

PROPOSED BUDGET

FISCAL YEAR JULY 1, 2021 – JUNE 30, 2022

City Council Presentation
Tuesday, April 13, 2021

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
2020**

Budget
Instructions
Distributed to
Departments

Community
Contributions
Application
Process
Begins



**January 25,
2021**

Department
Budget
Submission
Deadline



**January 30,
2021**

Community
Contributions
Application
Submission
Deadline



**February-
March 2021**

Department
Budget
Meetings

Community
Contributions
Evaluation
Committee



**April 1-9,
2021**

City
Manager's
Budget
finalized



Focus of the Proposed Budget

- **Balances the budget with no tax increases or utility fee increases**
- **Uses fund balance to cover capital project expenses and to make up for lost revenue due to the pandemic**
- **Begins to incorporate some capital improvement projects removed in the amended FY 2020-21 budget**
- **Implements City Council's 2039 priorities**
- **Maintains core service levels and existing programs**



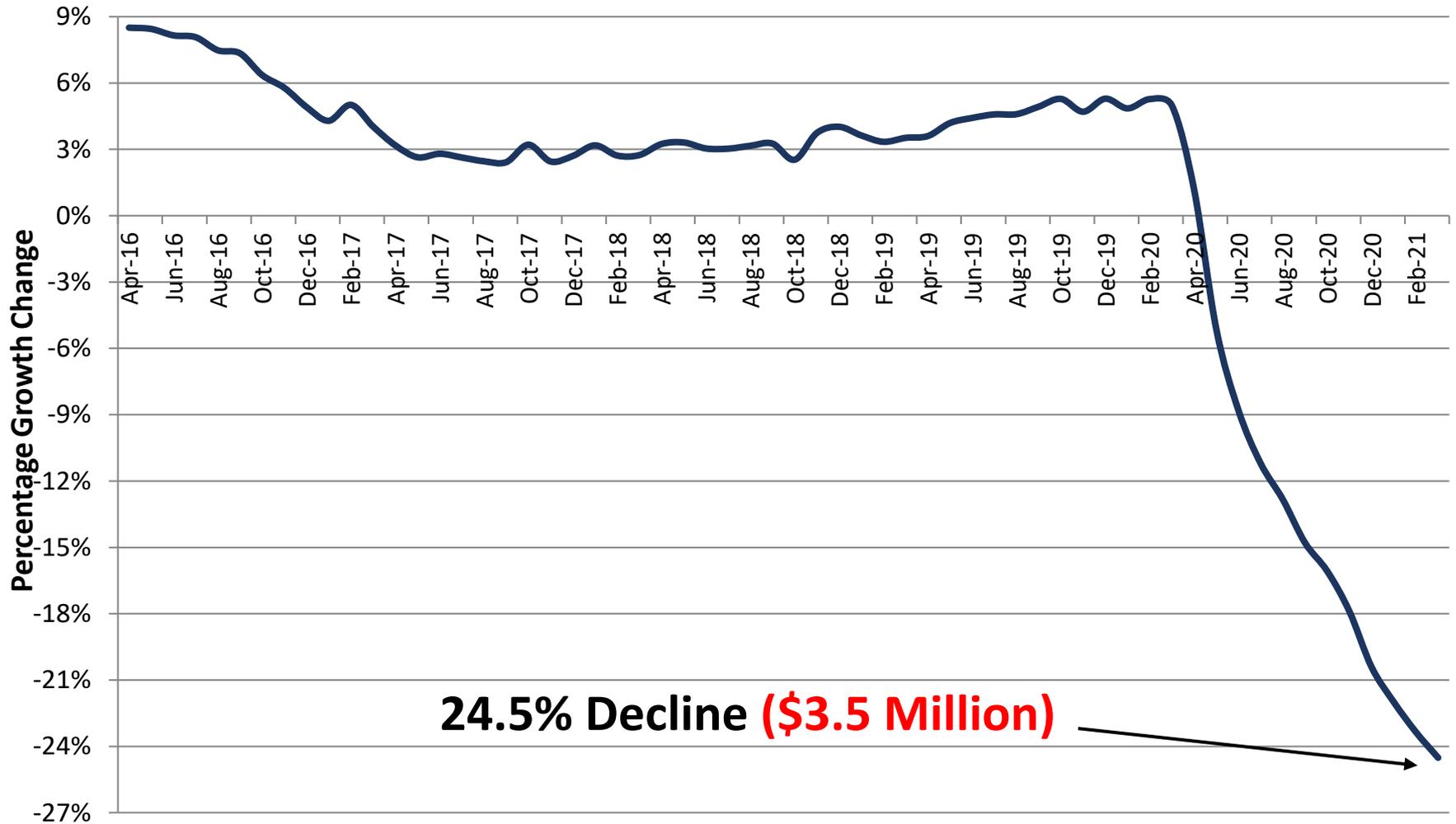
Budget Development Challenges

- **Uncertainty of when the COVID-19 pandemic will subside has made it difficult to move forward with confidence that pre-pandemic revenue numbers will return this fiscal year**
- **Negative financial impact of the COVID-19 pandemic on meals and lodging tax revenues**
- **Negative financial impact of the COVID-19 pandemic on water and sewer fee revenues**
- **Awaiting U.S. Treasury communication on the amount of American Rescue Plan Act funding and usage guidelines**



Restaurant Food Tax Revenue

(April 2016 through March 2021)

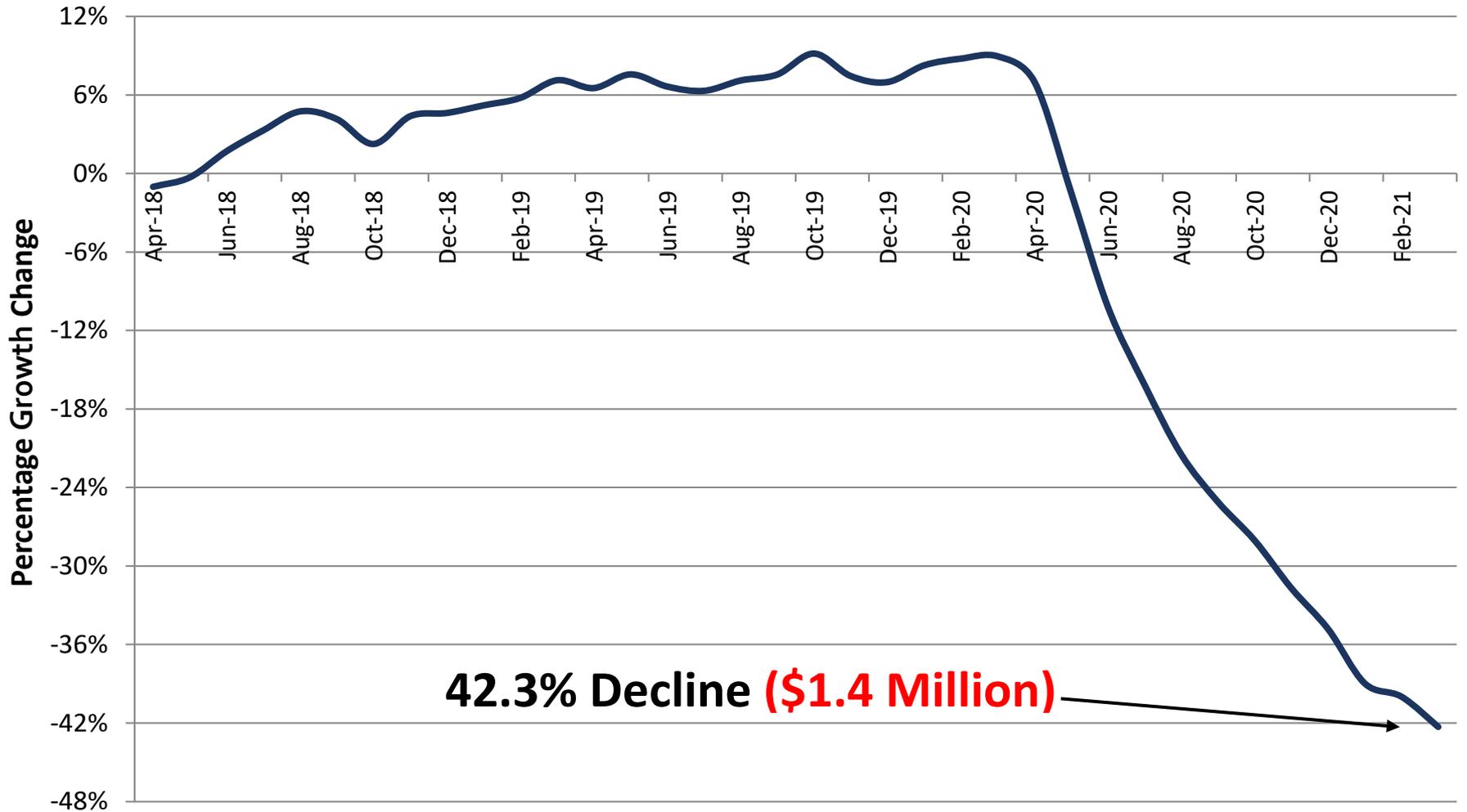


24.5% Decline (\$3.5 Million)



Lodging Tax Revenue

(April 2018 through March 2021)





Budget Highlights

- \$4 million** Transit bus replacement (Transportation Fund)
- \$2.9 million** Use of fund balance
- \$1.29 million** 3% cost-of-living increase for employees
- \$1.1 million** Shenandoah Valley Conference Center
- \$722,200** Increased debt service payments related to HHS2 project
- \$600,000** Contingency for vehicle/equipment replacement
- \$592,900** Increased contribution to Rockingham County for shared services
- \$400,000** School bus replacement (School Transportation Fund)
- \$300,000** Kids' Castle replacement
- \$287,100** Increased contribution to Middle River Regional Jail
- No health insurance rate increase**



New Positions

Effective January 2022

City Manager's Office (General Fund)

- Housing Coordinator (FT)-1

Human Resources (General Fund)

- Human Resources Generalist (FT)-1



Community Contributions Funding Recommendations

- **32** agencies applied, with requests totaling **\$591,831**.
- The proposed budget includes **\$400,000** in funding for **27** outside agencies.

Budget Overview



Tax and Fee Recommendations

No recommended increases.

Tax Rate	Increase/ Decrease	2020-21 Rate	Proposed 2021-22 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	\$	123,267,878	42%
School		93,257,269	32%
School Nutrition		4,728,200	2%
Emergency Communications Center		8,691,484	3%
Community Development Block Grant		860,818	0%
School Transportation		4,784,222	2%
General Capital Projects		9,132,217	3%
Emergency Comm. Capital Projects		850,000	0%
Water Capital Projects		2,004,908	1%
Sewer Capital Projects		0	0%
Sanitation Capital Projects		0	0%

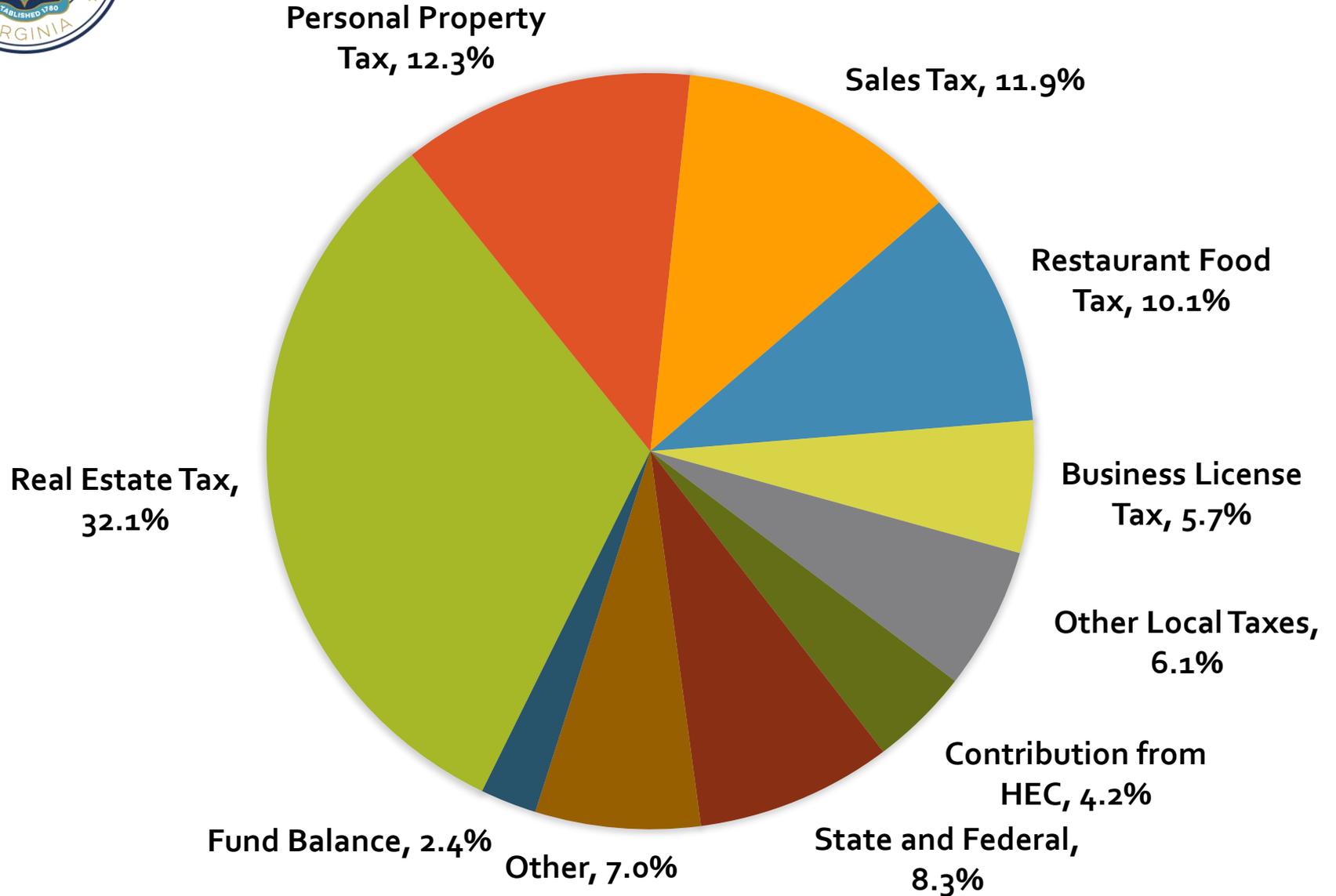


All Funds Expenditures

FUND		BUDGET	% of Budget
Stormwater Capital Projects	\$	1,279,979	0%
Water		11,251,650	4%
Sewer		12,410,149	4%
Public Transportation		12,384,634	4%
Sanitation		4,606,113	2%
Business Loan Program		100,000	0%
Stormwater		1,330,680	0%
Central Garage		1,853,070	1%
Central Stores		190,427	0%
Total	\$	292,983,698	



General Fund Revenues



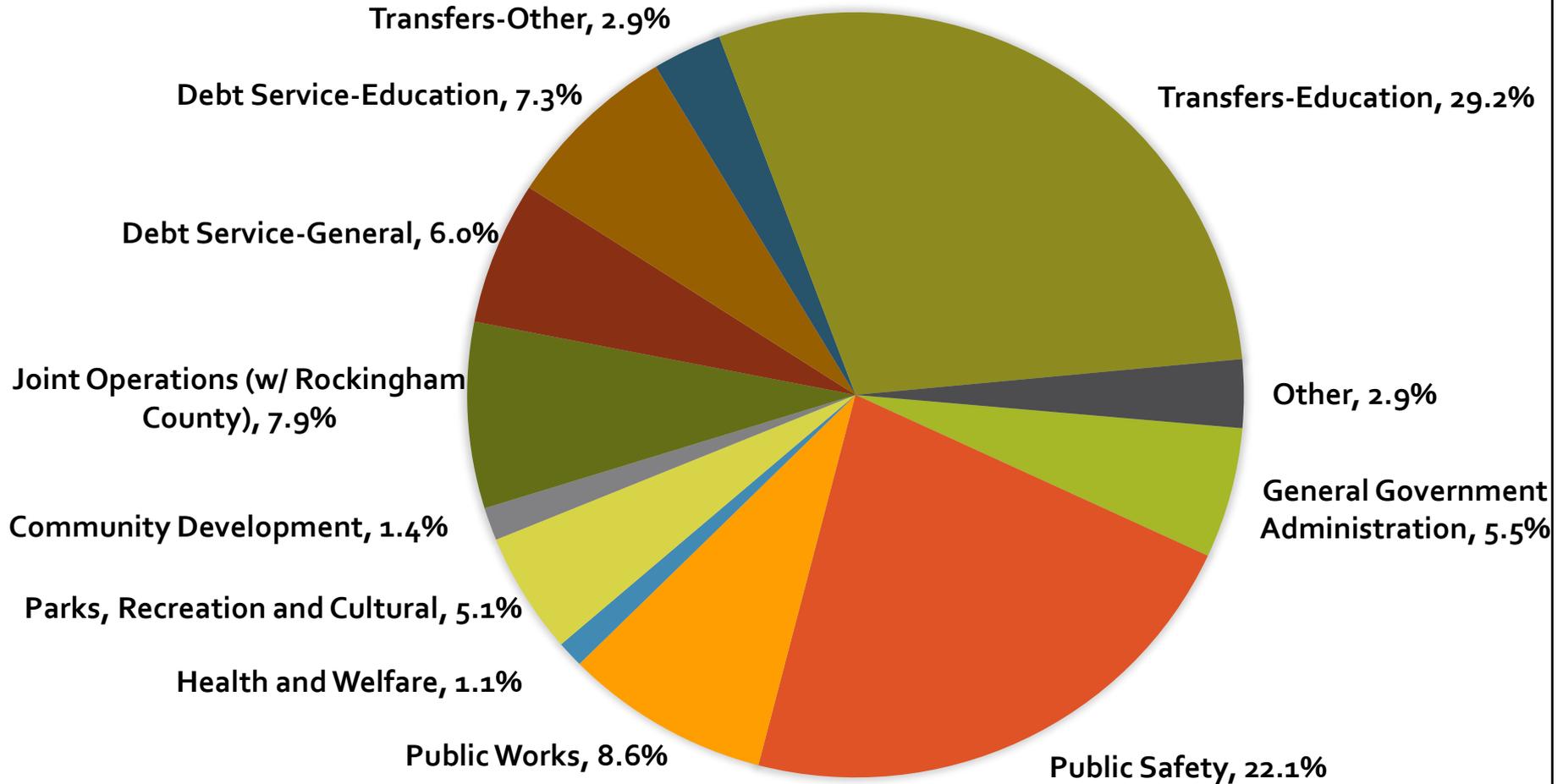


Comparison of Revenues – General Fund

FUNCTION	FY 2021 Adopted	FY 2022 Proposed	Increase (Decrease)	% Change
General Property Taxes	\$51,950,600	\$55,196,700	\$3,246,100	6%
Other Local Taxes	42,523,300	43,196,700	673,400	2%
Permits and Fees	577,950	577,950	0	0%
Fines and Forfeitures	719,500	580,000	(139,500)	-19%
Use of Money and Property	65,000	65,000	0	0%
Charges for Services	1,338,400	1,303,400	(35,000)	-3%
Miscellaneous	7,461,545	5,892,600	(1,568,945)	-21%
Recovered Costs	973,602	969,350	(4,252)	0%
State Revenue	10,383,433	10,154,133	(229,300)	-2%
Federal Revenue	47,500	47,500	0	0%
Nonrevenue Receipts	50,000	50,000	0	0%
Transfers	2,310,400	2,310,400	0	0%
Fund Balance	0	2,924,145	2,924,145	0%
Total	\$118,401,230	\$123,267,878	\$4,866,648	4.1%



General Fund Expenditures





Comparison of Expenditures – General Fund

FUNCTION	FY 2021 Adopted	FY 2022 Proposed	Increase (Decrease)	% Change
General Government Admin	\$6,516,646	\$6,804,705	\$288,059	4%
Public Safety	26,460,659	27,260,626	799,967	3%
Public Works	10,209,298	10,553,886	344,588	3%
Health and Welfare	1,532,773	1,364,792	(167,981)	-11%
Parks, Recreation and Cultural	6,239,844	6,322,111	82,267	1%
Community Development	1,741,083	1,711,402	(29,681)	-2%
Joint Operations (R'ham Cty)	9,098,050	9,690,900	592,850	7%
Debt Service-General	6,969,130	7,455,159	486,029	7%
Debt Service-Education	8,747,955	8,984,094	236,139	3%
Transfers-Other	2,923,783	3,557,977	634,194	22%
Transfers-Education	36,008,259	36,008,259	0	0%
Other	1,953,750	3,553,967	1,600,217	82%
Total	\$118,401,230	\$123,267,878	\$4,866,648	4.1%

City Schools

HIGHLIGHTS

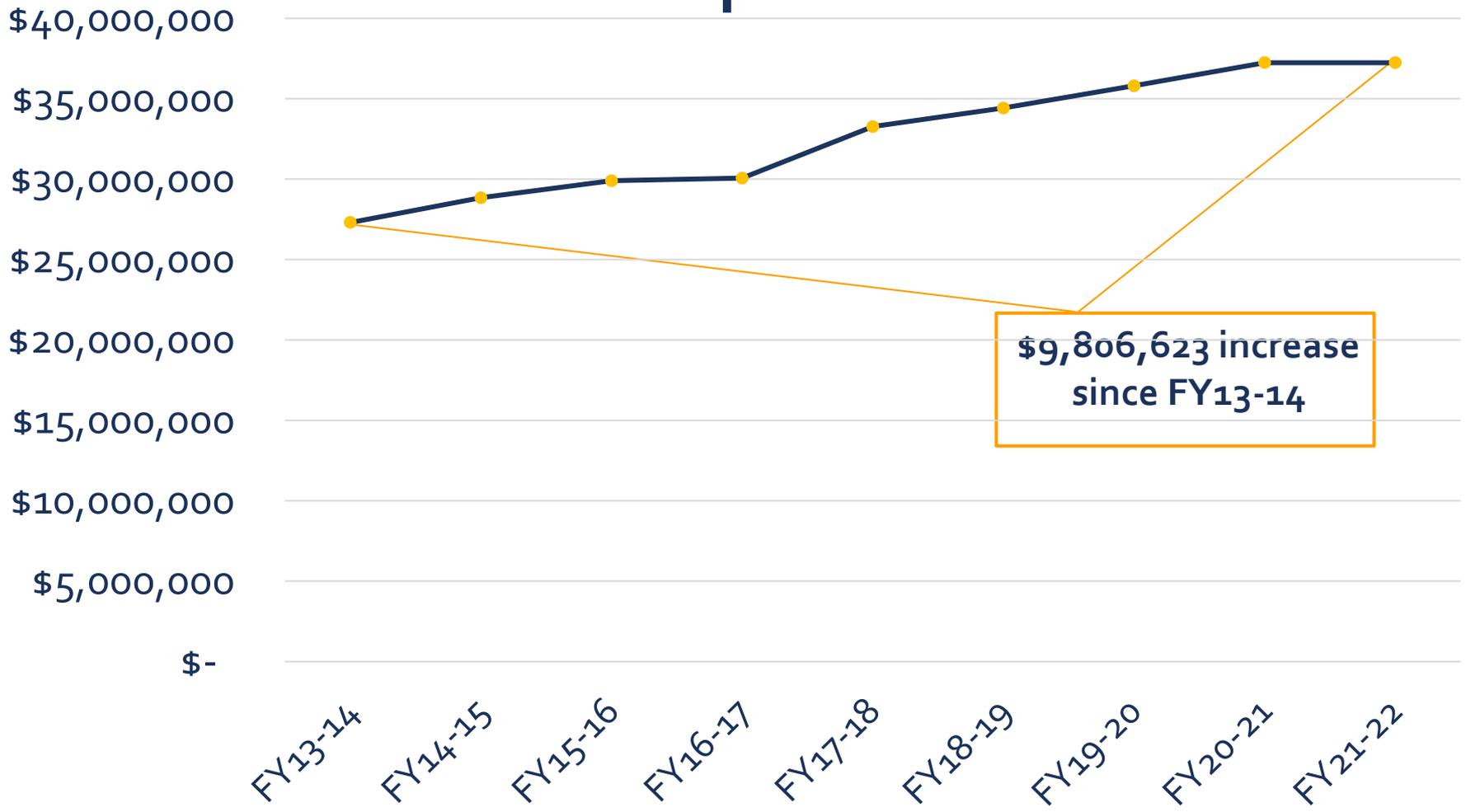


Funding in Proposed FY2021-22 Budget for Services Supporting City Schools

FUNCTION	FY 2021 Adopted	FY 2022 Proposed	Increase (Decrease)	Percentage Change
School Fund	\$85,571,673	\$93,257,269	\$7,685,596	9%
School Nutrition Fund	\$4,543,180	\$4,728,200	\$185,020	4%
School Transportation Fund	\$4,150,763	\$4,784,222	\$633,459	15%
Debt Service-Education	\$8,747,955	\$8,984,094	\$236,139	3%



Local Appropriation to City Schools FY14-FY22



**\$9,806,623 increase
since FY13-14**



Local School Expenditures Compared to Required Local Effort (RLE)

	Required Local Effort (RLE)	Actual Local Expenditures	Difference (\$)	Difference (%)
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%
FY 13-14	\$13,908,880	\$28,131,371	\$14,222,491	102.25%



Pandemic's Impact on HHS2 Funding

- 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.**
- The City developed economic indicator benchmarks that will be used to determine when the local economy has recovered to the point that the HHS2 project can resume.**

Future Outlook

The pandemic continues to impact our local economy.

**As a result there are continued revenue shortfalls in
comparison to pre-pandemic fiscal years.**



American Rescue Plan Act

- First payment expected no later than 60 days after enactment (March 11, 2021) and second payment no earlier than 12 months after first payment
- Funds can be used until December 31, 2024
- Awaiting official communication from U.S. Treasury on the amount Harrisonburg will receive
- Awaiting guidance from U.S. Treasury on eligible uses

Budget Calendar

Tuesday, April 13, 2021 at 7:00pm

City Council Meeting

- City Manager's FY21-22 Budget Presentation

Wednesday, April 14, 2021 at 2:00pm

Finance Committee Meeting

- City Manager's FY21-22 Budget Overview

Thursday, April 22, 2021 at 5:00pm

- City Council Work Session 1

Tuesday, April 27, 2021 at 7:00pm

City Council Meeting

- Proposed FY21-22 Budget Public Hearing

Thursday, May 6, 2021 at 5:00pm

- City Council Work Session 2

Tuesday, May 11, 2021 at 7:00pm

City Council Meeting

- First Reading of FY 21-22 Budget
- Real Estate Tax Rate Public Hearing

Tuesday, May 25, 2021 at 7:00pm

City Council Meeting

- Second Reading and Adoption of FY21-22 Budget

Monday, May 31, 2021

Final Date for Budget Adoption as Required by City Charter

**The City Manager's Proposed Budget,
Budget in Brief, and Proposed Community
Contributions Funding Recommendations
are available online at:**

<https://www.harrisonburgva.gov/budget>

