City Council Budget Briefing

January 7, 2019
Agenda

- FY 2019 Overview
- Preliminary FY 2020 Expenditure Priorities
- Five Year Operating Model
- Next Steps
FY 19 General Fund Overview

- The FY19 adopted budget is $0.76 million or 0.26% higher than FY18 actual revenues.
- Through December, FY 19 revenues have decreased approximately $689,000 or (0.64%) compared to the same period FY 18.
- Expenditures and obligations through December decreased approximately $391,000 or (0.28%) compared to the same period last year, mainly due to the timing of CSA expenditures and transfers.
All Local Taxes Revenue Through December

FY 19 Revenue Estimate $199.0 million

FY19 Local Tax revenue increased 2.53% over same period of FY18, and is 2.17% ahead of YTD budget.
Preliminary FY 2020 Expenditure Priorities

• Total Non-Discretionary Cost Increases: $850,000
  – Medical/Dental - $0
  – Retirement - $0
  – Reserves - $350,000
  – Debt Service - $250,000
  – Worker Compensation - $250,000

• Other:
  – Compensation – 1% Increase - $973,000
  – Cash Funded Capital
    • Capital Building Maintenance
    • Fleet Replacement
    • Technology Capital
  – General Assembly Action
Five-Year Operating Model
<table>
<thead>
<tr>
<th>(millions)</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>$279.3</td>
<td>$290.9</td>
<td>$291.7</td>
<td>$296.7</td>
<td>$302.0</td>
<td>$307.3</td>
<td>$312.8</td>
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<td>Expense</td>
<td>277.5</td>
<td>287.3</td>
<td>291.7</td>
<td>297.5</td>
<td>304.2</td>
<td>311.3</td>
<td>318.7</td>
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<td>Variance</td>
<td>1.8</td>
<td>3.6</td>
<td>0.0</td>
<td>(0.8)</td>
<td>(2.2)</td>
<td>(4.0)</td>
<td>(5.9)</td>
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Assumptions:
- Real Estate Tax Growth – 1.75% in FY 20, 2% in FY 21-23
- Personal Property Tax Growth – 1.75% in FY 20-23
- Prepared Food and Beverage Tax Growth – 1% in FY 20-23
- Most Other Revenue Growth – 2% in FY 20-23
- Operating Expenditure Growth – predominantly 2% in FY 20-23
- Salary Increases – 2% in FY 20-23
Next Steps

• Budget Staff, Director and Budget Committee Reviews

• Council Briefing – February 4, 2019
  – FY 19 Budget Performance
  – FY 20 Revenue Outlook
    • Local Tax Trends
    • Total Price of Government
  – FY 20 RCPS Estimate
  – FY 19 CIP Current Status