

# City Council Strategic Planning Workshop

*September 22, 2017*

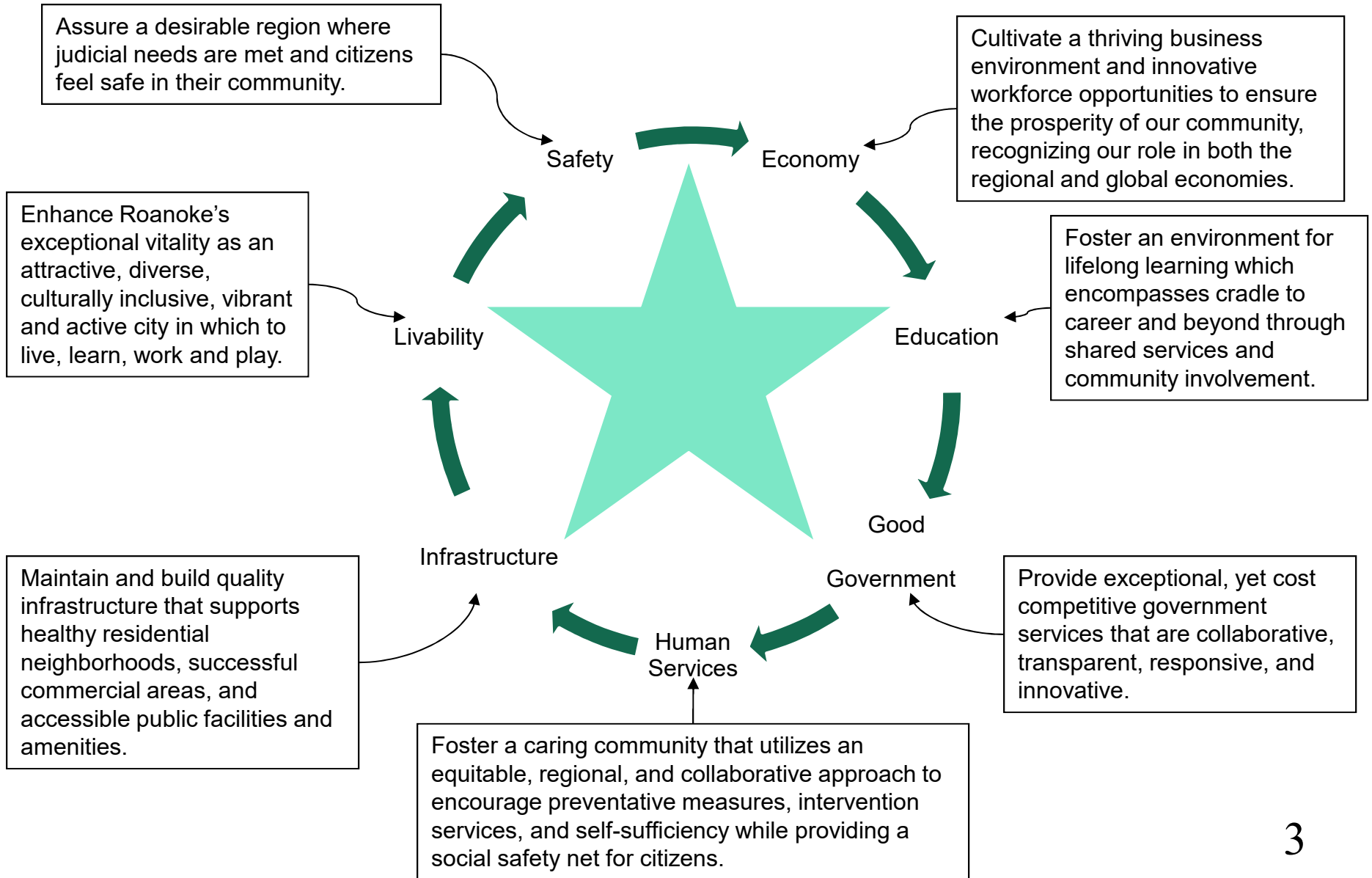
*Raleigh Court Library*

*8:30 a.m. – 1:00 p.m.*

# Agenda

- FY 2017 Year End Update
  - Local Tax Revenue Trends
  - FY 2017 Revenue Issues
  - FY 2017 Expenditure Issues
- FY 2018 Year To Date Performance
- FY 2018 Budget Development
- Follow-Up Items
- FY 2019 Budget Development Discussion

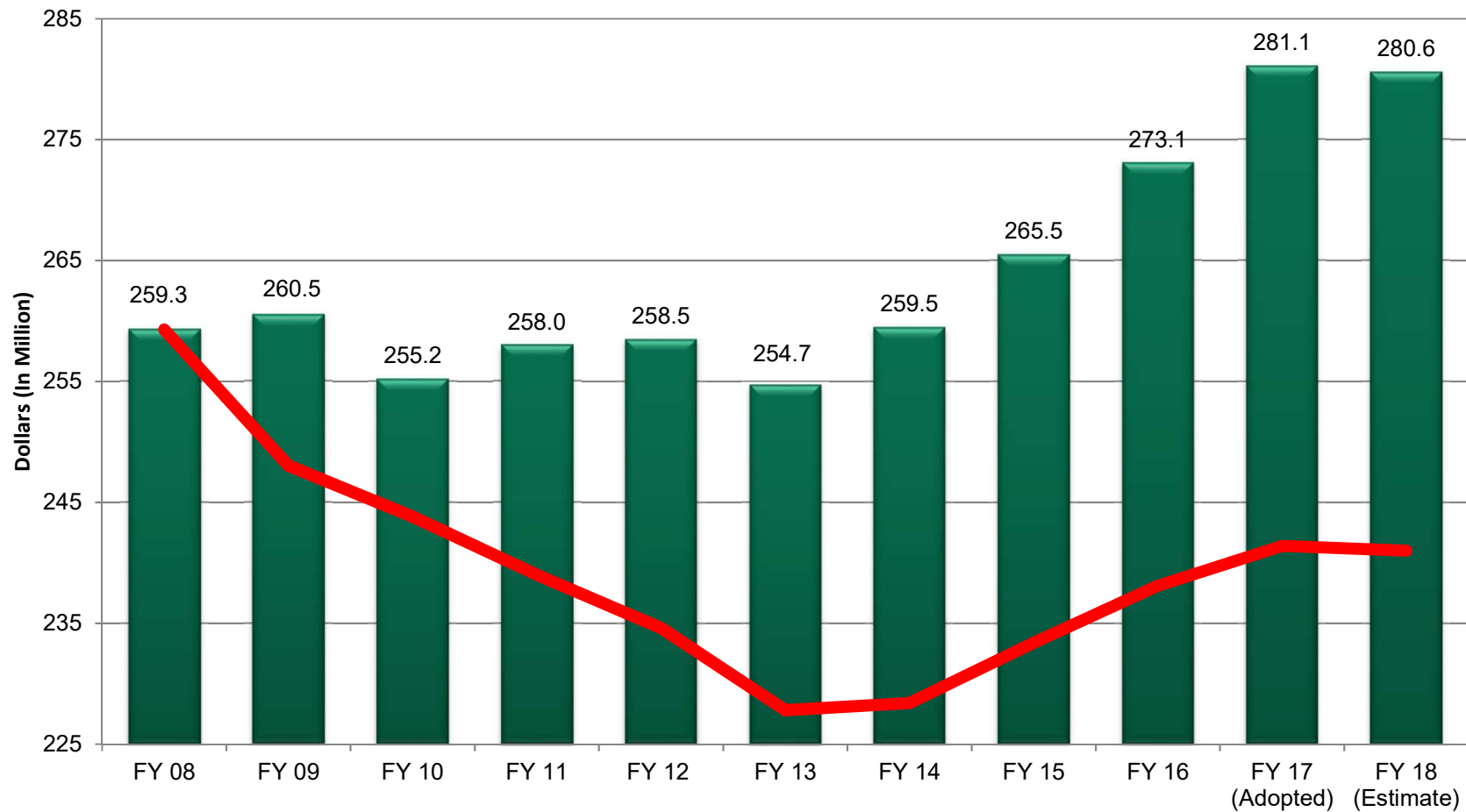
# City of Roanoke Priorities



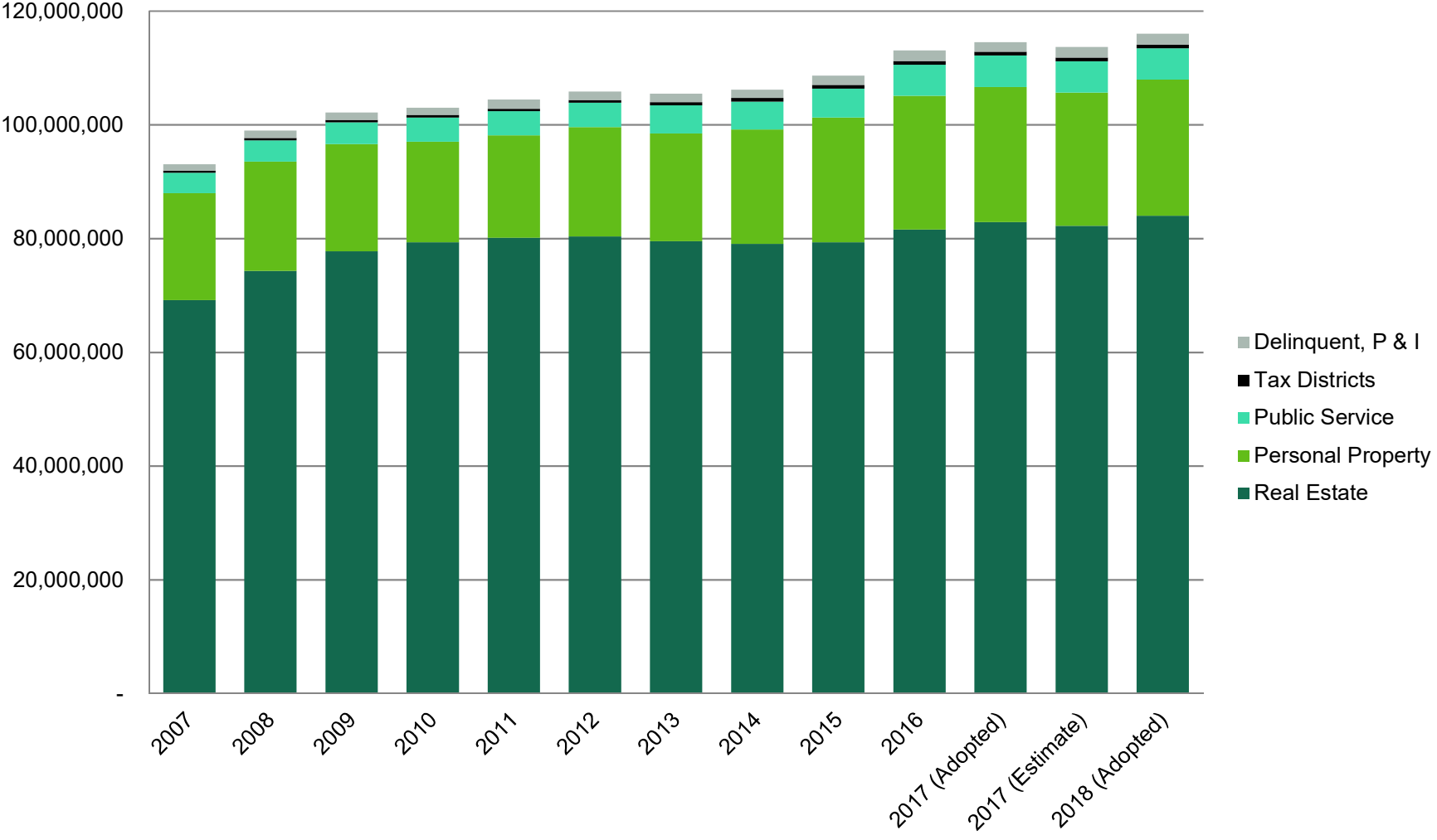
# FY17 Year End

- June monthly close occurred on September 11<sup>th</sup>
- Pending 13<sup>th</sup> Period revenue and expense accruals
- Remaining analysis of required contributions
  - RCPS
  - Risk Management Fund
  - Undesignated fund balance
- Anticipated unaudited results to City Council by November

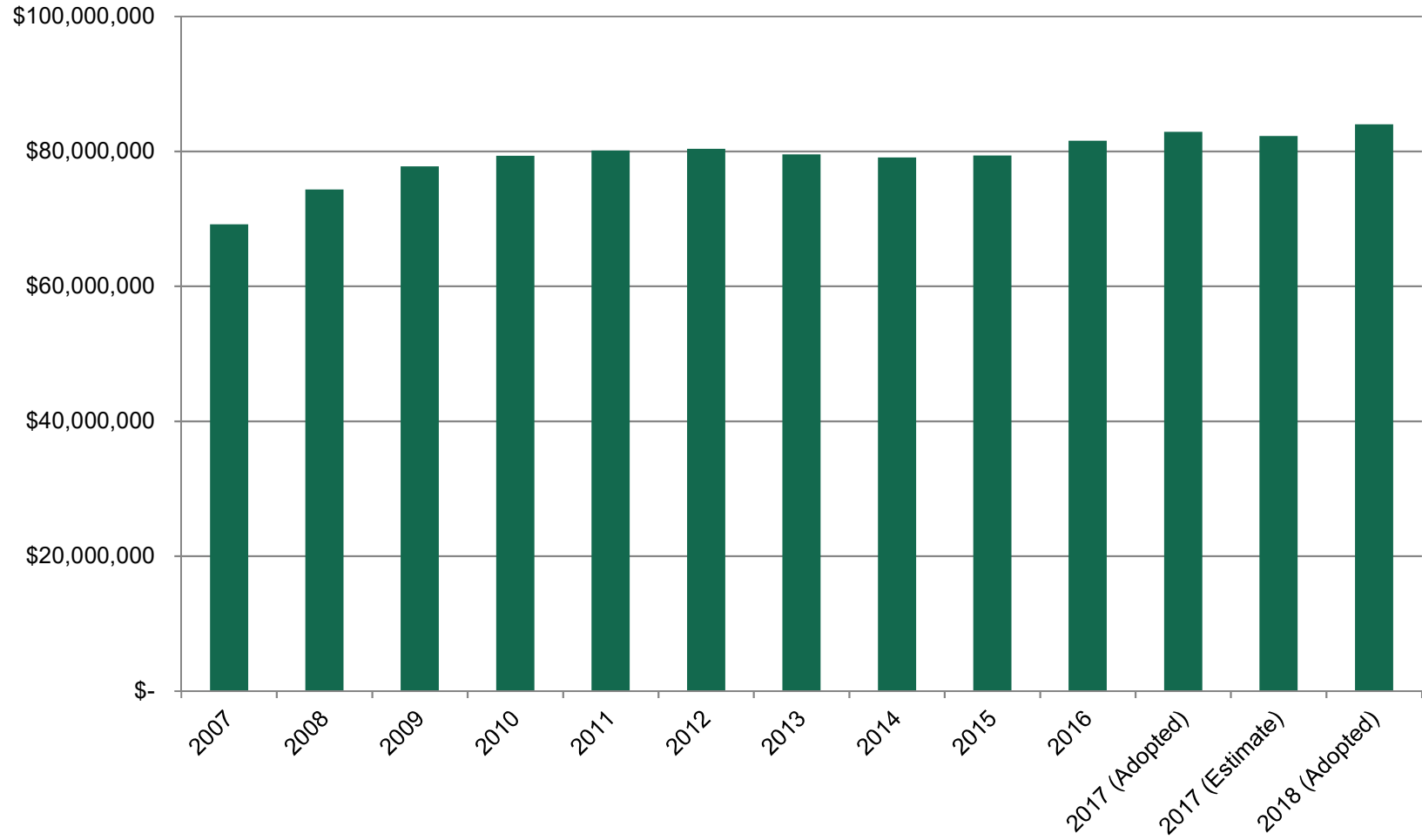
# Revenue Performance by Fiscal Year



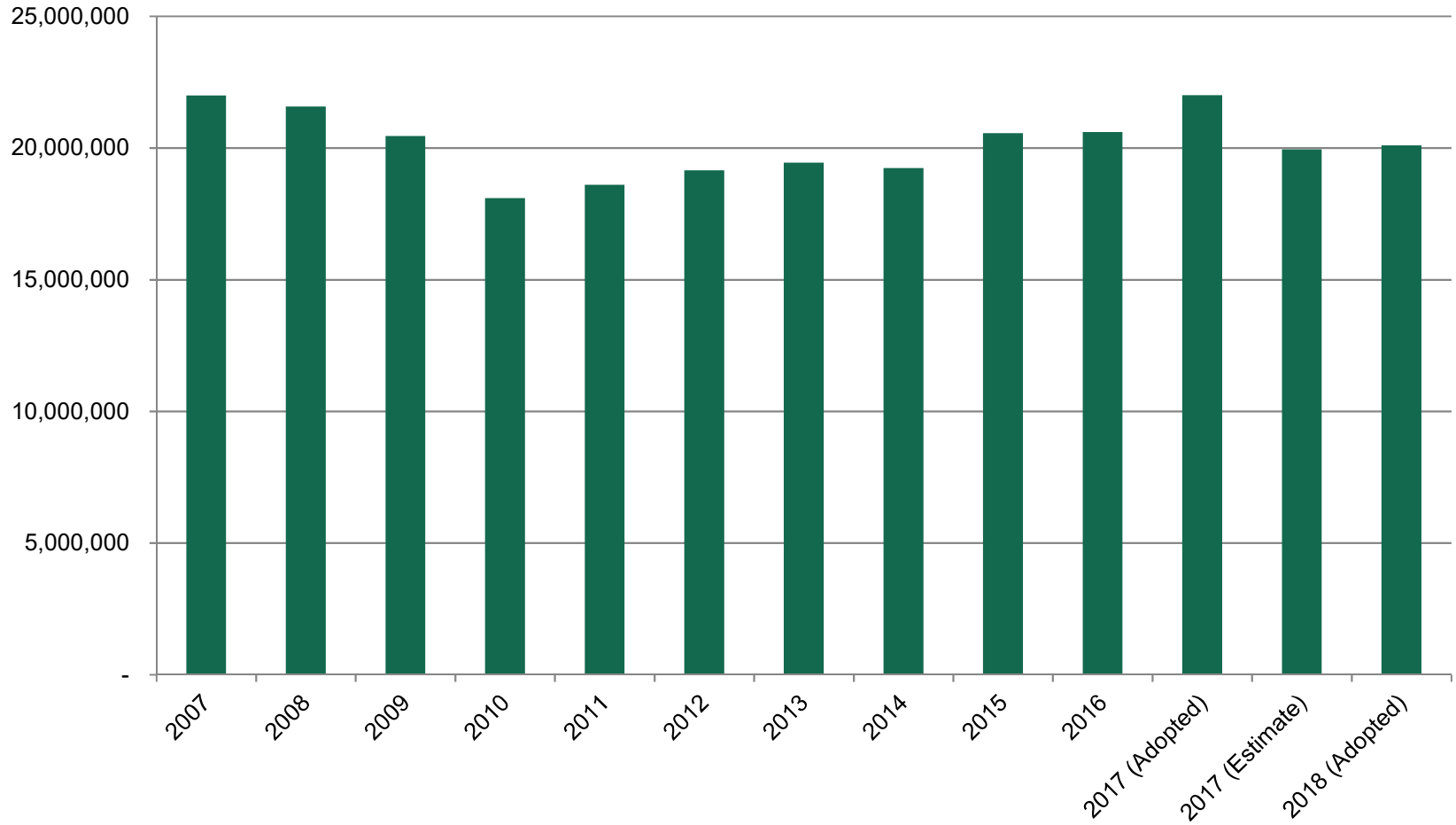
# Property Tax Revenues



# Real Estate Tax

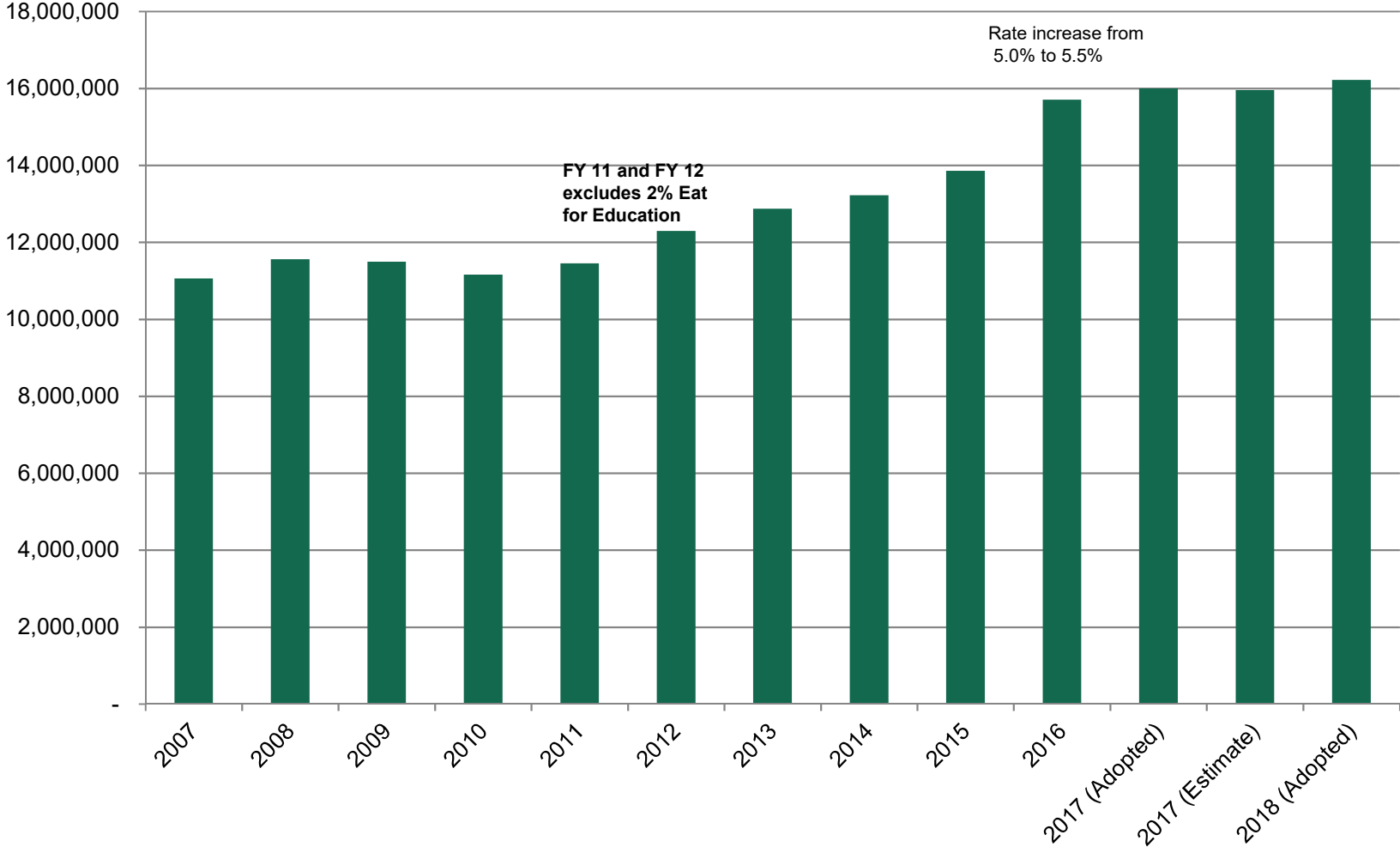


# Sales Tax

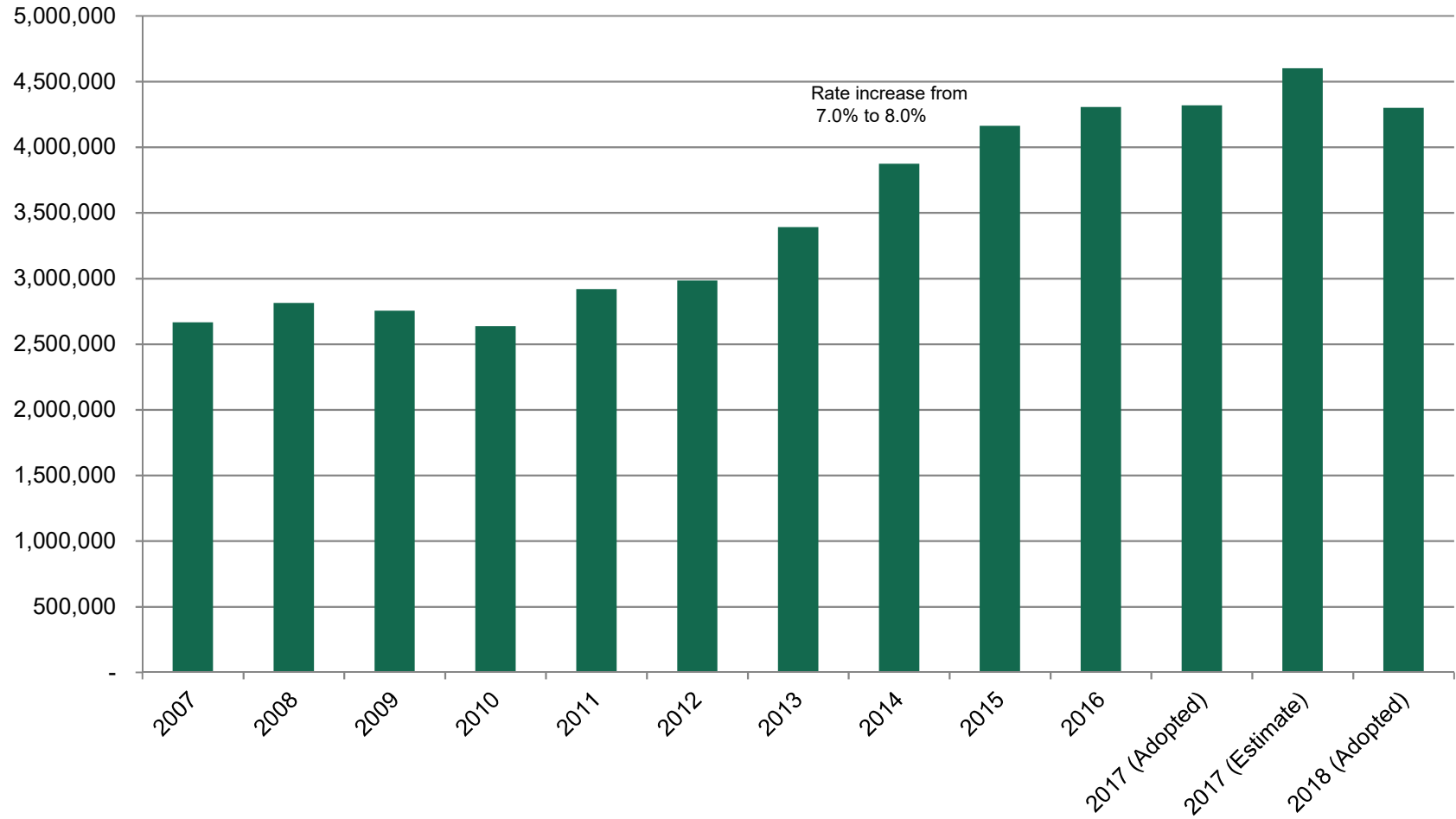




# Meals Tax



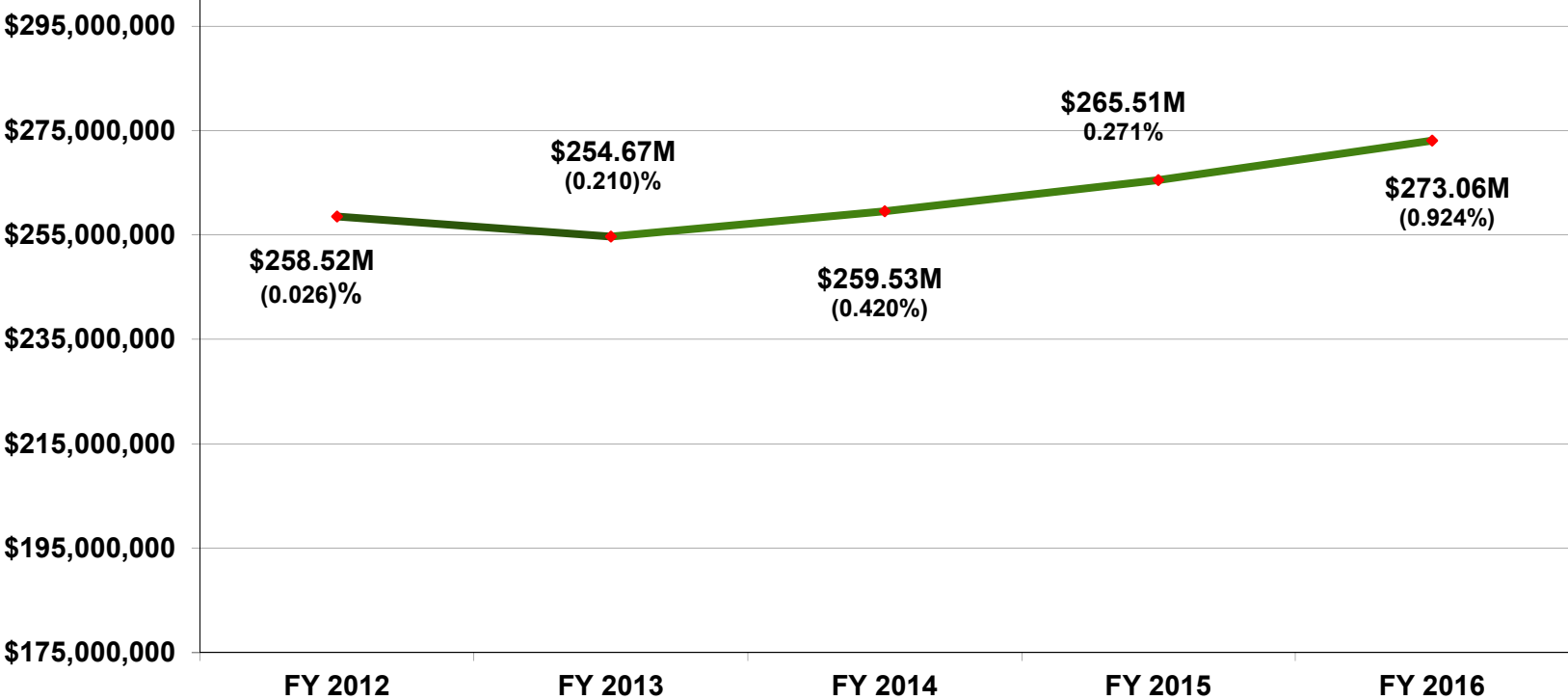
# Lodging Tax



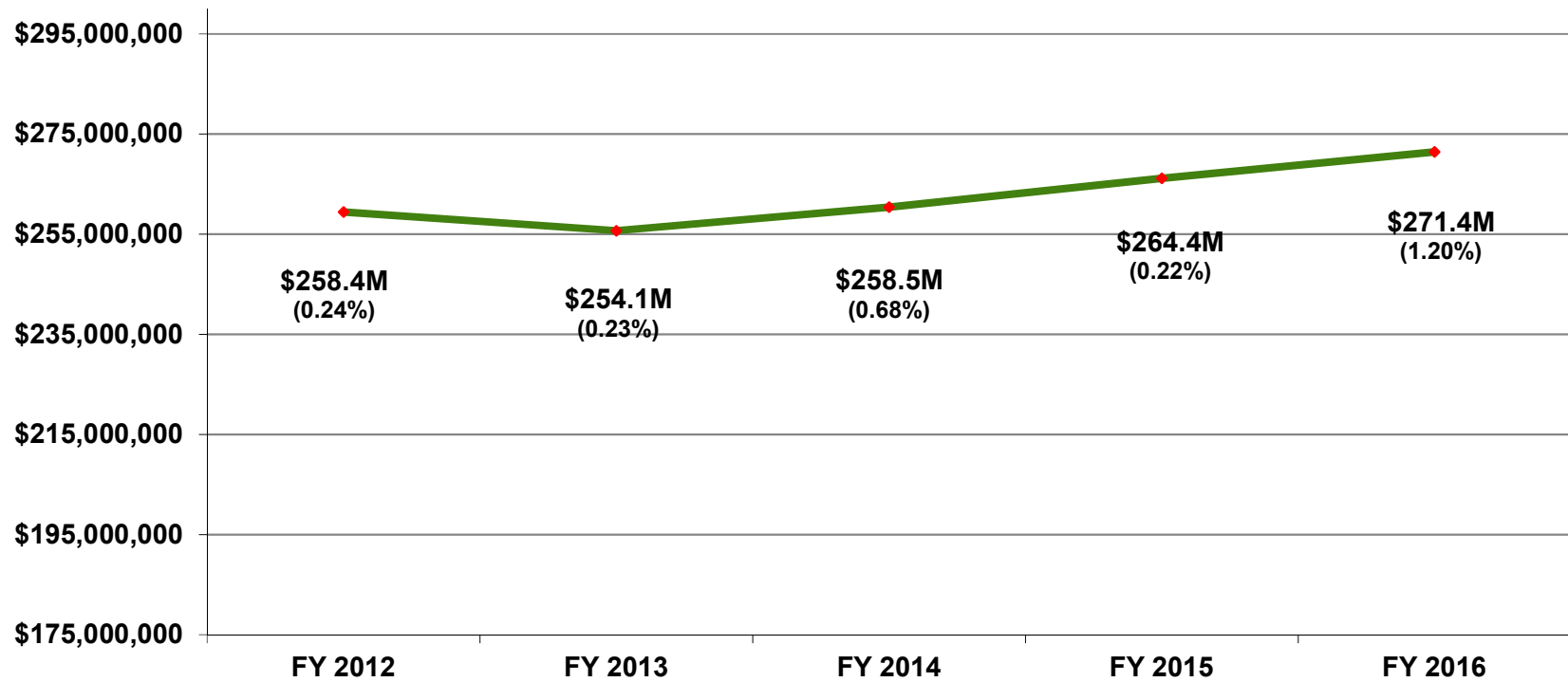
# Historical Rate Adjustments

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Meals	5%	7%	7%	5%	5%	5%	5.5%	5.5%	5.5%
Lodging	7%	7%	7%	7%	8%	8%	8%	8%	8%
Motor Vehicle	\$20	\$20	\$20	\$20	\$20	\$20	\$25	\$25	\$25
Real Estate	\$1.19	\$1.19	\$1.19	\$1.19	\$1.19	\$1.19	\$1.22	\$1.22	\$1.22

# Revenue Performance to Budget



# Expenditure Performance to Budget



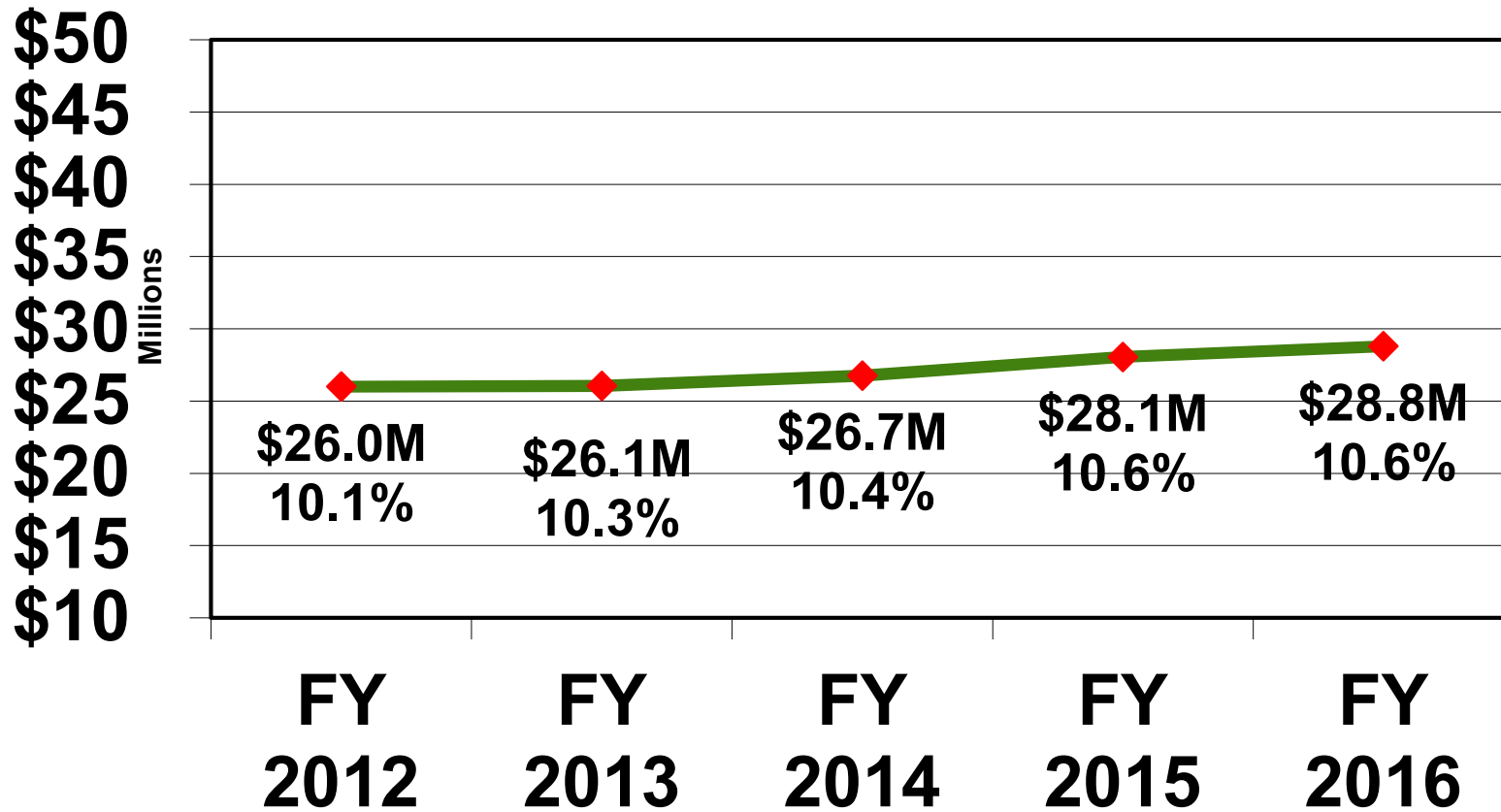
# FY 2017 Revenue Issues

- Real Estate – very modest growth
- Personal Property – volatile; anticipated decrease in new vehicle sales
- Sales Tax – not yet returned to high of \$22M in 2007
- BPOL – did not achieve anticipated growth in FY 2017
- Meals Tax – steady growth since 2011
- Lodging – steady growth since 2011; underperformed in FY 2017

# FY 2017 Expenditure Issues

- Children's Services Act
- Worker Compensation
- Public Safety Overtime
- Fleet Parts
- Elections
- Motor Fuel
- Tipping Fees

# Fund Balance





# FY 2018 Reductions

- Facilities Management – capital building maintenance
- Fire Inspections
- Fleet Management – vehicular and equipment replacement
- Libraries – books, materials and subscriptions
- Parks and Recreation – recreation programs and aquatics
- Planning – demolition, graffiti abatement, weed and trash removal
- Social Services – Emergency Relief
- Technology - capital
- Transportation – signs and pavement markings, signal maintenance, contracted alley maintenance, sidewalk maintenance and repair
- Youth Services

# FY 18 YTD Revenue Performance

	FY 2015	FY 2016	FY 2017	FY 2018
Meals Tax	\$1,082,011	\$1,239,661	\$1,294,366	\$1,384,474
Lodging Tax	760,031	849,228	748,896	828,697
Cigarette Tax	372,457	412,737	372,632	452,942
Motor Vehicle License	185,983	201,738	311,744	302,814
Sales Tax*	1,593,375	1,738,411	1,647,102	1,605,684

\*One month of revenue

# FY 18 Follow-Up

- Neighborhood Infrastructure
  - Alley Maintenance
  - Sidewalk Repair & Maintenance
  - Demolition
- Arts Endowment

# Neighborhood Infrastructure

	<b>FY 2016-2017</b>	<b>Reduction</b>	<b>FY 2017-2018</b>
Alley Maintenance	\$428,282	(\$41,604)	\$386,678
Sidewalk Repair & Maintenance	462,319	(20,000)	442,319
Demolition	30,000	(10,050)	19,950

# Arts Endowment

- Funding Appropriation History
  - FY 2015: \$250,000 from Excess Debt Service
  - FY2016: \$250,000 from Excess Debt Service & FY2015 year-end closeout
  - FY2017: \$125,000 from Excess Debt Service
  - FY 2018: \$62,500
  - Total appropriated to date: \$687,500
    - \$62,500 currently uncommitted in project account from one-time funding

# Solid Waste Commercial Recycling

- Commercial businesses receive recycling collection if refuse is collected
  - Allowed up to 3 automated collection containers
- When recycling collection began, recyclables were collected from commercial businesses that did have refuse collected by City
  - Focus on participation rate and growing recyclable tonnage
- As recycling tonnage increased from residential segment, mitigated need to collect recyclables from commercial businesses

# Solid Waste Commercial Recycling

- Over time, discontinued collecting recyclables from commercial businesses where refuse not collected
- Commercial waste management companies offer recycling collection
- Resuming past practice of collecting recyclables at commercial businesses where refuse is not collected will:
  - Require additional manpower
  - Result in additional disposal cost

# Alley Maintenance

- Approximately 375 alley segments in which Solid Waste collected
- Approximately 10 alley segments that provide sole access to parcels
- Inspected annually for vegetative overgrowth and surface maintenance needs
- All other alleys addressed based on complaints
- Maintenance Activities
  - Vegetative overgrowth – responsibility of parcel owner
  - Surface Maintenance – maintenance contract valued at approximately \$300,000 annually



# Alley Maintenance

- Vegetative Overgrowth
  - After inspection, notices of violation sent to all property owners within the alley
  - Notices issued late one week and owners given two weekends to address
  - Re-inspect approximately 10 days later and note any properties still in violation
  - Post second notices on properties still in violation requesting overgrowth be cut back
  - Reinspect after another weekend and, if still in violation, contractor retained to trim offending vegetation – bill sent to parcel owner

# Alley Maintenance

- 115 alleys inspected since 2014 in which Solid Waste is not collected
  - Very minor surface work done unless terrain, stormwater runoff, erosion are a significant problem
- Occasionally, city addresses unimproved alleys so overgrown adjacent property owners cannot address
  - City clears and advises adjacent property owners of future responsibility for maintenance

# Alley Maintenance

Year	Letters of Violation	2 <sup>nd</sup> Letters of Violation	Parcels Cut by Contractor	Expenditures
2014	1426	137	64	\$7,600
2015	801	204	48	\$8,250
2016	690	103	41	\$8,200

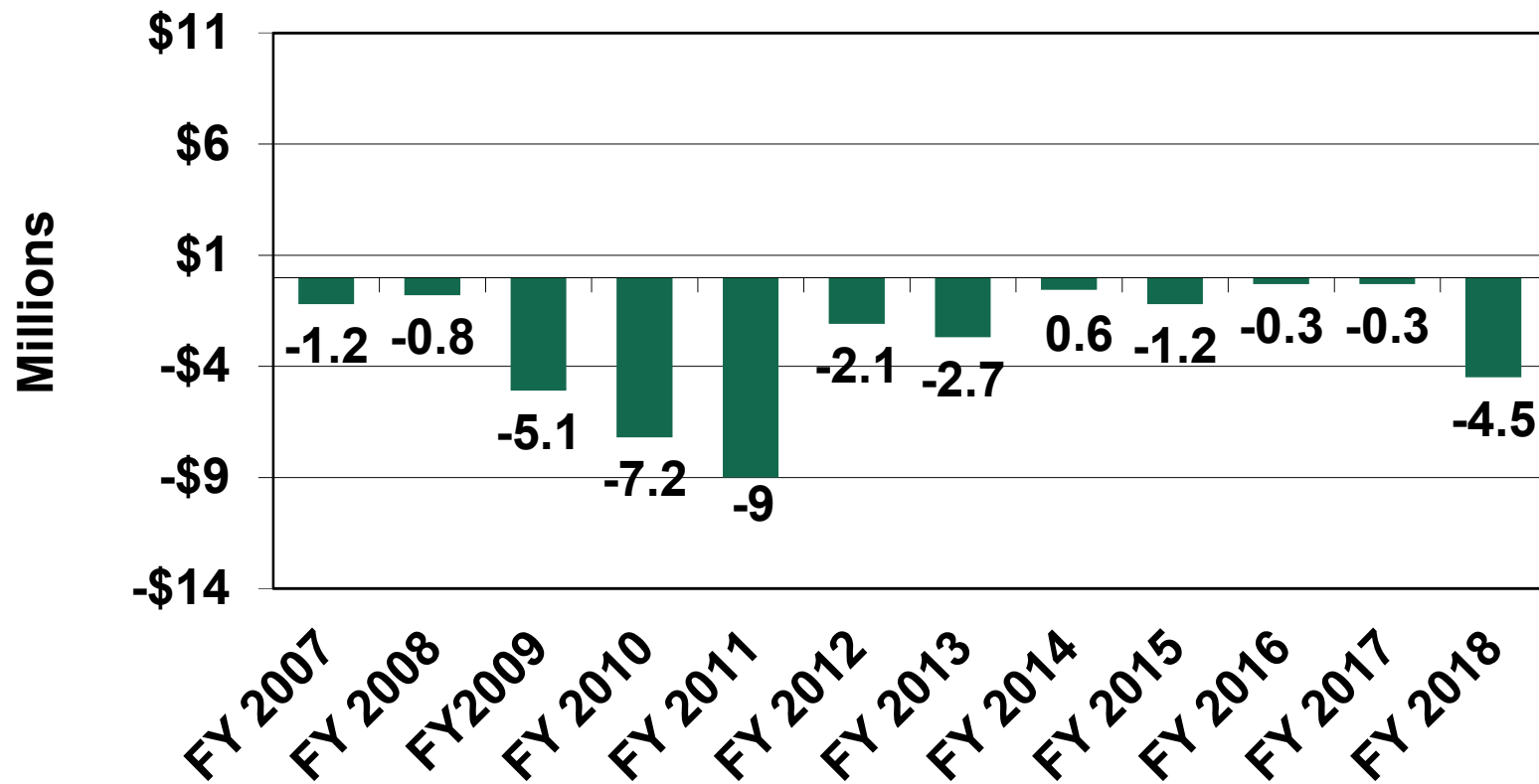
# Alley Maintenance

- Surface Maintenance
  - Annual inspections generate lists of alleys in which surface repairs are required
  - All work contracted out
  - Surface treatment and some minor excavation/repair work

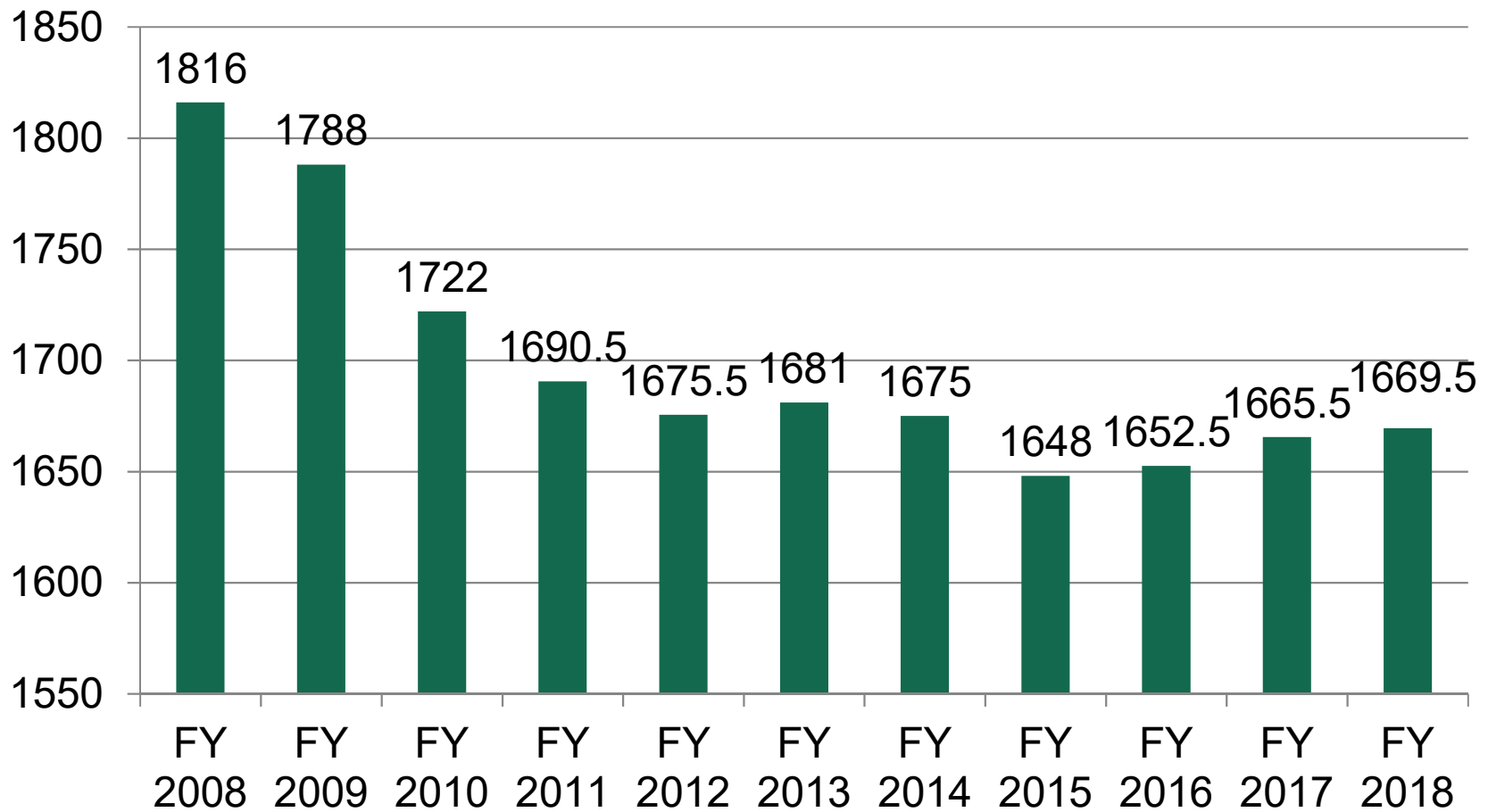
# FY 2019 Budget Development

- Seeking Council's affirmation regarding priorities
- Present framework for budget challenges
- Discussion of development methodology

# Historical Reductions to Balance the Budget



# Full-Time Equivalent Positions

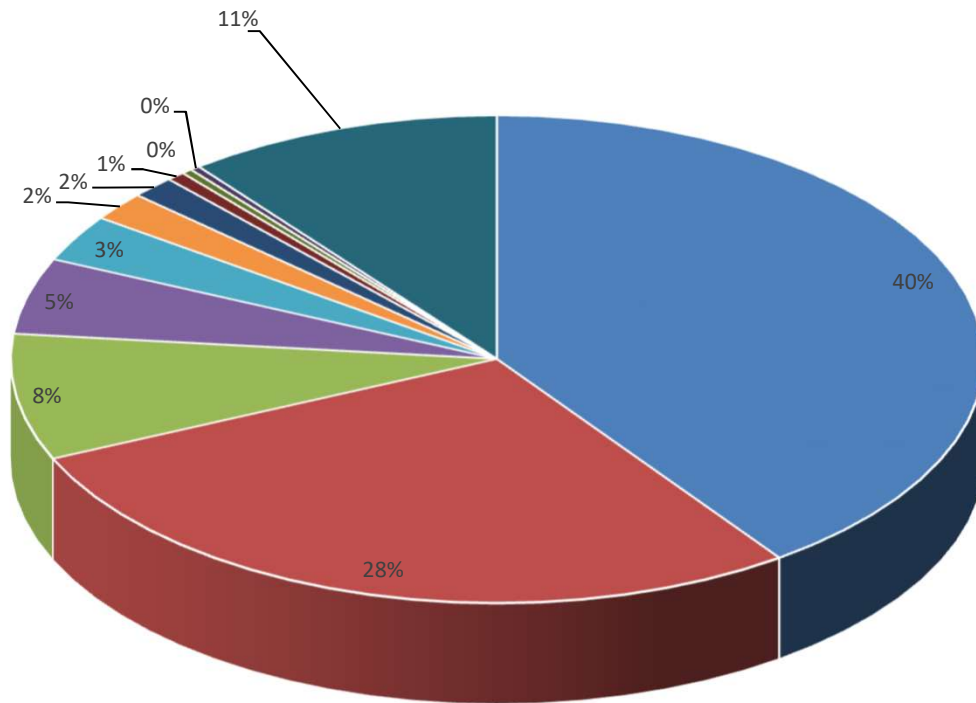


# Expenditure Reductions Carried Forward to FY2018

- Public Safety
- Fleet Capital
- Technology Capital
- Capital Building Maintenance
- Parks & Recreation
- Social Services
- Libraries
- Positions
- Employee Development and Benefits
- Outside Agencies
- Marketing



# Major Expenditure Allocations for FY18



- Personnel Costs (salary + fringes) -- \$113,526,894
- Support for RCPS -- \$79,592,200
- Social Services Programs & CSA -- \$23,638,357
- Transfer to Debt Service + Excess Debt Capacity -- \$14,305,986
- Outside Agencies -- \$8,804,474
- Fleet (Replacement Vehicles, Parts, Motor Fuel, Sublet Vendor) -- \$5,402,158
- Paving -- \$4,139,924
- Tipping Fees -- \$1,717,103
- Technology Infrastructure Capital -- \$1,000,000
- Residential Juvenile Detention -- \$912,854
- All Other Operating Expenses -- \$29,745,050

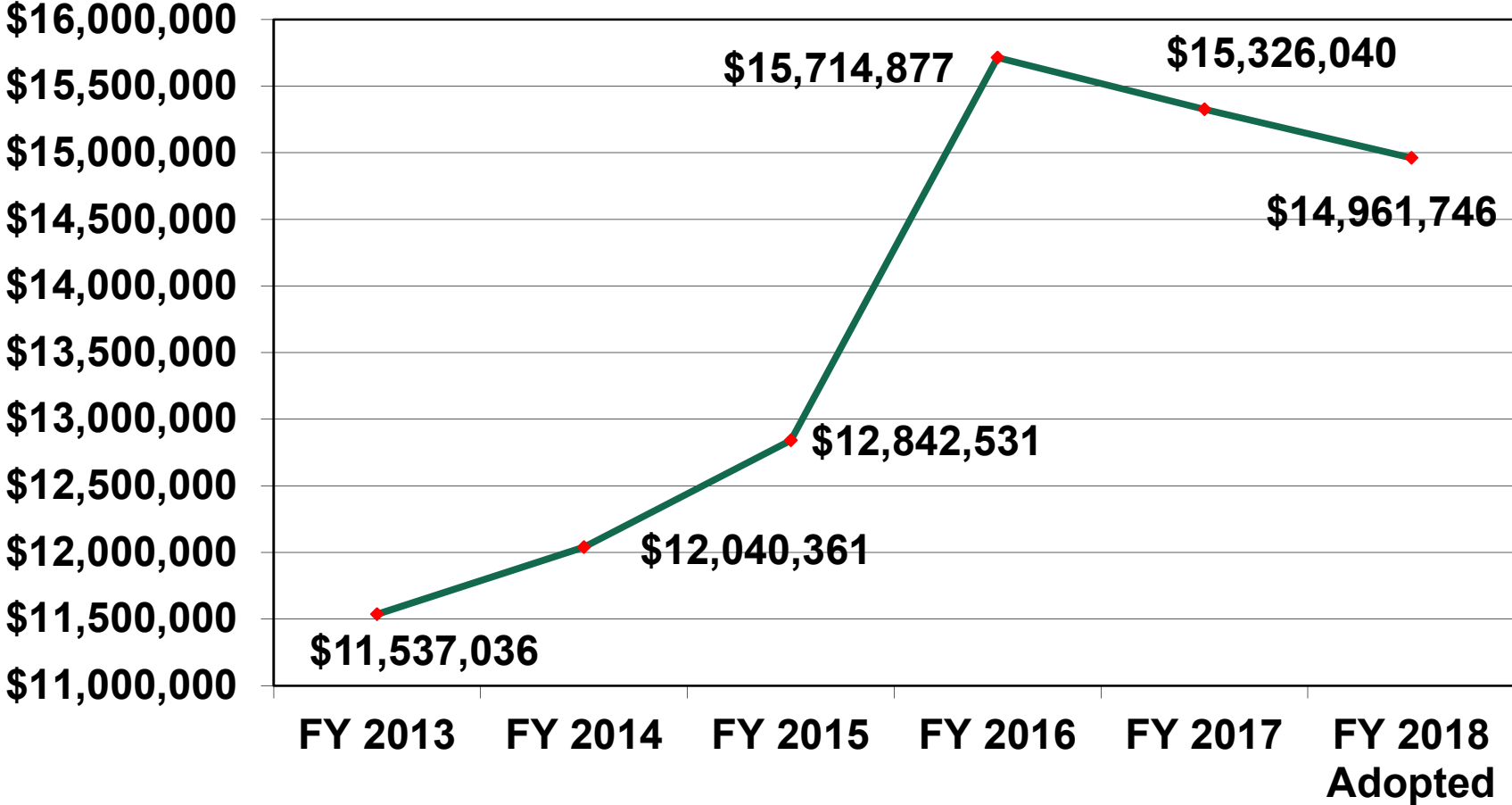
# FY 2019 Expenditure Challenges

- Compensation
- Medical
- Pension
- Children's Service Act (CSA)
- Infrastructure
  - Fleet Replacement, Technology Capital, Facilities Maintenance, Paving
- Livability
  - Parks and Recreation, Libraries
- Safety
- Percent for Art

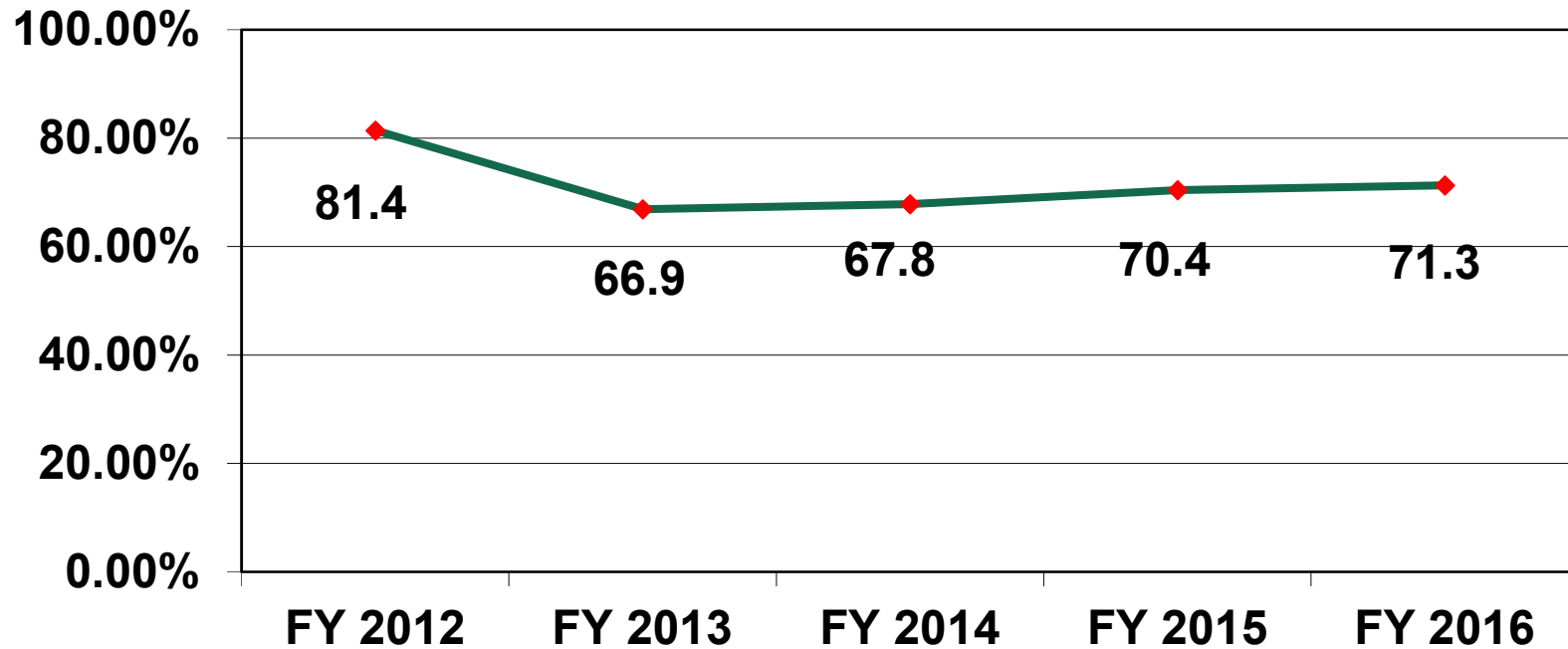
# Compensation

FY	Increase
2009	2%
2010	0%
2011	0% (June stipend)
2012	0% (November stipend)
2013	3%
2014	2% 1% RHSA
2015	0%
2016	3% 6% Pension Hold Harmless
2017	2%
2018	1.75%

# Medical



# Pension Obligation Funding Level



# Historical Pension Rates

FY	Rate
2012	18.04
2013	15.6
2014	18.12
2015	22.23
2016	15.64 (added 5% employee contribution)
2017	15.81
2018	17.04
2019 (projection)	17.00

# Children's Services Act

- FY 2017 Adopted Budget: \$11,400,770
  - FY 2017 Actual Expenditures: \$12,250,000
- FY 2018 Adopted Budget: \$10,839,036
- Therapeutic Foster Care
- Private Day Schools for special education purposes
- Local match of 30% for most program expenses; some 0%

# Infrastructure

	<b>FY 2018 Budget</b>	<b>Target Budget Level</b>
Fleet Replacement	\$3,000,569	\$3,500,000
Technology Capital	1,000,000	1,500,000
Capital Building Maintenance	672,033	1,500,000
Paving	3,500,000	6,000,000



# Livability

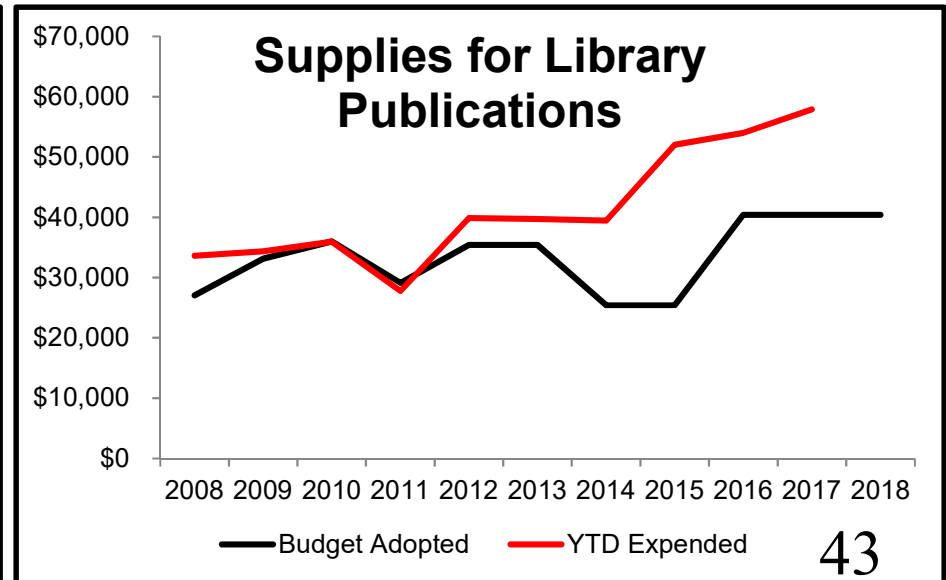
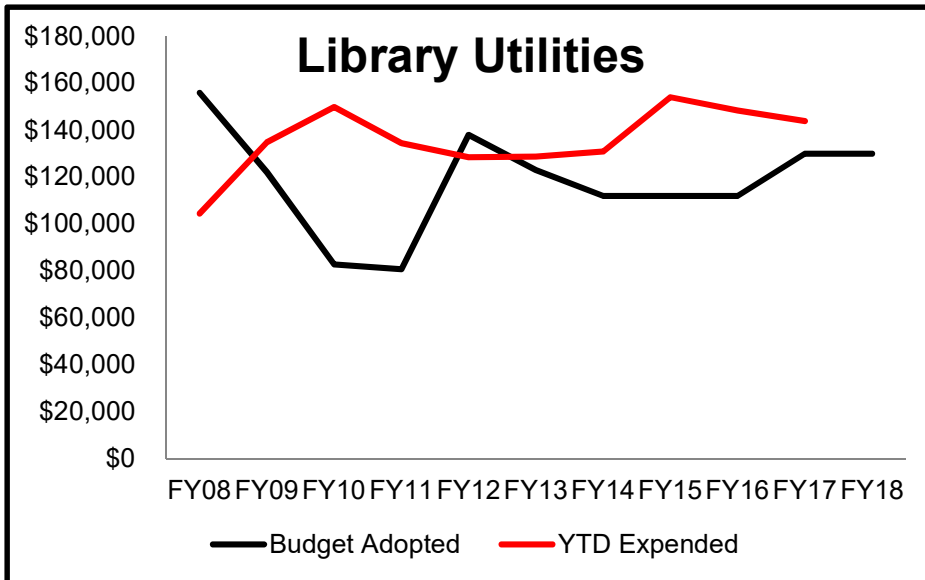
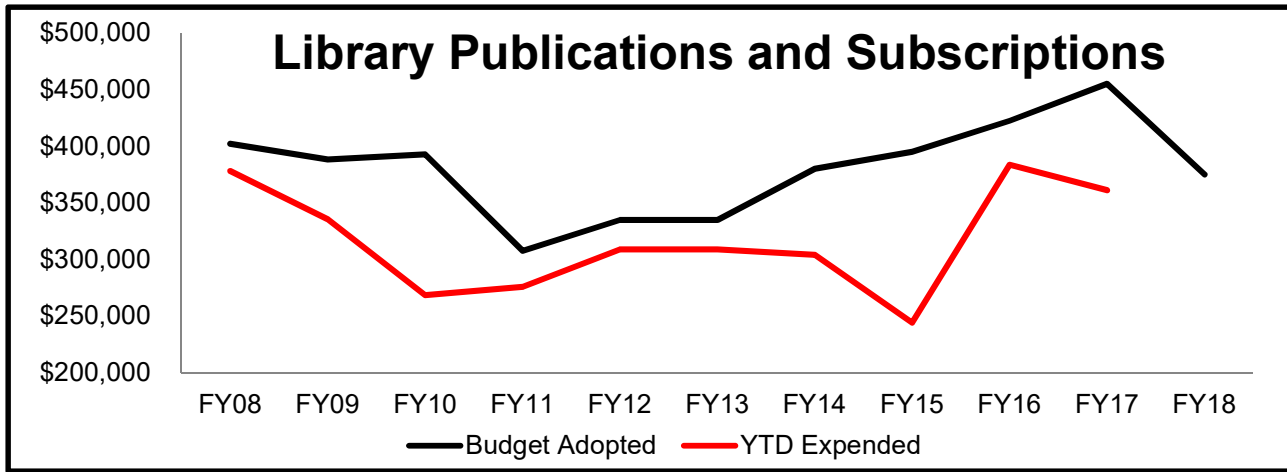
<b>Parks</b>	<b>FY08 Budget</b>	<b>FY18 Budget</b>
Personnel	\$2,418,006	\$2,166,527
Operating	\$606,781	\$340,799
Total	\$3,024,787	\$2,507,326
FTE	55	42

<b>Park Supplies</b>	<b>FY08 Budget</b>	<b>FY18 Budget</b>
Park Maintenance	\$50,092	\$10,009
Urban Forestry	\$63,401	\$11,275
Beautification	\$50,092	\$0
Greenways	\$0	\$38,191
Total	\$163,585	\$59,475

# Livability

<b>Libraries</b>	<b>FY 2008</b>	<b>FY 2018</b>
FTE	50	43
Publications & Subscriptions Budget	\$402,048	\$375,055
Circulation rate	414,209	966,584
Hours of Operation per week	348.5 hrs	362.5 hrs
Temporary Employee Wages	\$115,973	\$93,647
Branch square footage	83,734	105,678

# Livability



# Safety

- Police
  - Continued growth of technology support (mobile and office-based)
  - Recruitment efforts/diversity goals
  - Compensation challenges/training/ equipment
  - Increase sworn capacity to address specific criminal activity trends
- Fire-EMS
  - Increasing demand for emergency medical services requiring transition of peak-time units to full-time
  - Workload in Fire Inspections requiring staffing adjustment
  - Unfunded positions result in increased need for overtime
  - Additional support positions needed

# Percent for Art

- Program guidelines provide for 1% of construction costs for eligible projects (up to \$100,000)
  - New construction or major renovation of public buildings, (including schools), decorative or commemorative structures, parks and recreation facilities and parking facilities.
- Annual funding source: one-time funding (excess debt service funding)

# Percent for Art Allocations

FY	Allocation
2009	\$78,096
2010	123,704
2011	34,228
2012	43,000
2013	9,400
2014	89,000
2015	38,900
2016	32,500
2017	21,500
2018	50,400 (5 year future average)

# Percent for Art

- Clarification of eligible Parks & Recreation facilities
  - Shelters and buildings (4 walls and/or a roof)
  - Excludes playgrounds and fields
- Annual allocation calculated based on Council approved use of Master Plan funding for prior year

# Capital Improvement Program



# Debt Issuance Plan FY 2018-2022

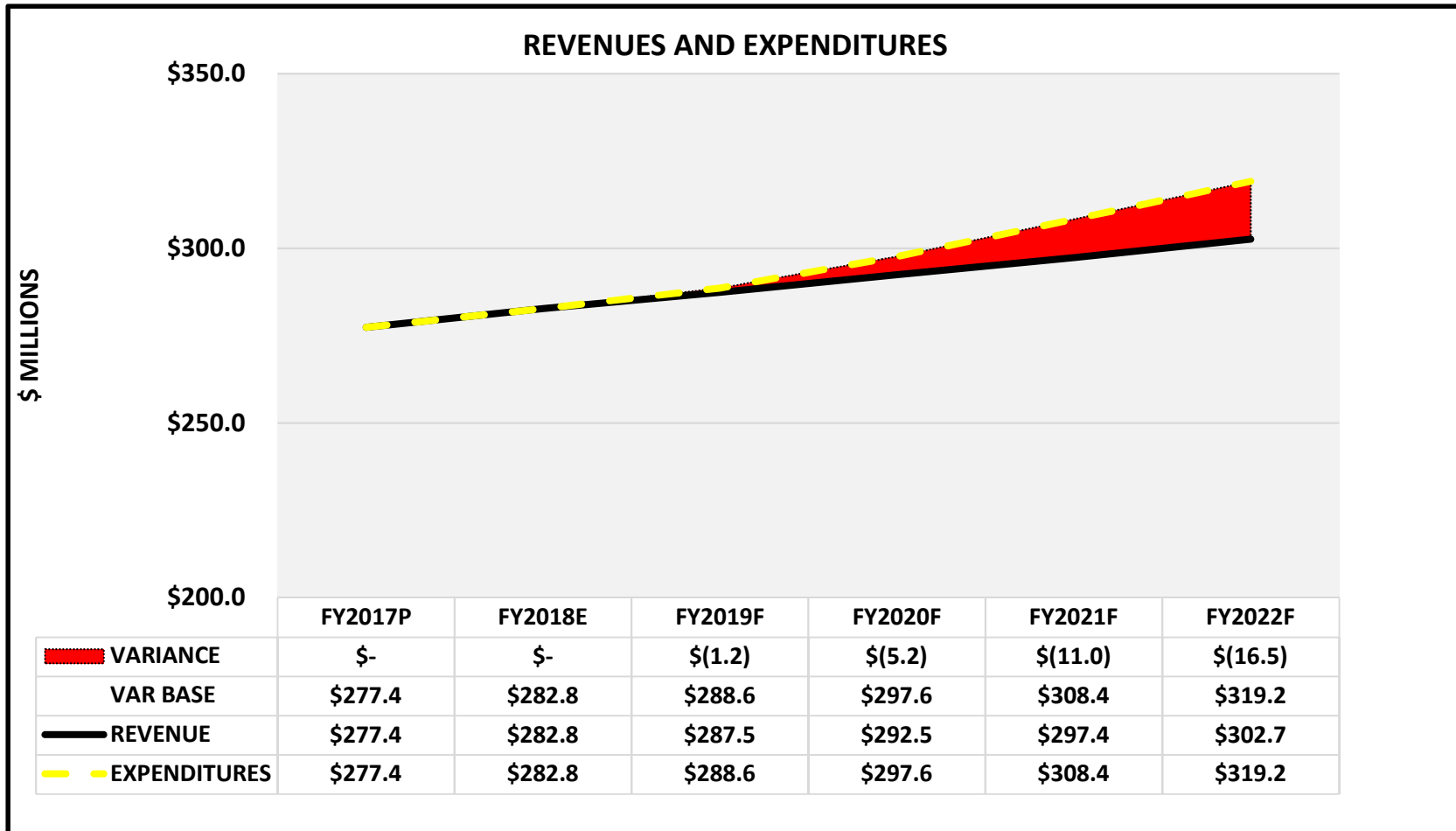
Project	2018	2019	2020	2021	2022	Total
RCPS	\$ 12,700,000	\$ 12,700,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 40,400,000
Bridge Renovation	-	-	-	11,000,000	11,000,000	22,000,000
Library Master Plan	4,156,000	670,000	500,000	5,310,000	2,399,000	13,035,000
P&R Master Plan	2,500,000	2,500,000	1,000,000	1,000,000	1,000,000	8,000,000
Civic Center	1,000,000	1,500,000	1,500,000	1,500,000	1,500,000	7,000,000
Stormwater Management	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
Street Scapes	-	500,000	500,000	500,000	500,000	2,000,000
Fire Facility Master Plan	375,000	5,025,000	-	-	645,000	6,045,000
FIRE/EMS Airpacks	1,400,000	-	-	-	-	1,400,000
911 Center	-	7,500,000	-	-	-	7,500,000
Street Improvements	700,000	-	-	-	-	700,000
RCIT Improvements	600,000	900,000	-	-	-	1,500,000
Passenger Rail	-	-	-	-	2,500,000	2,500,000
Fleet Capital Replacements	3,500,000	1,700,000	1,600,000	600,000	600,000	8,000,000
Technology Capital	1,775,000	2,160,000	1,545,000	-	-	5,480,000
<b>Total</b>	<b>\$ 32,206,000</b>	<b>\$ 38,655,000</b>	<b>\$ 15,145,000</b>	<b>\$ 28,410,000</b>	<b>\$ 28,644,000</b>	<b>\$ 143,060,000</b>
Debt Service % of Expenditure Budget	7.88%	8.16%	8.67%	8.10%	8.37%	

Additional debt service funding required for FY2019-2020 to fund current plan

# CIP Funding Issues

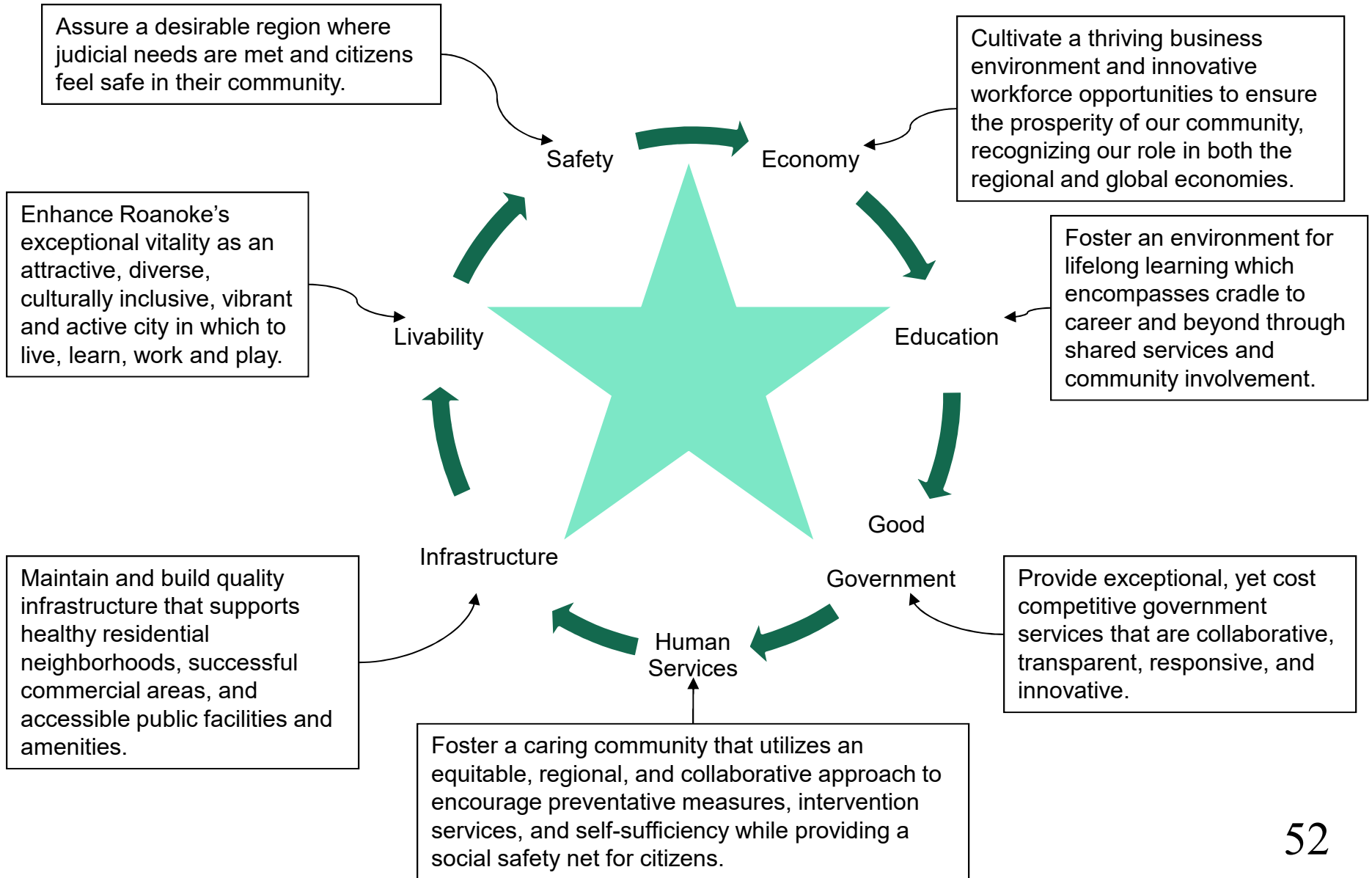
- Projects
  - Tinker Creek Greenway/Bridge the Gap
    - Revenue sharing
    - Use of Parks & Recreation Master Plan funding
  - Choice Neighborhoods
- Planning
  - Downtown Plan Update (2017)
  - Parks and Recreation Master Plan Update (2018)
  - City Comprehensive Plan Update (2018-2019)
- Williamson Road Streetscapes/Street Improvements

# 5 Year Forecast



Assumption	Percentage and Time Period
Operating Expenditure Growth	1.5% - 2% in FY 19-22
Salary Increases	2% in FY 19-22
Real Estate Tax Growth	1% - 2% in FY 19-22
Personal Property Tax Growth	2% in FY 19-22
Prepared Food and Beverage Tax Growth	1% in FY 19-22
All Other Revenue Growth	2% in FY 19-22

# City of Roanoke Priorities



# FY19 Budget Development Process

- Methodology Choices
  - Continuation of reductions methodology – broader number of services reduced
  - Fund higher priority services/programs at a level to do them well and suspend/eliminate lower priority services/programs
  - Seek additional revenue sources