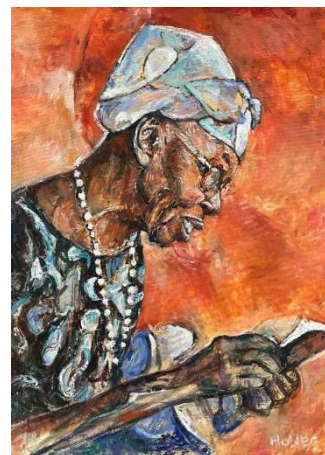




CITY OF ROANOKE

EQUITY. COMMUNITY. EMPOWERMENT.



City Council Budget Briefing

March 7, 2022

Agenda

- FY 2022 Overview
- FY 2023 Development and Next Steps
- Capital Improvement Program (CIP) and Next Steps
- FY 2023 Balancing Status

FY 2022 General Fund Overview

- Revenues
 - Through January, FY 2022 local taxes are 6.2% ahead of target, mainly due to performance of Sales Tax, Prepared Food & Beverage, and Transient Occupancy.
 - Through January, FY 2022 revenues have increased approximately \$11.7 million or 10.0% compared to the same period of FY 2021. Local taxes have increased \$8.1 million or 10.3% compared to the same period of FY 2021 due to Real Estate, Sales Tax, Prepared Food & Beverage, and Transient Occupancy.
 - Through January, FY 2022 other revenues have increased approximately \$3.6 million or 9.3% compared to the same period of FY 2021 due to the timing of collection of state revenues.
- Expenditures
 - Through January, FY 2022 expenditures increased approximately \$8.6 million or 5.4% compared to the same period of FY 2021 due to anticipated compensation increases, transfers to capital projects, debt service, GRTC, RCPS, Visit Virginia's Blue Ridge and CSA expenses such as Alternative Private Day.

FY 2022 Revenue Monitoring Dashboard

Local Taxes	FY22 Budget	A FY22 YTD Target	B FY22 YTD Actual	(B-A)/A Percentage Above or Below Target
Real Estate	94,669,000	48,435,561	49,963,656	+3.2%
Sales Tax (retail sales through December)	22,800,000	11,792,959	13,481,929	+14.3%
Business License Tax	14,600,000	405,308	1,386,350	+242.0%
Transient Occupancy Tax	2,730,000	1,380,320	2,373,687	+72.0%
Prepared Foods & Beverage Tax	14,800,000	6,417,463	9,643,779	+50.3%
All Local Taxes	210,018,711	81,526,945	86,613,896	+6.2%

*Target comparisons use the percent of revenue recognized for the prior 3 years (averages) through the same month (Dec).

FY 2022 Expenditure Monitoring Dashboard

Key Measurements Expenditures	FY22 Budget	A FY22 YTD Target	B FY22 YTD Actual	(B-A)/A Percentage Above or Below Target
Public Safety Overtime	\$987,856	\$569,917	\$1,511,386	+ 165.0%
Children Services Act	\$13,805,687	\$5,065,564	\$5,592,050	+ 10.4%
Solid Waste Costs	\$2,717,805	\$1,358,903	\$1,267,236	- 6.7%
Workers Comp	\$2,313,292	\$1,156,646	\$1,282,497	+ 10.9%
Operation Costs	\$85,343,539	\$49,783,731	\$41,117,560	- 17.4%
Total General Fund	\$311,321,408	\$181,604,155	\$169,063,911	- 6.9%
	Current Balance	Balance 1 year ago	Prior 3 Yr Avg	
Salary Lapse (Turnover Savings)	\$3,348,454	\$1,304,621	\$1,803,673	
Operating Contingency	\$655,368	\$1,440,168	\$1,352,411	

FY 2022 Key Local Tax Performance

Tax	Adopted	YTD (Jan) Actual	Year-End Projection	\$ Above/ (Below) Budget	% Above/ (Below) Budget
Real Estate	94,669,000	49,963,656	95,000,000	331,000	0.3%
Sales*	22,800,000	10,724,467	25,000,000	2,200,000	9.6%
Transient Occupancy	2,730,000	2,373,687	3,900,000	1,170,000	42.9%
Prepared Foods & Beverage	14,800,000	9,643,779	16,600,000	1,800,000	12.2%
Cigarette Tax	1,900,000	1,059,006	1,825,000	(75,000)	-3.9%
Motor Vehicle License	2,900,000	513,449	2,100,000	(800,000)	-27.6%
Communications Tax	4,900,000	2,109,546	4,900,000	-	0.0%
Personal Property	24,750,000	(575,771)	28,400,000	3,650,000	14.7%
Business License	14,600,000	1,386,350	14,600,000	-	0.0%
**Other	25,969,711	9,415,727	27,600,000	1,630,289	6.3%
TOTAL	210,018,711	86,613,896	219,925,000	9,906,289	4.7%

*Sales Tax represents sales through November.

**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		\$9,906,289
Downtown District Taxes	(45,000)	
Visit Virginia's Blue Ridge	(431,250)	
Net Local Tax Growth		9,430,039
RCPS Increase (40%)		3,772,016
City Increase (60%)		\$5,658,023

FY 2023 Local Tax Estimate

Tax	FY 2021 Actual	FY 2022 Adopted	FY 2022 Projection	FY 2023 Estimate	Growth (\$)	Growth (%)
Real Estate	\$93,073,800	\$94,669,000	\$95,000,000	\$101,970,000	\$7,301,000	7.71%
Sales	24,115,939	22,800,000	25,000,000	25,000,000	2,200,000	9.65%
Transient Occupancy	2,767,280	2,730,000	3,900,000	4,000,000	1,270,000	46.52%
Prepared Foods & Beverage	15,466,191	14,800,000	16,600,000	16,850,000	2,050,000	13.85%
Cigarette Tax	1,818,865	1,900,000	1,825,000	1,795,000	(105,000)	-5.53%
Motor Vehicle License	3,214,542	2,900,000	2,100,000	2,700,000	(200,000)	-6.90%
Communications Tax	5,119,041	4,900,000	4,900,000	4,680,000	(220,000)	-4.49%
Personal Property	24,850,475	24,750,000	28,400,000	26,720,000	1,970,000	7.96%
Business License	13,949,251	14,600,000	14,600,000	14,900,000	300,000	2.05%
*Other	27,881,376	25,969,711	27,600,000	28,002,600	2,032,889	7.83%
TOTAL	\$212,256,761	\$210,018,711	\$219,925,000	\$226,617,600	16,598,889	7.90%

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

FY 2023 Net Local Tax Increase

	Adjustment	Total
Local Tax Growth		\$ 16,598,889
Downtown District Taxes	(57,189)	
Visit Virginia's Blue Ridge	(476,250)	
Net Local Tax Growth		16,065,450
RCPS Increase (40%)		6,426,180
City Increase (60%)		\$9,639,270

Total FY 23 Revenue Estimate

Category	FY 21 Actual	FY 22 Adopted	FY 22 Projection	FY 23 Estimate	Growth (\$)	Growth (%)
Local Taxes	212,256,761	210,018,711	219,925,000	226,617,600	16,598,889	7.9%
Permits, Fees & Licenses	1,297,081	1,119,300	1,087,000	1,087,000	(32,300)	-2.9%
Fines & Forfeitures	863,283	1,035,500	752,000	752,000	(283,500)	-27.4%
Revenue from Use of Money/Property	272,514	548,500	212,000	212,000	(336,500)	-61.3%
Intergovernmental	75,161,800	75,981,798	76,114,906	76,114,906	133,108	0.2%
Charges for Services	17,174,267	17,923,955	16,988,750	16,988,750	(935,205)	-5.2%
Miscellaneous	961,785	1,002,236	932,500	932,500	(69,736)	-7.0%
Total Revenue Growth – 4.9%	307,987,490	307,630,000	316,012,156	322,704,756	15,074,756	4.9%

Potential Fee Adjustments

- Elimination of Library Fine/Fee

Compensation

- Compensation Study in progress
- Each 1% pay increase - \$1,035,000
- Public Safety Step Pay Plan – est. \$1,800,000
- \$15/hr Minimum adjustments – \$325,000
- 457 Plan Match \$10/pay period – \$400,000
- Reserving \$7,700,000 for compensation

FY 2023 Expenditure Enhancements

Priority	Adjusted Base		Non-Discretionary	Discretionary Supplementals	Total Enhancements
Education/RCPS	\$87,785,861		\$6,426,180	\$0	\$6,426,180
Community Safety	76,987,241		363,098	71,427	434,525
Human Services	41,313,529		0	91,770	91,770
Infrastructure	28,551,737		2,194,749	51,000	2,245,749
Livability	18,574,982		136,629	160,073	296,702
Good Government	19,938,246		365,245	216,886	582,131
Economy	2,366,363		0	70,860	70,860
Non-Departmental	24,218,625		8,848,780	0	8,848,780
External Agencies	8,079,159		594,526	72,460	666,986
SUBTOTAL TOTAL	\$307,815,743		\$18,929,207	\$734,476	\$19,663,683
GENERAL FUND TOTAL					\$327,479,426

FY 2023 Expenditure Enhancements

- Education/RCPS
 - RCPS funding determined by funding formula
- Human Services
 - Administrative Support for DSS Attorney
 - Cremation Services (cost increase)
- Economy
 - Senior Economic Development Specialist

FY 2023 Enhancements

- Community Safety
 - Jail Medical Contract Increase
 - Drug Prosecutor and Victim Witness Grant Match
 - E911 Technology Maintenance
 - Property Management costs at Blue Hills Communication Center
 - Interpretation Services for E911
 - Fire Fighter Uniform Replacements
 - Utility Increases at Fire/EMS Stations and Regional Training Center
 - Medical Supplies Inflationary Increases
 - Deputy Emergency Management Coordinator
 - Temporary Combination Inspector to Full Time
 - Police In-Car Camera License Cost Increase
 - Police Less Lethal Equipment

FY 2023 Enhancements

- Infrastructure
 - Technology Contract Increases
 - Security Door Maintenance
 - Cybersecurity: Security Testing / Virtual Chief Information Security Officer
 - Conference Room Display maintenance
 - Bridge Inspection and Maintenance Inflationary Increases
 - Fleet Sublet Vendor, Parts, Accident Repair
 - Fleet Fuel Inflation
 - Fleet PPE, Shop Supplies and Uniforms
 - Facilities Contract Cleaning
 - Bridge Safety Inspection Program
 - Bridge Maintenance

FY 2023 Enhancements

- Livability
 - Community Sustainability Technology Costs and Memberships
 - Neighborhood Improvement Grants
 - RVRA rate increase
 - Temporary Combination Inspector to Full Time
 - Therapeutic and Senior Recreation Contract Increase
 - State Aid funding for Books
 - Security Guard at Libraries (restoration)

FY 2023 Enhancements

- Good Government
 - Technology Maintenance Increases for Commissioner of Revenue, Finance, Human Resources, and Purchasing
 - External Audit Contract Increase
 - Professional Development and Training
 - Postage for Real Estate Notice Mailings
 - Budgeting System Enhancements
 - Assistant to the City Manager position (restoration)
 - Paid Internships
 - Employee Health Clinic Contract Increase
 - Wellness Program (Reimbursed by Health Provider)

FY 2023 External Agency Adjustments

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

FY 2023 Non-Departmental Enhancements

	Adjusted Base	Enhancements
Debt Service *	\$15,204,748	\$1,000,000
Civic Center Debt Service	1,870,207	(41,174)
Civic Center Subsidy	441,260	41,174
Civic Center Admissions Tax	360,000	0
GRTC	1,773,432	0
Compensation	0	7,700,000
Worker Compensation	2,313,292	250,000
Reserves	1,375,000	250,000
Contingency	1,500,000	0
Lapse	(2,478,540)	0
Other**	1,859,226	(351,220)
TOTALS	\$24,218,625	\$8,848,780

* Debt Service includes new model for projects.

**Line of Duty, OPEB, Dental, Extended Illness, Medical, Payroll Accrual, Reclass Contingency, Termination Leave, Unemployment Wages, Mini-Grant/Donations

March 7th Balancing Status

Estimated FY 2023 Revenues	\$322,704,756
Preliminary FY 2023 Expenditures	327,479,426
March 7 th Variance	(\$4,774,670)

Items Not Yet Funded

- General Assembly actions
 - Unfunded mandates
 - Reduced revenues
- Fleet Capital restoration \$550k
- Technology Capital \$1.5 M
- Other items not funded \$2.6 M

Financial Advisors

Davenport & Company

David Rose, Senior Vice President and
Head of Public Finance

FY 2023-2027 Capital Improvement Program

- Projects currently funded through **cash/grants**
 - Annual Bridge Maintenance
 - Annual Street Paving
 - Fleet Capital Replacements
 - Technology Capital Improvements
 - Capital Building Maintenance
 - Parks & Recreation Master Plan - Eureka Recreation Center

FY 2023-2027 CIP (Debt-funded portion)

Project	2023	2024	2025	2026	2027	Total
Morningside Elementary (expand instructional space and replace aging modulares), new school construction to replace Preston Park elementary (year 1)	\$12,750,000					\$12,750,000
New school construction to replace Preston Park Elementary (year 2), Lincoln Terrace Elementary (HVAC, roof replacement), Patrick Henry (regrade practice field), Hurt Park Elementary (new playground)		\$12,855,000				12,855,000
New school construction to replace Preston Park Elementary (year 3)			\$5,000,000			5,000,000
Westside Elementary renovation or new construction (year 1), Roanoke Academy for Mathematics and Science Elementary (roof replacement), Highland Park Elementary (roof replacement), James Madison Middle School (roof replacement)				\$5,000,000		5,000,000
Westside Elementary renovation or new construction (year 2)					\$5,000,000	5,000,000
Wasena Bridge - Phase 2 Construction	13,750,000					13,750,000
13th Street SW over NSRW - Construction		2,000,000				2,000,000
Melrose over Peters Creek - A&E and Right of Way					1,250,000	1,250,000
Belmont Branch - Phase 2 Construction	300,000	1,700,000				2,000,000
Washington Park Pool	750,000	2,400,000				3,150,000
Skate Park		1,000,000				1,000,000
Parks & Recreation - Capital Maintenance					1,200,000	1,200,000
Civic Center - Berglund Ctr Improvements (BPAT restroom remodel, conversion of parking lot lights to LED, and replacement of BPAT roof)	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	7,500,000
Stormwater Improvements - A wide range of work including initial projects to reduce flooding in downtown (1st Street and Salem Ave., Jefferson/Shenandoah Tunnels) neighborhood drainage projects (Melrose Ave. crossing project, West End drainage projects), continued acquisition of flood prone properties and conversion back to flood plain (Peters Creek wetland), water quality/stream restorations (Garnand Branch, Peters Creek), and various flood mitigation and small construction projects.	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	15,000,000
Curb, Gutter and Sidewalk (CGS)						
CGS - New	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	8,500,000
CGS - Maintenance	635,000	635,000	635,000	635,000	635,000	3,175,000
Streetscapes Improvements	500,000	500,000	500,000	500,000	500,000	2,500,000
Street Paving and ADA Ramp	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
Passenger Rail		1,865,000				1,865,000

FY 2023-2027 CIP (Debt-funded portion) (continued)

Project	2023	2024	2025	2026	2027	Total
Fleet Capital Replacements	1,600,000	600,000	1,325,000	1,700,000	600,000	5,825,000
Advantage System		1,500,000	500,000			2,000,000
Advantage System	600,000	400,000				1,000,000
Records Management System (RMS)/Jail Management System (JMS)	1,860,000					1,860,000
Records Management System (RMS)/Jail Management System (JMS)	170,000					170,000
Network Cabling	700,000					700,000
Global HR Migration, Global Payroll, Talent Management			1,000,000	1,100,000	200,000	2,300,000
Internet Ring Expansion			400,000		350,000	750,000
Fire Station #2 - A&E, Land Acquisition, Construction		850,000	1,000,000	8,300,000		10,150,000
Fire Station #2 - A&E	500,000					500,000
PWSC - Ladies Locker Room Renovation - A&E and Construction	430,000					430,000
PWSC - Wash House/Refueling Station - A&E and Construction		345,000	3,555,000			3,900,000
Capital Building Maintenance	1,000,000	1,000,000	950,000	600,000	1,000,000	4,550,000
HVAC and Structural projects	405,000	220,000				625,000
Magistrate Office Renovation - A&E and Construction	100,000	655,000				755,000
Commonwealth Attorney's Law Library - A&E and Construction		200,000	1,250,000			1,450,000
TOTAL	\$43,250,000	\$35,925,000	\$23,315,000	\$25,035,000	\$17,935,000	\$145,460,000

	"Critical" new requests
	"Important" new requests

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

FY 2023-2027

Capital Improvement Program

- Projects Not Currently Programmed Nor Funded
 - Library Master Plan – Countryside Branch
 - Curb, Gutter and Sidewalk – Maintenance
 - Streetscape Improvements – Traffic Signal Modernization
 - Technology Capital – Public Safety Mobile Radios
 - Fire Facility Master Plan – Training Facility and Station #6 Expansion
 - Public Works Service Center – New Employee Parking Lot
 - Parks and Recreation Master Plan – Fallon Park Pool, Preston Recreation Center, Rivers Edge Next Phase

Debt Service

	FY2023 Bond Issuance Approach	FY 2023 BAN Issuance Approach
Budgeted General Fund Debt Service Available	\$18,127,857	\$18,127,857
Potential FY 2023 Debt Service Budget Increase	1,000,000	0
Total Potential FY 2023 Budgeted Debt Service Available	19,127,857	18,127,857
Anticipated FY 2023 Required Debt Service	16,422,680	15,253,984
Anticipated FY 2023 Excess Debt Service Available for One-Time Capital Items	\$2,705,177	\$2,873,873

CIP Next Steps

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

Questions?