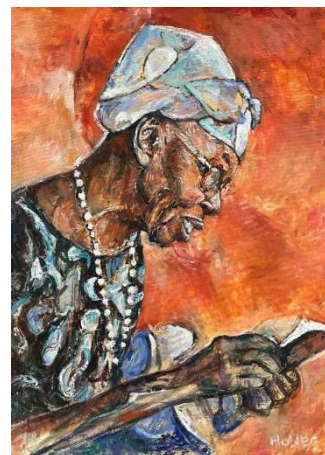




CITY OF ROANOKE

EQUITY. COMMUNITY. EMPOWERMENT.



City Council Budget Briefing

April 4, 2022

Agenda

- Enterprise Fund Considerations
- FY 2022 Update
- FY 2023 Development and Next Steps
- FY 2023 Balancing Status

Enterprise Fund Considerations

- Stormwater Fund
- Civic Facilities Fund
- Parking Fund

Stormwater Highlights for FY23 Budget

Fee Parameter	Fiscal Year						
	2022	2023	2024	2025	2026	2027	2028
Monthly/Billing Unit	\$ 0.90	\$ 1.05	\$ 1.20	\$ 1.35	\$ 1.45	\$ 1.55	\$ 1.60
Change/Year	\$ -	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.10	\$ 0.10	\$ 0.05
Avg. Residential/Month	\$ 5.40	\$ 6.30	\$ 7.20	\$ 8.10	\$ 8.70	\$ 9.30	\$ 9.60
Avg. Residential/Year	\$ 64.80	\$ 75.60	\$ 86.40	\$ 97.20	\$ 104.40	\$ 111.60	\$ 115.20

- First year of a 6-year phased increase in the Stormwater Utility Fee. Fee increases from \$0.90/billing unit/month to \$1.05 billing unit/month.
- Revenue increased by approximately \$1.1 million primarily due to the rate change (and some expected increase in impervious surface due to development activity).

Stormwater Highlights for FY23 Budget

- Planned to transfer \$550,000 from annual operating budget to be applied to capital projects (goal is to transfer \$500,000 based on the fee increase). No contribution in the current year's budget due to current funding constraints.
- Debt service is expected to increase in the next year per Finance projections.
 - Due to supply chain delays will decrease FY22 Bond issuance to \$2 million and instead increase FY23 to \$4 million and then continue at \$3 million FY24 and beyond.
- A transfer of \$500,000 from annual operating account to capital accounts for ongoing research work - includes:
 - Working with USGS on evaluating rainfall, flow and water quality information
 - Cooperative work with Virginia Tech
 - Work with the University of Maryland Baltimore County on evaluation of PCBs in our watersheds
- Backlog of projects total \$322,000,000

Civic Facilities Fund

- Operating Subsidy Increased about \$37,000 to \$478,000 due to operating savings and reductions in Debt Service.
- Total Civic Facilities budget is about \$12.5 million which is an increase over FY22 of about \$1.9 million.
- Entertainment and sports industries are still trying to get back to pre-COVID levels. Artists are just now planning tours.
- Shuttered Venue grant has assisted in the Berglund Center reopening, paying for personnel, operating expenses, and offset expenses for some scheduled debt funded capital projects. Total funds received was approximately \$7,966,658.

Parking Fund

- Daily operations are stabilizing
 - Revenues Increasing 4.07%
 - Increased daily activity
 - Monthly parking holding steady (after COVID decline)
- Expenditure Savings
 - Debt Retirement-Savings \$196k
 - Management Fee reduction \$36k due to automation
 - Switching to LED lighting
- Capital Reserves \$363k

Parking Fund (Cont'd)

Capital Maintenance Projects

– Completed

- Elevator upgrade - Church Ave Garage
- Equipment replacement – Tower & Elmwood Park Garages
- Switching to LED lighting (5 of 7 garages)
 - Utility Savings \$48k due to LEDs

– Planned

- Power Washing and Painting at Tower & Center in the Square Garages
 - Interior walls/deck (both)
 - Stairwells (painting)
 - Columns (power washing)
 - Ceilings (painting)

Parking Fund (Cont'd)

Future Outlook

- Revenue uncertainty around recovery/growth of system
 - Continued “remote” work of 2 significant monthly customers (COVID)
 - Change in parking behavior long-term (post-COVID)?
- Preventative Maintenance repairs scheduled for all garages
 - Contractor to resume 5-year structural repairs plan (CIP) in FY23
 - 2023-2028 CIP update in development
 - Reduced maintenance funding overall
 - Historically, capital maintenance funding obtained by YE surpluses
 - LED lighting upgrade at Tower Garage will be finalized by end FY22
- Currently in RFP process for the next management contract

FY 2022 General Fund Overview

- Revenues
 - Through February, FY 2022 local taxes are 8.4% ahead of target, mainly due to performance of Sales Tax, Prepared Food & Beverage, and Transient Occupancy.
 - Through February, FY 2022 revenues have increased approximately \$16.7 million or 12.4% compared to the same period of FY 2021. Local taxes have increased \$12.9 million or 14.5% compared to the same period of FY 2021 due to Real Estate, Sales Tax, Prepared Food & Beverage, Business License and Transient Occupancy.
 - Through February, FY 2022 other revenues have increased approximately \$3.8 million or 8.4% compared to the same period of FY 2021 due to the timing of collection of state revenues.
- Expenditures
 - Through February, FY 2022 expenditures increased approximately \$9.7 million or 5.3% 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 School.

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	51,495,654	51,858,196	+0.70%
Sales Tax (retail sales through December)	22,800,000	11,792,959	13,481,929	+14.32%
Business License Tax	14,600,000	7,242,148	8,890,353	+22.76%
Transient Occupancy Tax	2,730,000	1,800,197	2,585,731	43.6%
Prepared Foods & Beverage Tax	14,800,000	9,083,322	10,949,432	+20.54%
All Local Taxes	210,018,711	94,442,820	102,395,667	+8.3%

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

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	\$645,906	\$1,794,832	+ 177.9%
Children Services Act	\$13,805,687	\$6,243,589	\$6,401,423	+ 2.5%
Solid Waste Costs	\$2,717,805	\$1,585,386	\$1,449,884	- 8.6%
Workers Comp	\$2,313,292	\$1,542,195	\$1,665,419	+ 8.0%
Operation Costs	\$85,279,865	\$56,853,243	\$46,863,079	- 17.6%
Total General Fund	\$311,319,246	\$207,546,164	\$191,683,203	- 7.6%
	Current Balance	Balance 1 year ago	Prior 3 Yr Avg	
Salary Lapse (Turnover Savings)	\$3,806,777	\$1,451,420	\$2,060,057	
Operating Contingency	\$625,542	\$1,355,946	\$1,259,458	

FY 2022 Key Local Tax Performance

Tax	Adopted	YTD (Feb) 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 December.

**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

Increase of FY 2022 Appropriations for Revenue and Expenditure Estimates

- Roanoke City Public Schools – 40% Local Tax
- Visit Virginia's Blue Ridge – 3/8 Transient Occupancy Tax
- Civic Facilities – Admission Tax
- Carilion building inspections – Inspection Fee
- Street paving – Personal Property Tax
- Snow response costs
- Public safety overtime

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	\$102,039,000	\$7,370,000	7.79%
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	27,500,000	2,750,000	11.11%
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	\$227,466,600	17,447,889	8.31%

*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		\$17,447,889
Downtown District Taxes	(57,189)	
Visit Virginia's Blue Ridge	(476,250)	
Net Local Tax Growth		16,914,450
RCPS Increase (40%)		6,765,780
City Increase (60%)		\$10,148,670

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	227,504,600	17,485,889	8.3%
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	961,784	1,002,236	932,500	932,500	(69,736)	-7.0%
Total Revenue Growth	307,987,490	307,630,000	316,012,156	323,591,756	15,961,756	5.2%

Compensation

- Compensation Study in progress
- 5% pay increase - \$5,000,000
- Public Safety Step Pay Plan – \$1,000,000 to 1,400,000
- Reserving \$6,400,000 for compensation*

- \$15/hr Minimum adjustment: Will cover through ARPA or YE Funds

* Revenue associated with compensation increase is \$175,000

FY 2023 Expenditure Adjustments

Priority	Adjusted Base *	Non-Discretionary	Discretionary Supplementals	Total Adjustments
Education/RCPS	\$87,765,466	\$6,773,375	\$0	\$6,773,375
Community Safety	74,967,472	328,098	181,112	509,210
Human Services	40,716,508	0	91,177	91,177
Infrastructure	28,411,207	1,239,450	51,000	1,290,450
Livability	18,434,714	136,629	116,903	253,532
Good Government	19,762,933	365,245	180,299	545,544
Economy	2,356,733	0	69,880	69,880
Non-Departmental	24,218,625	6,936,280	0	6,936,280
External Agencies	9,954,726	771,631	72,460	844,091
SUBTOTAL	\$306,588,384	\$16,550,708	\$762,831	\$17,313,539
GENERAL FUND TOTAL				\$323,901,923

*Since the March Briefing the retirement contribution rate changed from 16.1% to 14.37% saving about \$1.227 million. One quarter (\$312,500) was added to fund one-time items.

FY 2023 Non-Departmental Adjustments

	Base	Adjustments
Debt Service	\$15,204,748	\$1,312,500
Civic Center Debt Service	1,870,207	(37,230)
Civic Center Subsidy	441,260	37,230
Civic Center Admissions Tax	360,000	0
GRTC	1,773,432	0
Compensation	0	6,225,000
Worker Compensation	2,313,292	125,000
Reserves	1,375,000	125,000
Contingency	1,500,000	(500,000)
Lapse	(2,478,540)	0
Other*	1,859,226	(351,220)
TOTALS	\$24,218,625	\$6,936,280

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

April 4th Balancing Status

Estimated FY 2023 Revenues (March 7)	\$322,704,756
Preliminary FY 2023 Expenditures (Mar 7)	<u>327,479,426</u>
March 7 th Variance	<u>(\$4,774,670)</u>
Increased Revenue	887,000
Decreased Expenditure	<u>3,577,503</u>
April 4 th Variance	<u>(310,167)</u>

Expenditure Adjustments Since Last Briefing

- Increased Funding for Schools and Visit Virginia Blue Ridge related to revenue adjustments
- Continued to refine Salary compensation calculations
- City Manager Contingency base reduced
- Fleet supplements reduced by half
- Workers Compensation supplemental reduced by half
- Risk Fund Reserve reduced by half
- Funded supplementals through one-time sources
 - Neighborhood Services Grants
 - Planner II Positions (2)
 - Bridge Maintenance
 - Budget System Enhancements
 - Police Equipment
- Outside Agencies budget refinements

Balancing Strategy

Future Considerations

- Adjust Salary Lapse to reflect high vacancy levels
- Continue to review and refine supplemental requests
- Unfund vacant positions (base reduction)

- Continue to monitor General Assembly Actions
 - Grocery Tax
 - Cybersecurity funding
 - CSA Local Administrative funding
 - Alternative transportation/custody funding
 - Alcohol Safety Action Program (ASAP)
 - Jail Per Diem Restoration
 - HB599 and ARPA Funds for Local Police Departments
 - Compensation Board finalized budget

Debt Service

	FY2023 Bond Issuance Approach
Budgeted General Fund Debt Service Available	\$18,039,307
Potential FY 2023 Debt Service Budget Increase	1,312,500
Total Potential FY 2023 Budgeted Debt Service Available	19,351,807
*Anticipated FY 2023 Required Debt Service	15,851,713
Anticipated FY 2023 Excess Debt Service Available for One-Time Capital Items	\$3,500,094

*\$3,000,000 will be shifted from FY22 bond issuance to FY23 to better align issuances with expenses.

FY 2022 One-Time Funded Items

Construction	\$183,300
Equipment	390,020
Fees For Professional Services	100,000
Fleet Capital	550,000
Grant Match	150,000
Neighborhood Improvement Grants	42,000
Percent for Art	TBD
Salary/ Compensation	171,248
Technology	580,000
Training and Development	77,800
Transportation Infrastructure	380,000
Capital Project Contingency	875,726
Total Funded	\$3,500,094

Questions?