

PROPOSED BUDGET

FISCAL YEAR JULY 1, 2020 – JUNE 30, 2021

City Council Presentation
Tuesday, April 14, 2020

Eric D. Campbell, 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

•December
2019

•Budget
Instructions
Distributed to
Departments

•Community
Contributions
Application
Process
Begin



•January
27, 2020

•Departmen
t Budget
Submission
Deadline



January 30,
2020

Community
Contributions
Application
Submission
Deadline



•February-
March 2020

•Department
Budget
Meetings

•Community
Contributions
Evaluation
Committee



April 1-9,
2020

City
Manager's
Budget
finalized



Focus of the Proposed Budget

- **Balances the budget with no tax increases or utility fee increases**
- **Does not propose tax increase for construction of a second high school**
- **Implements City Council's 2039 priorities**
- **Maintains current service levels and existing programs**
- **Maintains citywide assets and infrastructure**



Budget Development Challenges

- **Financial uncertainty due to COVID-19 and projected negative impact on sales, meals, and occupancy tax**
- **Requested increase in City Schools transfer**
- **Limited projected revenue growth through property assessment valuations**



Primary Expenditure Increases

- **\$1.3 million** Increase in transfer to City Schools
- **\$946,000** 1.5% July, 1.5% January cost-of-living increase
- **\$896,000** Increase in contributions to Emergency Communications Center
- \$524,000** Increase in Virginia Retirement System contributions
- **\$366,500** Increase in contributions to Middle River Regional Jail



Budget Highlights

- **\$1.7 million** 3 transit and 4 paratransit bus purchase (Transportation Fund)
- **\$1.1 million** Shenandoah Valley Conference Center
- **\$700,000** Residential sanitation bin project (Sanitation Fund)
- **\$400,000** Eastern Raw Water Line construction (Water Fund)
- **\$400,000** Martin Luther King, Jr. Way Bridge repairs
- **\$300,000** Kids' Castle replacement
- **\$195,000** HDPT school bus camera replacement
- **\$70,000** Zoning and Subdivision Ordinance re-write
- **\$10,000** Environmental Action Plan greenhouse gas assessment



New Positions

Information Technology (General Fund)

- Security Specialist (FT)- 1

Emergency Communications Center (ECC Fund)

- CAD Manager (FT)- 1
- Administrative Specialist (FT)- 1
- ECC Communicator (FT)- 3

Public Transportation

- Program Support Specialist (FT)- 1 (Public Transportation/School Transportation/Central Garage Funds)
- Bus Drivers (Transit, Paratransit)- 2 (Public Transportation Fund)
- Bus Drivers (School)- 3 (School Transportation Fund)
- Specialist I Mechanic (FT)- 1 (Central Garage Fund)



New Community Contributions Application and Evaluation Process

- The new application included eight questions. It took into consideration alignment with the City Council's 2039 vision and the number of City of Harrisonburg residents served.
- A review committee evaluated each application received based on a new uniform set of criteria and scoring methodology. Funding recommendations were then advanced to the City Manager, whom made the final funding determinations.



Community Contributions Funding Recommendations

- **39** agencies applied, with requests totaling **\$1,044,270**.
- The proposed budget includes **\$430,000** in funding for **25** outside agencies.

Budget Overview



Tax and Fee Recommendations

No recommended increases.

Tax Rate	Increase/Decrease	2019-20 Rate	Proposed 2020-21 Rate
Real Estate	\$0.00/\$100	\$0.86	\$0.86
Personal Property (vehicles)	\$0.00/\$100	\$3.50	\$3.50
Personal Property (business)	\$0.00/\$100	\$2.12	\$2.12
Water*	\$0.00/1000 gal	\$17.95	\$17.95
Sewer*	\$0.00/1000 gal	\$28.75	\$28.75

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



All Funds Expenditures

FUND		BUDGET	% of Budget
General	\$	123,749,510	44%
School		88,500,112	31%
School Nutrition		4,543,180	2%
Emergency Communications Center		7,898,488	3%
Community Development Block Grant		534,269	0%
School Transportation		4,710,463	2%
General Capital Projects		700,000	0%
Emergency Comm. Capital Projects		1,150,000	0%
Water Capital Projects		2,314,253	1%
Sewer Capital Projects		2,093,094	1%
Sanitation Capital Projects		-	0%

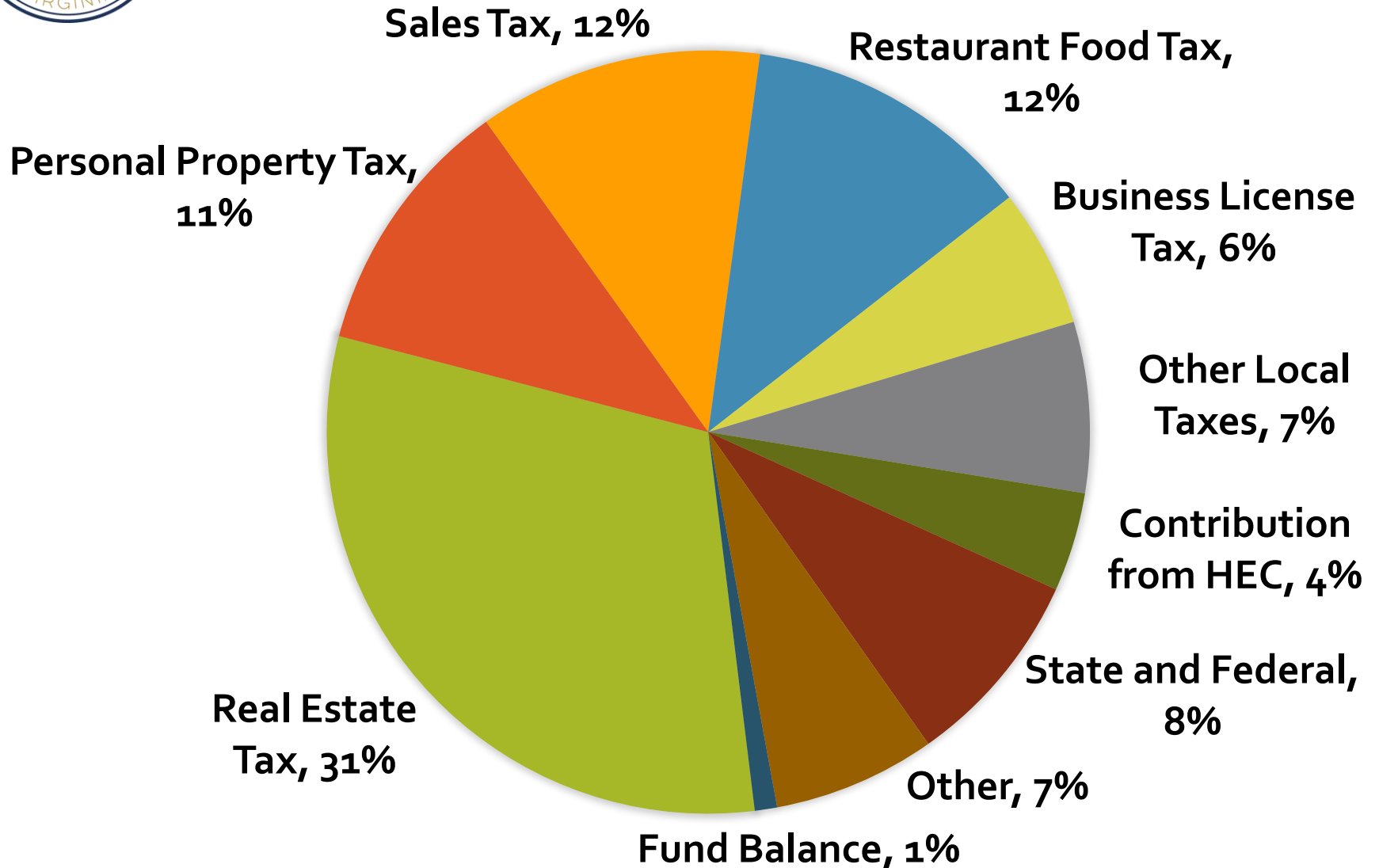


All Funds Expenditures

FUND		BUDGET	% of Budget
Stormwater Capital Projects	\$	1,125,918	0%
Water		11,586,860	4%
Sewer		15,044,242	5%
Public Transportation		8,327,410	3%
Sanitation		5,178,085	2%
Business Loan Program		50,000	0%
Stormwater		1,873,420	1%
Central Garage		1,673,498	1%
Central Stores		193,960	0%
Total	\$	281,246,762	



General Fund Revenues





General Fund Expenditures

Transfers-Other, 4%

Debt Service-Education, 7%

Debt Service-General, 6%

Parks, Recreation and Cultural, 5%

Health and Welfare, 1%

Public Works, 9%

Community Development, 1%

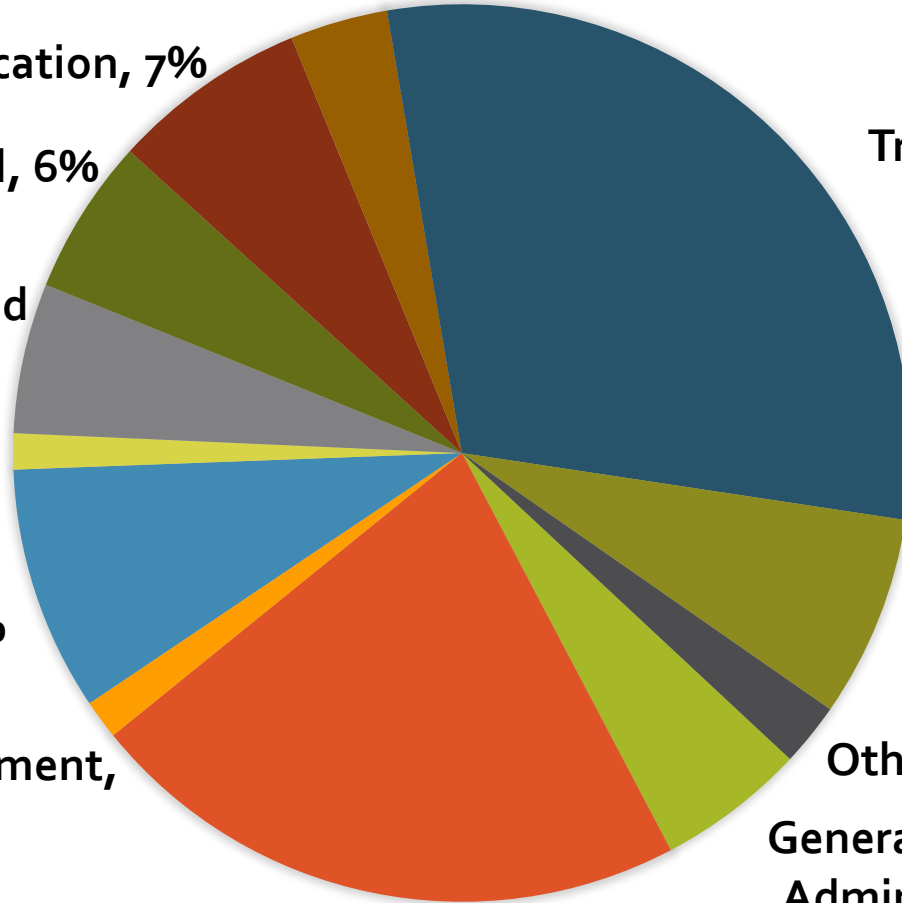
Public Safety, 22%

Transfers-Education, 30%

Joint Operations (w/ Rockingham County), 7%

Other, 2%

General Government Administration, 5%





Comparison of Revenues

FUNCTION	FY 2020 Adopted	FY 2021 Proposed	Increase (Decrease)	% Change
General Property Taxes	\$50,356,300	\$52,529,800	\$2,173,500	4%
Other Local Taxes	46,526,800	48,001,300	1,474,500	3%
Permits and Fees	585,600	606,450	20,850	4%
Fines and Forfeitures	725,000	725,000	-	0%
Use of Money and Property	935,000	65,000	(870,000)	-93%
Charges for Services	1,416,500	1,431,500	15,000	1%
Miscellaneous	5,818,000	5,884,925	66,925	1%
Recovered Costs	830,219	973,602	143,383	17%
State Revenue	10,366,221	10,424,233	58,012	1%
Federal Revenue	953,275	47,500	(905,775)	-95%
Nonrevenue Receipts	50,000	50,000	-	0%
Transfers	3,163,600	2,035,200	(1,128,400)	-36%
Fund Balance	1,928,600	975,000	(953,600)	-49%
Total	\$123,655,115	\$123,887,510	\$232,395	0.2%



Comparison of Expenditures

FUNCTION	FY 2020 Adopted	FY 2021 Proposed	Increase (Decrease)	% Change
General Government Administration	\$6,722,833	\$6,612,284	\$(110,549)	-2%
Public Safety	26,444,559	27,084,959	640,400	2%
Community Development	1,934,843	1,752,817	(182,026)	-9%
Public Works	11,808,825	10,935,769	(873,056)	-7%
Health and Welfare	1,737,702	1,606,773	(130,929)	-8%
Parks, Recreation and Cultural	6,751,719	6,702,102	(49,617)	-1%
Debt Service-General	7,027,413	6,969,130	(58,283)	-1%
Debt Service-Education	8,863,305	8,747,955	(115,350)	-1%
Transfers-Other	5,500,651	4,321,738	(1,178,913)	-21%
Transfers-Education	35,803,308	37,108,259	1,304,951	4%
Joint Operations (w/ Rockingham County)	8,872,000	9,098,050	226,050	3%
Other	2,187,957	2,809,674	621,717	28%
Total	\$123,655,115	\$123,749,510	\$94,395	0.08%

City Schools

HIGHLIGHTS

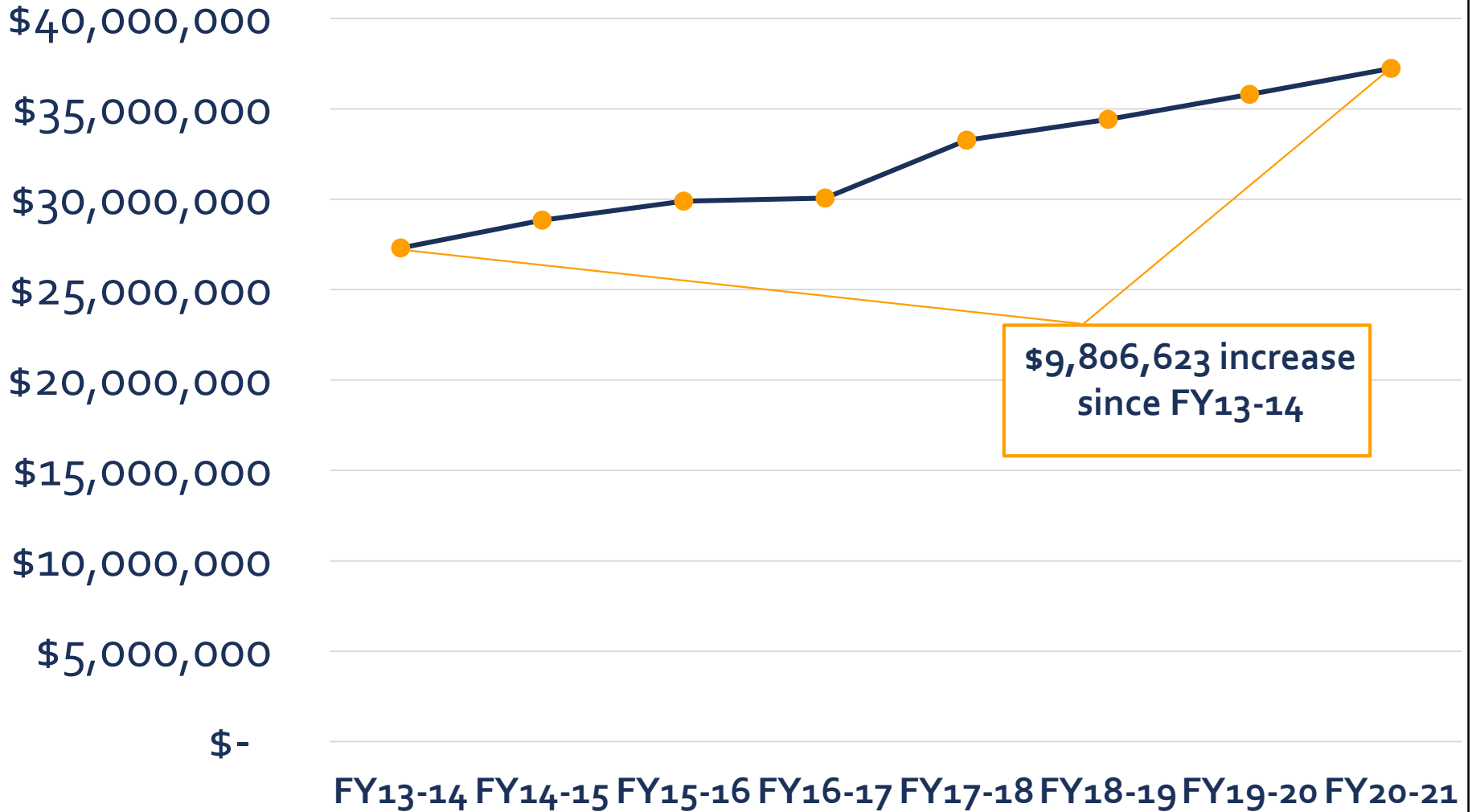


Funding in Proposed FY20-21 Budget for Services Supporting City Schools

FUNCTION	FY 2020 Adopted	FY 2021 Proposed	Increase (Decrease)	Percentage Change
School Fund	\$83,538,256	\$88,500,112	\$4,961,856	6%
School Nutrition Fund	\$4,426,503	\$4,543,180	\$116,677	3%
School Transportation Fund	\$4,213,405	\$4,710,463	\$497,058	12%
Debt Service-Education	\$8,863,305	\$8,747,955	(\$115,350)	-1%



Local Appropriation to City Schools 2013-2021





Local School Expenditures Compared to Required Local Effort (RLE)

Required Local Effort (RLE)	Actual Local Expenditures	Difference (\$)	Difference (%)
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FY18-19	\$15,595,059	\$34,419,222	\$18,824,163	120.71%
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%
FY 13-14	\$13,908,880	\$28,131,371	\$14,222,491	102.25%



Pandemic's Impact on HHS2 Funding

- It is not in the City's best interest to secure bond financing for HHS2 at this time due to major instability in the bond market.**
- Without bond financing, the City would have to pay all construction costs incurred in FY20-21 out of the City's fund balance. The City must preserve its fund balance for use to sustain critical city operations.**
- The economic impact of the pandemic on the community is substantial, with soaring unemployment rates, declining tax revenues, and residents and businesses struggling to cover costs of rent, leases, and mortgages.**
- It is neither financially prudent nor in the community's best interest to propose any property tax increase during the pandemic.**

Future Outlook

The pandemic's economic effects are expected to create significant revenue shortfalls well below the revenue projections used to create this budget.

**Anticipated revenue shortfalls will
require the City Manager to take
immediate action after the budget is
adopted to implement strategies to
limit expenditures in the new fiscal
year.**

Budget Calendar

Monday, April 13, 2020 at 3:30pm

Finance Committee Meeting

- City Manager's FY20-21 Budget Overview

Tuesday, April 14, 2020 at 7:00pm

City Council Meeting

- City Manager's FY20-21 Budget Presentation

Tuesday, April 21, 2020 at 5:00pm

City Council Work Session 1

Tuesday, April 28, 2020 at 7:00pm

City Council Meeting

- Proposed FY20-21 Budget Public Hearing

Tuesday, May 5, 2020 at 5:00pm

City Council Work Session 2

Tuesday, May 12, 2020 at 7:00pm

City Council Meeting

- First Reading of FY 20-21 Budget

Tuesday, May 26, 2020 at 7:00pm

City Council Meeting

- Second Reading and Adoption of FY20-21 Budget
- Real Estate Tax Rate Public Hearing

Sunday, May 31, 2020

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>

