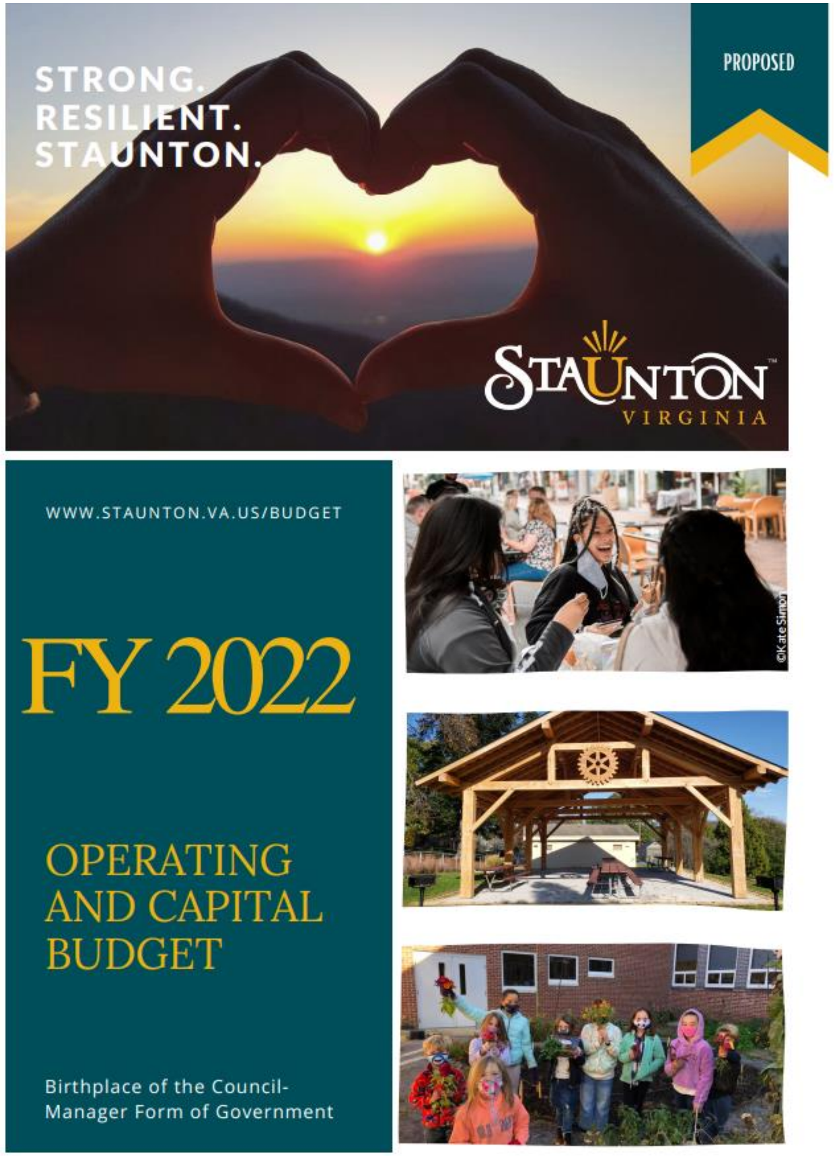
FY2022 Proposed Budget

City Council Budget Work Session
April 1, 2021



FY2021's Budget Balancing Review

From Council 04/30/2020 Presentation

<u>FY21 projected shortfall = $4.2 million</u>

Staff has identified five areas to address this shortfall:

1) Elimination of the 2% salary increase which was to have been effective on January 1, 2021 = $183,000
2) Reduction of Local Transfer to Schools as per traditional revenue sharing formula = $1,695,000
3) Deferral of FY21 CIP Expenses = $941,000
4) Reduction in other line items (Non-Compensation and Part Time labor) = $434,341
5) Reductions due to personnel actions = $944,409

FY2021 / FY2022 Variances

- As a result of the significant cuts made in FY2021’s Revised Adopted Budget, year on year variances will be significantly skewed as FY2022’s projections are built on the assumption of a growing (not a full) recovery.
- Many slides in this presentation will busier than normal as we incorporate FY2020’s Adopted Budget, FY2021’s Original Proposed Budget, FY2021’s Adopted Budget and FY2022’s Proposed Budget.
- In an attempt at providing an increase in perspective, variances will be reported, FY2020’s Adopted Budget as well as FY2021’s Adopted Budget.

FY2021 – Revenue Performance Review

Local revenues, as a whole, are down from the previous year but are exceeding FY2021 budget projections.

Local Taxes of interest to report at this time:

- Meals Tax thru January are down $303K, or 10.6% to same time last year, and $326K above budget projections
- Sales Tax thru December are up $32K, or 1.3% to same time last year, and $645K above budget projections
- Lodging Tax thru January are down $223K, or 37.5% to same time last year, and $104K below budget projections
- Property Tax thru March are down $184K or 3.3% to same time last year, and $36K above budget projections
- Real Estate tax thru March are up $84k or 1.7%, to same time last year and $337K above budget projections

FY2022 Proposed Budget Head Winds

- **Revenues** - While the overall revenue picture in FY2021 is quite positive in relation to the FY2021 budget, it is still below FY2020 levels.
  - Budgeted revenues are based upon the assumption revenues will not be fully recovered in FY2022.
  - Local revenues are budgeted to reflect a City that is still in recovery.

- **Expenses** - On the expense side the City has had to absorb a tremendous amount of additional non controllable expenditures.

FY2022 Proposed Budget Head Winds

- **Fund Balance** - For the reasons stated above, the FY2022 Proposed Budget does incorporate $1,188,378 in fund balance reserves to balance.
  - <u>The math is straight forward; the City is absorbing an additional $2.7 million in additional, mostly uncontrollable and mandated expenses being offset by an additional $1.5 million in revenues.</u>

Fund Balance Use in FY2022 Budget

Description	FY2020	FY2022	Variance
General Fund Revenues	$ 59,275,000	$ 60,780,988	$ 1,505,988
General Fund Expenditures	$ 59,275,000	$ 61,969,366	$ 2,694,366
Variance			**$ (1,188,378)**

FY2022 Proposed Budget – General Fund Balance Review

TOTAL FUND BALANCE AS OF JUNE 30, 2020

Fund Balance June 30, 2019	16,216,603
FY 2020 Revenues	61,182,381
FY 2020 Expenditures	(59,775,290)
Fund Balance June 30, 2020	17,623,694

FUND BALANCE POLICY

1. The City of Staunton will establish, at June 30 each year, a Safety Net Reserve, categorized as Committed Fund Balance, for all major operating funds equal to fifteen percent (15%), of the subsequent fiscal year total adopted expenditure budget for those operating funds.

2. All major funds include: General Fund, Water Fund, Sewer Fund, Environmental Fund, and the Stormwater Fund.

3. Financial circumstances allowing the use of the Safety Net Reserve to be appropriated for expenditures by City Council include:

    a. Unanticipated natural disasters resulting from storm damage, unseen infrastructure damage for water and sewer system deterioration, bridge repair, etc., exceeding $100,000 in damage.

    b. Imposition of mandates by Federal and State governments such as, water, sewer and landfill regulations, construction of court and jail facilities, etc., exceeding $100,000 in costs.

    c. Court decisions resulting in unbudgeted expenditures, in excess of $100,000.

    d. Acts of terrorism against the City destroying the City's infrastructure or causing a financial hardship to provide services to citizens, in excess of $100,000.

4. The Safety Net Reserve will not be available for appropriation due to a general economic slowdown or recession. The City shall adjust its revenues and expenditures according to the economic conditions.

5. Funds used from the Safety Net Reserve shall be appropriated through the annual budget ordinance or by a budget amendment ordinance approved and adopted by City Council.

6. In the event the Safety Net Reserve or a portion of the reserve is used, the City will restore the Safety Net Reserve to the fifteen percent level within thirty-six months. If restoration cannot be accomplished within such time period without severe hardship to the City, the Chief Financial Officer will prepare a financial plan to restore the reserve to the fifteen level.

In no event, will the Safety Net Reserve be less than the amount calculated at June 30, 2020, equal to $8,738,079, (FY2021 General Fund Adopted Budget = $56,374,701 times 15.5%).

Funds in excess of the Safety Net Reserve, the General Contingency amount, and carry forward appropriations unexpended at fiscal year-end, shall be given first consideration for appropriation in the City's Capital Improvements Fund. Such appropriation shall be in the form of a budget amendment to the subsequent year's budget.

FY2022 Proposed Budget – Fund Balance Classification

We have five different Fund classifications and they include:

- Committed Fund Balance – These funds can only be used for specific purposes subject to Council discretion…includes the Safety Net Reserve
- Assigned Fund Balance – These funds are assigned for specific purposes, CFO oversees these balances. Includes employee liability and encumbrances.
- Restricted Fund Balance – These funds are restricted by external sources such as creditors, grantors, donors or other government agencies. These include donations and grants.
- Non Spendable Funds – These are generally not in a spendable form which includes prepaid and advances, inventory or reserves.
- Unassigned Funds – Amounts that are within the funds but are specifically restricted or committed. All other amounts not assigned above falls into this category including the $250,000 operating reserve established to address unexpected loss of revenues or unexpected expenses.

JUNE 30, 2020 RESERVES

$ 8,738,079	SAFETY NET = 15.5%
$ 1,747,761	EMPLOYEE LEAVE
$ 368,391	ENCUMBRANCES
$ 250,000	OPERATING RESERVE
$ 242,949	RESTRICTED - DONATIONS
$ 100,048	PREPAID/ADVANCES
$11,447,228	TOTAL RESERVES

Unassigned Fund Balance @ 06/30/2020

TOTAL FUND BALANCE AS OF JUNE 30, 2020

Fund Balance June 30, 2019	16,216,603
FY 2020 Revenues	61,182,381
FY 2020 Expenditures	(59,775,290)
Fund Balance June 30, 2020	17,623,694
Less Reserves	(11,447,228)
Budget Amendment	(226,792)
Equals Unassigned Balance	5,949,674

Unassigned Fund Balance Utilization

RECOMMENDATIONS

$1,475,000	TRANSFER TO CIP FUND- FY2021-2022 CIP
$1,000,000	TECHNOLOGY SERVER / TELEPHONE UPGRADES
$1,000,000	DEBT SERVICE SINKING FUND
$1,113,900	CASHFLOW PROJECT CONTINGENCY
$ 500,000	FLOOD DAMAGE
$ 40,000	GYPSY HILL PARK GATE
$ 100,000	DISTRICT OVERLAY
$ 153,000	PUBLIC SAFETY FURLOUGH
$ 200,000	POLICE CARS
$ 367,630	OPERATING CONTINGENCY
$5,949,530	TOTAL

FY2022 Proposed Budget Head Winds

ADDITIONAL UNCONTROLLABLE COSTS SINCE FY2020			
Description		**Amount**	**RE Tax Equivalent**
Middle River Regional Jail	$	974,861	4.53
Economic Development Agreements		380,655	1.77
Virginia Retirement System		285,024	1.32
SAFER Firefighter Grant Funding		177,786	0.83
CSA/Department of Social Services		96,750	0.45
Commonwealth's Attorney		63,874	0.30
Heath Insurance 9% Increase		123,273	0.57
Animal Control		25,500	0.12
Juvenile Detention		232,426	1.08
Major Year on Year Uncontrollable Impacts	**$**	**2,360,149**	**10.96**

Additional Costs			
1 % Salary Increase (2% Increase Effective January 1, 2022)	$	184,312	0.86
Clerk of Council		52,998	0.25
Additional Costs	**$**	**237,310**	**1.10**
Combined Costs	**$**	**2,597,459**	**12.06**
Per Point Real Estate Tax	$	215,397	
Real Estate Tax Point Equivalent		**12.06**	

FY2022 Proposed Budget – Balancing Needs

- In this budget we trying to find the balance between the right tax rate structure to sustain current services for the long term while allowing the City to grow out of its current economic downturn.
- Expenses listed in the previous slide are not going away…in fact in the case of the jail, they are most likely to continue to grow significantly.
- The increase in mandated expenditures has put pressure on all City departments and Staunton City Schools.
- Staunton City Schools are faced with a situation where children had the rug pulled out from them at the end of the school year in FY2020. As we know, children have had to work through 100% remote learning in the first half of FY2021 and a hybrid plan the second half of FY2021. Recovery, from a student knowledge basis, will take multiple years.

FY2022 Proposed Budget – Historical Jail Costs

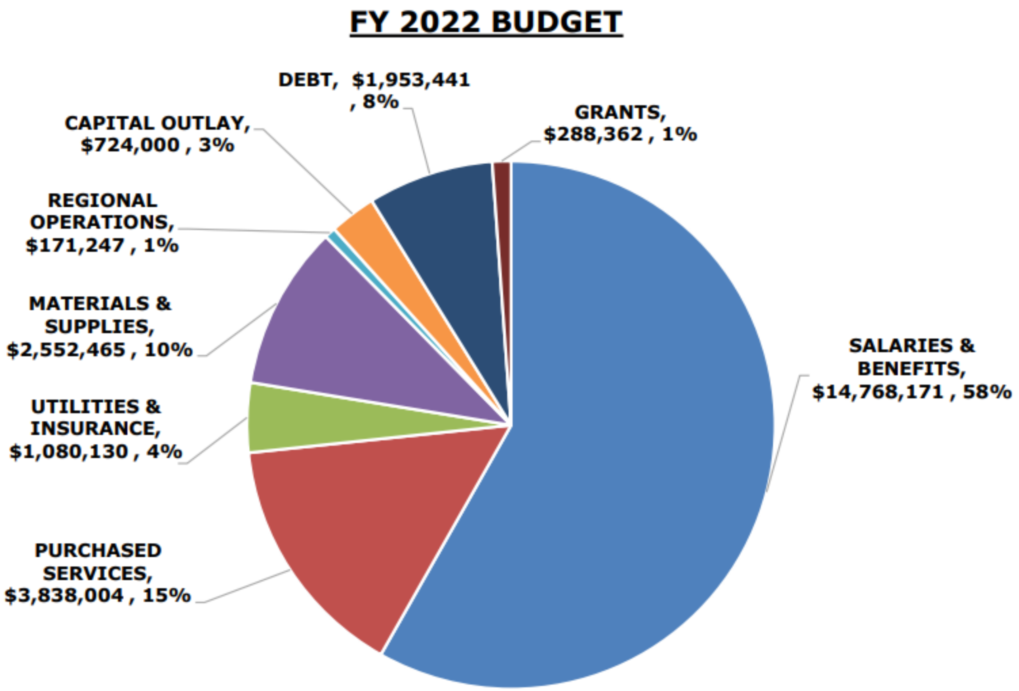
Middle River Regional Jail 5 Year History Adopted Budget

Locality	FY2016	FY2021	Variance	% Increase	Population Increase
AUGUSTA	$ 1,673,969	$ 4,052,737	$ 2,378,768	142.1%	2.5%
STAUNTON	$ 1,300,506	$ 2,381,692	$ 1,081,186	83.1%	5.0%
WAYNESBORO	$ 1,122,888	$ 1,903,720	$ 780,832	69.5%	7.8%
HIGHLAND	$ 28,591	$ 43,110	$ 14,519	50.8%	-5.6%
ROCKINGHAM/HARRISONBURG	$ 1,598,341	$ 3,527,558	$ 1,929,217	120.7%	7.7%
Total	**$ 5,724,295**	**$ 11,908,817**	**$ 6,184,522**		

FY2022 Proposed Budget – MRRJ FY2021 Adopted vs. FY2022 Proposed

FY2022 BUDGET		INCREASE / DECREASE:
SALARIES & BENEFITS	$	1,434,591
PURCHASED SERVICES	$	153,870
UTILITIES & INSURANCES	$	(109,758)
MATERIALS & SUPPLIES	$	775,400
REGIONAL OPERATIONS	$	50,247
CAPITAL OUTLAY	$	387,020
DEBT	$	(3,087)
GRANTS	$	288,362
TOTAL INCREASE	**$**	**2,976,645**

CAPITAL ASSETS FUNDED BY RESERVES:		
CEILING REPLACEMENTS	$	260,000
TECHNOLOGY INFRASTRUCTURE UPGRADE	$	218,800
HVAC UNIT-CONTROL ROOM MINI SPLIT SYSTEM	$	40,000
ILC CORE LIGHTING PANELS	$	80,000
HVAC FRONT END CONTROLS	$	33,000
HVAC-I-WAVE AIR PURIFIERS	$	65,000
CONTROL ROOM UPGRADE/RETROFITS	$	25,000
RESERVE FUNDS	**$**	**721,800**



FY2022 Proposed Budget – MRRJ FY2021 Adopted vs. FY2022 Proposed

INCREASE / DECREASE			
$ 1,434,591	SALARIES & BENEFITS		
	Compensation Board- 23 Emergency Positions awarded during FY2021, not included in the Adopted FY2021 Budget		
	New positions requested in FY2022 effective January 1, 2022: (2) Nurses, (1) Deputy Superintendent, (1) Accounting Technician, (1) Technology Administrator		
	Compensation Board - 5% Pay Increase effective July 1, 2021		
$ 153,870	PURCHASED SERVICES		
	Facility maintenance contracted services	$	50,400
	ADA Compliance Interpreter services	$	10,000
	Technology Contracted Services/ Licenses	$	79,641
	HEI Inmate Bracelets- increase in inmates in program	$	24,000
	Professional Services	$	6,000
	Food Service	$	(27,059)
	Indirect Cost to Fiscal Agent	$	9,388
	Advertising- hiring campaign	$	1,500
$ (109,758)	UTILITIES & INSURANCES		
	Utility cost decrease based on historical expenditures	$	(125,000)
	Insurance premiums increase	$	15,242
$ 775,400	MATERIALS & SUPPLIES		
	Bed Rental Increase - 50 inmates - 12 months	$	750,000
	Maintenance supplies increase	$	20,000
	New computers	$	5,400
$ 50,247	REGIONAL OPERATIONS		
	Academy Fees & Training Program	$	50,247
$ 387,020	CAPITAL OUTLAY		
	Net Increase = $387,020		
	FY 2022 Capital Outlay/Projects include:		
	Ceiling replacements	$	260,000
	Technology Infrastructure Upgrade	$	155,000
	Lighting Panel replacements	$	80,000
	Camera Replacements	$	66,000
	HVAC Units replacement - Control Room	$	40,000
	HVAC Control Systems Upgrade	$	33,000
	I-Wave air purifiers for air handler units	$	65,000
	Control Rooms upgrade/retrofit	$	25,000
	Total Capital	$	724,000
$ (3,087)	DEBT		
	Amortized reduction in principal and interest		
$ 288,362	GRANTS		
	Mental Health Grant		
$ 2,976,645	TOTAL INCREASE		

FY2022 Proposed Budget - Overview

Column		A		B		C	D		D - A	% Var.		D - C	% Var.
CITY GOVERNMENTAL FUNDS		FY2020 BUDGET		FY2021 ORIGINAL		FY2021 ADOPTED	FY2022 PROPOSED		FY2020 / FY2022 Variance			FY2021 / FY2022 Variance	
General Fund	$	59,275,000	$	60,947,666	$	56,374,701	$ 61,969,366	$	2,694,366	4.5%	$	5,594,665	9.9%
Debt Service Sinking Fund		4,844,415		4,844,415		4,844,415	5,683,314	$	838,899	17.3%	$	838,899	17.3%
Blue Ridge Court Services Fund		1,056,660		1,100,407		1,092,973	1,229,541	$	172,881	16.4%	$	136,568	12.5%
City Capital Improvement Fund		841,050		941,050		-	981,050	$	140,000	16.6%	$	981,050	#DIV/0!
Total Governmental Funds	$	66,017,125	$	67,833,538	$	62,312,089	$ 69,863,271	$	3,846,146	5.8%	$	7,551,182	12.1%
CITY PROPRIETARY FUNDS													
Water Fund	$	4,979,000	$	5,046,810	$	5,046,810	$ 11,596,225	$	6,617,225	132.9%	$	6,549,415	129.8%
Sewer Fund		4,812,390		4,562,393		4,562,393	3,957,500		(854,890)	-17.8%	$	(604,893)	-13.3%
Environmental Fund		3,233,950		3,334,793		3,334,793	3,252,385		18,435	0.6%	$	(82,408)	-2.5%
Stormwater Fund		1,586,250		1,292,316		1,292,316	1,656,650		70,400	4.4%	$	364,334	28.2%
Parking Fund		980,475		540,120		540,120	512,081		(468,394)	-47.8%	$	(28,039)	-5.2%
Total Proprietary Funds	$	15,592,065	$	14,776,432	$	14,776,432	$ 20,974,841	$	5,382,776	34.5%	$	6,198,409	41.9%
Total City Budget	$	81,609,190	$	82,609,970	$	77,088,521	$ 90,838,112	$	9,228,922	11.3%	$	13,749,591	17.8%

FY2022 Proposed Budget – Summary Revenues

CITY OF STAUNTON
FY 2022 GENERAL FUND REVENUES

Column	A	B	C	D	D - A	% Var.	D - C	% Var.
Category	FY2020 ADOPTED	FY2021 ORIGINAL	FY2021 ADOPTED	FY2022 PROPOSED	FY2020 / FY2022 Variance		FY2021 / FY2022 Variance	
General Property Taxes	$26,390,500	$26,922,500	$ 25,360,750	$ 27,800,455	$ 1,409,955	5.3%	$ 2,439,705	9.6%
Other Local Taxes	15,507,000	15,990,000	12,964,500	15,150,500	-356,500	-2.3%	2,186,000	16.9%
Commonwealth of Virginia	12,404,363	12,614,607	12,598,892	12,815,367	411,004	3.3%	216,475	1.7%
Current Service Charges	1,822,366	1,773,334	1,803,334	1,855,902	33,536	1.8%	52,568	2.9%
Federal Revenue	1,283,507	1,284,973	1,284,973	1,363,629	80,122	6.2%	78,656	6.1%
Recovered Costs	1,146,264	1,161,874	1,161,874	1,190,235	43,971	3.8%	28,361	2.4%
Licenses and Permits	280,900	235,400	235,400	208,400	-72,500	-25.8%	-27,000	-11.5%
Fines and Forfeitures	165,500	232,000	232,000	232,000	66,500	40.2%	0	0.0%
Use of Money and Property	246,100	246,500	246,500	135,500	-110,600	-44.9%	-111,000	-45.0%
Miscellaneous	28,500	486,478	486,478	29,000	500	1.8%	-457,478	-94.0%
Fund Balance	-	-	-	1,188,378	1,188,378	#DIV/0!	1,188,378	#DIV/0!
Total Revenues	$ 59,275,000	$ 60,947,666	$ 56,374,701	$ 61,969,366	$ 2,694,366	4.5%	$ 5,594,665	9.9%

FY2022 Proposed Budget – General Property Taxes

Column	A	B	C	D	D - A	% Var.	D - C	% Var.
GENERAL PROPERTY TAXES	**FY2020 ADOPTED**	**FY2021 PROPOSED**	**FY2021 ADOPTED**	**FY2022 PROPOSED**	**FY2020 / FY2022 Variance**		**FY2021 / FY2022 Variance**	
Real Estate Taxes	$ 19,150,000	$ 19,560,000	$ 18,212,500	$ 20,382,755	$ 1,232,755	6.4%	$ 2,170,255	11.9%
Real Estate-Public Service	900,000	902,500	902,500	905,000	5,000	0.6%	2,500	0.3%
Real Estate- Interest Assessed	175,000	160,000	160,000	150,000	(25,000)	-14.3%	(10,000)	-6.3%
Real Estate Penalty	130,000	120,000	120,000	115,000	(15,000)	-11.5%	(5,000)	-4.2%
Real Estate-Service District Tax	125,000	125,000	118,750	120,000	(5,000)	-4.0%	1,250	1.1%
Personal Property Taxes	5,275,000	5,425,000	5,217,000	5,525,000	250,000	4.7%	308,000	5.9%
Personal Property-Public Service	4,000	4,000	4,000	2,700	(1,300)	-32.5%	(1,300)	-32.5%
Personal Property Interest	55,000	55,000	55,000	65,000	10,000	18.2%	10,000	18.2%
Personal Property-Penalty	85,000	85,000	85,000	85,000	0	0.0%	0	0.0%
Machinery & Tools Tax	491,500	486,000	486,000	450,000	(41,500)	-8.4%	(36,000)	-7.4%
Total Property Taxes	**$ 26,390,500**	**$ 26,922,500**	**$ 25,360,750**	**$ 27,800,455**	**$ 1,409,955**	5.3%	**$ 2,439,705**	9.6%

FY2022 Proposed Budget – Local Taxes

Column	A	B	C	D	D - A	% Var.	D - C	% Var.
OTHER LOCAL TAXES	**FY2020 ADOPTED**	**FY2021 PROPOSED**	**FY2021 ADOPTED**	**FY2022 PROPOSED**	**FY2020 / FY2022 Variance**		**FY2021 / FY2022 Variance**	
Business & Occupational Licenses	$ 2,200,000	$ 2,200,000	$ 1,650,000	$ 2,040,000	$ (160,000)	-7.3%	$ 390,000	23.6%
Water Utility Tax	280,000	285,000	285,000	285,000	5,000	1.8%	0	0.0%
Gas Utility Tax	300,000	300,000	300,000	298,000	(2,000)	-0.7%	(2,000)	-0.7%
Electric Utility Tax	585,000	585,000	585,000	585,000	0	0.0%	0	0.0%
Local Sales Tax- One Percent	4,300,000	4,525,000	3,393,750	4,662,500	362,500	8.4%	1,268,750	37.4%
Bank Stock Tax	475,000	498,000	498,000	485,000	10,000	2.1%	(13,000)	-2.6%
Recordation-Local	200,000	220,000	220,000	220,000	20,000	10.0%	0	0.0%
Cigarette Tax	395,000	390,000	390,000	385,000	(10,000)	-2.5%	(5,000)	-1.3%
Transient Occupancy Tax	890,000	1,045,000	836,000	760,000	(130,000)	-14.6%	(76,000)	-9.1%
Meals Tax	4,600,000	4,750,000	3,562,500	4,300,000	(300,000)	-6.5%	737,500	20.7%
Probate Tax	7,000	7,000	7,000	7,000	0	0.0%	0	0.0%
Short Term Rental Tax	25,000	26,000	26,000	23,000	(2,000)	-8.0%	(3,000)	-11.5%
Local Communications Tax	1,250,000	1,159,000	1,211,250	1,100,000	(150,000)	-12.0%	(111,250)	-9.2%
Total Other Taxes	**$ 15,507,000**	**$ 15,990,000**	**$ 12,964,500**	**$ 15,150,500**	**$ (356,500)**	**-2.3%**	**$ 2,186,000**	**16.9%**

FY2022 Proposed Budget – Other Revenues

Column	A	B	C	D	D - A	% Var.	D - C	% Var.
OTHER REVENUES	FY2020 ADOPTED	FY2021 PROPOSED	FY2021 ADOPTED	FY2022 PROPOSED	FY2020 / FY2022 Variance		FY2021 / FY2022 Variance	
Licenses & Permits	$ 280,900	$ 235,400	$ 235,400	$ 208,400	$ (72,500)	-25.8%	$ (27,000)	-11.5%
Fines & Forefeitures	$ 165,500	$ 232,000	232,000	232,000	66,500	40.2%	0	0.0%
Use of Money	246,100	246,500	246,500	135,500	(110,600)	-44.9%	(111,000)	-45.0%
Current Service Charges	1,822,366	1,773,334	1,803,334	1,855,902	33,536	1.8%	52,568	2.9%
Miscellaneous Revenue	28,500	29,000	29,000	29,000	500	1.8%	0	0.0%
Recovered Costs	1,146,264	1,161,874	1,161,874	1,190,235	43,971	3.8%	28,361	2.4%
Commonwealth of Virginia	12,404,363	12,614,607	12,598,892	12,815,367	411,004	3.3%	216,475	1.7%
Federal Revenue	1,283,507	1,284,973	1,284,973	1,363,629	80,122	6.2%	78,656	6.1%
Transfers	-	457,478	457,478	1,188,378	1,188,378	#DIV/0!	730,900	159.8%
Total Other Revenues	**$ 17,377,500**	**$ 18,035,166**	**$ 18,049,451**	**$ 19,018,411**	**$ 1,640,911**	9.4%	**$ 968,960**	5.4%

FY2022 Proposed Budget – Expense Overview

Column	A	B	C	D	D - A	% Var.	D - C	% Var.
	FY2020	FY2021		FY2022	FY2020 / FY2022		FY2021 / FY2022	
CITY GOVERNMENTAL FUNDS	BUDGET	ORIGINAL	FY2021 ADOPTED	PROPOSED	Proposed Budget		Revised Budget	
General Fund	$ 59,275,000	$ 60,947,666	$ 56,374,701	$ 61,969,366	$ 2,694,366	4.5%	$ 5,594,665	9.9%
Debt Service Sinking Fund	4,844,415	4,844,415	4,844,415	5,683,314	$ 838,899	17.3%	$ 838,899	17.3%
Blue Ridge Court Services Fund	1,056,660	1,100,407	1,092,973	1,229,541	$ 172,881	16.4%	$ 136,568	12.5%
City Capital Improvement Fund	841,050	941,050	-	981,050	$ 140,000	16.6%	$ 981,050	#DIV/0!
Total Governmental Funds	$ 66,017,125	$ 67,833,538	$ 62,312,089	$ 69,863,271	$ 3,846,146	5.8%	$ 7,551,182	12.1%

FY2022 Proposed Budget – General Fund Personnel Costs

PERSONNEL COST COMPARISON

Column	A	B	C	D	D - A	% Var.	D - C	% Var.
CATEGORY	FY2020 ADOPTED	FY2021 PROPOSED	FY2021 ADOPTED	FY2022 PROPOSED	FY2020 / FY2022 Proposed Budget		FY2021 / FY2022 Proposed Budget	
FULL-TIME WAGES	$ 13,421,390	$ 13,725,067	$ 12,798,521	$ 13,871,831	$ 450,441	3.4%	$ 1,073,310	8.4%
RETIREMENT	1,883,622	2,142,792	2,059,663	2,168,646	285,024	15.1%	108,983	5.3%
PART-TIME WAGES	1,417,606	1,414,635	1,369,426	1,467,324	49,718	3.5%	97,898	7.1%
HEALTH INS	2,544,664	2,263,088	2,254,042	2,617,937	73,273	2.9%	363,895	16.1%
FICA	1,172,802	1,204,116	1,133,619	1,225,203	52,401	4.5%	91,584	8.1%
OVERTIME	599,025	602,625	610,647	670,170	71,145	11.9%	59,523	9.7%
WORKERS COMP/DISABILI	325,000	325,463	324,405	317,911	(7,089)	-2.2%	-6,494	-2.0%
LIFE INSURANCE	176,670	179,943	172,404	186,718	10,048	5.7%	14,314	8.3%
UNEMPLOYMENT PREMIUM	10,151	10,430	10,355	9,479	(672)	-6.6%	-876	-8.5%
LINE OF DUTY ACT	105,125	146,250	146,250	140,050	34,925	33.2%	-6,200	-4.2%
TOTAL	$ 21,656,055	$ 22,014,409	$ 20,879,331	$ 22,675,269	$ 1,019,214	4.7%	$ 1,795,938	8.6%

FY2022 Proposed Budget – Expense Overview by Function

Column	A	B	C	D	D - A	% Var.	D - C	% Var.

CITY OF STAUNTON
FY 2022 GENERAL FUND EXPENDITURES

FUNCTION	FY2020 ADOPTED	FY2021 PROPOSED	FY2021 ADOPTED	FY2022 PROPOSED	FY2020 / FY2022 Proposed Budget		FY2021 / FY2022 Proposed Budget	
TOTAL GENERAL GOV'T ADMIN	$ 6,381,791	$ 6,426,021	$ 6,100,461	$ 6,583,210	$ 201,419	3.2%	$ 482,749	7.9%
TOTAL JUDICIAL ADMINISTRATION	2,050,032	2,370,602	2,239,756	$ 2,551,898	501,866	24.5%	312,142	13.9%
TOTAL PUBLIC SAFETY	12,087,308	12,615,783	12,043,521	$13,616,584	1,529,276	12.7%	1,573,063	13.1%
TOTAL PUBLIC WORKS	6,288,654	6,222,664	5,971,764	$ 6,225,741	(62,913)	-1.0%	253,977	4.3%
TOTAL HEALTH AND WELFARE	7,088,026	7,371,023	7,362,381	$ 7,682,954	594,928	8.4%	320,573	4.4%
TOTAL EDUCATIONAL AGENCIES	8,000	9,000	9,000	$ 9,000	1,000	12.5%	0	0.0%
TOTAL PARKS, RECR, LIBRARY	3,897,262	3,865,683	3,670,219	$ 3,830,628	(66,634)	-1.7%	160,409	4.4%
TOTAL COMMUNITY DEVELOPMENT	1,938,462	2,347,265	2,088,774	$ 2,237,636	299,174	15.4%	148,862	7.1%
TOTAL TRANSFERS	19,535,465	19,719,625	16,888,825	$19,231,715	(303,750)	-1.6%	2,342,890	13.9%
Total	$ 59,275,000	$ 60,947,666	$ 56,374,701	$61,969,366	$ 2,694,366	4.5%	$ 5,594,665	9.9%

FY2022 Proposed Budget – Potential Federal Support

- In the current fiscal year both the Schools and the City have been the beneficiary of significant federal support dollars. A summary of Federal awards within the last ten months can be seen below:

Summary of Federal COVID Related Grants

	Funding Source	Utilization Date	City	Schools	Total
	CARES	December 30, 2021	$ 4,350,442	$ -	$4,350,442
	Less : School Funding	December 30, 2021	(1,600,000)	1,600,000	0
	Elections	November 30, 2020	31,406	0	31,406
	Utility Assistance	December 30, 2021	94,794	0	94,794
	HUD Entitlement Funds	January 26, 2022	332,726	0	332,726
	Police COVID Supplmental	September 30, 2021	16,912	0	16,912
	Blue Ridge Court Services	September 30, 2021	16,157	0	16,157
	CRF	December 30, 2021	0	467,163	467,163
	ESSR (FY2021 Budget)	September 30, 2022	0	618,478	618,478
	Vision Technology Grant	September 30, 2022	0	350,137	350,137
	ESSR Set Aside	September 30, 2022	0	9,059	9,059
*	ESSR II	September 30, 2023	0	2,786,686	2,786,686
	Total		**$ 3,242,437**	**$5,831,523**	**$9,073,960**

* Funds awarded in April 2021

FY2022 Proposed Budget – Potential Federal Support

- Recently the City has become aware of additional federal funding being allocated to the City through the *American Rescue Plan*.
- The exact amount is not certain at this time but will be least as large as the initial CARES funding of $4.3 million.
- Language concerning usage appears to be less restrictive and will allow for offset of some qualified revenue shortfalls associated with the pandemic as well as utility infrastructure work.
- Funds will need to be spent by December 31, 2024.
- Staunton City Schools are expected to receive significant funding as well.
  - The exact amount and allowable expenditures have yet to be communicated. Previous funds received by the Schools have been far less restricted than funds received by the City.

FY2022 Proposed Budget – Expense Overview Proprietary Funds

Column	A	B	C	D	D - A	% Var.	D - C	% Var.

CITY OF STAUNTON
FY 2022 PROPRIETARY FUND EXPENDITURES

CITY PROPRIETARY FUNDS	FY2020 BUDGET	FY2021 ORIGINAL	FY2021 ADOPTED	FY2022 PROPOSED	FY2020 / FY2022 Proposed Budget		FY2021 / FY2022 Proposed Budget	
Water Fund	$ 4,979,000	$ 5,046,810	$ 5,046,810	$ 11,596,225	$ 67,810	1.4%	$ 6,549,415	129.8%
Sewer Fund	4,812,390	4,562,393	4,562,393	3,957,500	(249,997)	-5.2%	(604,893)	-13.3%
Environmental Fund	3,233,950	3,334,793	3,334,793	3,252,385	100,843	3.1%	(82,408)	-2.5%
Stormwater Fund	1,586,250	1,292,316	1,292,316	1,656,650	(293,934)	-18.5%	364,334	28.2%
Parking Fund	980,475	540,120	540,120	512,081	(440,355)	-44.9%	(28,039)	-5.2%
Total Proprietary Funds	$ 15,592,065	$ 14,776,432	$ 14,776,432	$ 20,974,841	$ (815,633)	-5.2%	$ 6,198,409	41.9%

FY2022 Proprietary Funds – Golf

- The Golf Proprietary Fund was dissolved at the end of FY2018 at the advice of the City's bond consultant.
  - Annual transfers from the General Fund to support the operations of golf fund weakened the City's bond rating, leading to the decision to roll the Golf Fund into the General Fund in FY2019.
- Given the interest in the performance of the operations of the Gypsy Hill Golf Course, and as a compensatory control, staff will incorporate a separate operational summary of the financial performance of the golf course into quarterly financial updates to Council.
- This will accomplish the transparency of the performance of the Gypsy Hill Golf Course while allowing the City to optimize its bond rating.

City of Staunton - Gypsy Hill Golf
Unaudited Operating Statement @ 02/28/2021

		FY2021 Budget	FY2021 YTD
Statistics			
	Golf Rounds	**9,873**	**6,496**
	Members	**30**	**5**
Revenues			
41631	Membership Fees	$ 12,000	$ 4,720
41639	Cart Rentals	75,000	58,962
41640	Green Fees	75,000	51,554
Total Revenue		$ 162,000	$ 115,236
Expenses			
Operations		**FY2021 Budget**	**FY2021 YTD**
51006	Salaries	$ 52,155	$ 36,298
51510	Part - Time Help	13,905	9,588
51530	Overtime	0	0
52001	Group Life Insurance - VRS	727	485
52005	Health Insurance	10,094	0
52010	Social Security	5,067	3,518
52020	Retirement VRS	8,288	5,526
52030	Unemployment Insurance - VEC	68	40
53001	Advertising	3,000	22
53010	Professional Services	30,000	193
53101	Main/Repair - Office Equipment	600	0
55001	Telephone	300	292
55002	Dues & Subscriptions	500	0
55015	Utilities - Elec tric	0	832
55405	Office Supplies	500	165
55415	Materials/ Supplies	200	0
55481	Gas & Oil	6,000	2,025
55497	Rental of Equipment	6,000	0
55498	Software License Fees	0	0
Operations Costs		**$ 137,404**	**$ 58,982**
Park Maintenance Allocation			
	Allocation - Pro Rated Budget	$ 287,010	$ 191,340
Park Maintenance Allocation Costs		**$ 287,010**	**$ 191,340**
Debt		**FY2021 Budget**	**FY2021 YTD**
59600	Refunding Principal	$ 20,000	$ 20,000
59601	Refunding Interest	9,081	9,081
Debt Service Costs		**$ 29,081**	**$ 29,081**
Total Expense		**$ 455,532**	**$ 279,403**
Net Income / (Loss)		**$ (293,532)**	**$ (164,167)**

FY2022 Proposed Budget – Water Fund

- Total FY2022 Water Fund expenditures equal $11.6 million compared to FY2021 budget of $5.0 million.
- Year on year variance of $6.5 million is directly linked to the Gardner Spring water infrastructure project.
- Currently, the issuance of bonds is scheduled to provide the funding for Gardner Spring.
- As the Gardner Spring design specifications approach completion within the next 120 days, we believe we can take advantage of lower interest rates available now thus reducing the amount of projected debt service required to fund our major water projects.

FY2022 Proposed Budget – Water Fund

- Funds from the *American Recovery Plan* may come into play as initial language specifically allows these funds to be used for water projects.
- The FY2022 Proposed Budget includes recommended water rates to be unchanged at $3.86 per 100 cubic feet.
  - Prior recommendations to Council dating back to the FY2020 Budget process called for rate increases of 5% to occur over each of the next four to five years.
- Additional rate increases may be required for subsequent fiscal years but will depend on funding sources of our future infrastructure projects.
- Because the current debt interest rates are low, rates can be held level for at least one more year and we revisit during next year's budget process.

FY2022 Proposed Budget – Water Fund

- Current projections calls for rate increases of 5% in Fiscal Years 2023 to 2025.
  - Assumes a 3.5% interest rate for debt associated with Phase 1 of the North River Pipeline Project amortized over 18 years.
- Richmond Ave water line upgrade project is scheduled to begin in FY2024. This project will require bond funding as well and could impact water rates in FY2025 or FY2026.
- Again, rate increases will depend on the level of infrastructure needs as well as their funding sources.

FY2022 Proposed Budget – Water Fund Capital

Fiscal Year	Project	PROPOSED FUNDING SOURCE	PROJECT DESCRIPTION	PROJECT ESTIMATE
FY2021	GARDNER SPRING PUMP STATION DESIGN	WF BUDGET	Engineering design of upgrade to Gardner Spring Pump Station, based on 2018 Wiley Wilson Report	$ 250,000
FY2021	SHUTTERLEE MILL TANK	Water Fund Balance	Tank paint and maintence repair	$ 250,000
FY2021	UNION TOWN - WATERS / SEWER STUDY	WF BUDGET	Commission a study for the installation of Water & Sewer lines in the Union Town Community in East Staunton	$ 25,000
FY2021	WATER TREATMENT PLANT- CLEARWELL RELINING	Water Fund Balance	Reline, reseal, and /or repair 4.3 MG concrete clearwell at the Water Treatment Plant	$ 1,500,000
FY2022	GARDNER SPRING - UPGRADE PUMPS AND PARALLEL 16" LINE FROM GARDNER SPRING.	**BOND FUNDS**	Construction of upgrade to Gardner Spring Pump Station and section of 20" parallel waterline from Gardner Spring to the Middle River. Bond financed project. Debt Payment = $578,000, $6.0 million @ 5%, 15 years	$ 6,900,000
FY2022	WATER LINES	WF BUDGET	Annual replacement of old/undersized water lines throughout the City	$ 400,000
FY2023	WATER LINES	WF BUDGET	Annual replacement of old/undersized water lines throughout the City	$ 400,000
FY2023	STUDY REPLACEMENT OF NORTH RIVER PIPELINE	WF BUDGET	North River Pipeline Study / Preliminary Engineering Report 30% Design	$ 500,000
FY2024	WATER LINES	WF BUDGET	Annual replacement of old/undersized water lines throughout the City	$ 400,000
FY2024	NORTH RIVER PIPELINE REPLACEMENT - PHASE 1	**BOND FUNDS**	Phase 1 replacement of the North River Pipeline - Replace 7,000 LF of the Pipe Line.	$ 6,500,000
FY2024	RICHMOND AVENUE WATERLINE UPGRADE	**BOND FUNDS**	Replace 8,400 LF of existing aged 6" waterline with new 8" waterline in Richmond Avenue from Greenville Avenue to Frontier Drive COST UPDATED from 2016 Draper Aden Study	$ 2,200,000
FY2025	WATER LINES	WF BUDGET	Annual replacement of old/undersized water lines throughout the City	$ 400,000

FY2022 Proposed Budget – Water Fund Balance

WATER FUND

	JUNE 30 2020
Assets	
Cash	3,186,535
Investments	3,466,009
Cash & Investments	6,652,544
Liabilities	
Accounts Payables	44,872
Accrued Liabilities	93,875
Current Portion of Accrued Leave	87,793
Customer Deposits	208,102
Unearned Rfevenue	38,594
Total Liabilities	473,236
Reserves	
Appropriation of Prior Year Reserves	255,585
Reserve for Encumbrances	161,913
Utilities Facilities Fee Reserve	2,893,714
Safety Net Reserve	782,256
Total Reserves	4,093,468
Total Available for Appropriation	**$ 2,085,840**

SAFETY NET RESERVE	
FY2021 Budget	$ 5,046,810
Safety Net Reserve Percentage	15.5%
	$ 782,256

FY2022 Proposed Budget – Sewer Fund

- Total FY2022 Sewer Fund expenditures equal $4.0 million compared to FY2021 budget of $4.6 million.
- Year on year variance of $600K is primarily the result of long term debt related to Middle River Waste Water Treatment Plant and New Hope Road sewer projects dropping off of the amortization schedule.
- Rates are $4.88 per 100 cubic feet and are not scheduled to increase in FY2022.
  - Future rate increases will be highly dependent on the timing and magnitude of capital projects at the Middle River Waste Water Treatment Plant.
- The Sewer Fund is projected to be completely self sufficient in FY2022.

FY2022 Proposed Budget – Sewer Fund Balance

	JUNE 30 2020
Assets	
CASH	1,389,743
Investments	2,563,003
	3,952,746
Liabilities	
Accounts Payable	177,197
Accrued Liabilities	64,904
Current Portion of Accrued Leave	1,649
Total Liabilities	243,750
Reserves	
Appropriation of Prior Year Reserves	330,000
Reserve for Encumbrances	2,350
Utilities Facilities Fee Reserve	3,956,479
Safety Net Reserve -	707,171
Total Reserves	4,996,000
Assets Less Liabilities and Reserve	(1,287,004)
+ Utility Fee Reserve	3,956,479
Total Available for CIP	**$ 2,669,475**
Safety Net	4,562,393
	15.5%
	707,171

FY2022 Stormwater Fund

- Total FY2022 Stormwater Fund expenditures equal $1.6 million compared to FY2021 budget of $1.3 million. The variance of $364K is driven by the rescheduling of the Gypsy Hill stream restoration project.
- Stormwater fees remain $3.20 per 3,400 square feet of impervious area, unchanged since February 2010.
- All Stormwater projects are pushed back one year as staff await the results of the flood study which is expected to be delivered to the City this spring.
  - Once the results of the study have been received staff will report back to Council with revised project recommendations.

FY2022 Storm Water Fund Balance

STORMWATER FUND

		JUNE 30 2020
Assets		
Cash		2,447,889
Investments		-
Total Assets		2,447,889
Liabilities		
Accounts Payable		38,087
Accrued Liabilities		3,173
Current Portion of Accrued Leave		1,192
Retainage Payable		-
Customer Deposits		128,169
Total Liabilities		170,621
Reserves		
Appropriation of Prior Year Reserves		497,316
Reserve for Encumbrances		201,515
Safety Net Reserve		200,309
Total Reserves	$	899,140
Cash Available for Appropriation	$	1,378,128
Total Available for CIP	$	1,378,128
Safety Net Reserve	$	1,292,316
		15.5%
	$	200,309

FY2022 Parking Fund

- Total FY2022 Parking Fund expenditures equal $512K compared to FY2021's budget of $540K.
- Much like the Stormwater Fund, all capital projects in the Parking Fund have been moved back one year as credit card compatibility issues, staff turnover, and COVID closures have impacted the Parking Fund.
- Parking access equipment is anticipated to be advertised for the New Street Garage equipment within the next 60 days.
  - With this, the City will be a position to increase the parking capture rate for the New Street Garage which will help to sustain the fund with positive cash flows.

FY2022 Environmental Fund

- Total FY2022 Environmental Fund expenditures equal $3.3 million or $82K less than FY2021 budget.
- Current rate of $20.88 for residential refuse service is scheduled to remain flat in FY2022 and increase by 5% in years 2023 and 2024 for a total increase of 10% over the next four years.
  - Previous rate projections called for a 10% increase in FY2022 and a 15% increase in FY2023 for a total increase of 25% in the next two fiscal years.
  - These increases have been reduced as a result of savings achieved by a newly proposed recycling program and capital project scheduling adjustments at the regional landfill.
  - Like the Sewer Fund, future rate increases will be heavily dependent on the magnitude of CIP requirements.

FY2022 Environmental Fund – CIP Summary

FY2022 Environmental Fund Capital Plan Summary					
Regional Landfill CIP Summary					
Project	**2021**	**2022**	**2023**	**2024**	**2025**
WETLAND STREAM MITIGATION	15,000	10,000	10,000	10,000	10,000
SCALE #1 IMPROVEMENTS	115,000	150,000			
4X4 VEHICLE	45,000				
COMPACTOR	615,000				
HYDRO SEEDER		375,000		100,000	
TRACK LOADER		450,000			
30 TON HAUL TRUCK				550,000	450,000
PHASE 5 CONSTRUCTION ENGINEERING	125,000	300,000			
PHASE 5 CONSTRUCTION			3,600,000	-	-
LEACHATE PUMP REPLACEMENTS	25,000				
SITE IMPROVEMENTS	50,000	50,000	50,000	50,000	
PUMP STATION UPGRADE	50,000				
RELOCATE SCALES	75,000		150,000	1,500,000	
TRUCK		25,000			350,000
FARM TRACTOR				125,000	
SKID STEER	95,000				
TOTAL	**1,210,000**	**1,360,000**	**3,810,000**	**2,335,000**	**810,000**
Staunton Share 20.41%	**246,961**	**277,576**	**777,621**	**476,574**	**165,321**
Landfill Closure Costs	**58,712**	**58,712**	**58,712**	**58,712**	**58,712**
Local CIP					
Heavy Equipment	$ 160,000	$ 230,000	$ -	$ 180,000	$ 230,000
Total CIP	**$ 465,673**	**$ 566,288**	**$ 836,333**	**$ 715,286**	**$ 454,033**

FY2022 Environmental Fund Balance

ENVIRONMENTAL FUND

	JUNE 30 2020
Assets	
Cash	359,338
Investments	1,345,829
	1,705,167
Liabilities	
Accounts Payable	191,194
Accrued Liabilities	35,817
Current Portion of Accrued Leave	58,856
Total Liabilities	**285,867**
Reserves	
Appropriation of Prior Year Reserves	100,000
Safety Net 15.5%	516,893
Total Reserves	**616,893**
CASH AVAILABLE	**802,407**
CASH AVAILABLE FOR APPROPRIATION	**$ 802,407**
Safety Net Reserve	3,334,793
	15.5%
	516,893

Proposed Changes to Recycling Program

- Background
- Current Recycling Program
- Recycling as an Environmental Action
- Pros/Cons

FY 2022 Recycling Budget

FY21: $270.21K

FY22 (proposed): $141.5K

- Current program would require a 26.5% refuse fee increase over next two years

Pilot Program

- Switch from curbside recycling to central turn-in
- Resume plastic recycling
- No equipment will be excessed
- Program metrics will be evaluated annually
  - Operating costs
  - Turn-in amounts
  - Landfill tonnage
  - Citizen survey results

Background

Before April 2019

- Curbside collection of
  - Mixed paper
  - Steel cans
  - Aluminum cans
  - Cardboard
  - Glass
  - Mixed Plastics

All materials sold to Sonoco Recycling in Fishersville at market prices

Background

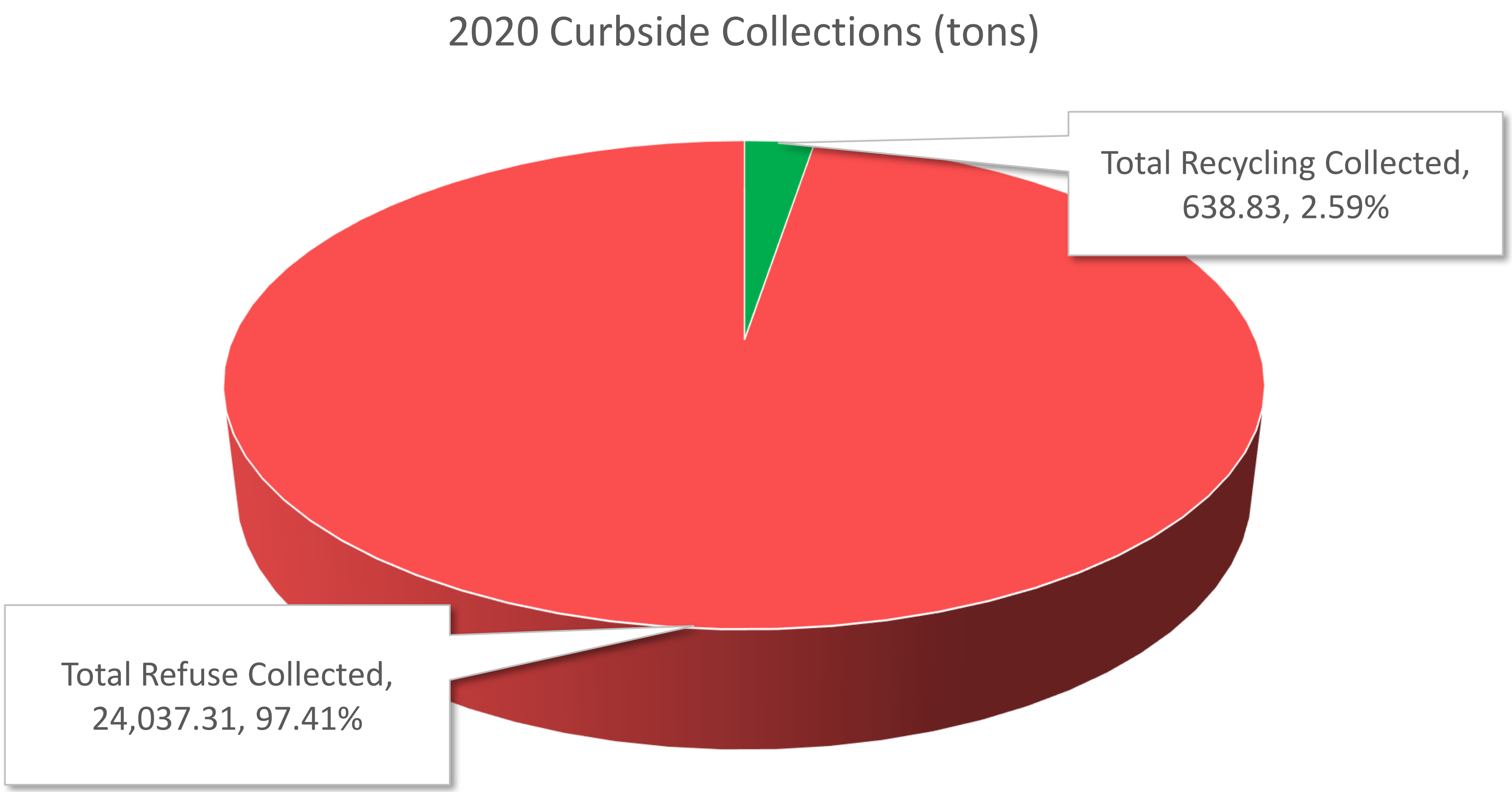
April 2019

- Sonoco Recycling discontinues glass and mixed plastic recycling
- No other mixed plastic vendors available
- Landfill agrees to accept glass to use as cover material

Current Recycling Program

- 2020 Recycling: 638.83 tons
  - Mixed Paper: 213.59 tons
  - Steel Cans: 32.63 tons
  - Aluminum Cans:20.24 tons
  - Cardboard: 128.37 tons
  - Glass: 244 tons

Current Recycling Program



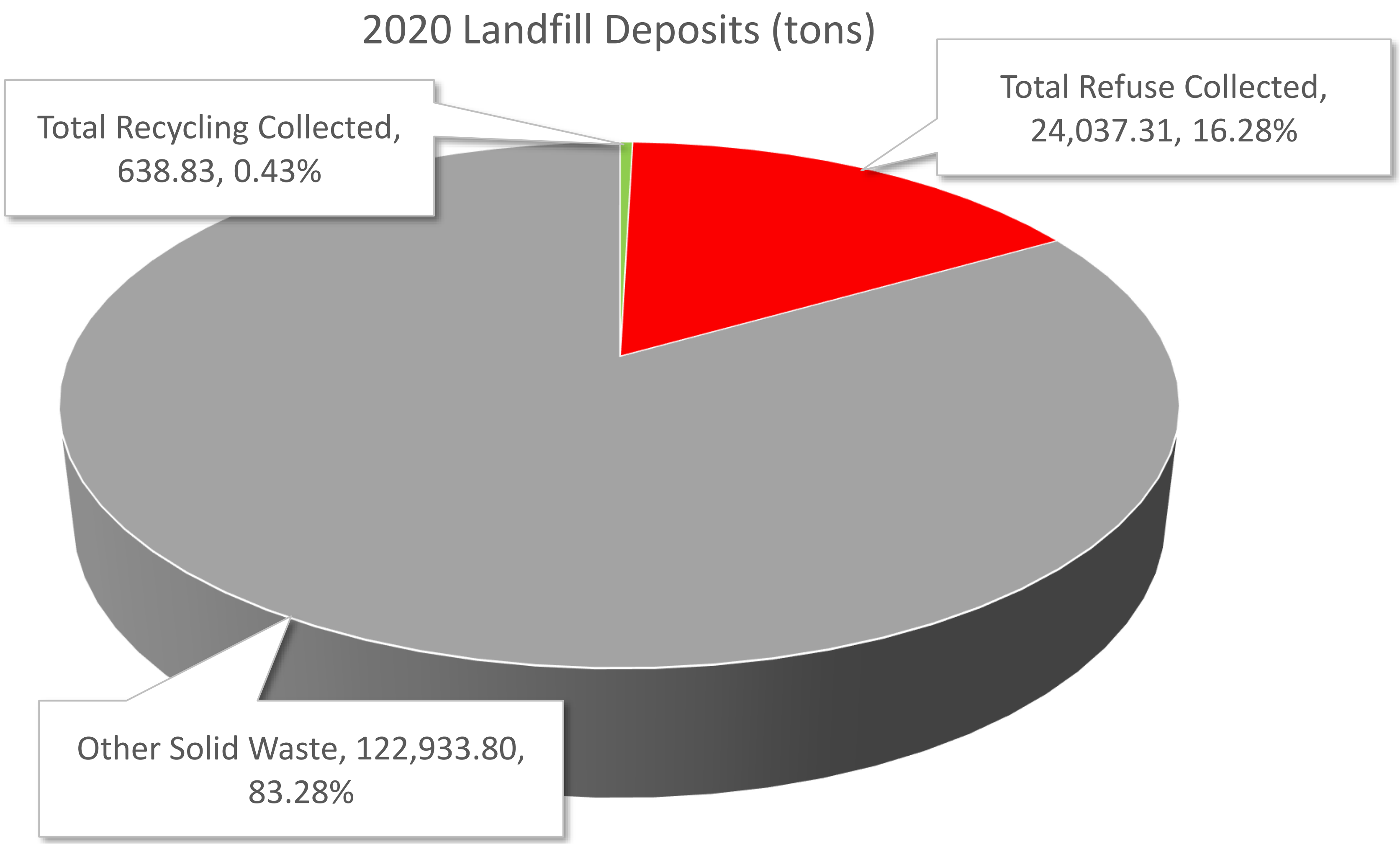
Current Recycling Program

Diversion Impact to Landfill Costs

Operational Costs: $5,088
Capital Costs: $3,100
Total: $8,188

Diversion Impact to Landfill Lifespan

Over the remaining 27 years of projected landfill life: negligible (less than a month)



Current Recycling Program

- Recycling Revenue (2020 quantities; current prices)
  - Mixed Paper: 213.59 tons @ -$25/ton: -$5,339.75
  - Steel Cans: 32.63 tons @ $20/ton: $652.60
  - Aluminum Cans: 20.24 tons @ $360/ton: $7,286.40
  - Cardboard: 128.37 tons @ $10/ton: $1,283.70
  - Glass: 244 tons: -$3,720 to haul to landfill
- Calculated 2021 Revenue: $162.95

Current Plastic Prices
#1 Plastic: $40/ton
#2 Plastic: $75/ton

Recycling as an Environmental Action

- Recycling is not a business practice, it is a service
- Staunton residents have demonstrated their support
- Recycling will eventually become an important part of a sustainable economy
- Agile and resilient
- Current system is fragile
  - Personnel issues
  - Mechanical issues

Recycling as an Environmental Action

Plastic

- There are still no vendors taking mixed plastics, but there are vendors for sorted plastic
- High-quality (99.9%), homogenous materials
  - Processing facility
  - Tended collection
- Identified vendors for #1, #2, #4, and #5 plastics
  - Possible vendor for plastic bags

Initial Plan

Collection center at Gypsy Hill Park

- Fenced
- Screened
- Attended
- Set Hours

Improvements/adjustments as program matures

McIntire Recycling Center, Charlottesville, VA

Pros

- No impact to refuse fees
- Expanded recycling options
- Resiliency
- Volunteer & Educational Opportunities
- Will likely attract materials from outside the City

Cons

- Decreased convenience
- Decreased access for elderly, people with disabilities and others without transportation
- Difficult for large generators (businesses)
- Will likely attract materials from outside the City

Questions?

FY2022 Budget at www.ci.staunton.va.us/budget

Public Meetings/Work Sessions

April 1, 8, 15 and 22 (budget adoption)

Public Hearings

March 25 – Real Estate Tax Rate

April 8 – Proposed Budget