

**Staunton City Council
Budget Work Session
April 16, 2020**

**FY2020 REVISED PROJECTIONS
FY2021 REVISED BUDGET PATH**

FY2020 Reduction Plan

Actions to address projected **\$2.6 million** funding gap.

Items 1 – 3 have already occurred:

- 1) Freezing of all vacant positions with limited exceptions as approved by the City Manager
- 2) Elimination of all unnecessary non compensation expenditures
- 3) Deferral of CIP projects

Items 4 – 5 are in process:

- 4) Delayed opening of summer park programs and services until July 1, 2020
- 5) Involuntary termination of all part time employees who are unable to work a schedule

FY2020 Reduction Plan - Continued

A summary of Action Items 1 and 2 appears below:

FY2020 Identified Savings

Description	Amount
Salaries - Turnover / Vacancies	\$ 503,567
Part Time/Overtime/ On Call	\$ 74,478
Benefits	\$ 288,787
Insurance	\$ 110,295
Professional Services / Contracts/Other	\$ 103,430
Training & Travel	\$ 100,311
Maintenance	\$ 226,755
Equipment	\$ 14,001
Utilities	\$ 27,451
Fuel & Tires	\$ 47,101
Total Projected Savings	<u>\$ 1,496,176</u>

FY2020 Reduction Plan - Continued

Action Item 3 – Deferral of CIP Projects = \$1,400,000

Action Item 4 – Delayed Summer Park Activities = \$45,000

Action Item 5 – Involuntary termination of part time employees unable to be scheduled to work = \$75,000

FY2020 Actions to Close Projected Funding GAP	Amount
Freeze of Open Positions/ Only Essential Expenditures	\$ 1,496,175
Deferral of CIP Projects	\$ 1,400,000
Delayed Summer Park Activities	\$ 45,000
Involuntary Termination of Part Time Employees	\$ 75,000
Total	\$ 3,016,175

FY2021 Revised Budget Path

FY21 projected shortfall = \$4.2 million

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

FY21 Revised Budget Path – Personnel Actions

Option A – Build in 10 furlough days for all full time employees during FY2021. Each furlough day represents approximately \$62,000 a day in savings.

The following adjustments were made to the furlough day:

- Due to staffing shortages, patrol officers in the Police Department are excluded.
- Furlough days in the Fire-Rescue Department were adjusted downwards by 6 days, to a total of 4 days, due to the length of shifts.
- Employees whose hourly rate is at or below \$15 per hour will not be furloughed.

FY21 Revised Budget Plan – Personnel Actions

- Option A uses a combination of furlough days and savings associated with current vacant positions

Furlough Days and Adjustments					Amount
Furlough Days	\$	61,822	Per day	10 Days	\$ (618,220)
Police Furlough Reduction		\$	6,674	10	\$ 66,736
E 911 Furlough Reduction		\$	1,635	10	\$ 16,350
Fire Furlough Reduction		\$	13,494	6	\$ 80,961
Part Time Fire Reductions					\$ (74,000)
Furlough Waiver EE's @ or under \$15 per hour	\$	3,497		10	\$ 34,968
Open Positions	Salary	Benefits	Total		
4 Patrol Officers	\$ 39,015	\$ 15,635	\$ 54,650	\$	(218,601)
1 E 911 Operator	\$ 32,029	\$ 13,985	\$ 46,014	\$	(46,014)
.5 Comm. Manager	\$ 38,575	\$ 12,217	\$ 50,791		
Comm. Manager - Consultant			\$ (26,000)	\$	(24,791)
1 Traffic Main. Worker	\$ 38,434	\$ 15,498	\$ 53,932	\$	(53,932)
2 Streets Equip. Operators	\$ 38,434	\$ 15,498	\$ 53,932	\$	(107,864)
Total Savings					\$ (944,409)

FY21 Revised Budget Plan – Personnel Actions

Option B – Pay Reductions – Effective July 1, 2020 = \$800,000

- Employees at or below a living wage of \$15 per hour – no reduction
- Employees above \$15 per hour and below pay grade 21 – 5% reduction
- Employees at or above pay grade 21 – 7.5% reduction

Pay would be restored to FY20 pay levels by July 1, 2021 (FY22)

Option C – Layoff up to 5% of the workforce – Effective July 1, 2020 – 17 fully benefited employees X \$52,500 = \$892,500

- Option C includes savings associated with vacant positions

Staffing would be restored as conditions warrant

FY21 Revised Budget Plan – Personnel Actions

Staff recommends Option A

- Allows for greatest flexibility in reacting to the economy while still retaining structure.
- As positions become vacant, they will be frozen as well with limited exceptions approved by the City Manager.
- Will allow a natural contraction of departmental structure and help the City adjust to potential shortfalls in our revenue projections.

FY21 Revised Budget Plan – Revenue Adjustments

FY2021 Bulit in Rate Adjustments

Description	Amount	Comment
General Fund - Real Estate Tax Increase of \$.02	\$ 410,322	Build revenue structure to reduce dependence on reserves/Schools it is the equivalent of up to three teachers
Water Fund - 5% Increase in Water Fees	\$ 156,725	Building rate structure to support future CIP projects
Environmental Fund - 10% Increase in Refuse Rates	\$ 234,000	Building rate structure to support future CIP projects/sustain recycling program

FY2021 Revised Budget Calendar

<i>Presentation of Budget</i>	March 26, 2020	6:00 PM
<i>Introduction of Budget Ordinance</i>	March 26, 2020	7:30 PM
<i>City Council Budget Work Session</i>	April 16, 2020	5:30 PM
<i>Advertisement for Proposed Budget Ordinance—Public Hearing</i>	April 16, 2020	
<i>Budget Work Session—School Board/City Council—School Budget</i>	April 23, 2020	5:30 PM
<i>Budget Public Hearing (Budget Ordinance and tax and fee ordinances)</i>	April 23, 2020	7:30 PM
<i>City Council Budget Work Session</i>	April 30, 2020	5:30 PM
<i>City Council Budget Work Session</i>	May 7, 2020	5:30 PM
<i>City Council Budget Work Session</i>	May 14, 2020	5:30 PM
<i>Consideration of City Budget</i>	May 14, 2020	7:30 PM

DISCUSSION