CITY OF HOPEWELL

FY 2016-2017

CITY MANAGER'S

BUDGET PROPOSAL

City of Hopewell, Virginia

FY 2016-17 BUDGET CALENDAR

DATE	ACTIVITY	COORDINATOR
Feb 23, 2016	Joint Budget workshop with School Board City Revenue Budget Overall Review	City Manager/Dir. of Fin.
Feb 29, 2016*	1st Budget Work Session 6:30 pm	City Manager/Dir. of Fin.
Mar 17, 2016*	2nd Budget Work Session 6:00 pm	City Manager/Dir. of Fin.
Mar 18, 2016	Proposed 2016-17 School Budget Submitted by Superintendent of Schools	City Manager
Mar 21, 2016*	3rd Budget Work Session 6:00 pm	City Manager/Dir. of Fin.
Mar 22, 2016(W)	Council to approved for Public Hearing	City Manager/Dir. of Fin.
Mar 24, 2016	Submit 2017 Tax Levy Public Hearing Ad Submit 2016-17 Budget Public Hearing Ad	City Manager/Dir. of Fin City Manager/Dir. of Fin
Mar 29, 2016	Advertise 2016-17 Budget in Paper	City Manager/Dir. of Fin.

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City of Hopewell

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Mar 29, 2016	Advertise 2016-17 Budget in Paper	City Manager/Dir. of Fin.
Apr 4, 2016*	4th Budget Work Session 6:00 pm	City Manager/Dir. of Fin.
Apr 5, 2016	Advertise 2016-17 Budget in Paper	City Manager/Dir. of Fin.
Apr 12, 2016(R)	First reading of 2015 tax rate ordinance 2015 Tax Levy for Public Hearing Public Hearing on 2016-17 City Budget	City Manager/Dir. of Fin.
Apr 19, 2016*	5th Budget Work Session 6:00 pm	City Manager/Dir. of Fin.
Apr 26, 2016(R)1	Adoption of 2016-17 School Budget Adoption of 2016-17 City Budget Second reading of 2013 tax rate ordinance Adoption of tax rate ordinance	City Council City Council City Council City Council
May 2, 2016	Start process for mailing taxes	Treasurer
May 13, 2016	Mail Taxes	Treasurer

New meeting dates - budget work sessions only:

Feb 29, 2016 is a Monday night meeting
Mar 17, 2016 is a Thursday night meeting
Mar 21, 2016 is a Monday night meeting
Apr 4, 2016 is a Monday night meeting Place Holder
Apr 19, 2016 is a Tuesday night meeting

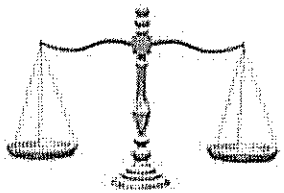
Note

City of Hopewell

Goal

Balance

Re-occurring expenses



Re-occurring Revenues

with

City of Hopewell

Review of Fund Balance

Question: What is Fund Balance?

Answer: The net assets of an organization or in other words assets minus liabilities:

Assets - Liabilities = Fund Balance

Question: How does fund balance change?

Answer: Fund balance will change by the net of revenues and expenses in other words:

Revenues - Expenses = Increase (Decrease) in Fund Balance

Question: How does the City minimize use of fund balance?

Answer: Match Re-occurring expenses with re-occurring revenues in other words:

Re-occurring expenses **Re-occurring Revenues**

Balanced with

City of Hopewell

Need to fix in the am

Analysis of Revenues FY 2016 Budget vs. FY 2017 Budget

	Budget FY 15 -16	Budget FY 16 -17	Differences
Revenues-Reoccuring	**47,101,100**	**47,101,100**	-
CHARGES FOR SERVICES		(106,100)	(106,100)
FEDERAL REVENUES		(100,000)	(100,000)
MACHINERY AND TOOLS TA		1,956,541	1,956,541
PENALTY AND INTEREST		25,000	25,000
PERMITS AND LICENSES		45,000	45,000
PERSONAL PROPERTY TAX		(200,000)	(200,000)
PUBLIC SERVICE CORPORA		105,100	105,100
REAL ESTATE TAX		(600,000)	(600,000)
Revenues-Reoccuring - Adjusted	**47,101,100**	**48,226,641**	**1,125,541**
Use pf Surplus	1,316,000		(1,316,000)
Total Budget	**48,417,100**	**48,226,641**	**(190,459)**

City of Hopewell

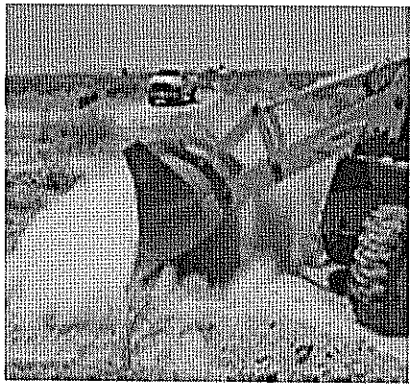
Systems Generated Budget Reports (Separate from Powerpoint)

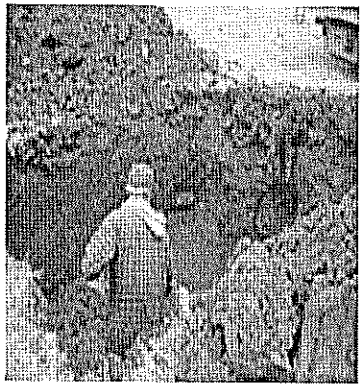
- **Details of revenues**
- **Details of expenditures by department**

Place Holder for Next Meeting - Budget Workshop

April 4, 2016

USE OF NON-RECURRING REVENUE





USE OF NON-RECURRING REVENUE

- **2016 (Current) Budget includes the use of approximately $1,300,000 of non-recurring revenue for the $649,000 in additional school operational funding and $355,919 in additional School debt.**
- **Recurring Revenues increased in the 2017 (Proposed) Budget by more than $1,400,000**
- **2017 (Proposed) Capital Budget is approximately $479,000 less than last year**

USE OF NON-RECURRING REVENUE

- **2017 (Proposed) Budget will still need approximately $526,110 in non-recurring revenue to balance because of increased costs in Non-department areas and that does not include any of the City Council funding requests**

MAJOR BUDGET CHANGES

- VRS Retirement Increase $259,000
- Retirees Insurance $362,000
- Employee COLA $350,000
- Active Employee HC Savings < $140,000 >
- Total Changes $831,000

FY2015-2016
BUDGET SUMMARY
Current Year

• **REVENUES**	
• **Recurring**	**$47,701,100**
• **Non-recurring**	**$1,316,000**
• **TOTAL**	**$48,417,000**
• **EXPENDITURES**	
• **Operating**	**$46,311,000**
• **Capital**	**$2,106,000**
• **Total**	**$48,417,000**

FY2016-2017 (Proposed)
BUDGET SUMMARY

• **REVENUES**	
• **Recurring**	**$48,582,618**
• **Non-recurring**	**$0**
• **TOTAL**	**$48,582,618**
• **EXPENDITURES**	
• **Operating**	**$46,659,928**
• **Capital**	**$2,445,800**
• **Total**	**$49,105,728**
• **BALANCE**	**< $523,110 >**

Council Requests Not Included in These Numbers

• Additional Paving Funds	$100,000
• City Point Historic District Improvements	$50,000
• Mallonee Gym Improvements	$250,000
• Riverwalk Funds	$150,000
• Street Lighting Upgrades	$30,000
• 2% Tax Decrease	$260,000
• TOTAL	$840,000

FY2016-2017 (Proposed)
BUDGET SUMMARY
With City Council Requests

• **REVENUES**	
• **Recurring**	**$48,582,618**
• **Non-recurring**	**$0**
• **TOTAL**	**$48,582,618**
• **EXPENDITURES**	
• **Operating**	**$46,659,928**
• **Capital**	**$3,285,800**
• **Total**	**$49,945,728**
• **BALANCE**	**<$1,363,110>**

Other Needs Not Funded In These Budgets

- VDOT Required Matching Funds For Projects
- New Positions In A Couple Of Departments Needed To Maintain The Increased Needs Of Our Citizens
- Staffing Or Other Resources Needed To Accomplish Many Of The Strategic Plan Initiatives
- Potential funding source for the Beacon Theater if the funds from the Last Will and Testament of recently deceased citizen are delayed or withheld

MOVING THE DEFICIT NEEDLE

HOW DO WE BALANCE THE NEEDS OF THE CITY AND CITY COUNCIL WITH THE FINANCIAL REALITIES

To Move The Needle You Can Either Cut Expenses or You Can Raise Revenues

WAYS TO DECREASE COSTS

- **We can cut existing programs or services and thereby reduce recurring costs**
- **We can cut capital projects and defer much needed equipment, technology, or infrastructure improvements**

WAYS TO INCREASE REVENUES

- Increase Real Estate Taxes – Colonial Height's has proposed a 9 cent increase and Prince George is proposing a 4 cent increase
- Increase Personal Property Taxes – The last change in the City's PP Tax Rate was in 2009
- Borrow Funds either through traditional lending or through the sale of Municipal Bonds

PROPOSED STRATEGY

- Future Fiscal Years Revenue Forecasts Look Strong
  - Additional M&T Revenues From Current Enterprise Zone Rebates As They Expire
  - New M&T Revenues For Projects Currently Under Construction
  - New Meals Taxes From Multiple Restaurants Recently Opened Or Soon To Open
  - An Anticipated Increase In Real Estate Taxes From New Homes And The Inevitable Increases In Evaluations

PROPOSED STRATEGY

- Existing Reserve Accounts Should Not Be Depleted Any Further Than Absolutely Necessary If We Wish To Maintain Our Bond Rating
- Borrowing Short Term Will Bridge The Gap Between Cash On Hand And Anticipated Revenue Increases
- Many Capital Projects Could Be Shifted To Borrowed Funds Thereby Freeing Up Recurring Revenue To Cover Recurring Expenses
- The Debt On The Borrowed Funds Would Not Begin Until FY 2018 Thereby Enabling Us To Use Future Revenue Sources
- We could sell Bonds for capital projects if desired

New Project List (Borrowed Funds)

Department	Item	Amount
IT	Disaster Recovery Equipment	$109,000
	Fiber Optics	$165,000
Comm Att	Case Mgmt System	$42,000
Sheriff	Vehicles (2)	$62,400
	Taser Project	$38,000
Police	Vehicles (3)	$105,000
	Telephone System - 911	$100,000
Fire	Pickup Truck For Boat	$35,000
Public Works	Pavement Repair	$450,000
	Rubber Tire Loader	$130,000
	Storage Shed	$75,000

Recreation	Service Truck	$42,000
	Repave Comm. Center Lot	$35,000
	Resurface Pool Deck	$38,000
	Security Camera's	$21,000
	Field Maintenance Vehicle	$15,000
	Renovate Mathis Fld Storage	$16,000
	15 Passenger Van	$55,000
CC	VDOT Projects Match	$400,000
	Additional Paving Funds	$100,000
	City Pt Hist. Dist. Improvements	$50,000
	Mallonee Gym Project	$250,000

CC	Riverwalk Project	$150,000
	Street Lighting Upgrades	$30,000
	TOTAL	$2,513,400

Debt Analysis

Borrowing Amount	**$2,500,000**
Interest Rate	**3.2%**
Annual Payment	**$290,000**
First Payment Date	**July 2017**

Final Adjustments

City Manager Recommended

• Youth Office Director	$46,000
• Web/Social Media Communications Coordinator	$84,500
• Rec and Parks Youth Athletic Program Supervisor	$62,400
• Beacon Theater Operational Funding Support	$300,000

FY2016-2017 (Alternate) BUDGET SUMMARY

• **REVENUES**	
• **Recurring**	**$48,582,618**
• **Non-recurring**	**$0**
• **TOTAL**	**$48,582,618**
• **EXPENDITURES**	
• **Operating**	**$47,152,828**
• **Capital**	**$1,967,056**
• **Total**	**$49,119,884**
• **BALANCE**	**<$537,266>**

Summary

- Alternate Budget uses approximately $800,000 less in non-recurring revenue than the budget with City Council requested items, while still accomplishing that and much more
- Alternate Budget includes approximately the same level of non-recurring funds as the original proposed budget but provides for more than $2 Million in additional capital projects
- Alternate Budget provides for over $2.5 Million in Capital needs, with over $1 Million more than any of the other budgets

Summary

- Alternate Budget provides for three new positions needed for expansion of Youth Activities and Youth Support as well as the communications Strategy City Council desired.
- Alternate Budget also includes reserve funds to support the Beacon as needed
- Alternate Budget include VDOT matching project funds and all other budget options did not
- City Manager expects that some of the Non-recurring revenue needs in this budget will be covered by year end cash balances

City Manager Recommendation

The City Manager recommends using approximately $2,500,000 in borrowed funds as a source for capital projects to begin the implementation of City Councils desires on infrastructure needs as well as working towards the completion of strategic plan items. This would include NO changes to the City's Tax Rates.

QUESTIONS?