<u><u>47,010,405</u></u>

Key Changes in General Fund Revenue

- Conservative Projections Based on Prior Year's History
- Increase at Midtown Garage Revenue – general increases in activity \$226,850
- Special Events Increase in Charges \$30,000
- Increase in EMS billing \$20,000
- Decrease in State Road Aid Funding \$320,326

General Fund Expenditures

	FY 15	FY 16
	Projected	Recommended Budget
Police	\$12,645,476	\$12,612,450
Fire	12,308,718	12,045,604
Debt Service (includes TAN)	5,314,527	5,358,970
Department of Public Imp.	9,045,937	6,231,731
Dev, Legal, Finance, All other	<u>7,944,860</u>	<u>10,727,614</u>
Total General Fund	<u>\$ 47,259,518</u>	<u>\$ 46,976,369</u>



Key Changes in General Fund Expenditures

- Full year of 3% pay increase for union employees
- Zero percent (0%) wage increase for non-union employees

Key Changes in General Fund Expenditures

- Staffing

- Fire Department

- Hiring 6 New Firefighters
- Reducing Average Daily Staffing From 27 To 26

- Police Department

- New Organizational Structure With 2 Assistant Chiefs Of Police
- Realignment Of Some Duties
- 1 Police Department Position Not Filled

- Development Department

- Changing 1 Full Time Administrative Assistant To Part-time
- Realignment Of Code Enforcement Duties, Two Full Time Positions Converted To 4 Part-time

- Finance Department

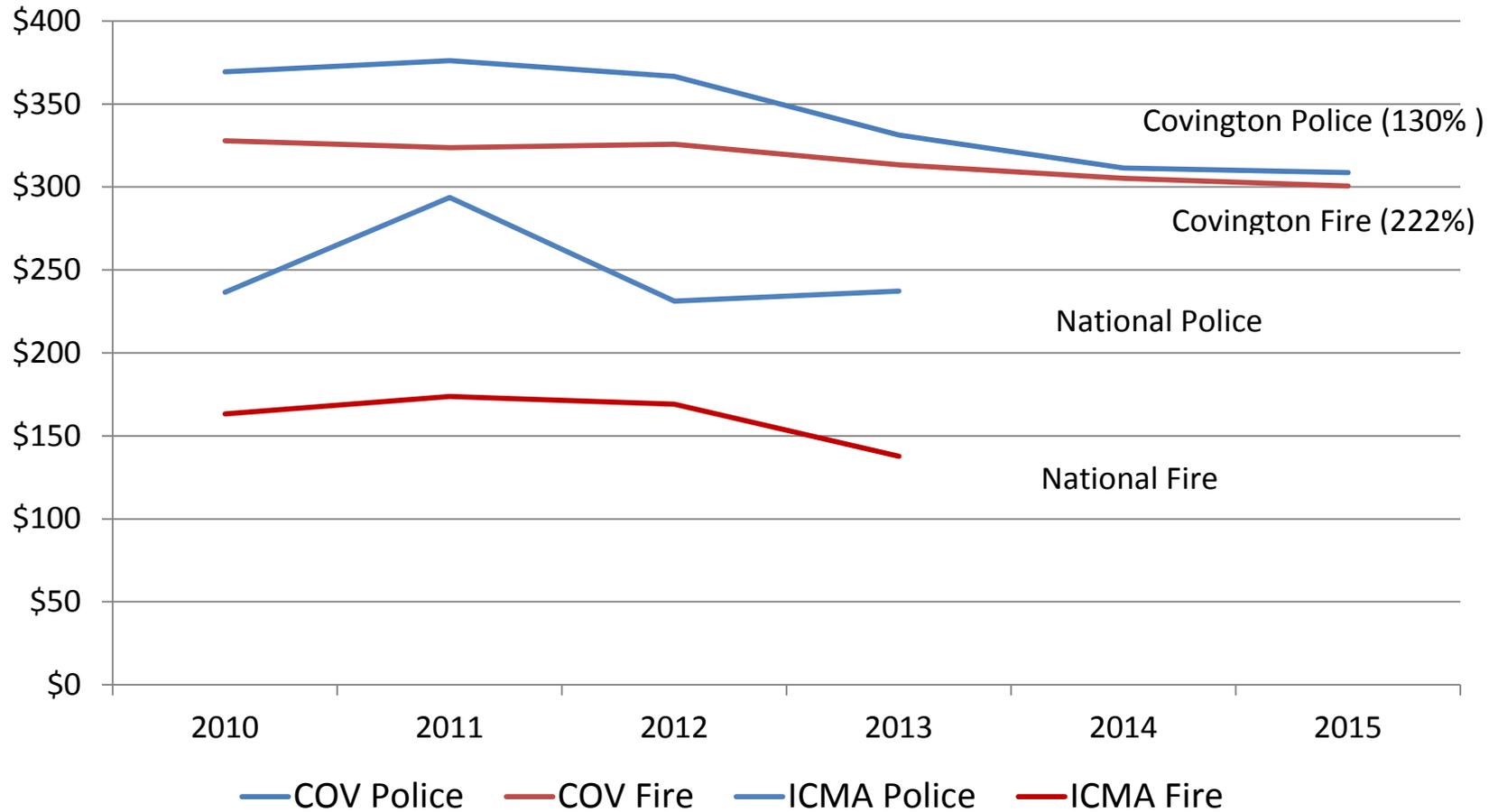
- 1 Full Time Position Eliminated

- Department Of Public Improvements

- Not Filling 1 Seasonal Position

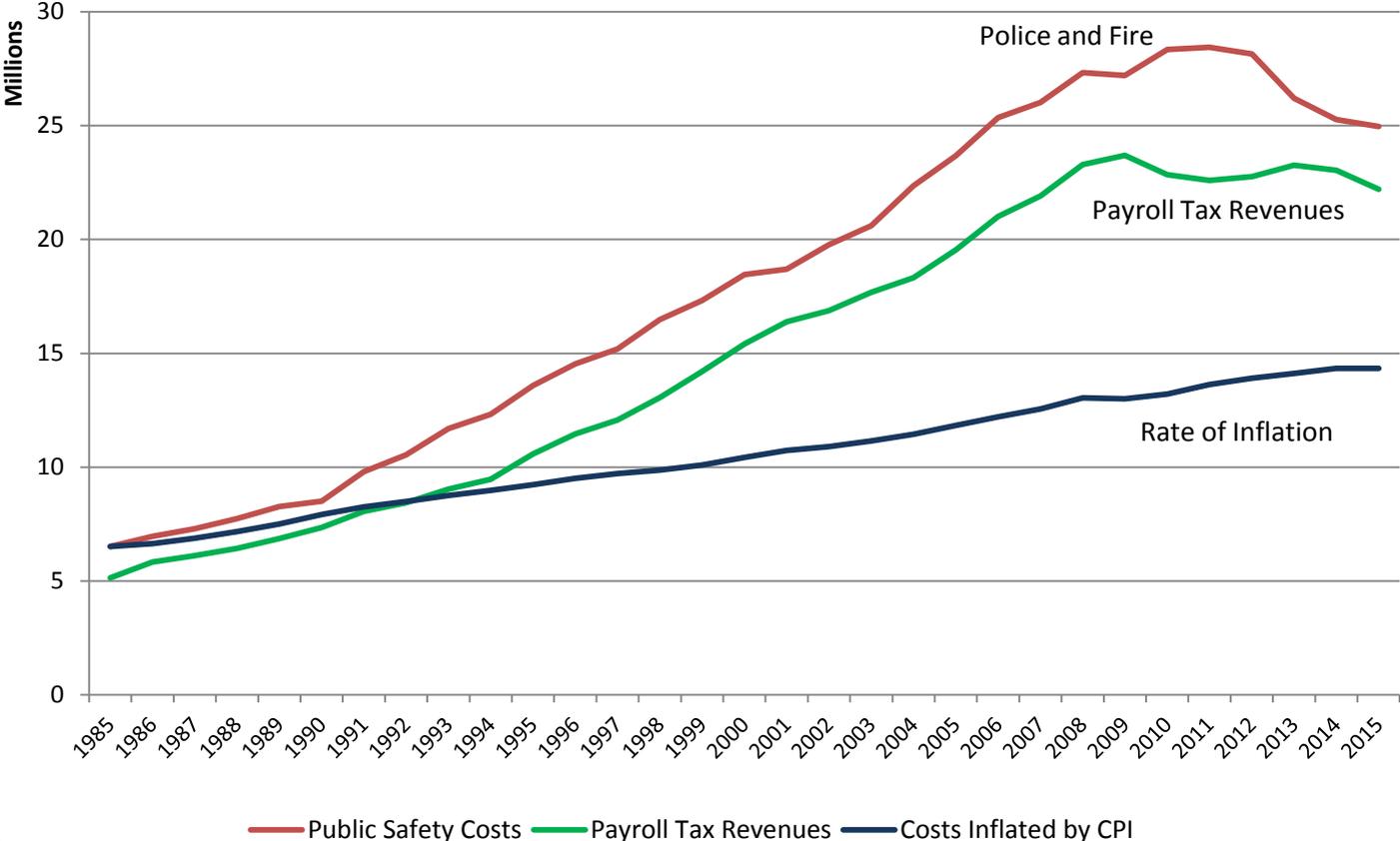
Our Commitment to Public Safety

**Our Public Safety Costs Compared to
Other Cities with 25,000- 50,000 Population
Per Capita**

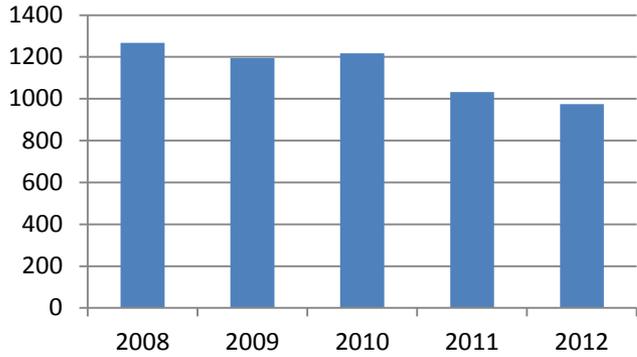


Public Safety Financial History

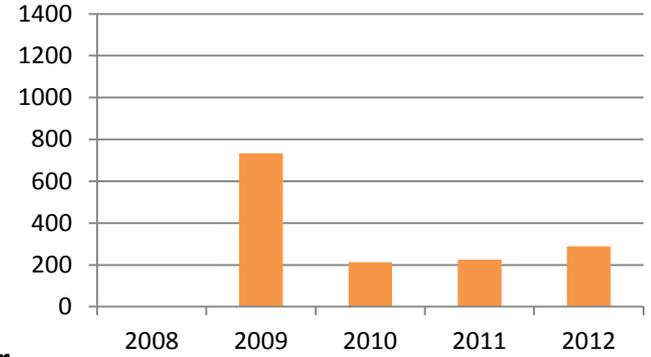
City of Covington
Cost of Public Safety vs. Payroll Tax Revenues



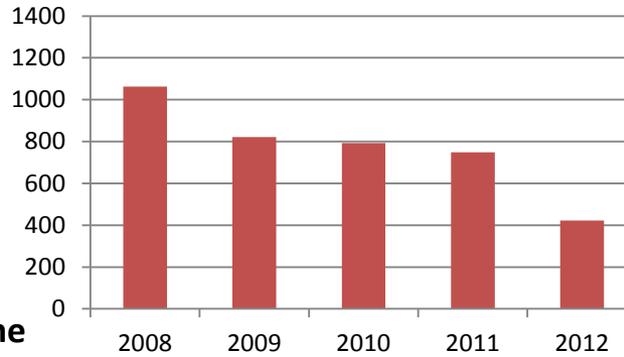
Cincinnati: Violent Crime rate per 100,000 population



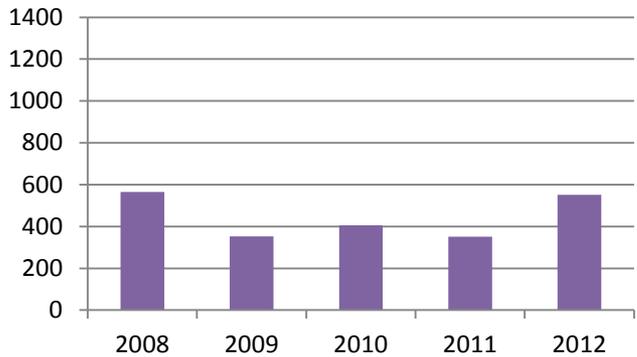
Neighboring City Violent Crime rate per 100,000 population



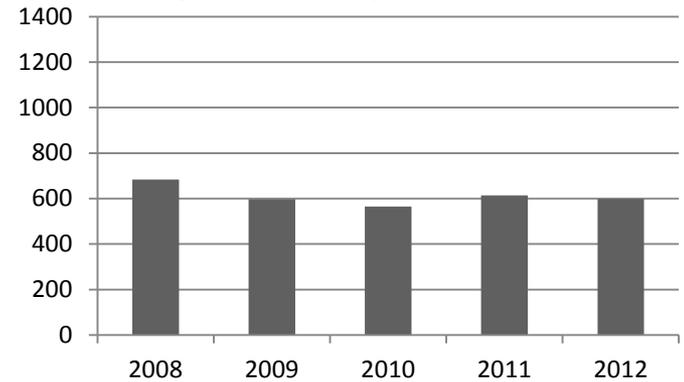
Covington: Violent Crime rate per 100,000 population



Neighboring City Violent Crime rate per 100,000 population



Louisville Metro: Violent Crime rate per 100,000 population



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City of Covington – Full-Time Equivalent Employees

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<u>Function/Program</u>											
General Government											
CM, Legal, HR, Ops	16	16	14	10	16	17	16	16	16	16	17
Finance	9	9	10	10	11	13	13	14	14	14	15
Econ Dev & CDBG, Home	10	10	10	12	7	7	7	7	7	6	5
Code Enforcement	6	6	8	9	11	12	12	11	11	9	10
Housing Section 8	7	7	7	8	12	15	16	16	16	16	16
Police											
Officers	106	106	106	104	110	112	116	116	116	116	116
Civilians	9	9	9	9	24	28	31	31	31	33	34
Fire											
Firefighters and Officers	109	113	113	121	118	118	118	118	118	118	118
Civilians	-	-	1	1	1	1	1	1	1	1	1
Other											
Public Improvements	46	46	47	47	47	47	51	35	35	35	36
Engineering	0	0	0	1	4	4	4	4	4	3	2
Parks and Recreation	1	1	1	1	2	2	2	20	20	18	20
Total	319	323	326	333	363	376	387	389	389	385	390

Capital Fund

- The recommended Capital Fund of \$39,047,613 utilizes a \$15 million bond issue by the City and approximately \$24 million in funds from other non-City sources such as CDBG, Devou Properties, Inc, and state and federal grants and programs



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FY 2015-2016 Capital Budget		-
Project	Fund Type	FY 15-16 Estimated Expenditures
INFRASTRUCTURE		
Riverfront Commons - Plaza Design	FY 13-14 Bond	20,084.00
Riverfront Commons - Plaza Construction	FY 14-15 Bond	2,760,000.00
Riverfront Commons - West Walk Design	FY 13-14 Bond	1,702.00
Riverfront Commons - West Walk Const.	SNK	227,868.00
Riverfront Commons - Old Waterfront Site Concept / Engineering Plans - Design	FY 13-14 Bond	52,600.00
Riverfront Commons – Lawrence property	FY 13-14 Bond	81,000.00
Electric Alley for Gateway Urban Campus	FY 14-15 Bond	200,000.00
6th Street Streetscape (design)	SNK /Times Star Grant/ FY 14-15 Bond	1,631,500.00
Levee Repairs - 21st Street Slide	FY 14-15 Bond	985,000.00
Sidewalk Improvements - North Covington	FY 14-15 Bond	1,500,000.00
Pike and Main Intersection Improvements	FY 14-15 Bond	330,000.00
Street Resurfacing	FY 14-15 Bond	152,296.30
Riverside Drive Design	FY 14-15 Bond	1,362.00
Highway Avenue Project (Sidewalk/Fence)	State Earmark (SP)	250,000.00
Peaselburg Storm Water Improvements Phase II	FY 14- 15 Bond	174,907.00
Peaselburg Phase III	FY 14- 15 Bond	151,563.00
	Total	6,519,932.00

FY 2015-2016 Capital Budget		
Project	Fund Type	FY 15-16 Estimated Expenditures
RECREATION		
BMX Complex	CDBG	20,000.00
Healthy Living Center	FY 14-15 Bond	1,000,000.00
Devou Clubhouse & Hole Realignment portion	Devou	150,000.00
LRG PHASE II	FY 14-15 Bond	200,000.00
LRG PHASE II - design	CDBG	30,000.00
LRG PHASE II	Interact Grant	50,000.00
LRG PHASE II	RTP Grant	100,000.00
Randolph Park	FY 14-15 Bond	435,000.00
Gus Sheehan Playground - Construction	Devou	78,000.00
	Totals	2,063,000.00

FY 2015-2016 Capital Budget		
Project	Fund Type	FY 15-16 Estimated Expenditures
FACILITIES		
City Center Garage Repairs	FY 14-15 Bond	247,582.25
Firehouse Critical Repairs	FY 15-16 General Fund	35,000.00
Firehouse Replacement	State Grant HB 380	300,000
Facilities Maintenance	FY 15-16 General Fund	160,000.00
	Totals	742,582.25
FLEET		
Ladder Fire Truck (Grant Match)	FY 13-14 Bond	500,000.00
	Totals	500,000.00

FY 2015-2016 Capital Budget		
Project	Fund Type	FY 15-16 Estimated Expenditures
DEVELOPMENT		
Urban Agriculture	CDBG	17,000.00
HONK - 20th Street Rehab CHDO	HOME	84,910.00
2014 Foreclosures	FY 13-14 Bond	221,244.00
2015 demos/ foreclosures/acquisition	FY 14-15 Bond	480,000.00
Public Improvements (Riverfront)	FY 14-15 Bond	1,500,000.00
Lincoln Grant	HOME/CDBG	400,000.00
	Totals:	2,703,154.00

Next Steps

- May 18th, First Reading of Budget Ordinance
- May 19th – 28th, Commission and Community Feedback
- May 19th, Public Meeting at City Hall, 6PM
- May 21st, Covington Neighborhood Collaborative, at Center for Great Neighborhoods on Russell Street, 6PM
- May 28th, Scheduled Second Reading of Budget Ordinance
- May 28 – June 30, Staff Implementation of Budget Changes
- July 1, FY 2015 – 2016 Budget Begins



What are others saying about Covington?

- **“Covington is the new Brooklyn.” – 3/5/2015 –**
Brooklyn? In some ways, it’s an apt comparison. There’s the Roebling Bridge spanning the river to Cincinnati, just as there’s a Roebling bridge connecting Brooklyn and Manhattan.
 - As in Brooklyn, Covington is flush with graceful, old housing stock, comely cafés, a creative class, and bohos partial to the sleepier atmosphere on the south side of the river.
 - John Yung, an editor at UrbanCincy.com, points to **Covington’s walkable city lifestyle as appealing to millennials.**
 - “It’s an historic and unique environment at a price point that’s less than what you would have to pay in Over-the-Rhine or downtown,” Yung notes.



What are others saying about Covington?

- **“More than \$100,000 Awarded to Covington Projects by Duke Energy” - 9/26/2014**
 - Among the recipients in Covington:
 - Braxton Brewery,
 - the Schott Grocery Building,
 - the Hellman Lumber Mill Conversion,
 - Pike Star Phase II, and
 - SQUARE1, Inc. at BIOLOGIC



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Source: River City News



- **Spectacular New Covington Murals to Be Revealed Thursday at Happy Hour – 10/23/2014**
 - Brooklyn-based artists FAILE came to town and ROCKED it.

What are others saying about Covington? (continued)

- **“A New Downtown Covington is Closer to Reality” – 6/12/2013**
 - You want a new downtown Covington. Well, here it comes.
- **“Licking Riverside Named Among Ten Great Neighborhoods in America” – 10/4/2013**
 - **Covington's Licking Riverside** Historic District was named among **10 Great Neighborhoods for 2013** by the American Planning Association (APA).
 - APA Chief Executive Officer Paul Farmer. “What has kept intensive, riverside development out has been perseverance by residents, and later measures by the city, that ensure the neighborhood’s historic character is not altered.”



Source: River City News



- **Covington Vows to Take on Education as City Celebrates 200 Years in Style -2/8/2015**
 - It was a party two hundred years in the making and the people of Covington and its supporters rose to the occasion in black ties and gowns, mingling amid a colorful futuristic display that featured energetic college-aged clowns, champagne flutes that light up, illuminated gift boxes, and a checkered dance floor that was put to good use.



- **Bicentennial Bash: Ferris Wheel, 6-Day Festival Coming to Covington Riverfront – 4/3/2015**
 - A week-long festival will rock the Covington riverfront in July as the city continues to celebrate its bicentennial and the region welcomes Major League Baseball's All-Star Game to Great American Ballpark in Cincinnati.



- **17 Reasons Latonia is the Region's Best Kept Urban Secret - 7/30/2014**
 - Looking to buy or rent? You can't beat the prices in Latonia. Residents of the tree-lined and mostly quiet streets are so proud of them, that they asked a young producer to make a video about them.

What are others saying about Covington?

- **Shotgun Row aimed at Covington artists – 8/22/2104**
 - Brady was sold. "This property became too good to pass up," he said.
 - "Creative place-making projects, like Shotgun Row, are immensely important to Covington because they provide cultural, social and economic value to the city and act as a catalyst for community regeneration." – *Cate Becker*

What are others saying about Covington?

- **“Quaint Quirky Cool little Historic Town!” – Trip Advisor**
 - Reviewed November 6, 2013
 - **Love this place.** Great original restaurants and shops. There is always some kind of event going on almost every weekend.
 - Great variety of live music all week all through town! Something for everyone!



