

City Council Budget Briefing

February 4, 2019



Agenda

- FY 2019 Overview
- FY 2020 Development
- Capital Improvement Program (CIP)
- 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 \$505,000 or (0.47%) compared to the same period FY 18 due to increased receipt of Charges for Services, Real Estate Tax, Sales Tax, Meals Tax and others offset by lower revenues received associated with Social Services/CSA, Transient Occupancy and Communications Tax.
- Expenditures and obligations through December increased approximately \$1.4 million or 1.04% compared to the same period last year, mainly due to the transfer to RCPS, personnel expenses (Public Safety) off-set by the timing of expenses related to CSA/Social Services.

FY 2019 Key Local Tax Performance

Tax	Adopted	YTD (Dec) Actual	Year-End Projection	\$ Above/ (Below) Budget	% Above/ (Below) Budget
Real Estate	\$84,560,866	\$43,920,838	\$84,700,000	\$139,134	0.2%
Sales	20,707,000	7,275,991	21,300,000	593,000	2.9%
Transient Occupancy	4,500,000	2,176,763	4,680,000	180,000	2.2%
Prepared Foods & Beverage	16,500,000	6,938,579	16,830,000	330,000	1.8%
Cigarette Stamps	2,272,500	1,133,978	2,100,000	(172,500)	(7.6%)
Motor Vehicle License	2,860,000	666,350	2,900,000	40,000	1.4%
Communica-tions Tax	6,500,000	2,012,034	6,300,000	(200,000)	(3.1%)
Personal Property	23,256,000		23,256,000	0	0%
Business License	12,775,000		12,775,000	0	0%
*Other	25,093,000	12,305,315	24,826,800	(266,200)	(1.1%)
TOTAL	199,024,366		199,557,800	533,434	0.3%

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

FY 2019 Net Local Tax Increase

	Adjustment	Total
Local Tax Growth		\$533,434
Downtown District Taxes	(15,600)	
Visit Virginia's Blue Ridge	(67,500)	
Net Local Tax Growth		450,334
RCPS Increase (40%)		\$180,133

FY 2019 Key Expenditure Issues

- Worker Compensation
- Snow Removal - \$190k
- Public Safety Overtime (Sheriff/Jail, Fire, Police) - \$1.3M
- Fire Temporary Employee Wages - \$120k
- Fleet Parts/Sublet Vendor - \$380k
- Tip Fees - \$120k

FY 2020 Local Tax Estimate

Tax	FY 2018 Actual	FY 2019 Adopted	FY 2019 Projection	FY 2020 Estimate	Growth (\$)	Growth (%)
Real Estate	\$82,708,548	\$84,560,866	\$84,700,000	\$87,227,000	\$2,666,134	3.15%
Sales	21,426,783	20,707,000	21,300,000	21,500,000	793,000	3.83%
Transient Occupancy	5,375,713	4,500,000	4,680,000	4,700,000	200,000	4.44%
Prepared Foods & Beverage	16,609,514	16,500,000	16,830,000	16,800,000	300,000	1.82%
Cigarette Tax	2,152,811	2,272,500	2,100,000	2,200,000	(72,500)	(3.2%)
Motor Vehicle License	2,955,266	2,860,000	2,900,000	2,900,000	40,000	1.4%
Communications Tax	6,357,300	6,500,000	6,300,000	6,300,000	(200,000)	(3.1%)
Personal Property	22,782,236	23,256,000	23,256,000	23,256,000	0	0.00%
Business License	13,499,995	12,775,000	12,775,000	12,775,000	0	0.00%
*Other	25,329,516	25,093,000	24,826,800	25,028,600	(64,400)	(0.3%)
TOTAL	199,197,681	199,024,366	199,557,800	202,686,600	3,662,234	2.98%

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

FY 2020 Net Local Tax Increase

	Adjustment	Total
Local Tax Growth		\$3,662,234
Downtown District Taxes	(17,100)	
Visit Virginia's Blue Ridge	(75,000)	
Performance Agreements	(80,000)	
Net Local Tax Growth		3,490,134
RCPS Increase (40%)		\$1,396,054

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

Next Steps in FY 2020 Budget Development Process

- Offers reviewed by staff
- External agency requests reviewed
- Budget Committee review and General Fund recommendation development
- Budget Committee review of fee adjustment requests
- March 4th Budget Briefing preparation

Capital Improvement Program

- Maintain Current Capital Assets and Infrastructure Investment for Livability and Economic Development
 - Bridge Program
 - Curb, Gutter and Sidewalk
 - Streetscape Projects
 - Stormwater Improvements
 - Civic Center
 - School Maintenance
- Targeted Livability Investments
 - Parks and Recreation Master Plan
 - Libraries

Investments made within parameters of debt policy.

FY 2019-2023 CIP Projects

- **Buildings**
 - 811/911 Center – new facility
 - Capital Building Maintenance – major HVAC , electrical and lighting needs
 - Fire Facility Master Plan – Station 7 and Station 2 replacements
 - Library Master Plan – Melrose branch completion, Gainsboro branch refurbishing, new South Roanoke e-Branch, Main Library renovations (Phase II), new storefront branch Countryside
 - Public Works Service Center – covered storage, large vehicle washhouse, drainage improvements, fencing, parking lot facilities, security camera system, fuel island canopy (over 3 years)
- **Economic Development**
 - Roanoke Centre for Industry and Technology Improvements – electric lines relocation, greenway connection
- **Fleet Capital Replacement**
 - Fire and Solid Waste vehicles
- **Parks and Recreation Master Plan**
 - Rehabilitating and/or replacing amenities
 - Greenways
- **School Improvements**
 - Fallon Park new construction, school maintenance upgrades

FY 2019 CIP Projects

- Streets, Sidewalks, Bridges and Other Infrastructure
 - Bridge Renovation/Replacement Program – 13th Street over NS SW Rehabilitation, Berkely Road over Glade Creek Replacement, Franklin Road over Norfolk Southern Railway Replacement, Main Street (Wasena) Replacement, Garst Mill over Mud Lick Rehabilitation
 - Curb, Gutter and Sidewalk Program – Huntington Boulevard NE (Oliver Road to Plantation Road) and others
 - Passenger Rail Station - construction
 - Street Improvement Projects – 10th Street NW Phase I & II, Colonial Avenue, Orange Avenue and King Street
 - Streetscape Project Improvements – Melrose Avenue from 24th Street to Salem Turnpike
- Technology Improvements
 - Phone system replacement, Tax Management System, Digital Radio upgrade
- Stormwater Capital Improvements – various improvements
- Berglund Center Renovations
 - Restroom renovations, lighting upgrades, security enhancements, BPAT stage and rigging system replacement, and HVAC improvements

FY 2019-2023 CIP

Project	2019	2020	2021	2022	2023	Total
RCPS	\$12,700,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$32,700,000
Bridge Renovation			11,000,000	11,000,000		22,000,000
Library Master Plan	670,000	500,000	5,310,000	2,399,000		8,879,000
P&R Master Plan	2,500,000	1,000,000	1,000,000	1,000,000	1,000,000	6,500,000
Civic Center	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	7,500,000
Stormwater Improvements	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
Streetscapes Improvements	500,000	500,000	500,000	500,000	500,000	2,500,000
Fire Facility Master Plan	5,025,000			645,000	7,860,000	13,530,000
911 Center	7,500,000					7,500,000
RCIT Improvements	900,000					900,000
Passenger Rail				2,500,000		2,500,000
Fleet Capital Replacements	1,700,000	1,600,000	600,000	600,000	900,000	5,400,000
Technology Capital	2,205,000	1,500,000	500,000			4,205,000
Public Works Service Center	1,400,000	1,500,000	1,500,000			4,400,000
Capital Building Maintenance	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
TOTALS	\$41,100,000	\$17,600,000	\$31,410,000	\$29,644,000	\$21,260,000	\$141,014,000

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

FY 2020-2024

Capital Improvement Program

- Continuation of Funding in FY 2024 for Existing Projects
 - Capital Building Maintenance - \$1M
 - Curb, Gutter & Sidewalk - \$1.5M
 - Fleet Capital Replacements - \$TBD
 - RCPS
 - \$5M annual allocation
 - Energy Efficiency project
 - Stormwater Improvements - \$2.0M
 - Streetscape Improvements – \$500,000

FY 2020-2024 Capital Improvement Program

- Existing Projects Requiring Additional Funding
 - Passenger Rail station – \$TBD
 - Fire Facility Master Plan – escalation cost estimate - \$TBD
 - Public Works Center - Wash house - \$1.2M
 - Technology Capital – Financial system upgrade or replacement - \$800,000-\$1.5M
 - Library Master Plan - Jackson Park upgrades - \$TBD
 - Parks & Recreation Master Plan - \$TBD

FY 2020-2024

Capital Improvement Program

- Projects Not Currently Programmed or Funded
 - Transit Facility - \$TBD
 - Campbell Court infrastructure – not to exceed \$4M
 - Downtown Master Plan
 - Williamson Road Street Improvements
 - Market Square Pedestrian Bridge Escalator Replacement
 - Parking Garage

Debt Policies

Policy	FY 2017	FY 2018
Net tax-supported debt as a percentage of the total taxable assessed value will not exceed 4%	2.65% In Compliance	2.44% In Compliance
Net tax-supported general obligation debt service shall not exceed 10% of General Fund expenditures	8.5% In Compliance	7.9% In Compliance
Not less than 60% of the outstanding tax-supported debt will be retired within 10 years	80.1% In Compliance	79.2% In Compliance

CIP Funding

- March 2018 discussion of a plan of finance for CIP – “Just in Time” approach
 - Combination of Bond Anticipation Note (BAN) Draw Down Line(s) followed by long-term fixed rate financing
- April 2018 BAN issuance
 - \$31,206,000
 - Fixed Interest Rate: 2.84%
- Experiencing a good match of timing/availability of funds with project spending
 - YTD Actual Expenses: \$24.5M

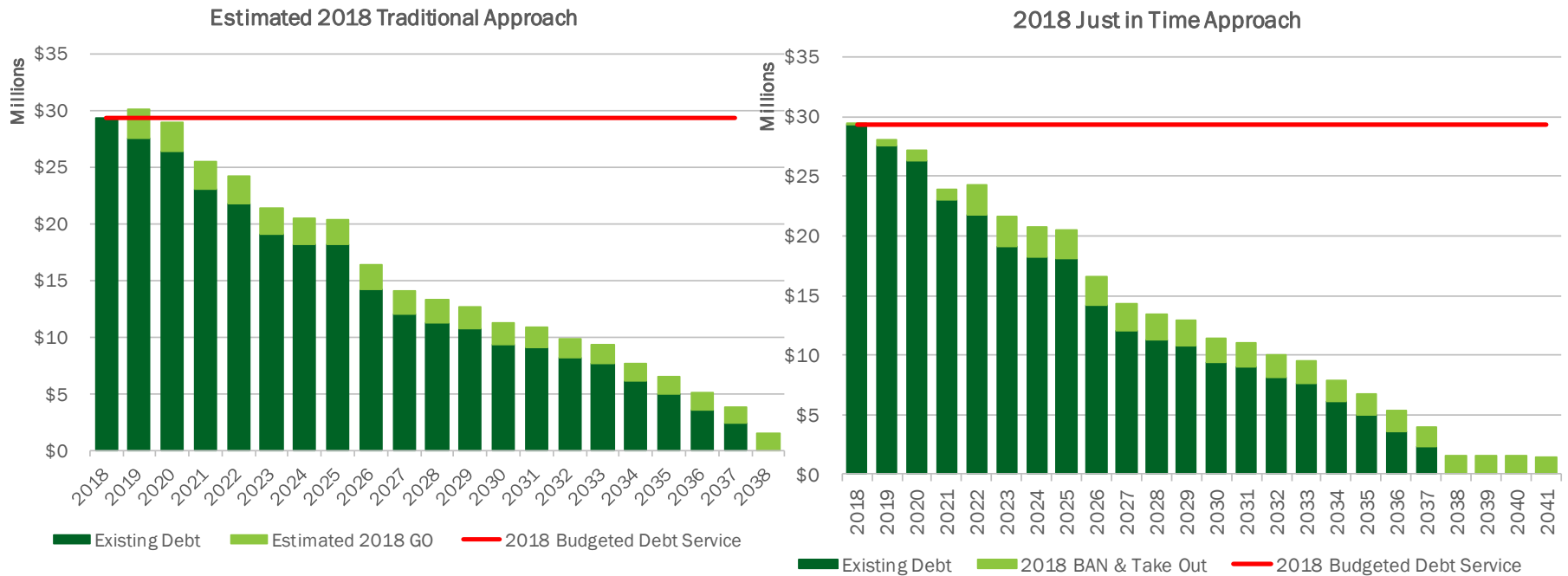
Results of 2018 BAN – Short Term Impact

- What if 20 Year General Obligation Bonds had been issued for the FY 2018 CIP?
 - Assuming the 2018 BAN is permanently financed in 2021, approximately \$5.4 million in reduced cash flow over the life of the 2018 BAN should be realized compared to the traditional approach.

Estimated 2018 Traditional Approach ⁽¹⁾				2018 Just in Time Approach ⁽²⁾			Cash Flow Savings
FY	Principal	Interest	Total	Principal	Interest	Total	Total
2018	\$0	\$0	\$0	\$0	\$36,139	\$36,139	(\$36,139)
2019	1,420,000	1,150,587	2,570,587	0	508,428	508,428	2,062,160
2020	1,420,000	1,117,656	2,537,656	0	832,008	832,008	1,705,648
2021	1,425,000	1,075,056	2,500,056	0	832,008	832,008	1,705,648
						Total:	\$5,437,317

Impact on Cash Flow

Traditional vs Just in Time Approach



Council Discussion

- FY 2020-2024 Priority Projects
- Just in Time Funding Approach

Next Steps

- March 4th
 - Follow-Up Information
 - Update on Capital Project Planning