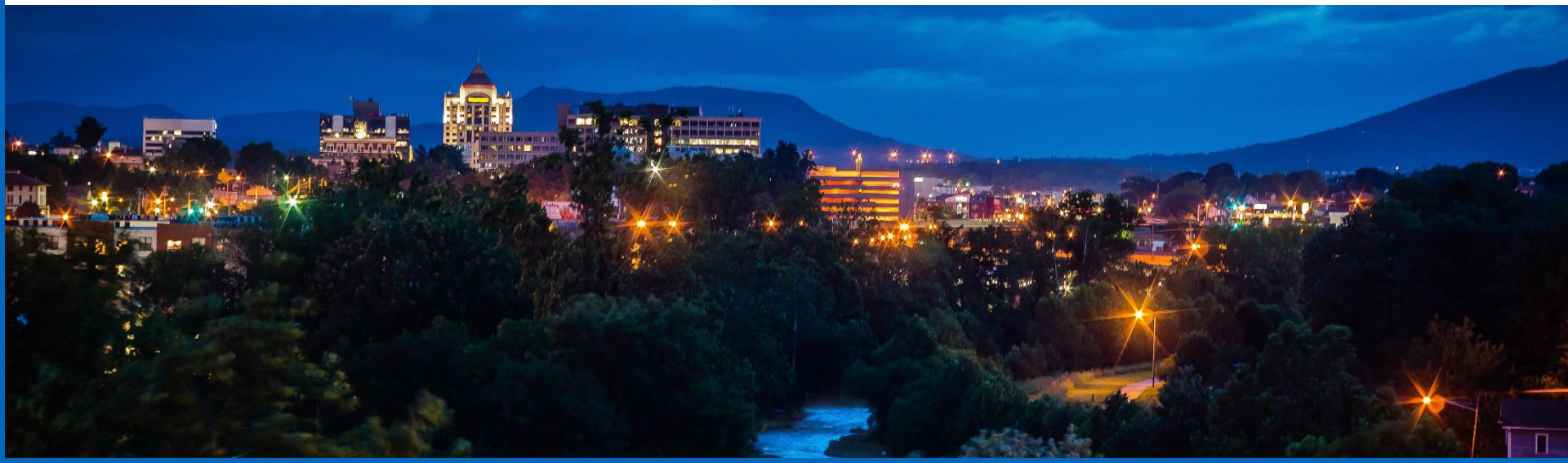


City Council Budget Briefing

April 6, 2020



Agenda

- FY 2020 Overview
- FY 2021 Development
- Next Steps

FY 2020 YTD General Fund Overview

- Revenues

- Through February, FY 2020 revenues increased approximately \$4.9 million or 3.53% compared to the same period of FY 19. This revenue growth comparison is pre-COVID-19 impacts.
 - Local taxes YTD have performed \$3.5 million or 3.75% ahead of target

- Expenditures

- Through February, FY 2020 expenditures increased approximately \$5.4 million or 2.9% compared to the same period of FY19. This expenditure activity is, likewise, pre-COVID-19 impacts.

FY 2020 Local Tax Revenue Estimate

Tax	FY 2019 Actual	FY 2020 Adopted	Revised FY 2020 Estimate	Change (\$)	Change (%)
Real Estate (0.6% decline)	\$85,587,303	\$87,765,000	\$87,246,683	(\$518,317)	(0.59)
Sales (1 month deferral, 50-75% decline)	22,389,378	21,535,280	18,744,238	(2,791,042)	(12.96)
Transient Occupancy (85% decline)	4,564,108	4,612,500	3,234,443	(1,378,057)	(29.88)
Prepared Foods & Beverage (90% decline)	16,335,846	16,500,000	11,451,970	(5,048,030)	(30.59)
Cigarette Tax (4.4% decline)	2,108,069	2,150,000	2,056,295	(93,705)	(4.36)
Motor Vehicle License (5% decline)	2,914,811	3,000,000	2,800,949	(199,051)	(6.64)
Communications Tax (5% decline)	5,897,696	6,300,000	5,653,042	(646,958)	(10.27)
Personal Property (4% decline)	23,338,381	23,721,120	23,730,881	9,761	~0.04
Business License (50% decline)	13,846,241	13,030,500	14,225,041	1,194,541	9.17
Other*	27,337,517	25,462,600	27,092,994	1,630,394	6.40
TOTAL	\$204,319,350	\$204,077,000	\$196,236,536	(\$7,840,464)	(3.84%)

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

FY 2020 Concerns and Approach

- Continued developments with COVID-19
- Further reduced revenue received
 - Commonwealth of Virginia actions
 - PPTRA - \$8,076,000
 - Compensation Board reimbursement delays - \$3,310,818
 - Street Maintenance - \$4,276,754
 - HB 599 - \$1,261,401
 - Disbursal of federal aid
 - Consumer behavior
- Necessary expenditure reductions or delays
- Implementing a response to evolving circumstances
- Service sustainability and further impacts into FY 2021 and beyond

FY 2020 Approach, Monitoring and Planning

- Departmental expenditure adjustments
- Hold funding for selected Fleet replacement - \$1,171,000
- Hold funding for capital projects funded with one-time capital funds - \$2,975,000
- Adjustments to funding for formula partners
- Monthly revenue and expense reviews
- Additional expenditure revisions as necessary

Questions & Discussion

FY 2021 Local Tax Revenue Estimate

Tax	FY 2020 Adopted	FY 2021 March 2	FY 2021 April 6	Change (\$)	Change (%)
Real Estate (4.26% growth)	\$87,765,000	\$91,914,000	\$91,500,000	\$3,735,000	4.26%
Sales (July 60%->)	21,535,280	22,750,000	21,146,000	(389,280)	(1.80)
Transient Occupancy (August 10%->)	4,612,500	4,612,500	1,414,617	(3,197,883)	(69.33)
Prepared Foods & Beverage (August 40%->)	16,500,000	16,665,000	14,645,000	(1,855,000)	(11.24)
Cigarette Tax (6.98% decline)	2,150,000	2,000,000	2,000,000	(150,000)	(6.98)
Motor Vehicle License (3.33% decline)	3,000,000	3,000,000	2,900,000	(100,000)	(3.33)
Communications Tax (11.11% decline)	6,300,000	6,000,000	5,600,000	(700,000)	(11.11)
Personal Property (2% growth)	23,721,120	23,721,120	24,816,000	1,094,880	4.62
Business License (4.85% growth)	13,030,500	13,030,500	13,662,000	631,500	4.85
Other*	25,462,600	26,234,380	25,982,300	519,700	2.04
TOTAL	\$204,077,000	\$209,927,500	**\$203,665,917	(\$411,083)	(0.20%)

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

**FY 2021 revenue estimated in April is \$6.26 million lower than in March due to volatility.

FY 2021 Total Estimated Revenue

	FY 2020 Adopted	FY 2021 March 2	FY 2021 April 6	Change (\$)	Change (%)
Local Taxes	\$204,077,000	\$209,927,500	\$203,665,917	(\$411,083)	(0.20%)
Permits, Fees and Licenses	929,800	1,032,800	1,024,800	95,000	10.22
Fines and Forfeitures	1,049,350	1,019,200	1,019,200	(30,150)	(2.87)
Use of Property and Money	477,000	491,000	466,000	(11,000)	(2.31)
Intergovernmental	75,748,134	75,086,100	75,649,279	(98,855)	(0.13)
Charges for Services	16,509,208	16,997,900	17,206,621	697,413	4.22
Miscellaneous	640,508	629,900	614,900	(25,608)	(4.00)
TOTAL	\$299,431,000	\$305,184,400	\$299,646,717	\$215,717	0.07%

Strategies Leading to Budget Adoption

- Fund non-discretionary cost increases
- No compensation increase
- Fund highest base and supplemental priority services and programs
- Prioritize remaining base and supplemental services and programs
- Base expenditure reductions as necessary

Strategies For Responding To Changing Circumstances

- Preparing a staged contingency plan in the event of lower revenues
- Monthly revenue monitoring and strategy adjustments
- Quarterly determination of necessary expense adjustments

Unassigned Fund Balance and Stabilization Reserve

- Policy allows for the utilization of either to address unforeseen declines in revenues in a specific fiscal year, for which there is no other current budgetary resource available
- Use of either requires authorization of City Council
- Must be restored to its minimum level within three fiscal years
- May be needed for FY 2020-2021 stabilization; not intending to use for balancing

Fund Balance and Reserve Status

FY 2019 Year End	Required Level (%)	Required Level (\$)	Current Level (%)	Current Level (\$)
Unassigned	11.0%	\$32,505,933	12.2%	\$36,052,035
Stabilization	0.5%	1,477,542	1.2%	3,413,273

Balancing Next Steps

- Revenue estimate review and expenditure revisions
- May 4th – Budget briefing
- May 18th – Presentation of Recommended Budget
- May 28th – Public Hearings
- June 1st – Budget Study
- June 15th – Budget Adoption