



OFFICE OF THE CITY MANAGER

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April 16, 2018

Honorable Mayor and Members of City Council:

I am pleased to present to you the Fiscal Year 2018-2019 Recommended Budget, totaling \$291,699,000. As my first budget submittal with the City of Roanoke I can say it has been a rewarding experience to work alongside a talented and dedicated team in the development of a budget that delivers on your priorities. We have worked diligently to ensure the proposals recognize the larger context within which we work, align with established strategies and deliver the results expected by our community. We have done so, while retaining the necessary flexibility to adapt to ever-changing economic conditions ensuring our long-term resiliency.

Budget Context

As the economic, educational and cultural center of Virginia's Blue Ridge, it is essential that our actions build upon past successes and continue to advance priorities. To that end, we recognize that we work within a region undergoing transformational change. Building upon a historical foundation as a manufacturing center into a region built upon the economy of the future – education, life sciences, advanced manufacturing, technology and innovation, tourism and entrepreneurship. Further, we recognize that we succeed best when all have opportunities regardless of where in the City they live or conduct business.

We strive first, to be a part of a region where anyone making choices of where to live, where to open a business, where to seek employment or where to visit consider only Virginia's Blue Ridge. We further strive to build strength from within, where every individual, family, business, corridor or district is as strong as possible and where all have the opportunity to succeed to the fullest of their potential.

Strategies

Within the afore-stated context, we act in accordance with established strategies:

- **Prioritize – time, money and attention**
- **Take Strategic Action – everything should progress toward objectives**
- **Seek and Enhance Collaborative Partnerships – we cannot and should not do this alone**
- **Innovate – new ideas, new approaches, new partners**
- **Empower Organization – free up talent, time, money and resources**

It is my belief that the proposed budget aligns with these strategies ensuring our continued progress toward success.

Revenue Reprieve

The past few years have been challenging from a revenue standpoint. Nearly all sources of revenue stagnated or declined, resulting in reductions in expenditures, altering service levels, and in some instances delays in addressing needed investments. Due to strong policy leadership provided by the Council, dedication of a professional staff and strategic decision-making, even within these conditions the community continues to progress, making strategic investments yielding benefits, now and in the future. Fortunately, Fiscal Year 2017-2018 has provided a reprieve of sorts with estimated growth in local tax revenues of 3.0% over FY 2016-2017. While it is unknown if this reprieve is the beginning of a trend or merely a fleeting opportunity, it has afforded us the ability to progress on some priorities and address deferred issues. While thankful, we remain cautious, acknowledging the volatility of current economic conditions resulting in a conservative approach to projecting future revenues and increasing recurring expenditures.

Strategic Investments

With this budget proposal, we continue to invest strategically to advance Council priorities, yielding a healthy and resilient community. The investments have come primarily in the form of addressing education and public safety but also in the areas of livability and human services. Additionally we have taken the opportunity to fundamentally rethink how we fund our major capital investments, adopting a “just in time” approach in debt financing anticipated to allow us to address our most pressing capital needs while providing funds to enhance our financial reserves thereby enabling us to protect our credit ratings and better equip us for future economic downturns.

A few of the highlights of these investments are the following:

- Increasing the local share of funding to Roanoke City Public Schools by \$1.65 million. With this increase, our community now provides over \$81.2 million in funding, representing 48% of the total investment in local schools.
- Addition of a new Emergency Medical Services (EMS) unit in response to service demands which increased 5% in calendar year 2017 and 3% year-to-date for calendar year 2018 demonstrating commitment to meeting response time targets.
- Partnering with Roanoke City Public Schools and the Roanoke City Sheriff to double the number of DARE Officers ensuring our children are as safe as possible while attending school.
- Increase in base budget for Police overtime and expansion of community policing opportunities.
- 2% increase in salary for City employees.
- Increased funding of social services including additional funding to provide emergency assistance to help avoid homelessness, increased funding for mental health services, increased funding for children’s services and increased funding for foster care services.
- Increased funding for neighborhood enhancements including additional funding for alley repair, removal of dead street trees and their replacement, additional funding for weed/trash abatement and demolition of derelict structures and increased funding for neighborhood activities.
- Inclusion of funding for the Roanoke Cultural Endowment in the annual base budget and a one-time increase in the funding level.
- Funding to update the City’s Comprehensive Plan – the first update in nearly 20 years.

- Increased funding toward efforts at promoting tourism associated with Visit Virginia's Blue Ridge.
- Increased funding for materials and resources for library system.
- Capital Improvement Program including targeted livability investments (Parks and Recreation Master Plan and Libraries) and investments in maintaining capital assets and infrastructure (Bridge Program, Sidewalks, Streetscapes, Stormwater Projects, Civic Center and School Facilities).

Return on investment

Through investments made by the Council on behalf of the citizens over the past years, we are benefitting from the following returns:

- Rising high school graduation rates, improved third-grade level reading scores, and more children entering kindergarten ready to learn.
- Police response to over 100,000 calls for service, Part 1 Crime rates in downtown decreased by nearly 25% year over year and fire services recognized at an ISO 1 Level, an achievement realized by less than ¼ of 1% of all fire departments in the Nation.
- An economic region with over \$18 Billion in local GDP. Over 600 jobs in Roanoke City announced or created in the last year with nearly \$90 million in new investment announced over the same period. An unemployment rate below that of the US as a whole.
- Reversed 30 years of declining population and for the second year in a row experiencing population growth, placing current population estimates just shy of 100,000.
- Completion and opening of the latest renovated and expanded neighborhood library, Williamson Road Branch and initiated construction of the next, Melrose Branch.
- Visitors to the area continue to increase with an estimated regional economic impact of over \$800 million in direct spending. In 2017 over 36,000 participated in GoFest, the Foot Levelers Blue Ridge Marathon sold out once again, and Roanoke hosted the first Cyclocross event attracting bicyclists from all over the Country.
- Number of children removed from their custodian due to abuse and/or neglect and placed in foster care has decreased from 294 to 237 children in the last year.
- Chronic homelessness has decreased by 25% over the last year and 75.8% since 2012.

Perhaps most significantly, there continues to be a continued sense of optimism and momentum present in the community unmatched in decades!

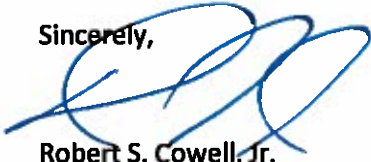
Our Work is Not Complete

The work of building and running a City is never complete. Together, we must face the challenges presented while seizing upon the opportunities that abound. Fortunately, due to the leadership of the Council and investment by the community we face our challenges from a position of strength. We recognize that not all in our community are benefitting equally from the successes occurring and we accept our responsibility to respond accordingly. We recognize that our economy needs to strengthen and our revenues need to continue to expand if we are to address service needs and aging infrastructure. Finally, we recognize that we are in a period of rapid change and with it a certain level of anxiety exists. We cannot address all needs for everyone in one budget year. We cannot solve all the problems that exist within our community but with our partners and with the support of our elected

officials and our citizens we can ensure that we spend their money on what is needed, when needed. It is for this reason that we have seven times; more than any other City, been named an All-American City.

It is a privilege to serve as your City Manager and I thank you for the opportunity to present a budget on behalf of the hardworking employees of the City of Roanoke, demonstrating how we stand ready to address challenges and seize opportunities aligned with Council priorities.

Sincerely,

A handwritten signature in blue ink, appearing to read "R. Cowell, Jr.", is written over the word "Sincerely,".

Robert S. Cowell, Jr.

City Manager