

Staunton City Council Budget Work Session May 7, 2020

FY2021 Revised Budget Plan

FY2021 Revised Budget - Overview

Column	A	B	C	C - A
	FY2020 ADOPTED	FY2021 PROPOSED	FY2021 REVISED	FY2020 / FY2021 Revised Budget
CITY GOVERNMENTAL FUNDS				
General Fund	\$ 59,275,000	\$ 60,947,666	\$ 56,374,701	\$ (2,900,299)
Debt Service Sinking Fund	4,844,415	4,844,415	4,844,415	0
Blue Ridge Court Services Fund	1,056,660	1,100,407	1,092,973	36,313
City Capital Improvement Fund	841,050	941,050	0	(841,050)
Total Governmental Funds	\$ 66,017,125	\$ 67,833,538	\$ 62,312,089	\$ (3,705,036)
CITY PROPRIETARY FUNDS				
Water Fund	\$ 4,979,000	\$ 5,046,810	\$ 5,046,810	\$ 67,810
Sewer Fund	4,812,390	4,562,393	4,562,393	(249,997)
Environmental Fund	3,233,950	3,334,793	3,334,793	100,843
Stormwater Fund	1,586,250	1,292,316	1,292,316	(293,934)
Parking Fund	980,475	540,120	540,120	(440,355)
Total Proprietary Funds	\$ 15,592,065	\$ 14,776,432	\$ 14,776,432	\$ (815,633)
Total City Budget	\$ 81,609,190	\$ 82,609,970	\$ 77,088,521	\$ (4,520,669)
STAUNTON SCHOOL BOARD				
Education Fund	\$ 33,637,650	\$ 34,579,201	\$ 32,471,473	\$ (1,166,177)
State Operated Programs	2,829,900	3,006,406	2,981,645	151,745
Cafeteria Fund	1,440,000	1,481,214	1,471,709	31,709
School Textbook Fund	300,000	276,735	277,273	(22,727)
School Capital Improvements Fund	100,000	200,000	0	(100,000)
Total Education Funds	\$ 38,307,550	\$ 39,543,556	\$ 37,202,100	\$ (1,105,450)
Grand Total All Funds	\$ 119,916,740	\$ 122,153,526	\$ 114,290,621	\$ (5,626,119)

FY2021 Revised Budget – Schools Education Fund

SCHOOL EDUCATION FUND REVENUES

Funding Source	FY2020 Adopted Budget	FY2021 Proposed Budget	FY2021 Revised Budget	FY2020/FY2021 Variance	Comment
Commonwealth of Virginia	\$ 16,736,477	\$ 17,546,259	\$15,984,489	\$ (751,988)	Reduction per State Guidance / Sales Tax Estimates
Transfer of General Fund	13,850,000	13,934,160	12,044,410	\$ (1,805,590)	Reduction per established funding formula
Federal Government	1,761,834	1,880,175	2,554,855	\$ 793,021	Federal Stimulus money of \$703,000/ Title Funding
Charges for Services	1,014,781	1,000,404	921,986	\$ (92,795)	
General Revenues	274,558	218,203	965,733	\$ 691,175	Use of Fund Balance \$750,000
Total	<u>\$ 33,637,650</u>	<u>\$ 34,579,201</u>	<u>\$32,471,473</u>	<u>\$ (1,166,177)</u>	

FY2021 Revised Budget – Schools Education Fund

Other Funds – FY2020/FY2021 Variances

- State Operated Programs – increased \$151,745 due to projected case load
- Cafeteria Fund – modest increase of \$31,709 due to a positive trend of increased meals served
- Textbook Fund – decrease of (\$22,727) per state funding template
- CIP – reduction of (\$100,000) due to the deferral of CIP reserve funding

FY2021 Revised Budget – Real Estate Tax

Real Estate Tax Rate remains unchanged at \$.95 per \$100 of assessed value

FY2021 Proposed Water Rate Increase

The FY2021 Budget has incorporated a recommended rate increase of 5%.

- Raising the rates will increase water customer receipts by \$156,225 and will allow the City to gradually build a rate structure which will support the debt service required to address the City's highest water priorities.
- The average residential billing will increase by \$1.26 per month or \$15.12 annually.
- The City's FY2020-24 CIP plan includes over \$15.7 million of scheduled CIP projects which are deemed critical to maintenance of infrastructure to ensure long term viability of water service for the City of Staunton.

FY2021 Proposed Water Rate Increase – Cont.

- A summary of relevant projects from the five-year CIP appears below:

FY2020 - 2024 Approved CIP Plan

Fiscal Year	Project	Decription	Amount
FY2020	GARDNER SPRING PUMP STATION	Preliminary Engineering Report (PER) for upgrade to Gardner Spring Pump Station, based on 2018 Wiley Wilson Engineering Report	\$ 150,000
FY2021	GARDNER SPRING PUMP STATION DESIGN	Engineering design of upgrade to Gardner Spring Pump Station, based on 2018 Wiley Wilson Report	\$ 250,000
FY2021	UNION TOWN - WATERS / SEWER STUDY	Commission a study for the installation of Water & Sewer lines in the Union Town Community in East Staunton	\$ 25,000
FY2021	FRANKLIN HILL WATER TANK	FRANKLIN HILL WATER TANK PAINTING / SURFACE TREATMENT - INTERIOR/EXTERIOR	\$ 80,000
FY2022	GARDNER SPRING - UPGRADE PUMPS AND PARALLEL 16" LINE FROM GARDNER SPRING.	Construction of upgrade to Gardner Spring Pump Station and section of 20" parallel waterline from Gardner Spring to the Middle River. Bond financed project.	\$ 6,900,000
FY2022	GROUNDWATER WATER SOURCE EVALUATION STUDY	Includes the study of select areas from the 2018 Wiley Wilson Report and 1994 EGGI Report for possible new groundwater water supply source	\$ 245,000
FY2022	WATER LINES	Annual replacement of old/undersized water lines throughout the City	\$ 400,000
FY2023	GROUNDWATER SUPPLY SOURCE (WELL)	Exploratory groundwater water source well to include drilling and testing from the studied area based on the 2018 Wiley Wilson Report.	\$ 225,000
FY2023	STUDY REPLACEMENT OF NORTH RIVER PIPELINE	North River Pipeline Study / Preliminary Engineering Report 30% Design	\$ 500,000
FY2024	WATER LINES	Annual replacement of old/undersized water lines throughout the City	\$ 400,000
FY2024	NORTH RIVER PIPELINE REPLACEMENT - PHASE 1	Phase 1 replacement of the North River Pipeline - Replace 7,000 LF of the Pipe Line.	\$ 6,500,000

Total Approved

\$ 15,675,000

FY2021 Proposed Water Rate Increase – Cont.

Two major projects account for the majority of the scheduled expenditures:

- 1) Gardner Spring: \$6,900,000 + design fees
- 2) North River Pipeline Construction Phase I: \$6,500,000 + design fees

- Both of these projects will require the issuance of debt for completion.
- Rate increases will allow the City to build a revenue stream that is adequate to support increased debt.
- The **Gardner Spring** project will move the current pump station above the 100-year flood elevation and replace pump equipment which has been operational for nearly 70 years.

FY2021 Proposed Water Rate Increase – Cont.

- The **North River Pipeline** replacement project is expected to exceed \$25,000,000 and replacement will need to be performed in phases.
- The pipeline provides approximately 50% of the city's water supply.
- The pipeline is made of cast iron, is over 16 miles long and has a life expectancy of 100 years. The City has used the pipeline for the last 95 years.
- Unscheduled projects total nearly \$30,000,000, including \$18,500,000 for the balance of the North River Pipeline.
- The plan is to first address the most inaccessible portion of the pipeline that passes beneath North Mountain.
- Annual debt service with the first phase is estimated to be \$562,000 using a 5% interest rate over 20 years.

FY2021 Proposed Water Rate Increase – Options

- Per Council's previous directive, utility rate increases are to be implemented in a modest, more consistent manner as opposed to periodic dramatic increases.
 - It is with this in mind that staff has recommended a series of rate increases to address our most pressing water needs.
- FY2021 rate increase could be deferred by one year without significant impact on the upcoming fiscal year.
 - However, rate increases must take place soon in order address critical infrastructure, especially the North River Pipeline.

FY2021 Proposed Water Rate Increase – Options

Subsequent year rate increases will be impacted beginning in FY2022 if the City is to be in a position to address the North River Pipeline project.

Subsequent year increases may look like:

- FY2022 rate increase of 7.5%
- FY2023 rate increase of 7.5%

FY2021 Refuse Rate Increase

- Raising the rates will increase refuse collections by \$234,000 and will allow scheduled CIP projects to be funded and the continuation of the curbside recycling.
- Customer billing will increase by \$1.90 per month or \$22.80 annually.
- During the FY2020 Budget process, staff provided a plan to move forward which will enable the City to continue its recycling efforts as well as to prepare for future CIP requirements at the Augusta Regional Landfill and in the City of Staunton.

NO GHP SITE/KEEP CURBSIDE COLLECTION	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
FUND BALANCE TO BALANCE BUDGET	\$ 100,000	\$ 350,000	\$ 100,000	\$ -	\$ 100,000	
RESIDENTIAL RATE/MONTH	\$ 16.50	\$ 18.98	\$ 20.88	\$ 24.00	\$ 26.40	\$ 26.40
RATE INCREASE		15%	10%	15%	10%	0%

FY2021 Refuse Rate Increase - Continued

The cost drivers for this increase are primarily the scheduled Landfill Phase 5 development:

- FY2022 – Phase 5 design = \$300,000
- FY2023 – Phase 5 construction = \$3,500,000
- Staunton's share will be \$779,760

Ongoing heavy equipment replacement cycles include:

- Compactors – \$650,000
- Dozers – \$400,000
- Haul Truck – \$550,000
- Truck Loader – \$350,000
- Excavator – \$125,000
- Hydro Seeder – \$100,000

FY2021 Refuse Rate Increase - Continued

Additional projects at the August Regional Landfill include:

- Construction of a pole barn for equipment maintenance = \$100,000
- Relocation of the scale house = \$675,000
- Construction of a new office = \$775,000

FY2021 Refuse Rate Increase – 5 Year CIP Plan

Augusta Regional Landfill 5 Year CIP Plan

Project Description	FY2021	FY2022	FY2023	FY2024	FY2025	Comment
Clean Sedimentation Basin	\$ 200,000	\$ -	\$ -	\$ -	\$ -	Removal of sediment in Basin # 2 is required by stormwater regulations as well as controlling disturbed area in the future Phase 5 development.
Wetland Stream Mitigation	\$ 15,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	As required by operations permit.
Leach Pump Replacement	\$ 25,000	\$ -	\$ -	\$ -	\$ -	Replaces a 22 year old pump.
Misc Capital Replacements	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	
Pole Barn	\$ 100,000	\$ -	\$ -	\$ -	\$ -	The current stormwater permit requires all work performed on all vehicles/heavy equipment to be performed under cover.
Compactor	\$ 650,000	\$ -	\$ -	\$ -	\$ -	Current machine has over 8,500 hours and is approaching the end of it's useful life.
Water Truck	\$ 45,000	\$ -	\$ -	\$ -	\$ -	
Skid Steer Mower	\$ 125,000	\$ -	\$ -	\$ -	\$ -	This mower is designed to safely mow the steep slopes of the landfill and enables the landfill to maintain compliance with requirements associated with closing permit # 585 for Phases 1-3.
Phase 5 New Cell Construction	\$ -	\$ 300,000	\$ 3,500,000	\$ -	\$ -	With the current cell projected to reach capacity in the near future.
Relocation of Scale House	\$ -	\$ 75,000	\$ 600,000	\$ -	\$ -	Current scale does not allow for proper recording of weight and is causing traffic backup creating safety concerns.
Office Construction	\$ -	\$ 75,000	\$ 700,000	\$ -	\$ -	Current trailer is in excess of 25 years old and is in complete disrepair.
Dozer (Push Asset/ Grading)	\$ -	\$ 400,000	\$ -	\$ -	\$ -	Dozer is to replace the track loader as a push asset at the active fill area.
Track Hoe	\$ -	\$ 400,000	\$ -	\$ -	\$ -	Replace 2010 CAT 336DL machine.
30 Ton Haul Truck	\$ -	\$ -	\$ -	\$ 550,000	\$ -	Current truck is 14 years old and has a life expectancy of 3 more years.
Hydroseeder	\$ -	\$ -	\$ -	\$ 100,000	\$ -	Current seeder is 12 years old and has a life expectancy of 3 more years.
Mini Escavator	\$ -	\$ -	\$ -	\$ 125,000	\$ -	Used to capture leachate seeps and other small projects at the site.
Truck Loader	\$ -	\$ -	\$ -	\$ -	\$ 350,000	Utilized for digging, loading dirt and, scrap metal and tires at the site.
Dozier (Push Asset/ Grading)	\$ -	\$ -	\$ -	\$ -	\$ 400,000	This is a place holder, could potentially push into FY26 or FY27.

Total \$ 1,210,000 \$ 1,310,000 \$ 4,860,000 \$ 835,000 \$ 810,000

Staunton Percentage 20.52% 20.52% 20.52% 20.52% 20.52%

Staunton CIP Obligation \$ 248,292 \$ 268,812 **\$ 997,272** \$ 171,342 \$ 166,212

FY2021 Refuse Rate Increase

CIP heavy equipment requirements within the City's refuse department are also playing a role as the City needs to replace numerous pieces of heavy equipment.

FY2021 budget includes the following:

- Replacement of a 11-year-old recycling truck – \$160,000
- Replacement of a 13-year-old refuse truck – \$170,000

FY2021 Refuse Rate Increase - Options

The FY2021 rate increase could be deferred by one year without significant impact in the upcoming fiscal year.

If the increase is deferred, replacement of a recycling truck would be delayed and rates in subsequent years will be impacted in order to compensate for the deferred expenses:

- FY2022 rates, already projected to increase by 15%, would increase by 20%.
- FY2023 rates, already projected to increase by 10%, would increase by 15%.

FY2021 – Budget Adoption

- At the present time, the total proposed **FY2021 Budget = \$114,290,621**
 - Staff seeks Council's approval of the total amount.
- The appropriation request will be at 60% of the approved budget or \$68,574,373
 - A 60% appropriation will allow funds for contractual obligations, which often are paid in full at the beginning of the year.
 - Other lines items will be funded through the first six months of the fiscal year.
- Staff will return to Council in the fall for additional appropriations
 - By then, staff hopes to have a better sense of the full impact of the pandemic on the City's budget.

Discussion and Questions