Steven L. Rosenberg
City Manager

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VIRGINIA
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Form of Government

March 25, 2021

Dear Mayor and Members of Council:

I submit to you, for your consideration, the proposed FY2022 budget for the City of Staunton for the fiscal year beginning July 1, 2021. As always, it is balanced and provides a spending plan for the next fiscal year, which will end on June 30, 2022.

The total proposed FY2022 budget is $131,353,978 for all funds, which is an increase of $17.06 million (or 14.9%) over the adopted FY2021 budget of $114,290,621. About half of the total budget is the General Fund, proposed at $61,969,366, a $5.59 million (or 9.9%) increase over FY2021.

The COVID-19 crisis continues to impact our city budget, as we move through the budget development process. A recent blog post on the International City/County Management Association website noted the commonalities among local governments in their budgetary responses to the pandemic. We experienced many here in Staunton, including revenue declines, staffing and vacancy freezes, and use of reserves to balance the budget. We also demonstrated further caution by appropriating funds for the approved FY2021 budget over the course of the fiscal year, allowing staff to monitor revenues and expenditures as the year unfolded. With time and with Council's support, we were able to eliminate programmed furlough days, and, eventually, the staffing freeze was relaxed as trends improved and city services were restored, with some adjustments.

While, in our view, there is no need to again utilize most of the tools used in development of the FY2021 budget, it is important to recognize the city remains in a period of transition. With vaccinations well underway in the Commonwealth of Virginia, we can reasonably envision the end of the pandemic; the precise path forward and the long-term effect on the city remain uncertain. For this reason, the proposed FY2022 budget remains flexible but conservative, takes the long view and continues to support city infrastructure, employees and important services. With this budget, we recognize a new trendline that importantly will drive future budgets too, in a way potentially unprecedented in its effect.

In this environment, we are mindful of continued hardship on our citizens and, as discussed below, propose to lessen the full impact of the biennial reassessment of real property—providing relief to property owners—and to revamp the recycling program to avoid cost increases while at the same time resuming collection of plastics.

Mayor and Members of Council
March 25, 2021

BUDGET SUMMARY

The budget comprises numerous governmental and proprietary funds. Governmental funds include the General Fund, Education Fund, Capital Improvement Fund, Debt Service Fund, and various special revenue funds for grant programs. Proprietary funds include the Water, Sewer, Parking, Stormwater, and Environmental funds.

During the scheduled budget work sessions, staff will review the details of the proposed budget, but I share with you below several highlights:

- Increased pressures on the expenditure side—specifically driven by a significant increase in the city's share of the cost of operations of Middle River Regional Jail and the Shenandoah Valley Juvenile Center; an 8.8% increase in health care costs; and increases in other expenses—combined to create an exceptionally challenging budget environment.

- With an average increase in real property tax assessments of 9.4% (not including new construction), the proposed FY2022 budget is based on a two-cent reduction in the real estate tax rate from $.95 to $.93 per $100 assessed value. With each cent of the rate equivalent to $215,392, the total impact to city revenues is a reduction of $431,784.

- The proposed budget includes a major retooling of the city's recycling program from curbside collection to a central deposit location. This shift brings multiple benefits, including:

    - level refuse and recycling fees for FY2022;
    - less expensive operations;
    - increased recycling options for city residents and businesses, including a resumption of the recycling of plastics, previously eliminated in 2019 due to the collapse of the market for recyclables; and
    - establishment of a more agile and responsive system that can better respond to future changes in the industry.

- City departments proposed over $3.2 million in new requests. Very few new requests are funded in the proposed budget.

- Requests for 5.5 new full-time positions were received from the city departments. Given the fiscal realities faced by the city, none of the requests was approved, with the exception of one full time and one part time position in Blue Ridge Court Services, all of which are grant funded, and the conversion of the Clerk of Council position from part-time to full-time, as directed by City Council.

- The proposed budget restores much of the funding for professional development activities of city staff, reduced in FY2021, critical to ensure that staff remain abreast of new approaches and best practices in their respective fields. Funding for FY2022 is also proposed for initial training for the City Manager's management team in diversity, equity and inclusion, as we set the stage for further initiatives by the city in these important subject areas.

- Year-over-year, the proposed FY2022 budget is considerably larger than the FY2021 budget, yet deceptively so. The FY2021 budget, prior to its adoption, was revised and significantly reduced in anticipation of the fiscal impact of the pandemic. The proposed FY2022 budget provides for only a 3.67% increase over FY2020 actual expenditures. This percentage increase equates to roughly $2.1 million in additional expenditures over FY2020 (also the year in which the last reassessment was conducted). Since the adoption of the FY2020 budget, the city has experienced roughly $2.4 million in additional, uncontrollable and, in many cases, mandated expenses. These expenses include the jail and juvenile detention center operating costs and increase in health care costs detailed above, as well as contributions to the Virginia Retirement System, obligations under economic development incentive agreements to which the city is a party and the city's local share of administrative expenses for Shenandoah Valley Social Services. Additionally, the city has had to absorb, in full, salaries of six firefighters, previously funded by a now expired grant in the amount of $178,000, awarded under Staffing for Adequate Fire and Emergency Response Grants (SAFER) program administered by the Federal Emergency Management Agency.

Despite the challenges encountered in budget development, I am confident that, with this budget, the city can continue to provide the high level of services expected by the city's residents and businesses, and to promote a quality of life that 89% of the 2019 Citizen Survey respondents characterized as good or excellent.

VISION AND PRIORITIES

On June 13, 2019, City Council adopted a set of 3-year priorities from its *Vision for 2030* that encompasses the following seven distinct subject areas:

- Economic Development
- Education
- Culture
- Inclusiveness
- Resilience
- Responsive, Efficient Government
- Built Environment

Staff recognizes that, due to the pandemic, City Council has been unable to convene for a retreat, during which the previously established priorities would likely have been reviewed and updated. Therefore, the proposed budget continues to work toward the fulfillment of Council's priorities, as last adopted, with the understanding that some re-prioritization may occur during the budget process itself or at a later date once a retreat is scheduled and conducted.

REVENUES

General Governmental Revenues

Real Estate Taxes

The proposed budget includes a decrease in the real estate tax rate from $.95 to $.93 per $100 of assessed value. Given the reassessment, even with the rate reduction, the city will recognize $2,170,255 in additional revenue for FY2022. As of January 1, 2021, $.01 on the real estate tax rate equates to approximately $215,392.

The average assessed value of residential property for 2021 in the city is $198,200. Foregone Agricultural and Forestal District real estate taxes total $170,272. The city's housing rehabilitation abatement program results in forgone real estate taxes totaling $162,848, or $3,904 less than in FY2021. The total cost of these two programs is $361,048, reflecting the high value the City of Staunton places on the conservation of open space and historic preservation.

Other Local Taxes

In other local tax revenues, increases are projected in personal property taxes, in the amount of $308,000; sales taxes, in the amount of $1.27 million; and meals taxes, in the amount of $737,500. Transient occupancy tax revenue is projected to decrease by $76,000.

State Funding

State funding is estimated at 20.7% of the General Fund budget, with a projected increase of $216,475, totaling $12.8 million. The largest categories of state aid are personal property tax relief, health and welfare, and Children's Services Act. Street and highway maintenance, also funded by the state, is expected to increase by $75,318.

Federal Funding

Federal revenue accounts for $1.36 million, or only 2.2%, of the city's General Fund budget and is expected to increase by only $78,656, a net increase resulting from a decrease in grant funding and a significant increase in funding for health and welfare programs commensurate with increased service needs.

Proprietary Fund Revenues

The budget includes no fee increases in the Water, Wastewater, Environmental, Stormwater or Parking funds. The level fee structure in the Environmental Fund is directly linked to a proposed retooling of the city's recycling program from curbside collection to a central deposit location.

EXPENDITURES

Personnel

Salary Adjustments

As with any service-based organization, the largest portion of the city's operating budget is devoted to personnel costs, including compensation and benefits. A stable and proficient workforce is the cornerstone of effective service delivery to the community. Recruitment, development, retention and support of a skilled city workforce remain a priority in the budget.

Effective January 1, 2022, a 2% pay adjustment is proposed for all full- and part-time employees to help the city remain market competitive as an employer in the Shenandoah Valley. The School Board approved a budget that includes a 4% pay adjustment for employees, effective July 1, 2021. This may be adjusted as the schools await final budget guidance from the state.

Additional salary adjustments are proposed to position the city competitively in its efforts to recruit law enforcement officers. Vacancies and turnover rates in the Police Department have been high in comparison to other city departments, as employees and prospective employees look elsewhere (including the City of Waynesboro, where entry level officers earn $40,000) for more highly compensated positions. Accordingly, as of July 1, 2021, the following adjustments are proposed:

- Sworn law enforcement officers making less than $40,000 will have their salary adjusted to $40,000
- The starting salary for sworn law enforcement officers will be $40,000
- All other sworn law enforcement officers will have their pay adjusted upward by 1% to compensate for compression

The total cost of these adjustments is $36,416 and is offset by state revenue received by the city to be used "to promote the recruitment and retention of the most qualified local police department sworn personnel and to seaport the costs associated with criminal justice reform."

Compensation in the city's Sheriff's Office was also evaluated, including comparison to salaries paid in other sheriff's offices in the Commonwealth of Virginia. Of note, as of FY2021, the city's Sheriff's Office was one of only five offices in the state which did not receive a locality supplement to funding from the State Compensation Board for sworn officer positions. As a result of the review, the proposed budget includes an increase in salaries for the Sheriff's Office, funded by the city and effective as of July 1, 2021, in the aggregate amount of $28,000.

Retirement

The city's Virginia Retirement System contribution will remain flat in FY2022, a welcome change from previous years.

Health Care

Health care costs for the city are projected to increase by 8.8%. There are several reasons for the increase, but it principally accounts for a so-called "COVID Adjustment." The adjustment has been recommended by the city's consultant in anticipation of a wave of procedures and appointments deferred by employees due to the pandemic. The increase, in the amount of $225,000, is based on an estimate of the aggregate costs of this deferred health care. As proposed, the budget anticipates an increase in employee premiums, effective January 1, 2022, to partially defray the cost to the city. The employee-specific impact will depend on the insurance plan in which an employee is enrolled (point of service or high deductible health plan) and coverage under the plan (employee only, employee and spouse or family). By way of example, an employee enrolled in the city's most expensive plan—the point of service family plan—will pay an additional $12 per pay period, increasing the employee contribution from $283 to $298 per month. As a point of reference, in 2013, an employee contributed $290 per month for the same coverage, paying more than today. Contribution rates for employees have remained unchanged since 2017.

Education

Education remains one of the city's highest priorities and its largest expenditure. The proposed transfer to the Education Fund from the General Fund, totaling $13,406,250, accounts for 21.6% of the General Fund budget, an increase of $1,361,890. The Staunton School Board has adopted a total school budget of $40,515,866, an increase of 5.8%, or $2,208,316, over the adopted FY2021 budget. The School Board adopted budget includes a local contribution amount of $13,850,000 which is $443,750 more than the amount in the city's proposed budget.

Public Safety

Public safety operations are proposed to increase 13.1%, or $1.57 million. This category includes police, fire, the E-911 center, juvenile detention, Office on Youth, building inspections and animal control. The largest portion of this increase is attributable to additional operational costs for the Middle River Regional Jail in the amount of $525,396, which funds additional staff, capital expenditures and bed rentals. Also reflected is an increase for the Shenandoah Valley Juvenile Center in the amount of $232,426, and a full year of salaries and benefits for positions that were budgeted as partially furloughed or frozen during FY2021, a 2% salary increase effective January 1, 2022, and an increase in health care costs.

Health and Welfare

Health and Welfare operations are proposed to increase 4.4%, or $320,573, due to an increase of $259,035 in the city's share of administrative expenses (26.43% of total costs) for Shenandoah Valley Social Services and an increase in excess of $44,000 for child welfare assistance.

Community Development

Community Development, which includes planning and development, Economic Development and Tourism, is proposed to increase by $148,862. Some of this increase is attributable to a full year of salaries and benefits for positions that were budgeted as partially furloughed or frozen during FY2021, a 2% salary increase effective January 1, 2022, and an increase in health care costs. Other increases include funds for tourism marketing, including production of a new visitors guide, to position the city for a post-COVID-19 environment.

General Government

General Government Administration (including City Council, City Manager, City Attorney, Communications, Finance, audit, Assessor, Information Technology, Human Resources, Registrar, insurance and two constitutional offices) is proposed to increase 7.9%, or $482,749. A portion of this increase is attributable to budgeting for a full year of salaries and benefits for positions that were budgeted as partially furloughed or partially frozen during FY2021, a 2% salary increase effective January 1, 2022, and an increase in health care costs. Information Technology includes increases for replacement computers and printers, new maintenance fees for several IT systems, and professional services for GIS imagery and technology consulting.

City Council Vision for 2030 3-Year Priorities

Responsive, Efficient Government: *Continues a long tradition of professional administration, characterized by responsiveness to citizens of the city.*
Due to a vacancy that occurred during FY2021, the proposed budget includes an additional $33,709, plus benefits, to transition the Clerk of Council position from a part-time 20 hour per week position to a full-time position with benefits. Over time, the demands on this position have grown and extended beyond part-time and during a discussion about the position at a recent Council meeting, Council directed staff to advertise it as full-time. The position plays a critical and varied role to support the mayor, city council and the organization as a whole.

Inclusiveness: *Review and modify as necessary all City policies to ensure that they are aligned to achieve inclusiveness, including attention to the diversity of staff and management and salary equity.*
The proposed budget includes $5,000 for diversity, equity and inclusion training for city employees. This training, to be conducted by the Virginia Center for Inclusive Communities, will include a workshop series for directors and/or managers to build a common vocabulary and understanding of the issues under the umbrella of diversity/inclusion. These 2-4 hour sessions could focus on topics such as creating an inclusive team, unconscious bias, microaggressions, demographic trends and inclusive leadership skills.

Public Works

Funding for Public Works and engineering operations is proposed to increase by $253,977. Much of this increase is attributable to budgeting a full year of salaries and benefits for positions that were budgeted as partially furloughed or partially frozen during FY2021, a 2% salary increase effective January 1, 2022, and an increase in health care costs.

City Council Vision for 2030 3-Year Priorities

Resilience: *Staunton is a model for reduction, reuse and recycling of wastes.*

With this budget, staff proposes a major shift in how citizens and businesses recycle in the city: from curbside collection to a central deposit location. Staunton's recycling program has not adapted at all to changes in the international, national, and—especially—regional recycling markets. The result is a system that is both financially and environmentally inefficient. One example of such inefficiency: the city's termination of curbside collection of plastics, in large part due to the inability to ensure the quality of the materials collected and, as a result, their unmarketability.

A central deposit location, staffed with trained attendants who can oversee the quality of the materials, will not only allow Staunton to do business with local plastic recyclers, but it will create additional options for all recyclable materials. There are more options available for high-quality materials, increasing pricing and revenues to the city. Such a shift will also result in a very agile system, allowing the addition to and subtraction from the program of materials as recycling markets change. In anticipation of approval of this proposal as part of the adopted budget, staff are already planning the establishment, in phases, of a fenced, well-marked deposit location in Gypsy Hill Park, which will be staffed by an attendant who can monitor materials as they are deposited and assist customers with questions and education. Materials will be transferred from the collection point to vendors on an "as needed" basis.

Recreation, Parks and Library

This category will increase by 4.4%, or $160,409. A portion of this increase is attributable to budgeting a full year of salaries and benefits for positions that were budgeted as partially furloughed or partially frozen during FY2021. Other increases include $15,000 for tree care services, additional marketing of the First Tee – Shenandoah Valley youth development program (see Outside Agency Funding), and $25,000 to address maintenance issues at the Action Skate Park in Gypsy Hill Park.

City Council Vision for 2030 3-Year Priorities

Responsive, Efficient Government: *Move more transactions to the online environment and simplify and improve efficiency of City processes.*

Following the successful implementation of credit card transactions in FY2021, the proposed budget includes funds to purchase a point-of-sale system for Gypsy Hill Golf Course, fulfilling a recommendation of the Gypsy Hill Golf Course Ad-Hoc Citizen Advisory Committee. The system would capture "all data relative to a member's frequency of play, time of day, cart used, etc. The program…would also enable staff to determine the day and/or times when play is sluggish in order to know further when to set league days/times, profit vs. loss projections, and perhaps to advertise specials to keep the course busy on those off times via blast e-mails. This system would be able to track the geographic locations of the golfers who come from outside Staunton clarifying just what community is the most frequent user of the course."

Capital Improvements

City Council approved the Capital Improvement Plan (CIP) for FY2021 – 2025 on February 11, 2021. Appropriations for the FY 2022 CIP include funds from budget amendments, the FY2022 budget, General Obligation Bonds, state funds and reserves. So-called "one-time" funds accumulated and designated for capital projects are not a source of funding for operations. Projects marked with an asterisk have direct alignment to City Council's 2030 Vision and Priorities:

Capital projects to be undertaken in FY2022 include the following, and total over $6.03 million:

Funded from FY2021 Budget Amendment, $1,475,000:
- $200,000 Provision for Middle River Regional Jail expansion
- $125,000 Bike and pedestrian projects*
- $100,000 Greenways projects*
- $300,000 City Hall HVAC replacement
- $150,000 Planning and Inspection review software*
- $400,000 Emergency radio replacement
- $200,000 Bessie Weller Elementary Safe Routes to Schools (city share)*

Funded from FY2022 Budget, $981,050:
- $300,000 Fire truck replacement reserve
- $ 40,000 Fire-Rescue Department breathing apparatus and cardiac monitors
- $200,000 New sidewalk projects and matching funds for VDOT grants*
- $100,000 Replacement project from concrete sidewalks to brick
- $100,000 Public Works equipment fund
- $100,000 Public Works building fund
- $ 41,050 Annual Share of Blue Ridge Community College Capital Building Fund
- $100,000 School CIP reserves

Funded from General Obligation Bonds, $1,600,000:
- $1,600,000 Emergency radio replacement

Funded from CIP Reserves, $250,000:
- $200,000 Golf carts for Gypsy Hill Golf Course
- $ 50,000 New sidewalk – West Beverley Street/Grubert Avenue*

Funded from Virginia Department of Transportation, $1,423,000:
- $800,000 Bessie Weller Elementary Safe Routes to Schools*
- $623,000 Streets – Richmond Road/Statler Blvd.*

Funded from projected FY2022 Budget Amendment, $300,000:
- $150,000 Ineligible streets and city parking lots
- $150,000 Adaptive traffic control

BUDGET CUTS, TRANSFERS, AND THE USE OF RESERVES

Budgets are all about choices. Staunton's budget process begins with the submittal of each department's budget request in December. Departments determine what resources they need to deliver quality services as efficiently as possible. Each department director has to justify the submitted budget request during subsequent budget review discussions. Ultimately, difficult decisions are made to balance the budget, based on an understanding of City Council's priorities, sound financial and management principles, and experience.

Unfunded departmental requests for FY2022 total over $3.2 million (not including the schools' unfunded request), including $237,742 in personnel costs, and another $2.7 million in operational and capital expenditures. The complete list of unfunded requests will be reviewed during one of Council's scheduled budget work sessions.

Fund balance in the amount of $1.2 million is utilized to balance the budget. Council may revisit this allocation when it considers FY2021 year end.

DEBT

The city's total outstanding debt for governmental and proprietary funds, as of June 30, 2020, is $77,584,811, well within the guidelines of the city's Debt Policy. The city will reduce its total outstanding debt by $4.65 million in FY2022, and is scheduled to retire 46.62% of the debt within the next 10 years, achieving a debt ratio 3.38% less than necessary to meet the 10-year pay down ratio. With the $46 million in new debt that was issued in 2019 for the Staunton High School renovations and additions, the debt payment for schools as a percentage of General Fund debt is 75%, compared to a scheduled 27% of General Fund debt before the bond issuance for the school.

OUTSIDE AGENCY FUNDING

Most outside agencies are proposed for level funding for FY2022. The following agencies will receive an increase in funding: Valley Community Services Board, Headwaters Soil and Water Conservation District, Valley Children's Advocacy Center, and Central Shenandoah Planning District Commission. The following agencies show a decrease in funding consistent with their respective FY2022 requests: Central Shenandoah Health District and Staunton-Augusta Domestic Violence Program.

Funding is proposed for one new organization, First Tee – Shenandoah Valley, in the amount of $3,250. This funding would allow for a school program package at all three city elementary schools, ensuring that student participants can play at Gypsy Hill Golf Course, and would include training of the city's golf professional as a coach for the program. It expands an existing First Tee program administered through the elementary schools' physical education programs.

City Council Vision for 2030 3-Year Priorities

Resilience: *Explore ways in which we can cut the City's dependence on fossil fuels.*

Built Environment: *Support regional initiatives to provide more public transit opportunities.*

The anticipated Afton Express, a fixed route transit service, will connect Staunton, Augusta County and Waynesboro with Charlottesville and Albemarle County. The service will officially launch in July 2021. The activities of the past year were spent planning, defining routes, developing marketing and branding materials, and ordering busses. FY2022 will be the first year of the city's commitment to this project, in the amount of $12,346. With this new service, commuters can get out of their cars, save money on gas and car maintenance and reduce harmful emissions that impact our environment.

Mayor and Members of Council
March 25, 2021

ACCOMPLISHMENTS AMID A PANDEMIC

While it was difficult to stay positive and focus on accomplishments during such a challenging year, thinking back now, there are so many to share. In spite of the pandemic, Staunton witnessed a year of sustainability, as a result of the sacrifices of citizens, the determination of local businesses, and the support of private sector investments.

By far the most significant accomplishments focused on the city's adaptive response to the COVID-19 pandemic that was declared by the World Health Organization just over a year ago now. Early in the health crisis, the city received over $4.3 million in Coronavirus Aid, Relief, and Economic Security (CARES) Act funds. Authorized uses of these funds, very broadly, included expenditures necessary to respond to the public health emergency. The city convened a CARES Act working group which determined uses of the funds over a period of months. Funds were allocated in support of the following initiatives, among others:

- reopening of city facilities, with the implementation of numerous safety measures to protect employees and visitors;

- technology upgrade to Rita S. Wilson Council Chambers and the Caucus Room, to enhance the public meetings experience and better integrate with up-to-date technologies;

- programming and execution on weekends of *Dine Out in Downtown* to provide relief from capacity limitations imposed on retailers and restaurants by the Commonwealth of Virginia; and

- K-12 education, with $1.6 million in funding to Staunton City Schools for virtual and hybrid learning technology, PPE and sanitation equipment, childcare for employees and meal delivery for students.

Additionally, the city used portions of its CARES Act allocation to establish three grant programs:

- The Staunton Cares Business Grant Program, implemented in cooperation with the Staunton Economic Development Authority, provided cash grants to qualifying small businesses. With $500,000 in funding and a maximum grant of $12,500, the program provided reimbursement to 50 businesses that suffered losses occasioned by pandemic-required closures.

- The Nonprofit Sustainability Funds Grant Program, implemented in cooperation with the Community Foundation of the Central Blue Ridge, provided cash grants to qualifying non-profit organizations impacted by the health pandemic. With $300,000 in funding and a maximum grant of $20,000, the program provided funding to 27 organizations.

- Another program, also implemented in cooperation with the foundation, provided child care scholarships, rent and mortgage assistance, temporary housing assistance and utility payment assistance to members of the community. Funding in the amount of $250,000 was directed to local nonprofit organizations which, in turn, provided assistance to qualified individuals.

The year brought additional economic development and business activity in the city. With plans under review, the Richmond Avenue corridor will be the future home to Chipotle Mexican Grill, Jersey Mike's Subs, O'Reilly Auto Parts, Take 5 Oil Change, and W4 Express Carwash. A new 7-Eleven and Liberty gas station opened recently in Staunton Crossing. In addition to last year's opening of a number of national retail stores, the city also witnessed the restoration of the historic Building 26 at The Villages at Staunton, as a part of The Blackburn Inn, offering conference space and a wellness spa. The second phase of the Staunton Innovation Hub in the former *News Leader* building and Stuart Hall School's Eastham Building, across from City Hall—a part of the school's *Staunton is Our Campus* initiative—also debuted. A new cidery, Ciders From Mars, is planned to open downtown. And additional improvements to the downtown landscape continue, with the commencement of the Central Avenue Streetscape Improvement Project, which will include replacement of the existing concrete sidewalks with brick, and the addition of pedestrian safety improvements and decorative lamp posts.

The city progressed in its efforts to provide more affordable housing and other services that benefit the most at-risk members of our community. The city continued in its second year as a Housing and Community Development (HUD) entitlement community and received an allocation of $354,433, directed to organizations providing services to low-to-moderate income families and infrastructure projects in their neighborhoods. As an entitlement community, the city receives annual Community Development Block Grant (CDBG) allocations to provide funding for public services, improvement of public facilities and infrastructure, homeowner-occupied rehabilitations, and the identification of homeless and special needs activities. And, in response to the pandemic, HUD provided supplemental funding to the city through the CDBG program, in the amount of $332,726, for services and activities that prevent, prepare for, and respond to coronavirus.

We recognize yet another significant accomplishment: the community's overwhelmingly positive response to two historic floods that occurred within a two week period in August of 2020. The flood events caused over $3.1 million in damage to 164 public, residential and commercial properties in the affected areas. The outpouring of support—in the form of donations of relief supplies and funds and volunteer labor—is testament to the resilience of the Queen City. Community organizations such as the Staunton Creative Community Fund, Staunton Downtown Development Association and Community Foundation of the Central Blue Ridge partnered with the Central Shenandoah Planning District Commission and the city's Fire-Rescue, Library, Parks and Recreation, Police and Public Works departments in the response and recovery efforts.

The Finance Department received the Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA) for the FY2021 budget. In order to receive the award, the budget document must meet GFOA criteria requiring that the document be a policy document, a financial plan, and an operations guide, and serve as a communications device for the public.

Finally, our employees—challenged to perform their roles in the middle of a global pandemic—continue to excel. They have adapted to the new "normal" and have continued to provide effective and efficient services to the public we serve, largely without interruption. I am proud of each and every one of them and what they have accomplished in these difficult times.

CLOSING COMMENTS

Budget development is shaped by a number of factors, including alignment with the Council's vision and priorities, the city's financial policies, and certain principles of budgeting. Forecasting revenues and expenditures is difficult and requires staff to work with imperfect information. And as current events demonstrate, budgeting more so than ever must be adaptable, in the face of unpredictability.

I want to thank the following individuals for their diligent work in preparing this budget: Chief Finance Officer Phil Trayer, for his work on what, due to the pandemic, is effectively a third budget in two years; Assistant City Manager Leslie Beauregard, for again bringing her considerable budget expertise to this year's process and working closely with Mr. Trayer; City Assessor Charley Haney, for providing the information needed to develop real estate revenue estimates during this reassessment year; Legal Manager and FOIA Office Robin Wallace, for providing guidance and advice on the city's tax and budget ordinances; and Executive Assistant Morgan Smith for proofreading. Thanks also to Commissioner of Revenue Maggie Ragon and Treasurer Rick Johnson for continued expert assessment and collection of the city's revenues.

In addition, I want to recognize all directors and staff of the various city departments and regional agencies for their selfless commitment to public service, so strongly demonstrated in their words and deeds as we have all navigated the pandemic over the course of the last year.

Budget work sessions are scheduled for April 1, April 8, April 15, and April 22, 2021. A public hearing on the proposed real estate tax rate is scheduled for March 25, 2021, public hearings on the budget and related budget ordinances are scheduled for April 8, 2021, and budget adoption is scheduled for April 22, 2021. During Council's deliberations, staff will be prepared to provide assistance and additional information as Council works through the decisions necessary for adoption.

Last spring, the city started to reopen its facilities and resume its services, while the pandemic continued as a part of our daily lives. At that time, staff developed the *Strong.Resilient.Staunton* tagline, which is featured on the cover of this budget document, as a message of hope. Our collective strength and resilience—embodied in the proposed budget—allow us to meet every challenge and to continue our work, even in adverse circumstances, to serve the community.

Respectfully submitted,

Steven L. Rosenberg
City Manager