

FISCAL YEAR 2020 BUDGET WORK SESSION

OVERVIEW, TAX RATE DISCUSSION, NEXT STEPS

MARCH 26, 2019



AGENDA

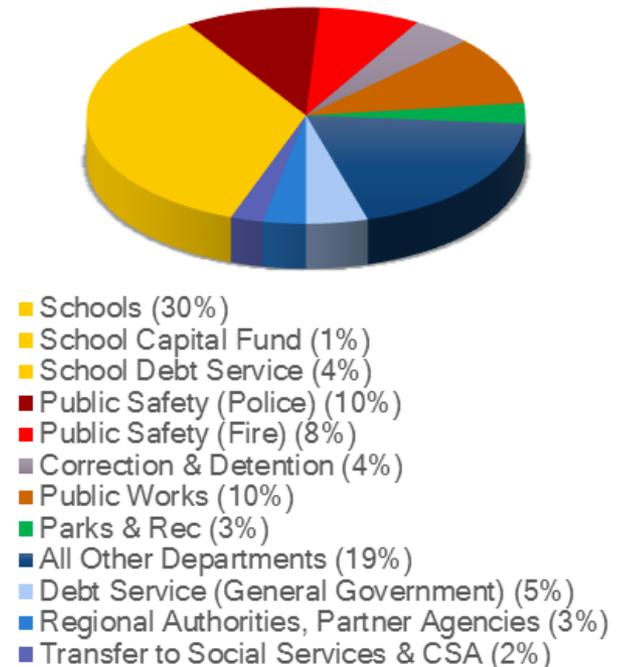
- Budget Highlights
 - Revenues (Overview, Tax Rate, Fees)
 - Expenditures (Overview, Schools, Personnel)
- Capital Spending
- Discussion of Advertised Tax Rate
- Next Steps

FY 2020 RECOMMENDED BUDGET - HIGHLIGHTS

■ General Fund

- \$100,435,000 or 4.6% over FY2019
- Three New Positions (Commonwealth's Attorney, Fire, Public Works)
- 2.5% Cost of Living Adjustment
- Funding increases for Schools, Library, Jail, CSA and Debt Service
- Partner Agencies / Capital

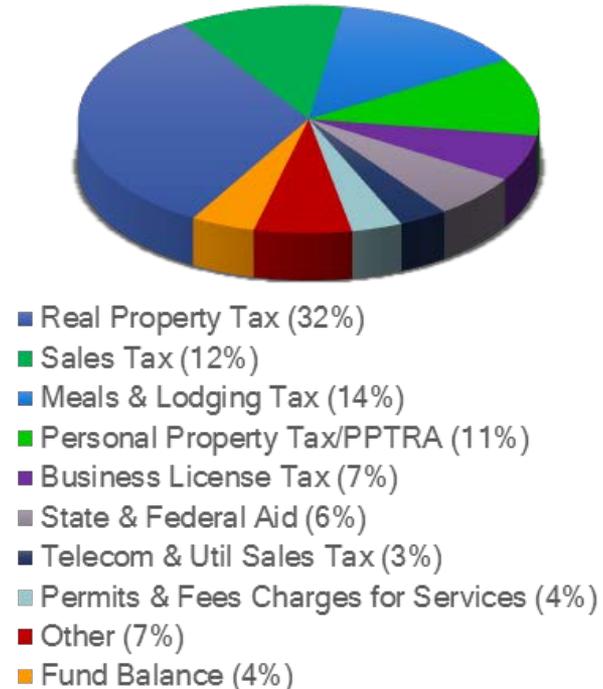
FY 2020 Recommended Budget General Fund Expenditures



FY 2020 RECOMMENDED BUDGET - REVENUES

- Increase 4.4%
 - 2.8% growth
 - 4 cent real estate tax increase
 - 3 cents for General Government
 - 1 cent for Storm Water
- Increase in Refuse Collection Fees
- New Data Center Personal Property Tax Rate - \$1.25 per \$100 of Assessed Valuation
- Adjustments to Planning and Building Fees

FY 2020 Recommended Budget
General Fund Revenues



FY 2020 RECOMMENDED BUDGET - REVENUES

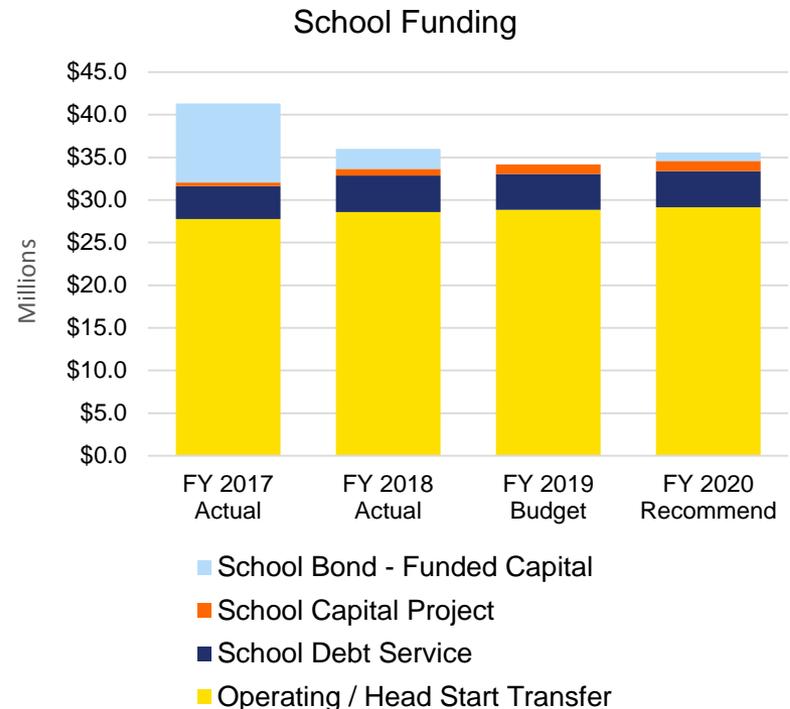
| | FY 2017 Actual | FY 2018 Actual | FY 2019 Budget | FY 2020 Rec Budget | Change FY20-FY19 | % Change FY20-FY19 |
|-----------------------|-------------------|-------------------|-------------------|-----------------------|---------------------|-----------------------|
| <u>Sources</u> | | | | | | |
| Real Property Tax | 30,044,758 | 31,257,752 | 31,225,000 | 32,600,000 | 1,375,000 | 4.4% |
| Sales Tax | 11,376,302 | 11,476,687 | 11,500,000 | 11,700,000 | 200,000 | 1.7% |
| Meals Tax | 11,141,603 | 11,765,352 | 11,500,000 | 12,300,000 | 800,000 | 7.0% |
| Lodging Tax | 1,524,371 | 1,565,938 | 1,600,000 | 1,600,000 | - | 0.0% |
| Personal Property Tax | 8,622,738 | 8,815,216 | 8,775,000 | 9,350,000 | 575,000 | 6.6% |
| Business License Tax | 6,320,104 | 6,382,570 | 6,445,000 | 6,555,000 | 110,000 | 1.7% |

FY 2020 RECOMMENDED BUDGET - GENERAL FUND – FUND BALANCE

| Fund Balance | FY 2019 | FY 2020 | Variance | Change | |
|--|--------------------|--------------------|-------------------|--------------|--|
| Fund Balance - Assigned for Capital | \$3,180,000 | \$2,723,000 | \$ (457,000) | -14.4% | Funds 90.8% of transfers to Capital from Fund Balance. In FY 2019 100% from FB. |
| Fund Balance - Assigned for School Capital | | \$ 661,000 | \$ 661,000 | | Reduces the \$1,000,000 of fund balance assigned for Schools. |
| Fund Balance -Contingency | \$ 500,000 | \$ 500,000 | \$ - | 0.0% | |
| Fund Balance - Reassessment | \$ 275,000 | | \$ (275,000) | -100.0% | Four year assessment cycle. |
| Fund Balance - Detention Stabilization | \$ - | \$ 635,000 | \$ 635,000 | | The City budgeted an increase to the Detention Stabilization balance in FY 2019, based on policy guidelines. |
| TOTAL | \$3,955,000 | \$4,519,000 | \$ 564,000 | 14.3% | |

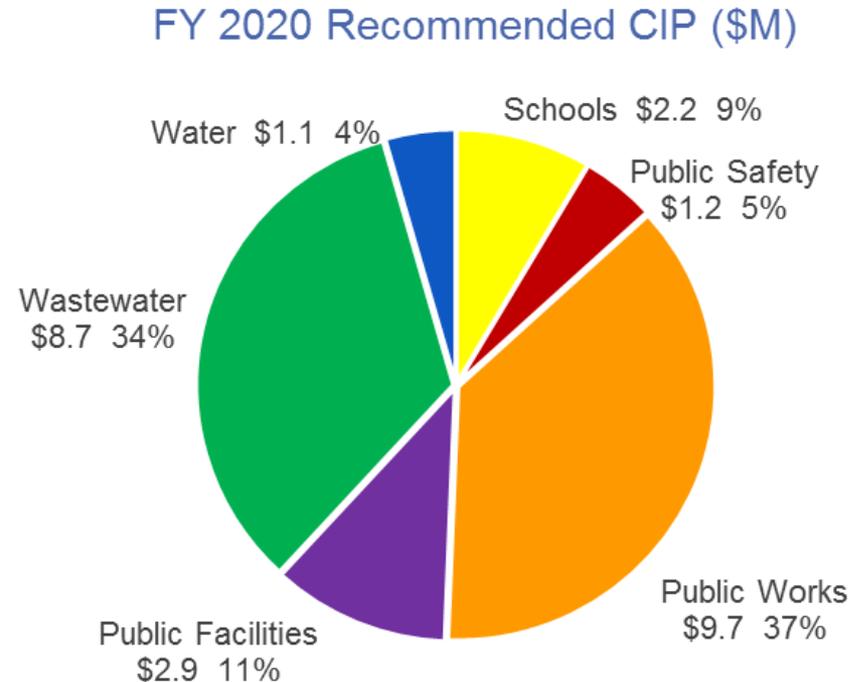
FY 2020 RECOMMENDED BUDGET – SUPPORTING OUR SCHOOLS

- City Manager’s Recommended Budget
 - School operating budget increases to \$46.8 million, a \$2.2 million or 5.0% increase
 - General Fund transfer increases to \$30.1 million, an increase of \$1 million
 - Additional revenues from the Commonwealth estimated to be \$1.2 million
- Education Debt Service Fund
 - \$4.2 million
- FY 2020 CIP includes \$2.2 million
 - Cash Funded
 - Uses \$661,000 of General Fund balance assigned for schools
 - Uses \$339,000 of prior year’s proffer contributions for the elementary school



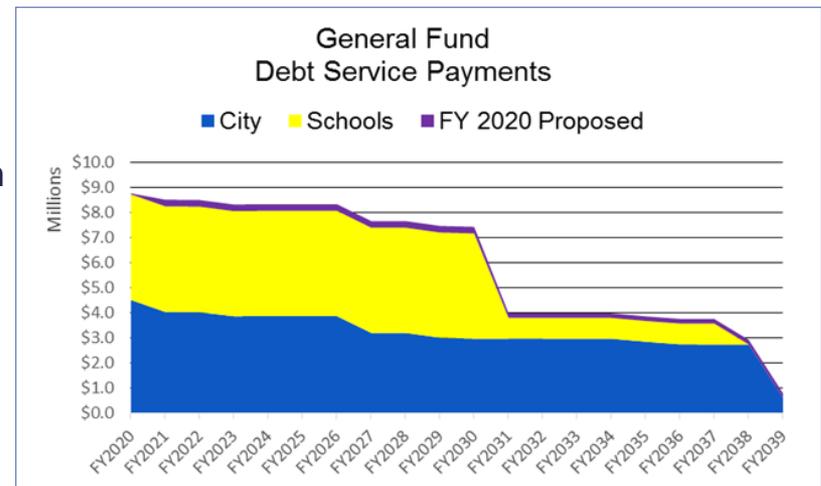
FY 2020 RECOMMENDED BUDGET – CAPITAL – APRIL 2ND WORK SESSION

- Schools = \$2.2
 - JMHS HVAC, Athletic Track and Library, Walker Grant Annex, School Expansion Design, Technology, Buses & Equipment
- Transportation Projects = \$6.2 million
- Pedestrian Bridge Replacement Plan
- New Ambulance
- Water and Sewer
 - \$1.2 million for Preliminary Design of Motts Water Treatment Facility Expansion
 - \$3.8 million for Preliminary Design of Sewer Consolidation Projects



FY 2020 RECOMMENDED BUDGET – OTHER FUNDS

- **Stormwater**
 - One Cent Increase in Tax Rate
 - Increased Transfer to Capital
 - Future Use for Capital / Debt Service Related to Chesapeake Bay Act
- **Children’s Services Act**
 - Driven by Increased Demand for Services
- **Water & Sewer**
 - Rate Study Finding Presented on April 16th
 - Initial Estimate of 10% Increase in Rates
- **Debt Service**
 - Full Year Debt Service on FY 2018 Bonds
 - Overview on April 2nd for CIP Impacts



FY 2020 RECOMMENDED BUDGET – UPDATE

- R-Board CIP project and Debt Service can be moved to FY 2021
- Additional Increase in Revenue of Approximately \$60,000 Related to Comp Board

FY 2020 RECOMMENDED BUDGET – 3+1 IMPACT ON PROPERTY TAX BILL

| Valuation / \$1000 | House A - \$250,000 | House B - \$350,000 | Commercial - \$2,000,000 |
|-----------------------|------------------------|------------------------|-----------------------------|
| FY19 - \$0.80 | \$2,000 | \$2,800 | \$16,000 |
| FY 2020 - \$0.84 | \$2,100 | \$2,940 | \$16,800 |
| Difference | \$100 | \$140 | \$800 |
| Monthly Increase | \$8.33 | \$11.67 | \$66.67 |

FY 2020 RECOMMENDED BUDGET - DISCUSSION OF ADVERTISED TAX RATE

- Tax Rate
 - Notice will appear April 9th
- Water, Sewer, Refuse Collection and Planning Fees
 - Notice will appear April 2nd and April 9th
- Public Hearing – April 16th

FY 2020 RECOMMENDED BUDGET – NEXT STEPS

| Date | Time | Session | Topic | Location Fredericksburg City Hall |
|-------------------------|-----------|--------------------------------------|---|--------------------------------------|
| Tuesday, April 02, 2019 | 6:00 p.m. | Special Work Session | CIP; Debt | City Council Chambers |
| Tuesday, April 09, 2019 | 5:30 p.m. | Joint Work Session with School Board | Schools | Walker Grant Center |
| Tuesday, April 16, 2019 | 5:30 p.m. | Budget Work Session | Water and Sewer; City Council Propositions | Suite, Room 218 |
| Tuesday, April 16, 2019 | 7:00 p.m. | Budget Public Hearing | Budget Public Hearing | City Council Chambers |
| Tuesday, April 23, 2019 | 5:30 p.m. | Budget Work Session | Follow-up; City Council Propositions | Suite, Room 218 |
| Tuesday, April 23, 2019 | 7:30 p.m. | Regular Session | First Reading of the Budget | City Council Chambers |
| Tuesday, May 14, 2019 | 7:30 p.m. | Regular Session | Second Reading of the Budget | City Council Chambers |

FY 2020 RECOMMENDED BUDGET - QUESTIONS & COMMENTS