

**PROPOSED BUDGET
FISCAL YEAR
JULY 1, 2023 – JUNE 30, 2024**

City Council Presentation
Tuesday, April 11, 2023

Ande Banks, City Manager



HARRISONBURG 2039

CAPITAL OF THE SHENANDOAH VALLEY



We are the capital of the Shenandoah Valley.

We provide a quality urban living option for everyone who wants to reside here.

Our diverse population thrives in a welcoming city where all are valued as friends and neighbors.

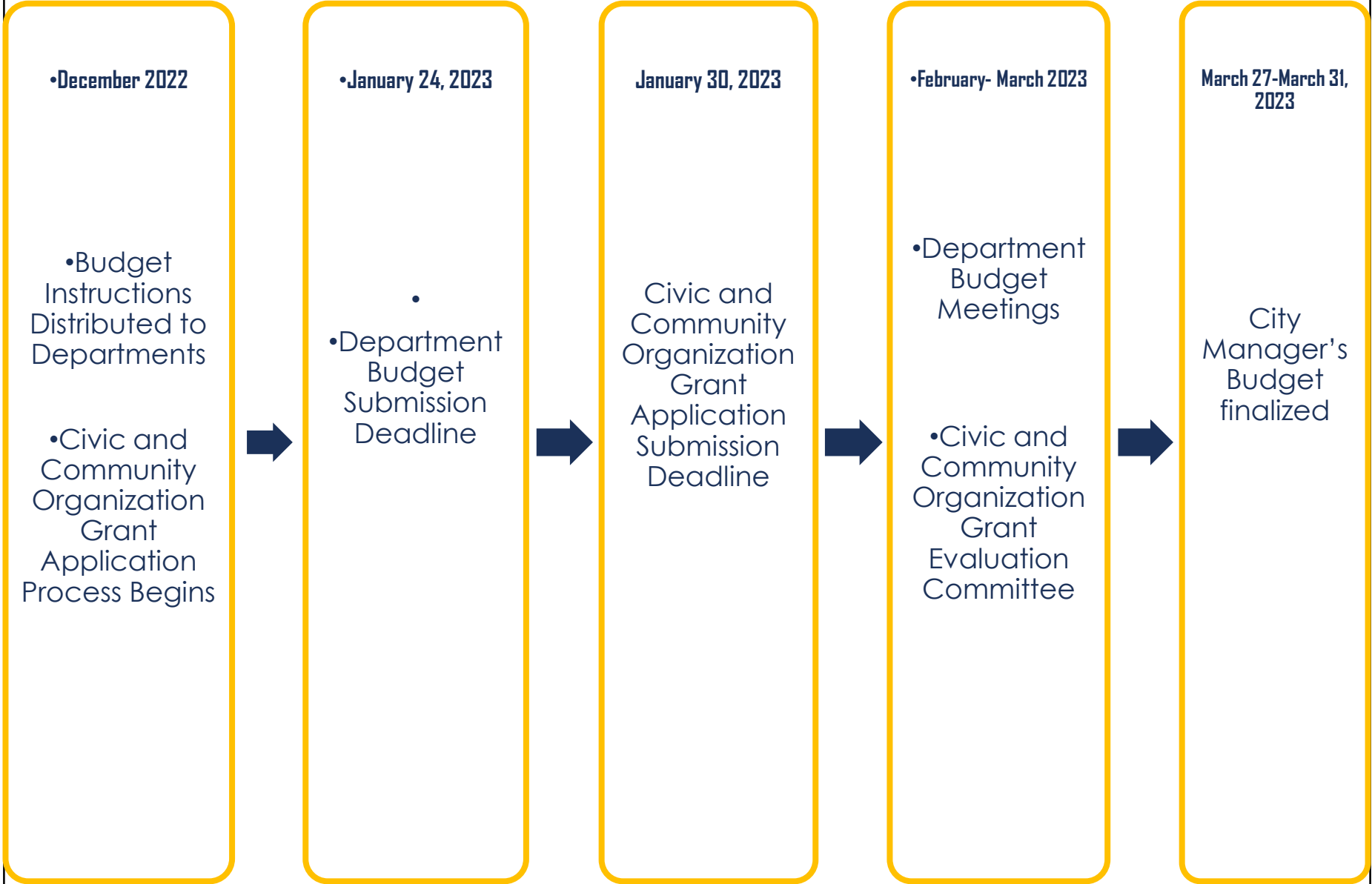
Our inclusiveness is our strength and reflects the true spirit of our city.

The pillars of our multicultural, multi-ethnic, and multi-generational city consist of a robust economy and a vibrant education epicenter, along with a broad range of amenities that enrich life.

This is made possible by the fiscally sound planning of our staff and elected leaders.



Budget Preparation Process





Focus of the Proposed Budget

- Implements compensation changes in order to further establish Harrisonburg as a regional leader in western Virginia and makes great progress toward market-competitive and internally equitable base pay.
- Continues to increase the real estate tax rate to pay Rocktown High School bonded debt
- Continues the gradual adjustment to utility rates as sound financial planning for once-in-a-century water and sewer capital projects
- Continues to implement City Council's 2039 priorities



Budget Development Challenges

- The State budget is not yet adopted.
- The City Schools requested a nearly \$5 million, or 13%, increase in funding over FY23 Adopted Budget.
- City departments continue to experience increases in the cost of goods.
- Partner agencies requested increased funding largely for compensation adjustments.



Budget Highlights

\$5.8 million Classification and Compensation Study Implementation

- Competitive compensation is critical to recruiting and retaining our 800+ employees providing essential services.
- Employees below their new pay range minimum would move to the minimum.
- Based on years of service, all employees additionally would receive a 1% adjustment to the midpoint of their new pay range and a 0.25% adjustment after the midpoint. This adjustment will be capped at the maximum of their new pay range.



Budget Highlights

- \$5 million** Partial funding for Old Municipal Building renovation
- \$4.8 million** Increased transfer to City Schools
- \$2.7 million** Investments in water and sewer infrastructure
- \$1.2 million** Replacement of fire engine
- \$1 million** Increased employer health insurance contributions
- \$450,000** Courts HVAC replacement
- \$350,000** Port Republic Road pedestrian improvements
- \$150,000** Sidewalk gap and ADA ramp construction
- \$150,000** Sustainability projects: Greenhouse Gas Inventory, Building Energy Audit, Solar Implementation Plan
- \$150,000** Stormwater Improvement Plan 5-year update



New Full-Time Positions

Community Development

- Planner

Human Resources

- Compensation Analyst

Parks and Recreation

- Crew Member
- Athletics Program Supervisor
- Technician

Police

- Outreach Coordinator

Public Transportation

- 3 Paratransit Bus Drivers
- 3 Transit Bus Drivers
- 2 Bus Driver Trainers
- School Transportation Specialist
- Specialist (Central Garage)

Public Utilities

- AMI/Meter Field Supervisor

Public Works

- Transportation Planner
- Technician
- Custodian

Voter Registrar

- Chief Deputy Registrar



Civic and Community Organization Grant Funding Recommendations

- **39** organizations applied, with requests totaling **\$888,559**.
- The proposed budget includes **\$400,000** in funding for **39** outside agencies.

Budget Overview



Tax and Fee Recommendations

Tax Rate	Increase/ Decrease	2022-23 Rate	Proposed 2023-24 Rate
Real Estate	\$0.03/\$100	\$0.93	\$0.96
Personal Property (vehicles)	\$0.30/\$100	\$3.15	\$3.45
Personal Property (business)	\$0.00/\$100	\$2.12	\$2.12
Water*	\$0.20/1000 gal	\$18.95	\$19.95
Sewer*	\$0.30/1000 gal	\$29.45	\$30.95

* Based on avg. residential use of 5000 gallons/month.



Population Estimates and Comparables

POPULATION		% increase since 2010	FY23 Real Estate	FY23 Personal Property
Waynesboro	22,537	7.3%	\$0.90	\$2.62
Staunton	25,773	8.5%	\$0.92	\$2.90
Winchester	28,417	8.4%	\$0.93	\$4.80
Charlottesville	51,278	18.1%	\$0.95	\$4.20
Harrisonburg	55,700	13.9%	\$0.93	\$3.15
Lynchburg	80,127	6.0%	\$1.11	\$3.80
Roanoke	99,634	2.7%	\$1.22	\$3.45
Rockingham County	84,149	10.3%	\$0.68	\$2.65



All Funds Expenditures

FUND		BUDGET	% of Budget
General	\$	157,299,997	43.4%
School		114,369,093	31.6%
School Nutrition		5,999,426	1.7%
Emergency Communications Center		9,849,410	2.7%
Community Development Block Grant		506,946	0.1%
School Transportation		6,256,723	1.7%
General Capital Projects		8,300,000	2.3%
School Capital Projects		3,000,000	0.8%
Emergency Comm. Capital Projects		600,000	0.2%
Water Capital Projects		1,606,627	0.4%
Sewer Capital Projects		1,073,666	0.3%
Sanitation Capital Projects		2,697,965	0.7%

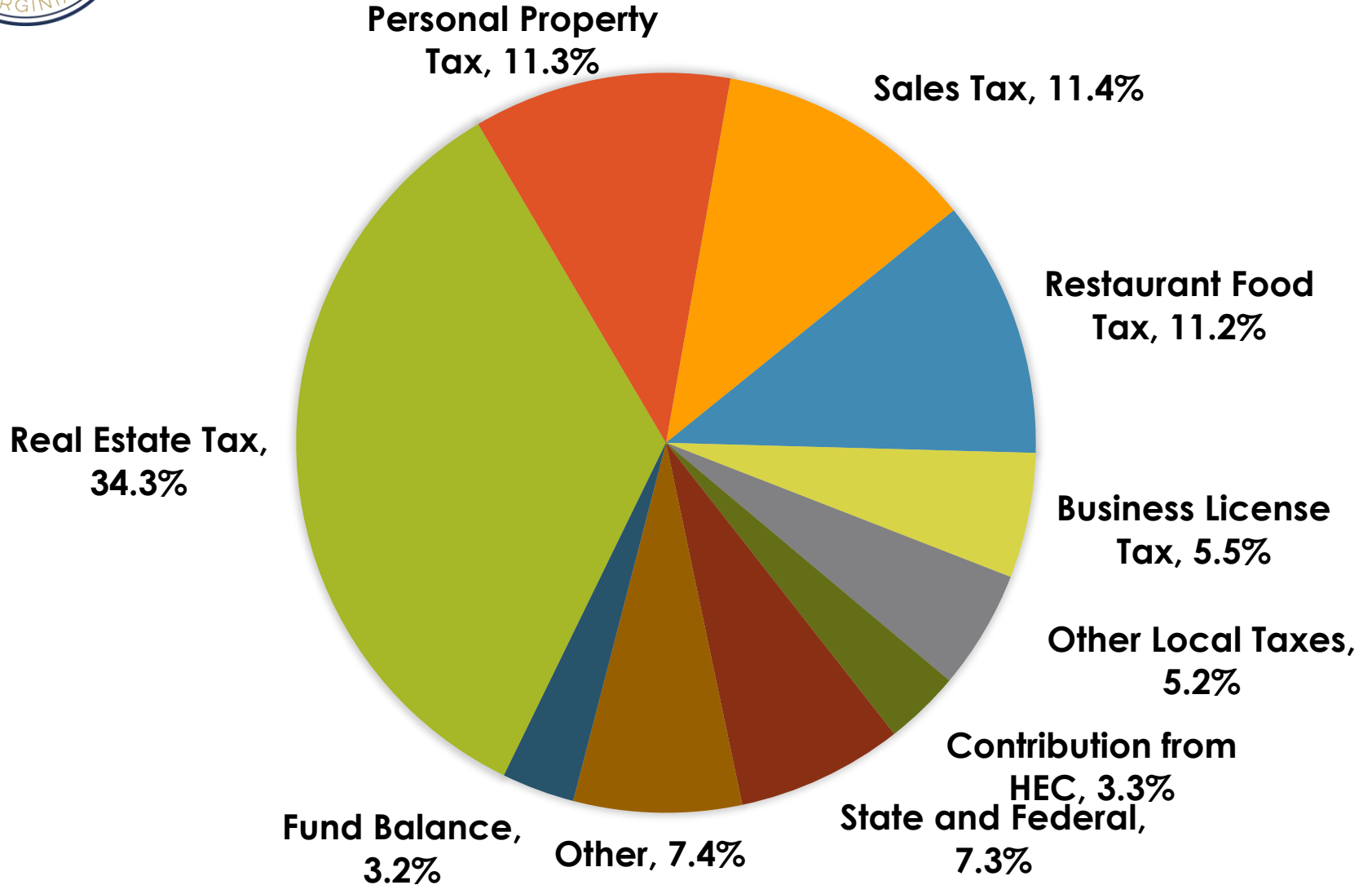


All Funds Expenditures

FUND		BUDGET	% of Budget
Stormwater Capital Projects	\$	358,500	0.1%
Water		13,323,880	3.7%
Sewer		15,260,420	4.2%
Public Transportation		9,606,872	2.7%
Sanitation		7,865,808	2.2%
Business Loan Program		100,000	0.0%
Stormwater		1,472,680	0.4%
Central Garage		2,435,378	0.7%
Central Stores		233,651	0.1%
Total	\$	362,217,042	



General Fund Revenues



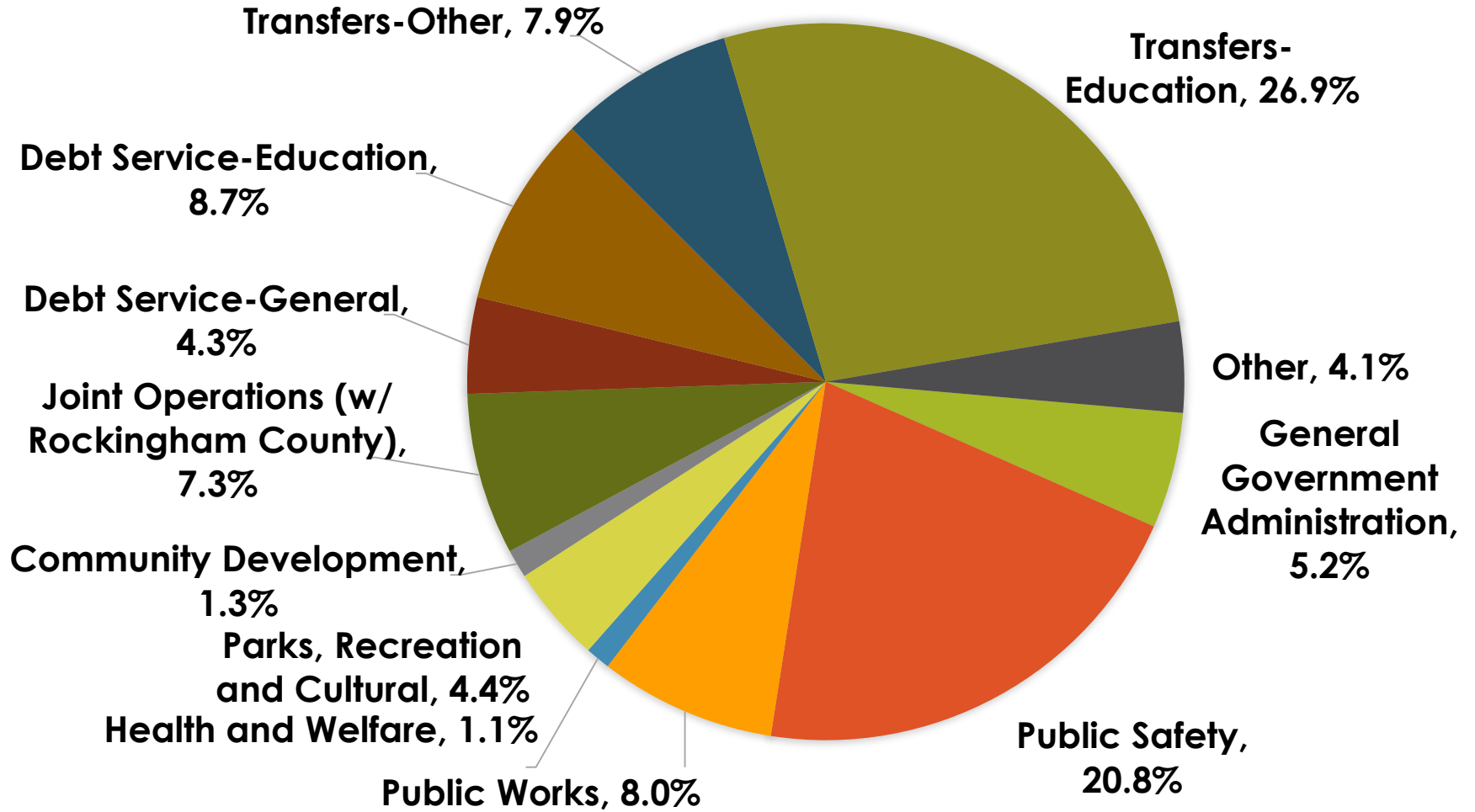


Comparison of Revenues - General Fund

FUNCTION	FY 2023 Adopted	FY 2024 Proposed	Increase (Decrease)	% Change
General Property Taxes	\$63,871,100	\$72,161,100	\$8,290,000	13.0%
Other Local Taxes	49,777,400	54,156,200	4,378,800	8.8%
Permits and Fees	577,950	577,950	0	0%
Fines and Forfeitures	485,000	285,000	(200,000)	-41.2%
Use of Money and Property	95,000	3,000,000	2,905,000	3,057.9%
Charges for Services	1,450,500	1,550,800	100,300	6.9%
Miscellaneous	5,947,150	5,968,375	21,225	0.4%
Recovered Costs	920,049	928,973	8,924	1.0%
State Revenue	10,580,833	11,155,533	574,700	5.4%
Federal Revenue	302,666	295,466	(7,200)	-2.4%
Nonrevenue Receipts	50,000	50,000	0	0%
Transfers	4,767,300	2,170,600	(2,596,700)	-54.5%
Fund Balance	6,300,000	5,000,000	(1,300,000)	-20.6%
Total	\$145,124,948	\$157,299,997	\$12,175,049	8.4%



General Fund Expenditures





Comparison of Expenditures – General Fund

FUNCTION	FY 2023 Adopted	FY 2024 Proposed	Increase (Decrease)	% Change
General Government Admin	\$8,162,726	\$8,215,354	\$52,628	0.6%
Public Safety	32,355,301	32,777,344	422,043	1.3%
Public Works	11,957,195	12,517,193	559,998	4.7%
Health and Welfare	1,511,953	1,759,183	247,230	16.4%
Parks, Recreation and Cultural	6,812,136	6,853,352	41,216	0.6%
Community Development	1,947,308	2,010,719	63,411	3.3%
Joint Operations (R'ham Cty)	11,414,300	11,480,800	66,500	0.6%
Debt Service-General	7,109,712	6,831,959	(277,753)	-3.9%
Debt Service-Education	13,646,528	13,650,848	4,320	0%
Transfers-Other	10,431,761	12,491,455	2,059,694	19.7%
Transfers-Education	37,435,173	42,267,782	4,832,609	12.9%
Other	2,340,855	6,444,008	4,103,153	175.3%
Total	\$145,124,948	\$157,299,997	\$12,175,049	8.4%

City Schools

HIGHLIGHTS



Funding in Proposed FY2024 Budget for Services Supporting City Schools

FUNCTION	FY 2023 Adopted	FY 2024 Proposed	Increase (Decrease)	Percentage Change
School Fund	\$106,597,230	\$114,369,093	\$7,771,863	7.3%
School Nutrition Fund	4,977,692	5,999,426	1,021,734	20.5%
School Transportation Fund	5,618,880	6,256,723	637,843	11.4%
Debt Service- Education	13,646,528	13,650,848	4,320	0.0%



Paying for the Rocktown High School Project

- Annual debt service \$5.5 million

Funding Sources	FY2022	FY2023*	FY2024***
Real Estate Tax	\$0.04/\$100	\$0.03/\$100	\$0.03/\$100
Schools Contribution	\$3 million	\$3 million**	\$3 million

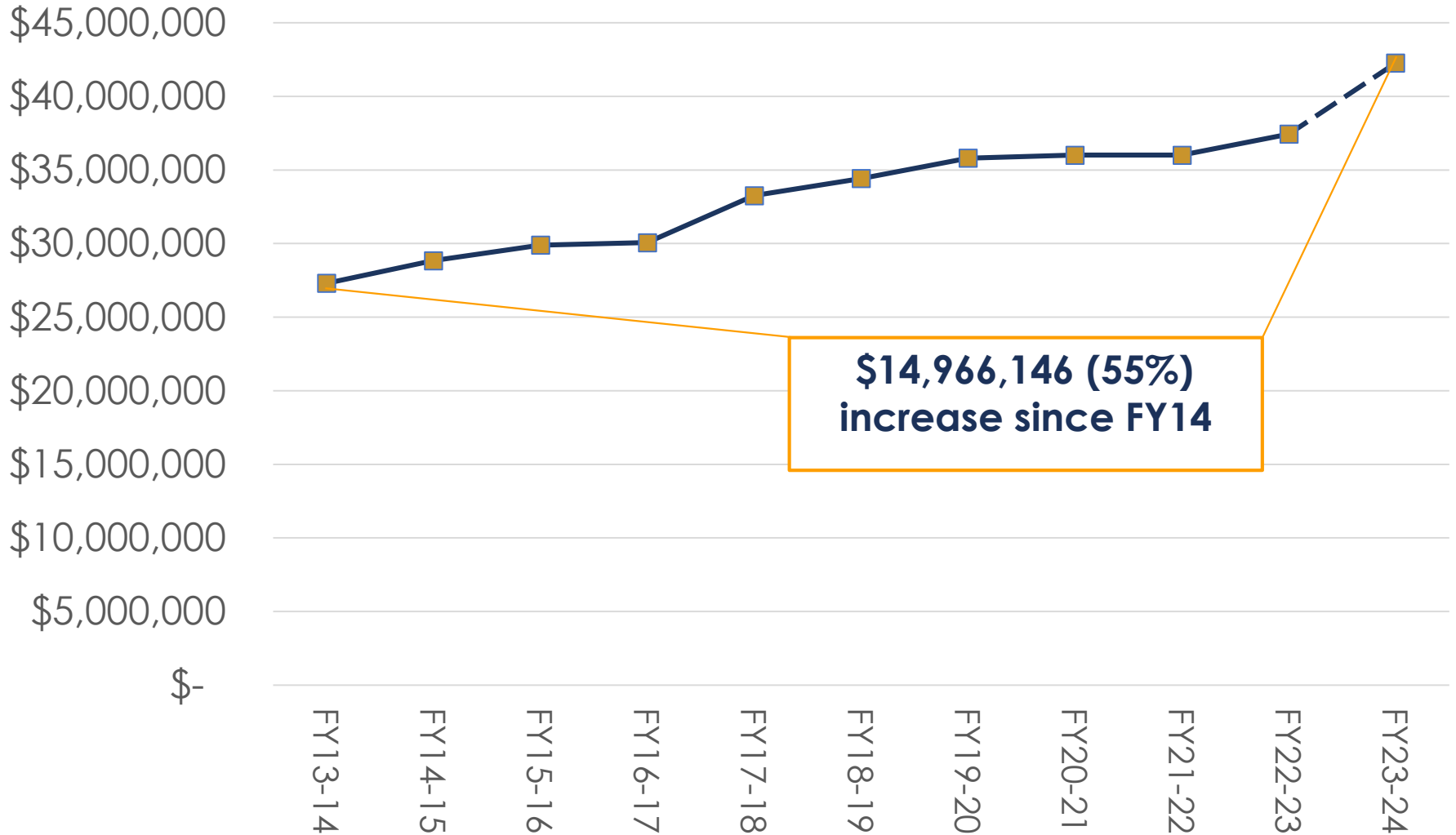
*Tax rate increase for FY2023 was originally planned to be \$0.04/\$100

** \$2.4 million for debt service, \$600,000 in direct project funding

*** Tax rate increase for FY2024 was originally planned to be \$0.04/\$100



Local Appropriation to City Schools FY14-FY24 Proposed





Local School Expenditures Compared to Required Local Effort (RLE)

	Required Local Effort (RLE)	Actual Local Expenditures	Difference (\$)	Difference (%)
FY 21-22	\$16,674,878	\$32,809,269	\$16,134,391	96.76%
FY 20-21	\$15,704,719	\$30,961,692	\$15,256,973	97.15%
FY 19-20	\$15,913,688	\$31,083,405	\$15,169,717	95.32%
FY18-19	\$15,686,579	\$34,072,215	\$18,385,641	117.21%
FY 17-18	\$15,635,132	\$33,668,811	\$18,033,679	115.34%
FY 16-17	\$15,112,784	\$29,433,803	\$14,321,019	94.76%
FY 15-16	\$14,488,045	\$29,825,653	\$15,337,608	105.86%
FY 14-15	\$13,774,962	\$29,013,953	\$15,238,991	110.63%

Budget Calendar

Tuesday, April 11, 2023 at 7:00pm

City Council Meeting

- City Manager's FY23-24 Budget Presentation
- City Council Sets Proposed Real Estate Tax Rate

Tuesday, April 25, 2023 at 7:00pm

City Council Meeting

- Proposed FY23-24 Budget Public Hearing

Tuesday, May 9, 2023 at 7:00pm

City Council Meeting

- First Reading of FY 23-24 Budget

Tuesday, May 23, 2023 at 7:00pm

City Council Meeting

- Second Reading and Adoption of FY23-24 Budget
- Real Estate Tax Rate Public Hearing

Wednesday, May 31, 2023

Final Date for Budget Adoption as Required by City Charter

**The City Manager's Proposed Budget
and Budget in Brief are available
online at:**

[https://www.harrisonburgva.gov/
budget](https://www.harrisonburgva.gov/budget)

