



City Council Budget Briefing

March 1, 2021



Agenda

- FY 2021 Overview
- FY 2022 Development and Next Steps
- Capital Improvement Program (CIP) and Next Steps

FY 2021 General Fund Overview

- Revenues
 - Through January, FY 2021 local taxes are 3.52% ahead of target, mainly due to performance of Real Estate, Sales and Transient Occupancy taxes.
 - Through January, FY 2021 revenues have decreased approximately \$4.95 million or 3.96% compared to the same period of FY 2020. Local taxes have decreased \$1.87 million or 2.25% compared to the same period of FY 2020 due to lower performance of Prepared Foods and Beverage, Transient Occupancy, Business License, Personal Property and Admissions Taxes.
 - Through January, FY 2021 other revenues have decreased approximately \$3.08 million or 3.96% compared to the same period of FY 2020 due to the timing of Social Services revenues and lower Charges for Services revenues.
- Expenditures
 - Through January, FY 2021 expenditures decreased approximately \$8.4 million or 4.99% compared to the same period of FY 2020 due to the timing and lower transfers to other funds as well as lower expenditures in Street Paving offset by the timing of expenditures in Fleet Capital.

FY 2021 Monitoring Dashboard

Local Taxes	Target Comparison	Key Measurements Expenditures	% Budget Expended	Over/Under Expectation
Real Estate	+1.22%	Public Safety	112.8%	+ 55.0%
Sales Tax (December)	+9.21%	Overtime		
Business License Tax	-17.63%	Children Services Act	36.8%	-3.3 %
Transient Occupancy Tax	+43.30%	Solid Waste Costs	56.2%	+ 6.2 %
Prepared Foods & Beverage Tax	-8.07%	Workers Compensation	51.4%	- 6.9 %
All Local Taxes	+3.52%	Operation Costs	48.3%	- 10.0 %
		Total General Fund	53.2%	- 5.1%

*Does not include additional CARES Act relief funding

	Current Balance	Balance 1 Year Ago
Salary Lapse	\$1,670,115	\$2,098,268
Contingency	\$1,440,168	\$1,351,946
COVID-19 Contingency*	\$1,774,653	N/A

FY 2021 Key Local Tax Performance

Tax	Adopted	YTD (Jan) Actual	Year-End Projection	\$ Above/ (Below) Budget	% Above/ (Below) Budget
Real Estate	\$90,685,562	\$47,581,395	\$93,164,000	\$2,478,438	2.73%
Sales*	21,146,000	12,121,553	21,625,000	479,000	2.27
Transient Occupancy	1,414,617	1,184,858	2,470,000	1,055,383	74.61
Prepared Foods & Beverage	14,645,000	7,151,578	14,515,000	(130,000)	(0.89)
Cigarette Tax	2,000,000	1,106,136	1,779,000	(221,000)	(11.05)
Motor Vehicle License	2,900,000	991,514	2,900,000	0	0.00
Communications Tax	5,700,000	2,185,787	5,196,000	(504,000)	(8.84)
Personal Property	23,683,489	(700,771)	23,683,489	0	0.00
Business License	13,662,000	957,370	13,662,000	0	0.00
**Other	25,900,300	13,190,152	24,793,000	(1,107,300)	(4.28)
TOTAL	\$201,736,968	\$85,769,572	\$203,787,489	\$2,050,521	1.02%

*Sales Tax represents sales through December.

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

FY 2021 Net Local Tax Increase

	Adjustment	Total
Local Tax Growth		\$2,050,521
Downtown District Taxes	(132,200)	
Visit Virginia's Blue Ridge	(384,519)	
Net Local Tax Growth		1,533,802
RCPS Increase (40%)		613,521
City Increase (60%)		\$920,281

FY 2022 Local Tax Estimate

Tax	FY 2020 Actual	FY 2021 Adopted	FY 2022 Estimate	Growth (\$)	Growth (%)
Real Estate	\$88,595,881	\$90,685,562	\$92,676,000	\$1,990,438	2.19%
Sales	22,191,888	21,146,000	22,000,000	854,000	4.04
Transient Occupancy	3,210,638	1,414,617	2,500,000	1,085,383	76.73
Prepared Foods & Beverage	13,274,739	14,645,000	14,500,000	(145,000)	(0.99)
Cigarette Tax	1,967,912	2,000,000	1,900,000	(100,000)	(5.00)
Motor Vehicle License	2,630,898	2,900,000	2,900,000	0	0.00
Communications Tax	5,763,219	5,700,000	5,700,000	0	0.00
Personal Property	23,928,478	23,683,489	23,683,489	0	0.00
Business License	14,635,195	13,662,000	13,662,000	0	0.00
*Other	28,107,755	25,900,300	25,378,200	(522,100)	(2.02)
TOTAL	\$204,306,603	\$201,736,968	\$204,899,689	\$3,162,721	1.57%

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

FY 2022 Net Local Tax Increase

	Adjustment	Total
Local Tax Growth		\$3,162,721
Downtown District Taxes	(56,900)	
Visit Virginia's Blue Ridge	(407,019)	
Net Local Tax Growth		2,698,802
RCPS Increase (40%)		1,079,521
City Increase (60%)		\$1,619,281

FY 2022 Total Revenue

	Growth	Estimated Total
Local Taxes	\$3,162,721	\$204,899,689
Permits, Fees and Licenses	94,500	1,119,300
Fines and Forfeitures	16,300	1,035,500
Revenue from Use of Money/ Property	82,500	548,500
Intergovernmental	(352,756)	75,574,083
Charges for Services	241,057	17,321,621
Miscellaneous	(137,329)	673,300
Total Revenue Growth – 1.04%	\$3,106,993	\$301,171,993

Equity and Empowerment

- Equity versus Equality
- Two year process to initiate this novel way of budgeting
- Alignment with current Council and community priorities across city departments

“The measure of a civilization is how it treats its weakest members.” -Gandhi

Equity and Empowerment

- Does the request advance equitable outcomes for residents and/or advance or improve upon an identified neighborhood or community asset? If so, how? If not, could it be adjusted to do so? How?
- Does the request burden or benefit communities of color and/or low-income individuals or neighborhoods? If so, how? Could it be adjusted to avoid or mitigate the burden and/or to realize a benefit? How?
- Does the request help reduce any identified disparities? If so, how? If not, could it be adjusted to do so? How?

Equity and Empowerment

- Disparities and Asset Report produced by Planning and Economic Development
- Formed three teams to evaluate each budget offer
 - Community Development Team
 - Operations Team
 - Constitutional, Council Appointed, Court Appointed Team
- Evaluate scores
- Provide feedback
- Next Steps

FY 2022 Expenditure Enhancements

Priority	Adjusted Base		Non-Discretionary	Discretionary Supplementals	Total Enhancements
Education/RCPS	\$84,627,010		\$1,134,517	\$0	\$1,134,517
Community Safety	70,498,254		151,571	669,401	820,972
Human Services	40,317,478		312,243	0	312,243
Infrastructure	28,220,563		38,375	40,099	78,474
Livability	18,460,236		550,134	545,366	1,095,500
Good Government	18,251,119		606,276	120,447	726,723
Economy	2,178,152		55,004	163,583	218,587
Non-Departmental*	23,617,817		1,000,000	0	1,000,000
External Agencies	8,654,532		792,739	243,987	1,036,726
SUBTOTAL TOTAL	\$294,825,161		\$4,640,859	\$1,782,883	\$6,423,742
GENERAL FUND TOTAL					\$301,248,903

*Base excludes Covid-19 Contingency from FY21

FY 2022 Expenditure Enhancements

- Education/RCPS
 - RCPS funding determined by funding formula
 - Library Automation Coordinator restoration

FY 2022 Enhancements

- Community Safety
 - Fire Prevention Program expansion
 - E911 Career Enhancement
 - Overtime (Fire, Sheriff, Police, E-911)
 - Inmate medical services contract
 - Embedded Criminologist
 - RESET Volunteer Coordinator/Gun Violence Study Committee

FY 2022 Enhancements

- Human Services
 - Medicaid local match
 - Foster Care shift from DSS to CSA
 - In-Home Family Services
- Infrastructure
 - Contractual increase for phone and technology items
 - Additional support for custodial services

FY 2022 Enhancements

- Livability
 - RVRA rate increase and support for increased Solid Waste tonnage
 - Pool operations
 - River's Edge athletic field maintenance
 - Library restoration of part-time staff and branch hours of operation
 - Library books and materials

FY 2022 Enhancements

- Good Government
 - EMS billing and PetData contractual services
 - Annual maintenance PCI Tax & Treasury System
 - External audit contractual fees increase
 - Temporary and Overtime wages for Elections (Early Voting and Vote By Mail)
 - Administrative and operating costs for Registrar
 - Minimum wage increase
 - Employee Health Clinic contractual increase
 - Increase in Insurance Premiums

FY 2022 Supplemental Enhancements

- Economy
 - Enterprise Zone programs
 - Existing performance agreements adjustments
 - Financial Stability Specialist

FY 2022 External Agency Adjustments

- Visit Virginia's Blue Ridge (allocation by formula)
- Blue Ridge Behavioral Healthcare
- Service District Taxes

FY 2022 Non-Departmental Expenditure Enhancements

	Adjusted Base	Enhancements
Debt Service	\$14,734,495	\$500,000
Civic Center Debt Service	1,957,032	0
Civic Center Subsidy	441,260	0
Civic Center Admissions Tax	360,000	0
GRTC	1,773,432	0
Compensation		
Worker Compensation	2,063,292	250,000
Reserves	1,530,620	250,000
Contingency	1,500,000	0
Other*	(742,314)	0
TOTALS	\$23,617,817	\$1,000,000

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

Items Not Yet Funded

- General Assembly actions
- COVID-19 on-going operational impacts
- Fleet Capital restoration
- Technology Capital
- Compensation (public safety, general employees)

March 1st Balancing Status

Estimated FY 2022 Revenues	\$301,171,993
Preliminary FY 2022 Expenditures	301,248,903
March 1 st Variance	(\$76,910)

1% pay raise	\$972,364	Real Estate Tax (city share)	\$0.01	\$455,784
		Prepared Foods & Beverage Tax (city share)	1.0%	\$1,581,818
		Transient Occupancy Tax (city share)	1.0%	\$117,188
		Solid Waste fee (monthly)	\$1	\$402,528
		Plastic bag tax (per bag – city)	\$0.01	?

Debt Service

Budgeted General Fund Debt Service Available	\$14,734,495
Potential Debt Service Budget Increase	500,000
Total Potential Budgeted Debt Service Available	15,234,495
Anticipated FY 2022 Required Debt Service	13,409,222
Anticipated FY 2022 Excess Debt Service Available	\$1,825,273

Balancing Next Steps

- Revenue estimate revisions
- Expenditure revisions
- April 5th Briefing update

FY 2022-2026 Capital Improvement Program

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

Debt Policies

Policy	FY 2019	FY 2020	FY 2021 Estimated
Net tax-supported debt as a percentage of the total taxable assessed value will not exceed 4%	2.42% In Compliance	2.41% In Compliance	2.54% In Compliance
Net tax-supported general obligation debt service shall not exceed 10% of General Fund expenditures	7.3% In Compliance	6.7% In Compliance	5.55% In Compliance
Not less than 60% of the outstanding tax-supported debt will be retired within 10 years	85.3% In Compliance	68.6% In Compliance	74.6% In Compliance

FY 2022-2026 CIP

Project	2022	2023	2024	2025	2026	Total
RCPS	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$25,000,000
RCPS - Additional request		7,750,000	7,855,000			15,605,000
Bridge Renovation	13,750,000	13,750,000				27,500,000
Library Master Plan						
P&R Master Plan	3,000,000					3,000,000
P&R Master Plan		4,000,000	2,300,000			6,300,000
Civic Center	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	7,500,000
Civic Center - Adjustment	(600,000)					(600,000)
Stormwater Improvements	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	10,000,000
Stormwater Improvements						
Curb, Gutter and Sidewalk	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	7,500,000
Curb, Gutter and Sidewalk - New	500,000	500,000	500,000	500,000	500,000	2,500,000
Curb, Gutter and Sidewalk - Maintenance	335,000	335,000	335,000	335,000	335,000	1,675,000

FY 2022-2026 CIP (continued)

Project	2022	2023	2024	2025	2026	Total
Streetscapes Improvements	500,000	500,000	500,000	500,000	500,000	2,500,000
Streetscapes Improvements						
Passenger Rail			1,869,000			1,869,000
Fleet Capital Replacements	600,000	900,000	600,000	600,000	600,000	3,300,000
Fleet Capital Replacements - Engines	700,000	700,000		725,000	1,100,000	3,225,000
Technology Capital			1,500,000	1,500,000		3,000,000
Technology Capital	770,000	1,860,000	370,000			3,000,000
Fire Facility Master Plan				669,500		669,500
Fire Facility Master Plan - Additional			850,000	330,500	8,300,000	9,480,500
Capital Building Maintenance	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
Capital Building Maintenance						
Total	\$30,555,000	\$41,295,000	\$27,679,000	\$16,160,000	\$22,335,000	\$138,024,000

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

FY 2022-2026

Capital Improvement Program

- Projects Not Currently Programmed Nor Funded
 - Bridge Renovation - Garst Mill Bridge
 - Library Master Plan
 - Parks and Recreation Master Plan
 - Traffic Signal Infrastructure
 - Technology - Fiber Ring Expansion
 - Fire Facility Master Plan - Stations #8, #1, Drill Tower, #6 bay
 - Public Works Service Center – Phase 2 - washhouse and fleet management

CIP Next Steps

- Further review of debt model
- April 5th Briefing update

Enterprise Fund Considerations

Parking Fund

Vital infrastructure and support of downtown commerce, residential development, tourism, and overall community development.

- **Management and Enforcement**
 - 4,100 parking spaces in 7 off-street garages and 5 off-street lots
 - 3,000 on-street parking spaces
- **Sustainability**
 - Goal is to ensure revenues recover all costs and life cycle
 - Enterprise Fund (No general fund tax dollars)
 - Encourages frequent turnover of parking spaces in the downtown economic

Enterprise Fund Considerations (continued)

- COVID Impact on Parking Fund
 - Temporarily suspended parking enforcement for 7 months during 2020
 - Monthly parkers down 20%
 - FY21 trending down \$1M in net revenue compared to FY20
 - Structural maintenance for FY22 may be reduced due to COVID-19 with an impact toward FY21 net revenue
- FY22- Parking Fund
 - Tower Garage and Wells Fargo Tower joint elevator modernization
 - System wide review of the Parking Fee Compendium due to the new Liberty Trust Hotel Project and PARCs equipment upgrade
- Beyond FY22- Retained Earnings
 - Current rate structure funds annual capital maintenance and future capital expansion

Enterprise Fund Considerations (continued)

Berglund Center

- Operates as an Enterprise Fund with a subsidy for operating and capital
 - Operating Subsidy - \$441,260
 - Debt Service Subsidy - \$1,957,032
- Continued uncertainty with timing of entertainment venue recovery
- FY 2021-2022 Budget Development
 - Development in progress with consideration for scenarios associated with entertainment venue recovery
 - Target is to level fund operating subsidy, acknowledging risk associated with budget assumptions
 - Timing of staff recall will be based on scheduled events

Questions?