

City Council Budget Briefing

April 1, 2019



Agenda

- FY 2019 Overview
- FY 2020 Development
- Capital Improvement Program (CIP)
- Excess Debt Service and One-Time Uses
- Enterprise Funds

FY 2019 General Fund Overview

- Revenues
 - Through February, FY 2019 revenues have increased approximately \$2.2 million or 1.57% compared to the same period of FY 18 .
- Expenditures
 - Through February, FY 2019 expenditures increased approximately \$2.9 million or 1.6% compared to the same period of FY18.

FY 2020 Local Tax Revenue Estimate

Tax	FY 2018 Actual	FY 2019 Adopted	FY 2020 Estimate	Growth (\$)	Growth (%)
Real Estate	\$82,708,548	\$84,560,866	\$87,765,000	\$3,204,134	3.79%
Sales	21,426,783	20,707,000	21,535,280	828,280	4.00
Transient Occupancy	5,375,713	4,500,000	4,612,500	112,500	2.50
Prepared Foods & Beverage	16,609,514	16,500,000	16,500,000	0	0.00
Cigarette Tax	2,152,811	2,272,500	2,150,000	(122,500)	(5.39)
Motor Vehicle License	2,955,266	2,860,000	3,000,000	140,000	4.90
Communications Tax	6,357,300	6,500,000	6,300,000	(200,000)	(3.08)
Personal Property	22,782,236	23,256,000	23,256,000	0	0.00
Business License	13,499,995	12,775,000	12,902,750	127,750	1.00
Other*	25,329,516	25,093,000	25,462,600	369,600	1.47
TOTAL	\$199,197,682	\$199,024,366	\$203,484,130	\$4,459,764	2.24%

*Other: District Taxes, Public Service Corp, Penalties/Interest, Utilities Tax, Recordation and Probate, Admissions, Franchise Fees, Bank Stock, Delinquent Taxes

FY 2020 Total Revenue

	Growth	Estimated Total
Local Taxes	\$4,459,764	\$203,484,130
Permits, Fees and Licenses	31,800	929,800
Fines and Forfeitures	24,350	1,049,350
Revenue from Use of Property/Money	189,000	477,000
Intergovernmental	1,608,900	75,698,134
Charges for Services	766,808	16,509,208
Miscellaneous	8,378	640,378
Total Revenue Growth – 2.43%	\$7,089,000	\$298,788,000

FY 2020 Potential Fee Increases

- Fire Department
 - Fire/EMS Re-inspection Fees
 - Current Re-Inspection Fee is \$33 and is assessed with the second re-inspection
 - Recommendation: Adjust fee to \$50 and assess with the first re-inspection
 - Fire Permit Fees
 - Current Fire Operating Permit Fee is \$35
 - Recommendation: Adjust fee to \$50
 - Fire Site Survey Report Fee
 - Current Fire Site Survey Report Fee is \$35
 - Recommendation: Adjust fee to \$50

FY 2020 Potential Fee Increases

- Parks & Recreation Fee Compendium
- Background / Context
 - First Comprehensive Update to Entire Compendium
 - Master Plan Update – Focus on Best Practices on Cost Recovery Model
 - Market Balancing / Benchmarking with Public / Private Sector
- Key Components
 - Removal of Non-Relevant Fees
 - Establishment of Fees Based on Actual Program Costs
 - Addressing Inflationary Cost Increases
 - Labor and Materials
 - Identifying Fees Specific to Service Provided
 - Consistently Applied Resident / Non-Resident Fee Structure

FY 2020 Non-Departmental Expenditure Enhancements

	Base		Inflationary/ Contractual	Supplemental	Total Enhancements
Debt Service	\$14,415,564		\$250,000	\$0	\$250,000
Civic Center Subsidy and Admissions Tax	2,854,789		(150,000)	0	(150,000)
GRTC	1,991,161		0	350,000	350,000
Compensation (2 ½%)	0		0	2,288,200	2,288,200
Worker Compensation	1,900,000		0	0	0
Reserves	1,530,620		0	0	0
Contingency	1,421,512		78,488	0	78,488
Grants/Donations/ Claims Contingencies	165,442		0	0	0
Other*	(580,825)		56,000	(96,401)	(40,401)
TOTALS	\$23,698,263		\$234,488	\$2,541,799	\$2,776,287

*Lapse, Line of Duty, OPEB, Dental, Extended Illness, Medical, Payroll Accrual, Reclass Contingency, Termination Leave, Unemployment Wages

FY 2020 Expenditure Enhancements (continued)

Priority	Base	Inflationary/ Contractual	Supplemental	Total Enhancements
Community Safety	\$ 67,956,127	\$ 337,083	\$ 821,010	\$ 1,158,093
Economy	1,930,732	-	284,710	284,710
Education/RCPS	83,074,787	1,863,191	-	1,863,191
Good Government	18,484,580	177,287	133,290	310,577
Human Services	40,155,471	251,799	19,969	271,768
Infrastructure	28,743,438	27,677	159,000	186,677
Livability	17,552,525	282,288	306,116	588,404
Non-Departmental	23,698,263	234,488	2,541,799	2,776,287
Outside Agencies	9,738,014	249,070	12,665	261,735
TOTAL	\$ 291,333,937	\$ 3,422,883	\$ 4,278,559	\$ 7,701,442
April 1st Variance				\$ (247,379)

FY 2020 Supplemental Enhancements

- Community Safety
 - New 811/911 Center operating expenses
 - Jail Operations, Fire and Police support
 - Mental Health services in Jail facility
 - Fire/EMS reserve apparatus storage (lease) and safety inspections
- Economy
 - Performance agreements
 - Economic Development Specialist position

FY 2020 Supplemental Enhancements (Continued)

- Education/RCPS
 - RCPS funding determined by funding formula
 - DARE and SRO program funding reimbursed by RCPS
- Good Government
 - Utilities and operating support for Registrar's office

FY 2020 Supplemental Enhancements (Continued)

- Human Services
 - Reallocation of CSA funding for children requiring specialized attention and for increased placements in residential facilities
 - Cremations funding increase
- Infrastructure
 - Additional operating support for Facilities
 - Additional Fleet Maintenance for vehicles

FY 2020 Supplemental Enhancements (Continued)

- Livability
 - Tipping fees
 - Support for Library teen services
 - Greenway and trail maintenance
 - Parks maintenance
 - Utility increase expense for new Melrose Library

FY 2020-2024 Capital Improvement Program

- Investments made within the parameters of the debt policy with consideration of required debt service

FY 2020-2024 CIP

Project	2020	2021	2022	2023	2024	Total
RCPS	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$25,000,000
Bridge Renovation			11,000,000	11,000,000		22,000,000
Library Master Plan	500,000					500,000
P&R Master Plan			3,000,000			3,000,000
Civic Center	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	7,500,000
Stormwater Improvements	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	10,000,000
Curb, Gutter and Sidewalk	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	7,500,000
Streetscapes Improvements	500,000	500,000	500,000	500,000	500,000	2,500,000
Passenger Rail			1,763,000			1,763,000
Fleet Capital Replacements	1,600,000	600,000	600,000	900,000	600,000	4,300,000
Technology Capital	1,500,000	500,000			1,500,000	3,500,000
Fire Facility Master Plan						
Public Works Service Center	1,500,000	1,500,000				3,000,000
Capital Building Maintenance	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
Campbell Court		4,000,000				4,000,000
Transit Facility	800,000	530,000	7,260,000			8,590,000
TOTALS	\$17,400,000	\$18,630,000	\$35,123,000	\$23,400,000	\$13,600,000	\$108,153,000

- Excess debt service may be available in some years for one-time capital needs, the Undesignated Fund Balance and the Stabilization Reserve.

Excess Debt Service and One-Time Uses

Excess Debt Service	\$2,638,106
Capital Project Contingency	323,458
Elections	174,824
Enterprise Zones	166,500
Grant Match	150,000
Infrastructure	750,500
Internship Program	46,080
Percent for Art	30,000
Technology	178,258
VML	75,000
Other*	743,486

*Other use categories include equipment, supplies, Library books, maintenance, Comprehensive Plan staff support, greenway/trail maintenance, furniture and uniforms.

Capital Improvement Program Parking Fund Considerations

- Proposed Garage/Hotel Project
 - Need to begin building debt service capacity
 - Last comprehensive rate increase – 2015
- Proposed Rate Increases
 - Monthly and Residential Monthly Rates: \$5.00 / month
 - Estimated revenue generation - \$250,000 annually

Capital Improvement Program Parking Fund Considerations

- Garage Automation / Improvements
 - Gainsboro, Campbell, Church Avenue, & Market Garages
 - Establish single short term rate \$1.00 per ½ hour
 - Eliminate flat rates / overlapping Rates
 - Maintain \$8 maximum
 - 24 hour operation established / maintained at automated garages
 - Estimated revenue generation - \$ 20,000 annually
 - Expense / labor savings
- Gainsboro Lot / Higher Education Lot
 - Existing evening/overnight rate term extended to correspond to adjacent Gainsboro Garage

Capital Improvement Program

Stormwater Utility Fund Considerations

- Stormwater Utility Fee fully phased-in at \$0.90 per 500 square feet of impervious service in FY 2017
- Revenue expected to remain flat at \$6.0 million per year
- Existing revenue sufficient to fund current level of operating expenses, debt service and cash funded capital through FY 2021
- Current revenue not sufficient to address:
 - Inflationary costs
 - Debt service for capital projects at issuance level of \$2 million per year beyond FY 2021
 - Increase in debt service required if there is a reduction in capital project grant funding (Revenue Sharing and Stormwater Local Assistance Funds)
 - Planned staff additions based on business model
- Rate adjustment required to maintain service levels and support business model
 - Adjust fee to \$1.14 - \$1.31 over five years based on current modeling

Balancing Next Steps

- Revenue estimate review
 - Personal Property Tax
 - Business License Tax
 - Sales Tax
- Expenditure growth revisions
- April 15th Recommended Budget Presentation