STAUNTON
VIRGINIA

Interim City Manager's Proposed Budget
FY 2022-2023

March 24, 2022

Overall Proposed Budget

July 1, 2022—June 30, 2023

Total proposed budget is **$142,967,876** for all funds

- ◆ $11.79 million (or 9.0%) increase over FY2022

General Fund proposed budget is **$65,192,940**

- ◆ $3.4 million (or 5.6%) increase over FY2022

Significant Themes

- Demonstrates prudence & stability
- Focuses on aspirations, goals & future financial health
- Provides stability in city services
- Addresses lagging competitive wages for workforce
- Remains mindful of continued hardships on our residents
- Proposes additional funds to support school system

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STAUNTON
PLAN

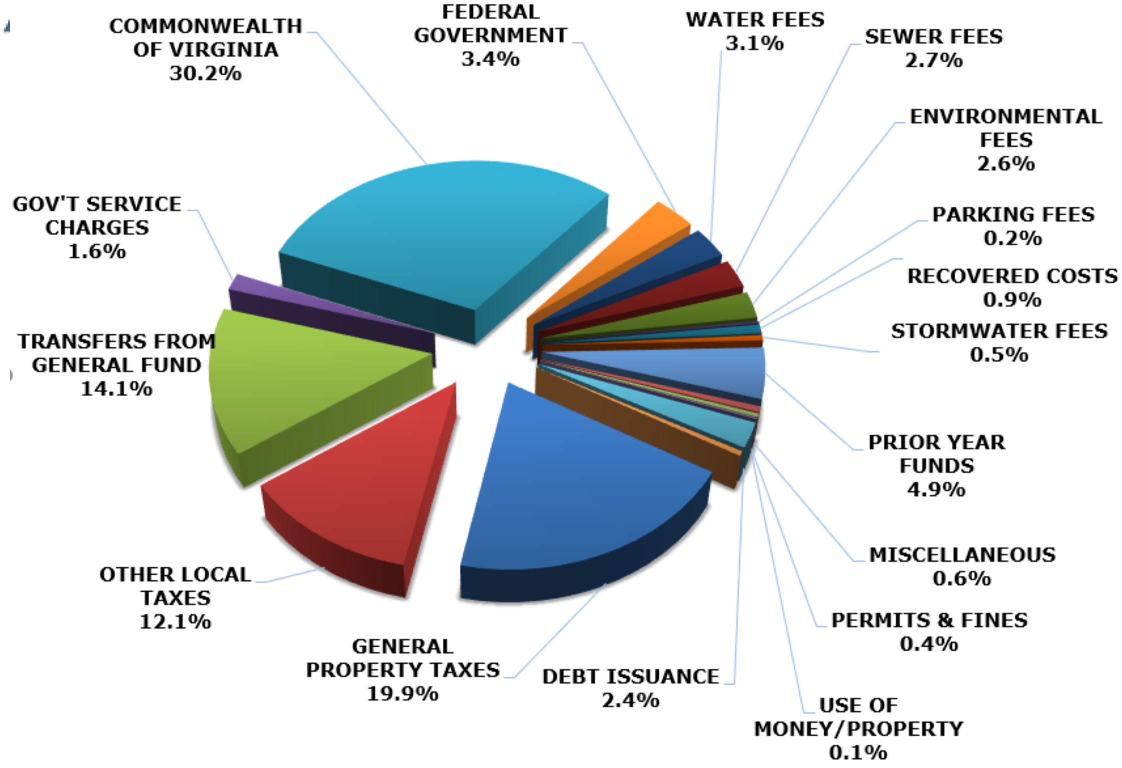
The Staunton Plan was developed by City Council during their retreat on August 10-11, 2021. The Staunton plan includes values to guide how the city does the work, and a vision and five focus areas, called strategic areas, that guide what work should be prioritized. There are also specific actions identified within the strategic areas.

What is New?

- Takes big steps toward right sizing salaries for City employees
- Allocates for improvements to centralized recycling center
- Adds two new positions
- Continues diversity, equity and inclusion work
- Provides for enhanced and proactive communications/engagement tools and resources
- Proposes additional funds for the Shenandoah Animal Services Center to help stabilize and improve shelter operations

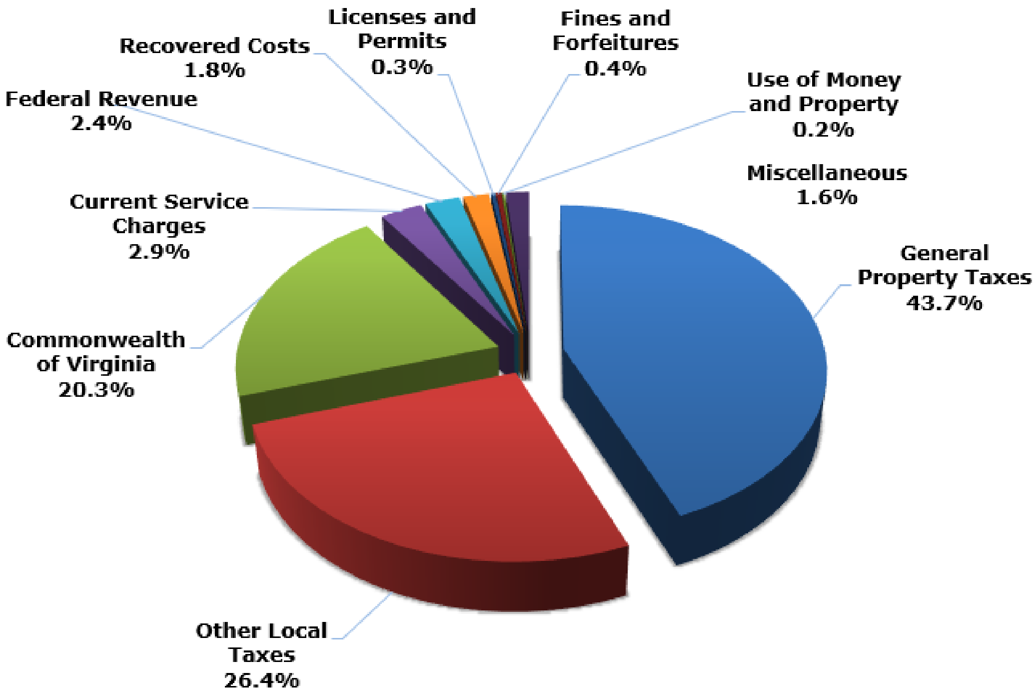
Total Revenues—All Funds

$142.9 M



General Fund Revenues

$65.2 M



General Property Taxes	**$**	**28,501,011**
Other Local Taxes		**17,233,830**
Commonwealth of Virginia		**13,218,468**
Current Service Charges		**1,896,693**
Federal Revenue		**1,580,640**
Recovered Costs		**1,177,000**
Licenses and Permits		**201,950**
Fines and Forfeitures		**237,500**
Use of Money and Property		**109,200**
Miscellaneous		**1,036,648**
Total Revenues	**$**	**65,192,940**

Taxes and Fees

Real Estate Tax Rate

- **Proposed <u>to be the same at $.92/$100</u> assessed value**
- One cent = $217,510
- Off assessment year - only growth is new construction

Environmental Fund Fees

- **Proposed <u>15% increase</u>**
- Driven by capital needs at the regional landfill and the city
- Monthly impact = $3.13; Annual impact = $37.56

General Fund Revenues

◆ Other Local Taxes

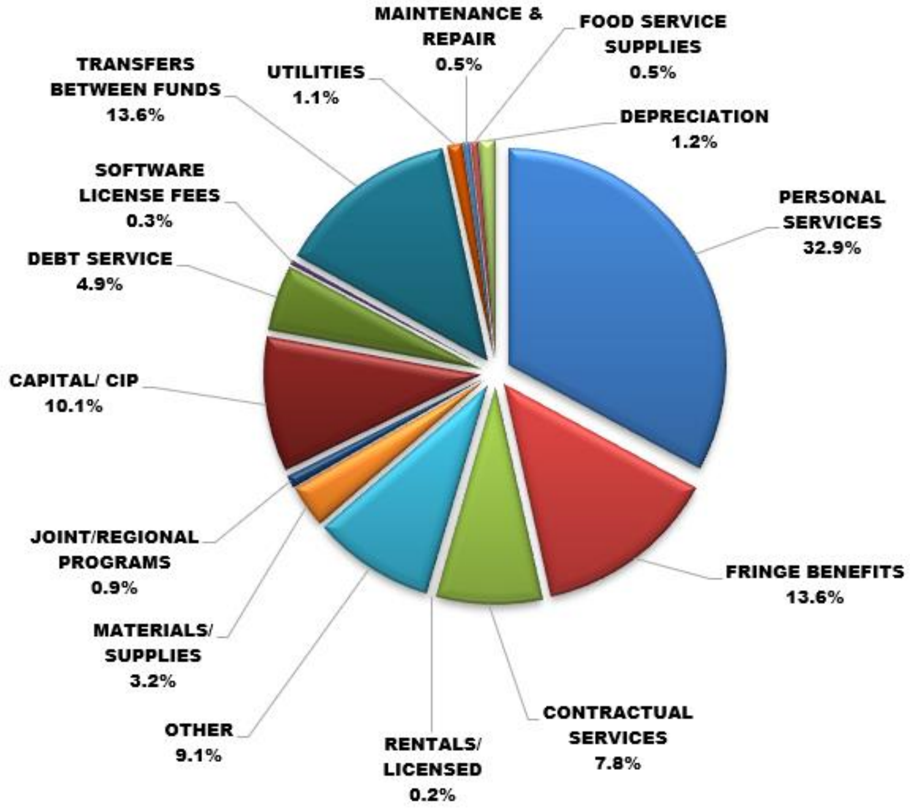
- Sales tax revenue increase by $612,500
- Transient occupancy tax revenue increase by $208,000
- Meals tax revenue increase by $1.1M
- BPOL increase by $210,000

◆ State and Federal Funding

- Increase of over $403,101 in total state funding mainly due to increases in health & welfare programs and Constitutional Officer reimbursements
- Federal funding increase by $217,011 due to a net reduction in grants and increases in health & welfare program funding

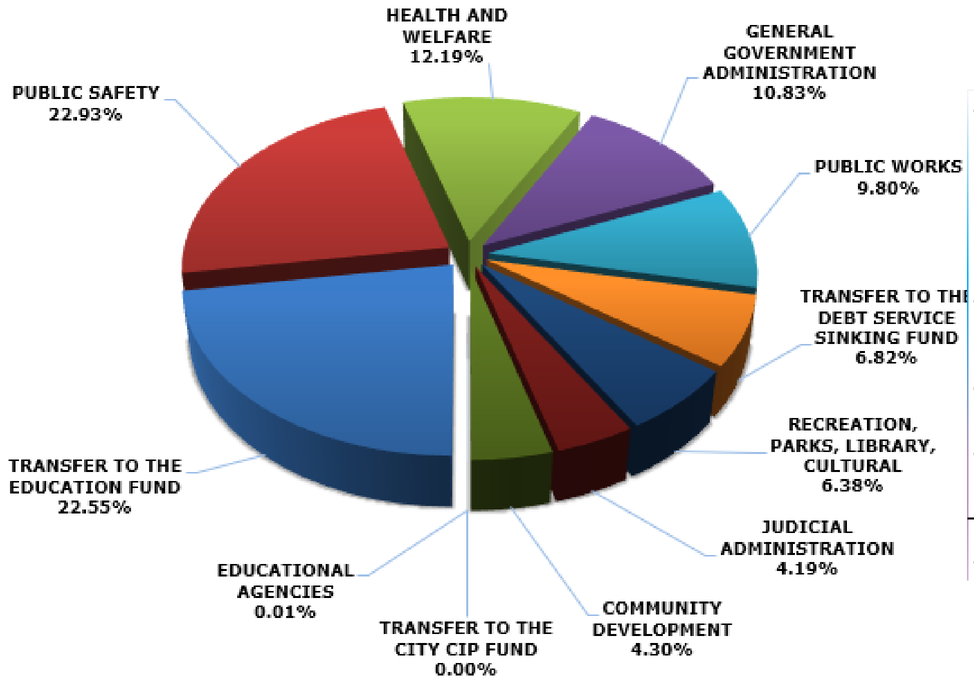
Total Expenditures—All Funds

$142.9 M



General Fund Expenditures

$65.2 M



TRANSFER TO THE EDUCATION FUND	$	14,700,000
PUBLIC SAFETY		14,950,796
HEALTH AND WELFARE		7,946,604
GENERAL GOVERNMENT ADMINISTRATION		7,058,816
PUBLIC WORKS		6,385,690
TRANSFER TO THE DEBT SERVICE SINKING FUND		4,444,415
RECREATION, PARKS, LIBRARY, CULTURAL		4,160,736
JUDICIAL ADMINISTRATION		2,734,688
COMMUNITY DEVELOPMENT		2,802,195
TRANSFER TO THE CITY CIP FUND		0
EDUCATIONAL AGENCIES		9,000
TOTAL GENERAL FUND EXPENDITURES	$	65,192,940

Expenditure Details—Personnel

- Effective October 1, 2022 – **5% cost of living increase** for all full and part time city employees; **2.5% increase** for department heads
- **Health Insurance** – unprecedented increase of 22% overall; increase of 5% for employee paid premiums
- **New full time positions** proposed:
  - 1 Housing Planner/Grants Coordinator
  - 1 Parks and Recreation position

Strategic Area: *Responsive, Efficient Government*
Action: *Employees reflecting the community they serve*

Expenditure Details—Personnel

- **Fire and Rescue Compensation Package** (effective July 1, 2022) - $364,172 increase
  - 2% plus 5% COLA = 7%
  - Starting pay increases from $37,889 to $40,000
  - Certification compensation
- **Police Dept. Compensation Package** (effective July 1, 2022) – $426,948 increase
  - 5% COLA + varied increases to address compression
  - Starting pay to increase from $40,000 to $44,100
- **Salary adjustments** for Library, IT, Parks & Recreation and Golf – $131,244 increase
  - Varied increases to address compression
  - Increase city's minimum wages & align across the organization

Expenditure Details—Education

- Proposed transfer from the city totaling **$14.7M**, equals 22.5% of the city's General Fund budget
- School Board adopted budget = **$43.5M**, an increase of $3.0M over FY2022
  - The city's contribution, in the proposed budget, is **$624,113** less than that included in the School Board's adopted budget
- Outstanding General Fund Debt service for schools equals over $48.1M, and represents 77% of total debt.

***Strategic Area:** Built environment*
***Action:** Schools and public works space needs*

Expenditure Details—Functional Areas

Shenandoah Valley Animal Services Center

Public Safety – Increase of $1.62M

Major drivers include:

- Compensation for Police and Fire & Rescue ($941K increase)
- Middle River Regional Jail ($307,496 increase)
- Shenandoah Valley Juvenile Center ($105,464 increase)
- Shenandoah Valley Animal Services Center ($39,195 increase)
- Health care and retirement costs
- SAW Regional Range
- Regional CIT Coordinator

Increases in city's share of regional agencies, centers and collaborations

Expenditure Details—Functional Areas

Health and Welfare – Increase of $263,650

Major drivers include:

- Increases to city's share (25.83% of total cost) for Shenandoah Valley Social Services administrative expenses and child welfare assistance
- Increases to city's share of the Central Shenandoah Health District and Valley Community Services Board

Expenditure Details—Functional Areas

Community Development – **Increase of $555,440**

Major drivers include:

- October 1, 2022 salary increases, health care and retirement costs
- Additional $70,651 to reflect the 1% tax for tourism agreement
- Additional $356,845 for economic development agreements

New position – Housing Planner/Grants Coordinator
(funded 100% by HUD Grant funds)

To lead the efforts of meeting the city's housing goals through development of housing policies, management of grant applications, promotion of affordable housing planning, and full coordination and administration of the city's HUD/CDBG Entitlement Program

Expenditure Details—Functional Areas

General Government – Increase of $720,167

Major drivers include:

- October 1, 2022 salary increases, pay equity adjustments in targeted areas, health care and retirement costs
- No negative contingency, $293,758, that was factored as part of the FY2022 Adopted Budget
- Additional voting software and equipment for the Registrar

Equity Work, Communications and Engagement

- Equity and Diversity Commission - $20,000 to continue work after VRSA Grant expires
- POLCO platform for community wide survey, employee survey and other engagement - $25,000
- New technology solution for targeted messages delivered via email and SMS – increase subscribers, segment audiences and schedule campaigns to maximize community engagement - $10,000
- Dedicated funds for Citizen University and special events/engagement opportunities as determined

Expenditure Details—Functional Areas

Public Works – Increase of $253,977

Major drivers include:

- October 1, 2022 salary increases, health care and retirement cost and full year of salary increases granted in FY2022 public works staff

Changes to Centralized Recycling Center

- Ground level collection
- Hours
- Location

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Expenditure Details—Functional Areas

Recreation, Parks, Library – Increase of $299,816

Major drivers include:

- October 1, 2022 salary increases, health care and retirement costs
- Other targeted salary adjustments to address compression and increase minimum wages
- Additional part time help at the golf course
- One new agency – Virginia Cooperative Extension of Augusta County/4-H Program
  - Funds half their ask at $2,673 to expand current programming for city youth

New position – Parks Maintenance Position

This position will perform general maintenance and care of our parks and recreational areas. This is in response to a need that was previously filled by a heavy usage of inmate labor. Once that stopped as a result of the health pandemic, the city found itself unable to keep up with the needs in our parks and recreational areas.

FY 2023 Capital Improvement Plan

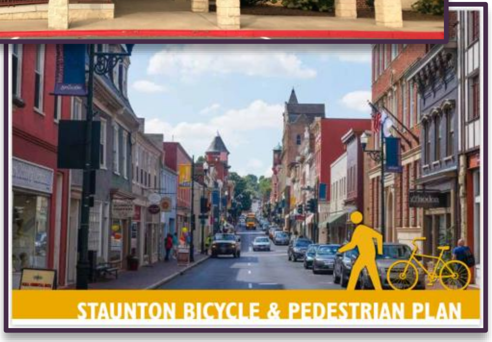
$13.52M

Funded from FY2022 Budget Amendment $3,370,000

- $125,000 Bike and pedestrian projects*
- $100,000 Greenways projects*
- $160,000 NG 911 handling equipment
- $2,500,000 School warehouse/Middle school expansion
- $350,000 Undesignated CIP
- $135,000 City Hall basement/Police Department HVAC

Funded from Virginia Department of Transportation $8,781,224

- $8,781,224 Staunton Crossing road extension



** Alignment with Staunton Plan*

Capital Improvement Plan

$13.52M

Funded from FY2023 Budget, $1,371,050 *(see note below)*

- $400,000 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
- $150,000 Ineligible streets/City parking lots
- $140,000 Adaptive traffic control*

** Alignment with Staunton Plan*

Due to the demands of the FY2023 Budget, the General Fund transfer for CIP reserves has been eliminated. Funding consideration of these reserves will occur during the year fund balance review.

Budget Balancing

Budgets are all about choices and making difficult decisions and are based on Council priorities, sound financial and management principles and experience

- Elimination of FY2023 CIP funding - $1.3M
- Reduce transfer to debt service fund - $400,000
- New department requests that remain unfunded
  - $398,695 in new positions
  - More than $900,000 in operational expenses
- Use of fund balance and health reserves = $1.007M

Accomplishments

- Grants received for economic development efforts and downtown area:
  - $850,000 Virginia Business Ready Site Program for Staunton Crossing
  - $50,000 Virginia Brownfield Grants for The Arcadia Project
  - $300,000 EPA Brownfields Assessment Grant for the West End
- Richmond Avenue corridor – new home to several new businesses

  Chipotle, Jersey Mike's Subs, Take 5 Oil Change, O'Reilly Auto Parts
- Downtown and Near Downtown – new home to several news businesses

  Ciders From Mars, Seed to Tail, The Foundry, Magdelena's, Crumbl
- Completion of Central Avenue Streetscape Improvement Project

Accomplishments

- Third year as HUD entitlement community directed to help low to moderate income families and infrastructure projects in their neighborhoods, receiving over $339,000 in CDBG/HUD funds
- GFOA Distinguished Budget Presentation Award for FY2022 Adopted Budget
- GFOA Certificate of Achievement for Excellence in Financial Reporting for FY2021 Annual Comprehensive Financial Report

Many thanks to the entire finance/budget/revenue team, and our team of directors and staff of all the city departments and regional agencies for their tireless commitment and passion towards serving the Staunton community. None of this is possible without them.

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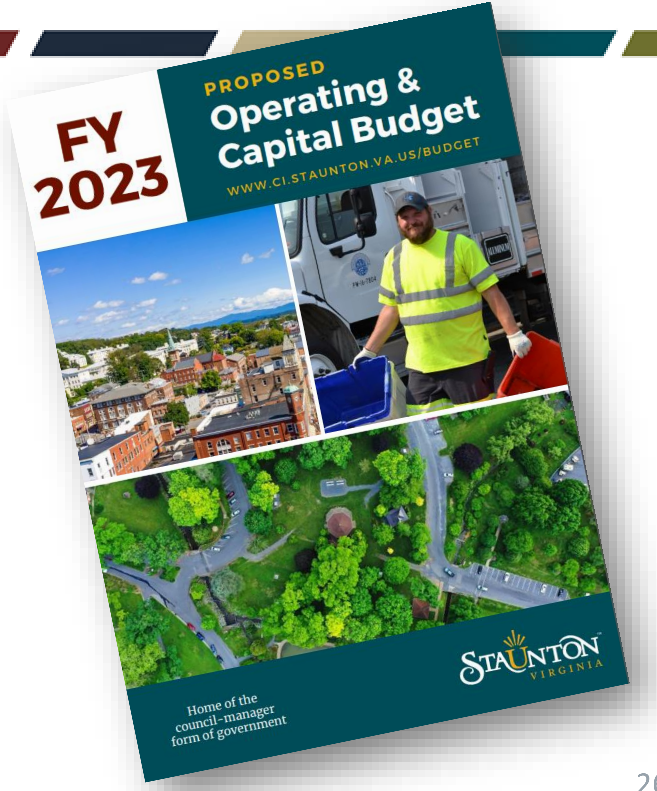
In Closing…….



Excerpt from Budget Message…

*"The FY 2023 Proposed Budget keeps the **entire** Staunton community in focus and in mind."*

How to Participate

FY2023 Budget at www.ci.staunton.va.us/budget

Contact City Council at CityCouncil@ci.staunton.va.us

or 540.332.3810

Public Meetings/Work Sessions

April 7, 14, 21 and 28 (budget adoption)

Public Hearings

April 14 – Proposed Budget & Environmental Fund Fee Changes

www.ci.staunton.va.us/budget

CityCouncil@ci.staunton.va.us