



City Council Budget Briefing

February 1, 2021

Agenda

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

FY 21 General Fund Overview

- The FY21 adopted budget is \$298.1 and local taxes comprise approximately 67.7% of all revenue.
- Through December, total FY 21 revenues have decreased approximately (\$1.13 million) or (1.0%) compared to the same period of FY 20 due to an increase in Real Estate, tax off-set by lower performance of Transient Occupancy and Prepared Food and Beverage Tax as well as Charges for Services.
- Through December, FY 21 local taxes have increased approximately \$1.5 million or 2.0% compared to the same period of FY 20.
- Expenditures and obligations through December decreased approximately (\$7.3 million) or (4.7%) compared to the same period last year, mainly due to the timing of debt service payments, transfer to GRTC, transfer to Civic Facilities, transfer to Capital Projects and transfers to the Grant Fund.

FY 2021 Monitoring Dashboard

Local Taxes	Target Comparison	Key Measurements Expenditures	% Budget Expended	Over/Under Expectation
Real Estate	+1.19%	Public Safety	100.6%	+ 50.6%
Sales Tax (November)	+10.75%	Overtime		
Business License Tax*	+34.42%	Children Services Act	26.2%	- 7.1%
Transient Occupancy Tax*	+42.25%	Solid Waste Costs	47.6%	+ 5.9%
Prepared Foods & Beverage Tax*	-8.68%	Workers Compensation	40.9%	- 9.1%
All Local Taxes	+4.64%	Operation Costs	40.4%	- 9.6%
		Total General Fund	45.1%	- 4.9%

*Statutory assessments affect projections for Business License, Transient Occupancy, Prepared Foods and Beverage taxes as well as All Local Taxes.

**Does not include additional CARES Act relief funding

	Current Balance	Balance 1 Year Ago
Salary Lapse	\$1,979,047	\$2,447,870
Contingency	\$1,486,032	\$1,395,206
COVID-19 Contingency**	\$1,774,653	N/A

FY 2021 Key Local Tax Performance

Tax	Adopted	YTD (Dec) Actual	Year-End Projection	\$ Above/ (Below) Budget	% Above/ (Below) Budget
Real Estate	\$90,685,562	\$47,263,832	\$93,164,000	\$2,478,438	2.73%
Sales*	21,146,000	9,775,872	21,625,000	479,000	2.27
Transient Occupancy	1,444,617	1,119,519	2,470,000	1,025,383	70.98
Prepared Foods & Beverage	14,945,000	6,115,344	14,515,000	(430,000)	(2.88)
Cigarette Tax	2,000,000	929,270	1,779,000	(221,000)	(11.05)
Motor Vehicle License	2,900,000	906,228	2,900,000	0	0.00
Communications Tax	5,700,000	1,771,663	5,196,000	(504,000)	(8.84)
Personal Property	23,683,489	1,692,125	23,683,489	0	0.00
Business License	13,662,000	396,906	13,662,000	0	0.00
**Other	25,570,300	8,808,336	24,793,000	(727,300)	(2.84)
TOTAL	\$201,736,968	\$78,779,095	\$203,787,489	\$2,100,521	1.04%

*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 2021 Net Local Tax Increase

	Adjustment	Total
Local Tax Growth		\$2,100,521
Downtown District Taxes	(132,200)	
Visit Virginia's Blue Ridge	(384,519)	
Net Local Tax Growth		1,583,802
RCPS Increase (40%)		633,521
City Increase (60%)		\$950,281

FY 2022 Local Tax Estimate

Tax	FY 2020 Actual	FY 2021 Adopted	FY 2021 Projection	FY 2022 Estimate	Growth (\$)	Growth (%)
Real Estate	\$88,595,881	\$90,685,562	\$93,164,000	\$92,766,700	\$2,081,138	2.29%
Sales	22,191,888	21,146,000	21,625,000	22,000,000	854,000	4.04
Transient Occupancy	3,210,638	1,444,617	2,470,000	2,500,000	1,055,383	73.06
Prepared Foods & Beverage	13,274,739	14,945,000	14,515,000	14,500,000	(445,000)	(2.98)
Cigarette Tax	1,967,912	2,000,000	1,779,000	1,900,000	(100,000)	(5.00)
Motor Vehicle License	2,630,898	2,900,000	2,900,000	2,900,000	0	(0.00)
Communications Tax	5,763,219	5,700,000	5,196,000	5,300,000	(400,000)	(7.02)
Personal Property	23,928,478	23,683,489	23,683,489	23,683,489	0	0.00
Business License	14,635,195	13,662,000	13,662,000	13,662,000	0	0.00
*Other	28,107,755	25,570,300	24,793,000	24,348,200	(1,222,100)	(4.78)
TOTAL	\$204,306,603	\$201,736,968	\$203,787,489	\$203,560,389	\$1,823,421	0.90%

*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		\$1,823,421
Downtown District Taxes	(56,900)	
Visit Virginia's Blue Ridge	(395,769)	
Net Local Tax Growth		1,370,752
RCPS Increase (40%)		548,301
City Increase (60%)		\$822,451

Preliminary FY 2022 Expenditure Priorities

- Total Non-Discretionary Cost Increases: \$750,000
 - Medical* - \$0
 - Dental* - \$0
 - VRS - \$0
 - Reserves - \$250,000
 - Debt Service - \$250,000
 - Worker Compensation - \$250,000

*Currently budgeted amounts sufficient for anticipated calendar year 2022 expenditure growth

Preliminary FY 2022 Expenditure Priorities (continued)

- Other:
 - Compensation – each 1% Increase - \$975,975
 - Blue Ridge Behavioral Healthcare - \$338,192
 - General Assembly Action

Next Steps in FY 2022 Budget Development Process

- Offers reviewed by staff
- External agency requests reviewed
- Equity and Empowerment reviews
- Budget Committee review and General Fund recommendation development
- Budget Committee review of fee adjustment requests
- March 1st 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
 - Transit
 - Fire/EMS Facility Upgrades

Investments made within parameters of debt policy.

FY 2021-2025 CIP Projects

- **Buildings**
 - Campbell Court Redevelopment – FY 2022 Project
 - Capital Building Maintenance – major HVAC, electrical and lighting needs
 - Fire Facility Master Plan – Station 7 substantially complete
 - Library Master Plan – South Roanoke e-branch, Gainsboro refresh, Belmont refresh
 - Public Works Service Center – covered storage, large vehicle washhouse, drainage improvements, fencing, parking lot facilities, security camera system, fuel island canopy (over 3 years)
 - Transit Facility – construction of a new transit facility
 - Project has received DRPT grant funding and currently programmed funding can be re-allocated.
- **Fleet Capital Replacement**
 - Solid Waste vehicles
- **Parks and Recreation Master Plan**
 - Rehabilitating and/or replacing amenities
 - Greenways
- **School Improvements**
 - Identified building upgrades

FY 2021-2025 CIP Projects

- Streets, Sidewalks, Bridges and Other Infrastructure
 - Bridge Renovation/Replacement Program –Main Street (Wasena) Replacement, Garst Mill over Mud Lick Rehabilitation
 - Curb, Gutter and Sidewalk Program – 80% for new sidewalks and 20% for maintenance
 - Passenger Rail Station – construction (rehabilitation of existing building)
 - Streetscape Project Improvements
- Technology Improvements
 - Digital Radio and Financial System (Advantage) upgrade
 - Revenue System (PCI) Implementation project
- Stormwater Capital Improvements – various projects
- Berglund Center Renovations - Continued improvements

FY 2021-2025 CIP

Project	2021	2022	2023	2024	2025	Total
RCPS	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$25,000,000
Bridge Renovation	2,500,000	13,750,000	13,750,000			30,000,000
Library Master Plan						0
P&R Master Plan	100,000	3,000,000				3,100,000
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
Passenger Rail		1,869,000				1,869,000
Fleet Capital Replacements	600,000	600,000	900,000	600,000	600,000	3,300,000
Technology Capital	500,000			1,500,000	1,500,000	3,500,000
Fire Facility Master Plan					669,500	669,500
Public Works Service Center	1,500,000					1,500,000
Capital Building Maintenance	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
Campbell Court	4,000,000					4,000,000
Transit Facility	7,478,000					7,478,000
TOTALS	\$28,178,000	\$30,719,000	\$26,150,000	\$13,600,000	\$14,269,500	\$112,916,500

- 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

- Continuation of Funding in FY 2026 for Existing Projects
 - School improvements - \$5.0M
 - Berglund Center Improvements - \$1.5M
 - Stormwater Improvements - \$2.0M
 - Curb, Gutter & Sidewalk - \$1.5M
 - Streetscape Improvements – \$500,000

FY 2022-2026 Capital Improvement Program

- Existing Projects Requiring Additional Funding
 - Inflationary impacts on cost estimates
 - Parks and Recreation Master Plan
 - Berglund Center improvements
 - Stormwater improvements/Flood Mitigation
 - Curbs, Gutter and Sidewalk improvements
 - Schools:
 - FY 23: \$8.4 million
 - FY 24: \$7.86 million

FY 2022-2026 Capital Improvement Program

- Existing Projects Requiring Additional Funding (continued)
 - Streetscape improvements
 - Fleet Capital Replacement
 - Technology Improvements – Digital Radios and Financial System
 - Capital Building Maintenance

FY 2022-2026

Capital Improvement Program

- Projects Not Currently Programmed or Funded
 - Bridge Renovation - Garst Mill Bridge
 - Library Master Plan
 - Sidewalk Maintenance
 - Traffic Signal Infrastructure
 - Technology - RMS/JMS Replacement, Fiber Ring Expansion
 - Fire Facility Master Plan - Stations #2, #8, #1, Drill Tower, #6 bay
 - Public Works Service Center – Phase 2 - washhouse and renovations

Council Discussion

- FY 2022-2026 Priority Projects
- March 1st Capital Update
- Financial Advisor - Capital Funding Strategies Update