


MEMORANDUM

TO: City Council
Bonnie Svrcek, City Manager
Charles Hartgrove, Deputy City Manager
John Hughes, IV, Assistant City Manager

FROM: Donna Witt, Director of Financial Services 

SUBJECT: Responses to Questions Raised at the April 17, 2018 Budget Work Session
The "LIST" and Sources of Funding for the "LIST"

DATE: April 24, 2018

At the April 17th Work Session on the FY 2019 Proposed Budget, Council members raised the questions listed below, which required staff follow-up.

1. Provide an explanation for the cost per bus increases in the out years compared to FY 2019 regarding Heavy Duty Transit Bus Replacements. (Nelson)

The cost in the out years reflects the purchase of hybrid electric/diesel buses and is what was previously submitted in years past. Prior to the submission of the FY 2019 plan the cost per bus for FY 2019 was the same as the out years, but in an effort to be conscious of expenses I reduced the amount to reflect the cost to purchase clean diesel buses for FY 2019 which is about \$200,000 less per unit.

2. Does the Rosedale Agreement transfer with the property? (Helgeson)

Yes, the Agreement transfers with ownership and remains in place until 2032 or the City has paid \$5,879,794 to the project per the Rosedale Agreement.

3. What revenue does the City receive from the Baseball Stadium Franchise Agreement? (Helgeson)

The City retains all Sales and Meals Tax revenue generated by Team events and Team special events. The City also retains any revenue derived from City events.

4. The "LIST" and Sources of Funding for the "LIST".

Please see Attachment A.

c: Valeria Chambers

Balancing the FY 2019 General Fund Budget

Proposed FY 2019 Revenue Adjustments	\$189,970,880
Staff Adjustments to Revenues:	
1 Increase Current Public Service Corporation (PSC) (from \$2,425,000 to \$2,475,000)	\$50,000
2 Increase Current Personal Property - Local portion (from \$18,371,500 to \$18,500,000)	\$128,500
3 Adjust Allowance for Uncollectible Personal Property (3.0%) (from -\$551,145 to -\$555,000)	(\$3,855)
4 Increase Bank Stock Tax (from \$775,000 to \$825,000)	\$50,000
5 Reduce Lodging Tax (from \$2,783,000 to \$2,700,000)	(\$83,000)
6 Increase Meals Tax (from \$14,544,000 to \$14,932,800)	\$388,800
7 Increase Local Law Enforcement Funding (House Bill 599) (from \$3,025,153 to \$3,137,084)	\$111,931
<i>**Proposed Allocation - Not yet approved by the General Assembly**</i>	
Subtotal Staff Adjustments to Revenues:	\$642,376
Total Revised Revenues	\$190,613,256
Proposed FY 2019 Expenditure Adjustments	\$189,970,880
Staff Adjustments to Expenditures:	
1 Reduce Line of Credit funding	(\$150,000)
Subtotal Staff Adjustments to Expenditures:	
	(\$150,000)
Total Revised Expenditures	\$189,820,880
GAP	\$792,376

The "LIST" - Budget Adjustments for Council Discussion:

	Proposed Budget	Budget Adjustments to Discuss	Council Decision
1 Council/Manager Offices	\$0	Federal Relations Liaison services (\$30,000)	
2 Police	0	In-Car Camera Replacements (\$79,910)	79,910
3 Reserves	0	Add to Police Building Reserve Amount remaining from the Increase in Local Law Enforcement Funding (House Bill 599) after funding the In-Car Cameras (\$111,931 - \$79,910)	32,021
4 External Service Providers - Discretionary	0	Virginians for High Speed Rail (VHSR) (\$5,000) <i>NOTE: This request was inadvertently left out of the budget development process.</i>	0
5 Reserves	0	Reserve for Schools State Shortfall (Use of 1.1% over 10% - \$2,000,000)	
6 Use of Fund Balance	0	Use of Fund Balance for use of 1.1% over 10% - \$2,000,000	
7 Schools - Operating	41,280,033	Schools Operating Request \$42,028,498 (\$1,104,965)	
8 Schools - Buses	356,500	Schools Buses Request \$713,000 (\$356,500)	
9 Public Works	0	Building Services Coordinator (\$37,957 - salary \$24,981; benefits \$12,976)	
10 Human Services - Juvenile Services	0	Youth Planner (\$41,133 - salary \$27,456; benefits \$13,677)	
11 Parks and Recreation	63,513	Restore Pool Hours (\$69,973 - increase of \$6,460) <i>NOTE: To restore pool hours funding an additional \$6,460 is needed; if restored the total funding for pool hours would be \$69,973. The FY 2019 Manager's Proposed Budget includes \$63,513.</i>	
12 External Service Providers - Discretionary	15,000	Elizabeth's Early Learning Center (\$15,000)	
13 External Service Providers - Discretionary	11,699	Virginia Legal Aid Society (\$11,699)	
14 Departmental	0	Salary Increase for City employees 1.5% = \$934,500; 2.0% = \$1,246,000 (Effective 07/01/18) 1.5% = \$467,250; 2.0% = \$623,000 (Effective 01/01/19) One-Time Bonus = \$536,100 (Effective 12/01/18) \$500 full-time; \$250 part-time	
Total Balancing:			\$111,931
GAP			\$680,445

Options for funding items on the "LIST":

1 Fund balance above 10%	\$2,000,000
<i>NOTE: Any reduction to fund balance reduces the capacity for future pay-as-you-go.</i>	
2 Increase Motor Vehicle License fees to State maximum	\$440,000
The following three options require advertisement and a public hearing.	
3 Lodging Tax - \$1/per room per night	\$350,000
4 Real Estate Tax - one cent (\$0.01) per \$100 assessed value	\$502,475
5 Meals Tax - increase rate by 0.5%	\$1,100,000