



**City Council Budget Session**  
**FY2018 BUDGET REVIEW**  
**March 13, 2017**

**Mayor Levar M. Stoney**

**Selena Cuffee-Glenn, CAO**

# Overview

- 2018 Real Estate Tax & Fee Rates
- Major General Fund Expenditure Changes
- One-time Richmond Budget Items
- Debt Service

# Overview

- Personnel Complement
  - Changes (Position Eliminations)
  - Unfunded Vacant Positions
  - Pay Raises
- Employee Benefits
- Retirement System Rates/System
  - Cost of Living Allowances (COLA)

## 2018 Real Estate Tax & Fee Rates

- Real Estate Tax Rate remains unchanged at \$1.20 per \$100 of assessed value
- Other General Fund taxes remain unchanged from the Adopted FY2017 budget
- This budget recommends a few fee increases

# Budget

## 2018 Proposed Fee Increases

Rate Name:	FY2018 Proposed Fee:	FY2017 Current Fee:	Extra Revenue Generated:
Solid Waste	\$22.50	\$20.00	\$2,010,000
Dead Animal Pick Up	\$50.00	\$10.00	\$500
Parks and Recreation			\$33,284
Dogwood Dell	Multiple	Multiple	
Carillon	Multiple	Multiple	
Use of City Owned Equipment	Multiple	Multiple	
Use of City-owned Parks	Multiple	Multiple	
Meeting Fees	Multiple	Multiple	

# Budget

## 2018 Proposed Fee Increases, contd.

<b>Rate Name:</b>	<b>FY2018 Proposed Fee:</b>	<b>FY2017 Current Fee:</b>	<b>Extra Revenue Generated:</b>
Cemeteries	Multiple	Multiple	\$138,000

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## 2018 Proposed Fee/Rate Increases contd.

- Increase in Utility rates
  - Gas = 3.5%
    - The average monthly residential gas bill will increase \$1.77 in FY2018
  - Water = 5.75%
    - The average monthly residential water bill will increase \$2.14 in FY2018

## 2018 Proposed Fee/Rate Increases contd.

- Increase in Utility rates
  - Wastewater = 5.0%
    - The average monthly residential wastewater bill will increase \$2.81 in FY2018
  - Stormwater = 5.0%
    - The average monthly residential stormwater bill will increase \$0.19 in FY2018

*CHANGE IN TOTAL MONTHLY DOLLAR AMOUNT IMPACTING THE RATE PAYER IS \$6.91 IN FY2018*



# FY18 Proposed Budget

Proposed General Fund Budget: \$681,213,792

Proposed General Fund Capital Budget: \$60,226,923

Proposed Enterprise Budget: \$353,137,243

# FY18 Proposed General Fund Budget

FY17 Adopted: \$717,059,117

FY18 Proposed: \$681,213,792

## FY18 Major General Fund Expenditure Changes

### Removal of restricted revenues from the general fund

- ***Best Practice***
  - Not comingle restricted resources within general fund
  - Funds are earmarked exclusively for specific purposes – Cannot be used for other purposes
- ***Greater transparency***
  - The inclusion of these funds distorts the view of what is available for use for the Administration and the Legislative body, versus
  - Removal of funds shows a clearer picture of the City's general revenues that can be used for other, general purposes

# Budget

## FY18 Major General Fund Expenditure Changes

### Best Budget Practices

Major Decreases (Compared to FY17 Adopted Budget)

- **Removal of School State Shared Sales Tax** (revenue and expenditures) from general fund to a new special fund = \$26.2m
- **Removal of State Street Maintenance** (revenue and expenditures) from general fund to a new special fund = \$26.7m

Total of approximately **\$53M**

## **FY18 Major General Fund Expenditure Changes**

**Removal of School State Shared Sales Tax (revenue and expenditures) from general fund to a new special fund = \$26.2m**

- This is a dedicated source of revenue from State to RPS
- Currently and in past, this source of funding was included in general fund as an appropriation to RPS
- Going forward, recommendation is to include this revenue in a special fund specifically for RPS
- RPS will continue to receive this revenue as they have in the past

## **FY18 Major General Fund Expenditure Changes**

### **Removal of State Street Maintenance (revenue and expenditures) from general fund to a new special fund = \$26.7m**

- This is a dedicated source of revenue from State for allowable, street related, maintenance expenditures
- Currently and in past, this source of funding was included in general fund and the expenditures were included in DPW's operating budget
- Going forward, recommendation is to include this revenue in a special fund
- Results in the reduction in DPW's general fund operating budget whereby the street maintenance related costs have been moved to a new special fund – Funded by State and City contribution

## **FY18 Major General Fund Expenditure Changes**

Major Decreases (Compared to FY17 Adopted Budget)

### **Creation of two new Internal Service Funds**

- Fund - that provides goods and/or services to internal departments on a cost reimbursement basis
  - Information Technology
  - Risk Management

## FY18 Major General Fund Expenditure Changes

Major Decreases (Compared to FY17 Adopted Budget)

### Creation of two new Internal Service Funds

- *Best Practice and Greater Transparency*
  - Depicts true cost for services
    - In prior years general fund took on majority of these costs, AND
    - Many non general fund entities have not paid their full share of the costs of services
  - Shows costs and contributions of non-general fund departments
  - More accurate and transparent representation of the citywide costs for risk management and information technology



# Budget

## FY18 Major General Fund Expenditure Changes

Major Decreases (Compared to FY17 Adopted Budget)

### Creation of two new Internal Service Funds

- Information Technology
  - Formerly a stand alone department in general fund
- Risk Management
  - Formerly a stand alone cost center/program within the Finance department
- Results in the removal of general fund revenue/expenditures associated with these former departments/programs to two new Internal Service Funds

# Budget

## FY18 Major General Fund Expenditure Changes

### *Citywide*

Major Decreases (Compared to FY17 Adopted Budget)

### **Creation of two new Internal Service Funds**

- Information Technology
  - Reduction of approximately \$18.4M – Department removed from general fund
  - Reduction in most software related costs in all departments
- Risk Management
  - Reduction of approximately \$13.7M as a cost center/program within Finance department
  - Reduction of approximately \$5M in revenue

# Budget

## FY18 Major General Fund Expenditure Changes

Major Decreases (Compared to FY17 Adopted Budget)

### Non-Departmental

- Peumansend Regional Jail = \$1.2M
  - City opted out of contract via Ordinance in 2016
- Retirement (VRIP) contribution = \$794k
  - Costs are included in the RRS rates

# Budget

## FY18 Major General Fund Expenditure Changes *Citywide*

Major Increases (Over FY17 Adopted Budget)

### Non Departmental

- Increase associated with the inclusion of the general fund contribution to two new Internal Service Funds
  - Information Technology - \$19.7M
  - Risk Management - \$10.1M

# Budget

## FY18 Major General Fund Expenditure Changes

Major Increases (Over FY17 Adopted Budget)

### Non Departmental

- Other Items
  - GRTC - \$1.6M
  - GRCCA - \$1.9M (due to increase in lodging tax revenue)
  - Clayco, Inc. Economic Incentive Grant - \$500k
  - Richmond Regional Tourism - \$156k

**Est. Total: \$33.9M**

# Budget

## FY18 Major General Fund Expenditure Changes

### Major Increases (Over FY17 Adopted Budget) – **Contractual Obligations**

- Sheriff - \$621k for inmate medical
- Sheriff - \$235k for Prescription drugs/Pharmacy services
- DPW - \$781k for Security contact
- DPW - \$712k for Janitorial contract
- Justice Services - \$130k for Mental Health Pretrial docket
- Justice Services - \$147k for RBHA Substance Abuse Services

**Est. Total: \$2.6M**

# Budget

## **FY17 Major General Fund Expenditure Changes**

### **Major Increases (Over FY17 Approved Budget) – Non-Discretionary Items**

- DEC - \$459k for Public Safety Domain Upgrade
- ECD - \$200k for a Capitol City Opportunity Fund
- ECD - \$1.7M Transfer from Parks of Coliseum expenditures
- ECD - \$996k Transfer from DPW, Main Street Station expenditures
- ECD - \$694k Increase in local funding to operating Main Street Station
- DPW - \$1.4M for 45 new refuse collectors

**Est. Total: \$2.75M (excludes the transfers)**

# Budget

## **FY18 Major General Fund Expenditure Changes**

Increases (Over FY17 Approved Budget) – **Increased Costs Associated with Enhanced Bulk and Brush Services**

- DPW - \$1.36M for purchase of 8 new trucks
- DPW - \$135k for additional fleet charges for new vehicles
- DPW - \$650k 15 new positions
- DPW - \$300k for additional Overtime
- DPW - \$21k for additional PPE (personal protective equipment)

**Est. Total: \$2.47M**



# Budget

## **FY18 Major General Fund Expenditure Changes**

### **Major Increases (Over FY17 Approved Budget) – Personnel**

- RPD - \$1.3M to modify salaries of sworn staff
- Fire - \$1M to modify salaries of sworn staff
  - Increase retention
  - Long term plan, Mayor is committed to addressing in future budget proposals
- OCWB - \$400k for 6 new positions
  - Expand workforce development services and training for CWI participants

# Budget

## **FY18 Major General Fund Expenditure Changes**

### **Increases (Over FY17 Approved Budget) – Personnel**

- Procurement - \$156k for 2 new positions
  - Develop and implement a P card program
- Justice Services - \$470k for 9 new positions
  - Operate the day reporting center due to canceling contract
- Assessor - \$75k for 1 new position
  - Assist with supplemental tax assessments

# Budget

## FY18 Major General Fund Expenditure Changes *Citywide*

### Increases (Over FY17 Approved Budget) – Other Items

- RPS - \$6.1M increase – Fund Teacher decompression (2<sup>nd</sup> year of the 2 year plan) and a 2.5% salary increase for staff
  - Proposed budget recommends appropriating \$1.5M of RPS' projected prior year fund balance as a general fund resource back to RPS to support this proposed increase
  - See handout

# Budget

## FY17 Major General Fund Expenditure Changes *Citywide*

### Decreases

- \$485k reduction = 3.5% average operating reduction to Departments' discretionary accounts

# Budget

## One-Time Funded Items

- \$459k for Public Safety Domain upgrade
- \$1.36M for 8 new trucks for Bulk and Brush

# Budget

## Debt

FY17 Adopted amount of \$66,238,021

FY18 Proposed amount of \$68,042,900

- Increase in debt service (FY18) is the result of a higher level of outstanding general fund supported debt
- The City will continue its use of low interest variable rate Line of Credit to provide interim financing of CIP projects
- Will continue to monitor and stay within Debt Policy Limits

# Budget

## Debt

FY18 Proposed amount of \$68,042,900

- GF Outstanding Debt (Debt Payments) allocated to finance Richmond Public School capital projects

Fiscal Year	Principal Payment	Interest Payment	Total
2018	10,072,781	8,101,819	\$18,174,600

# Budget

## **Personnel Complement**

### **City**

FY17 Adopted GF FTE count = 3,864.46

FY18 Proposed GF FTE count = 3,609.69

### **RPS**

FY18 Total GF FTE count = 3,247.80

(Source: School Board Approved Budget for FY2017-2018 Object Summary – General Fund Chart)



## Unfunded Vacant Positions

- The FY17 Adopted Budget funded only \$6.2M out of an estimated \$25M in funding for vacancies for **ALL** general fund departments
- The \$6.2M funded the equivalent of approximately 25% of the total cost
- The reductions had an impact on city services and programs in FY2016 and FY2017 will continue in FY2018

# Budget

## Unfunded Vacant Positions

- The FY18 Proposed Budget recommends funding \$11.9M for critical vacancies across multiple departments
  - See the attached handout - shows only those recommended to receive funding
- Proposed vacancy funding includes approximately \$3.3M for new, vacant positions
- Out of a total of 3,609.69 GF FTEs, funding is recommended for 3,106 filled and only 198 vacant positions (82 new and 116 existing positions).
  - **THE FY2018 PROPOSED BUDGET DOES NOT INCLUDE FUNDING FOR 304 OR 61% OF THE VACANT POSITIONS**

# Budget

## Pay Raises

- There are no pay raises or bonuses for City/Non sworn employees in the proposed budget for FY18
- FY18 proposed budget includes funding for a 3% pay increase for all Constitutional officers as approved by the General Assembly

# Employee Benefits

## Health Insurance Premium Costs

- Health Insurance premiums are projected to remain level to the current FY2017 calendar year rates – both the Employer and Employee

# Employee Benefits

## 2016 Health Assessment Results (for 2017 Contributions)

### Active Employees

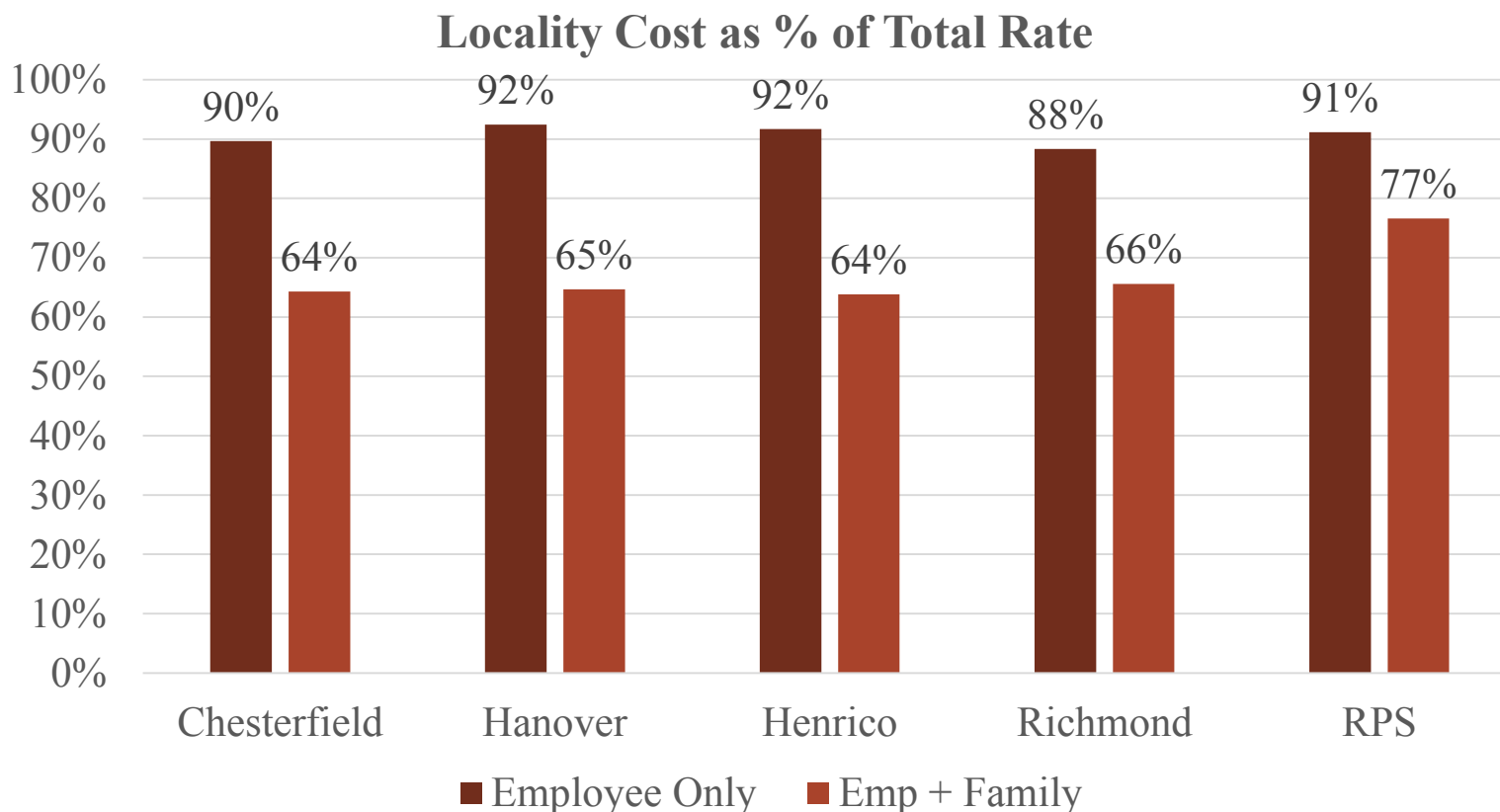
- Of the 3,450 employees covered under the medical plan, 64.1% receive 100% on the health assessment incentive and 5.8% receive 75% of the incentive.
- 69.9% of employees completed the health assessment.
- 615 spouses are covered and 300 of them completed the health assessment.

### Retirees

- Of the 413 retirees covered, 168 completed the health assessment and 12 retiree spouses completed the health assessment.

**The health insurance incentive differential was increased to 20% from 10%.**

# Comparison of Localities Medical Cost



**Notes:**

Based on most popular plan

Chesterfield, Hanover and Henrico have same rates for Gov't and School employees



# Budget

## Health Insurance

- Health Insurance Budget
  - FY17 Adopted Amount: \$27,699,031
  - FY18 Proposed Amount: \$25,341,433\*\*

*\*\*Other Health Insurance costs are included in the new ISFs and the Street Maintenance Special Fund*

## Richmond Retirement System Rates

- FY18 projected retirement rates (as provided by RRS)

	Adopted FY17	Proposed FY18
General Employees	43.08%	46.51%
Sworn Police & Fire	38.36%	40.56%

- FY17 Adopted Amount: \$38,964,783
- FY18 Proposed: \$37,925,834\*\*

*\*\*Other RRS costs are included in the new ISFs and the Street Maintenance Special Fund*



## **Cost of Living Allowances (COLA)**

- The FY2018 Proposed Budget does not include a COLA

## QUESTIONS