

County Administrator's Proposed Fiscal Year 2019-2020 Operating Budget

Board of Supervisors Meeting

March 12, 2019

Proposed FY 2019-2020 Operating Budget Agenda

- County Administrator's Budget Priorities
- FY 2019-2020 General Government Revenues
- FY 2019-2020 General Government Expenditures
- FY 2019-2020 Other General Government Funds
- Next Steps

Proposed FY 2019-2020 Operating Budget Priorities

County Administrator's Proposed FY 2019-2020 General Government Operating Budget Priorities:

- Employee compensation
- Economic and Community Development initiatives
- Equitably end the Vinton Gain Sharing agreement
- Maintain current tax rates

Fiscal Year 2019-2020 Proposed Operating Budget Taxes & Revenues

Proposed FY 2019-2020 Operating Budget Proposed Tax Rates

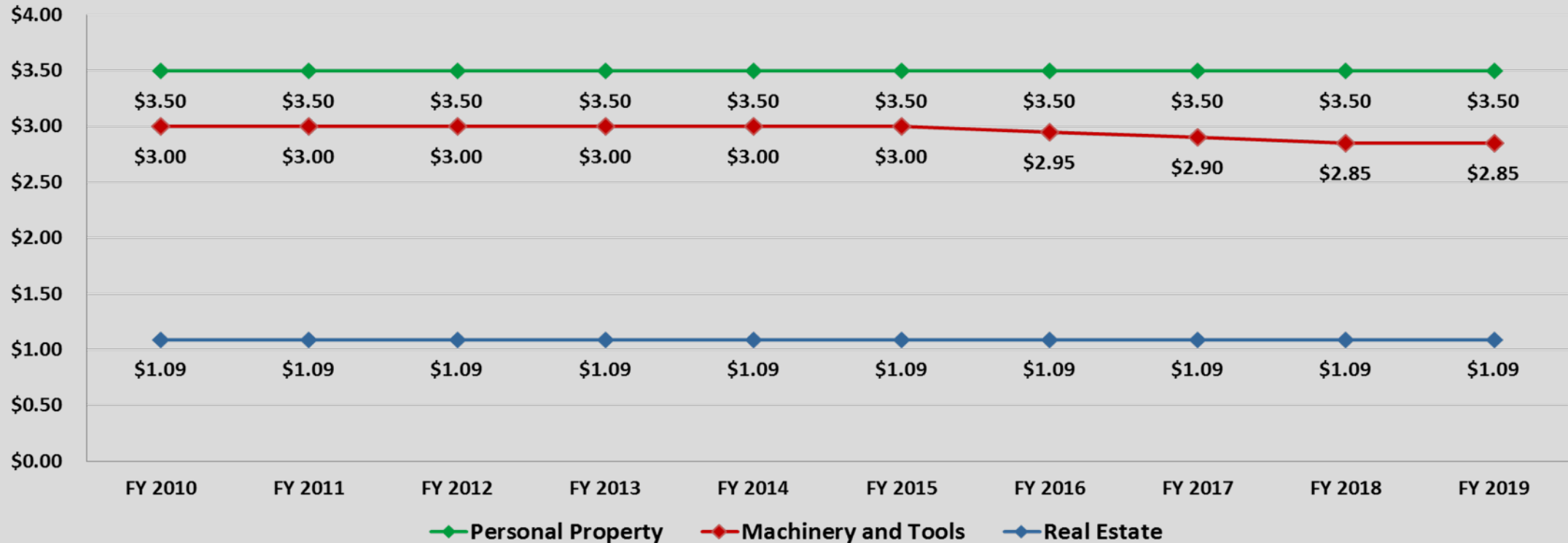
County Administrator's Proposed FY 2019-2020 Operating Budget maintains prior year tax rates

Tax	Current Rate (FY 2019 Budget)	Proposed Rate (FY 2020 Budget)	Value of a Penny on Tax Rate
Real Estate	\$1.09/\$100 of Assessed Value	\$1.09/\$100 of Assessed Value (No Change)	\$875,000 / Penny
Personal Property	\$3.50/\$100 of Assessed Value	\$3.50/\$100 of Assessed Value (No Change)	\$88,300 / Penny
Machinery and Tools	\$2.85/\$100 of Assessed Value	\$2.85/\$100 of Assessed Value (No Change)	\$9,300 / Penny

A change in tax rates impacts both current year and FY 2020 for the County but only FY 2020 for the Schools

Proposed FY 2019-2020 Operating Budget Tax Rate History

Tax Rate History



Real Estate Tax Rate was lowered from \$1.13 to \$1.12 in FY 2001, to \$1.11 in FY 2006, and to \$1.09 in FY 2007

Proposed FY 2019-2020 Operating Budget General Government Revenue

**County Administrator's Proposed FY 2019-2020 General Government Revenue Budget is \$377,585
over the February 12, 2019 Revenue Estimate**

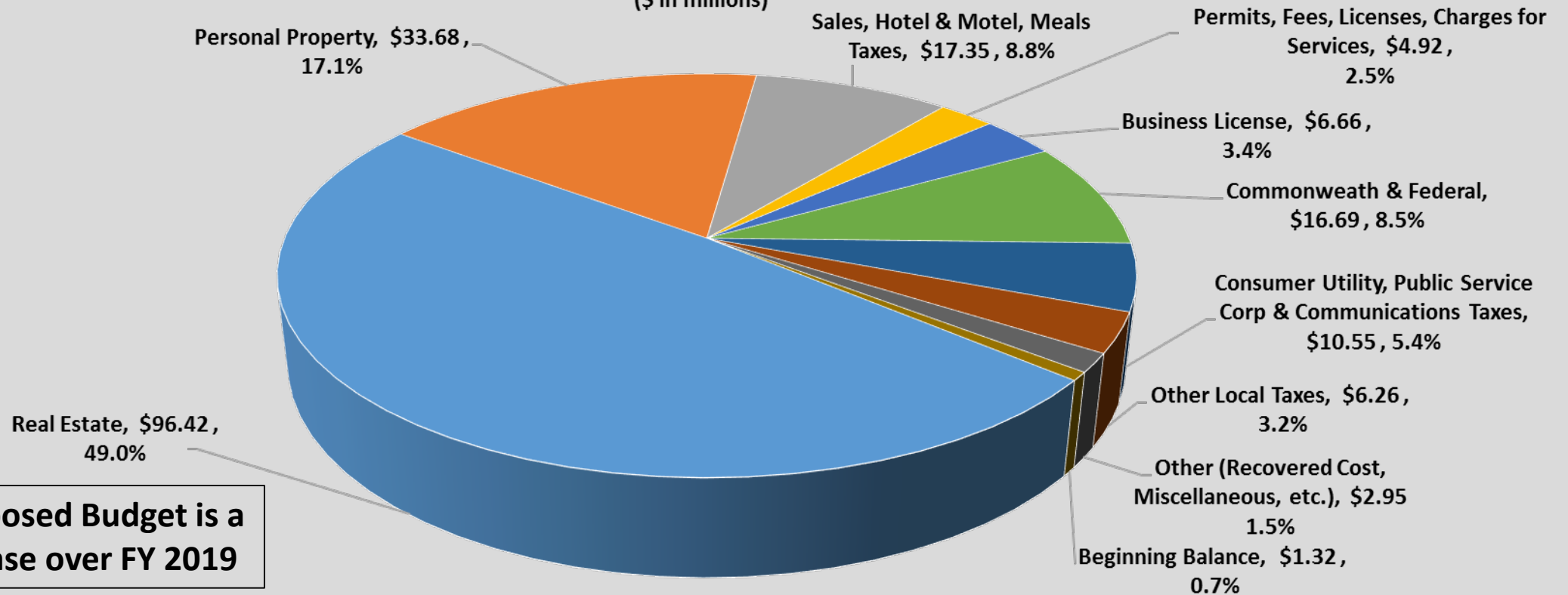
Revenue Source	Increase / (Decrease) over February 12	Total
February 12, 2019 Revenue Estimate		\$196,408,908
Personal Property Tax	\$125,000	
Fees for Ambulance Service	\$55,000	
Commonwealth Revenue	\$43,000	
Other Revenue	\$34,740	
Use of Fund Balance (for 12% Fund Balance policy)	\$119,845	
Total FY 2019-2020 Proposed General Government Revenues		\$196,786,493

Proposed FY 2019-2020 Operating Budget General Government Revenue

FY 2020 General Government Revenue

\$196,786,493

(\$ in millions)



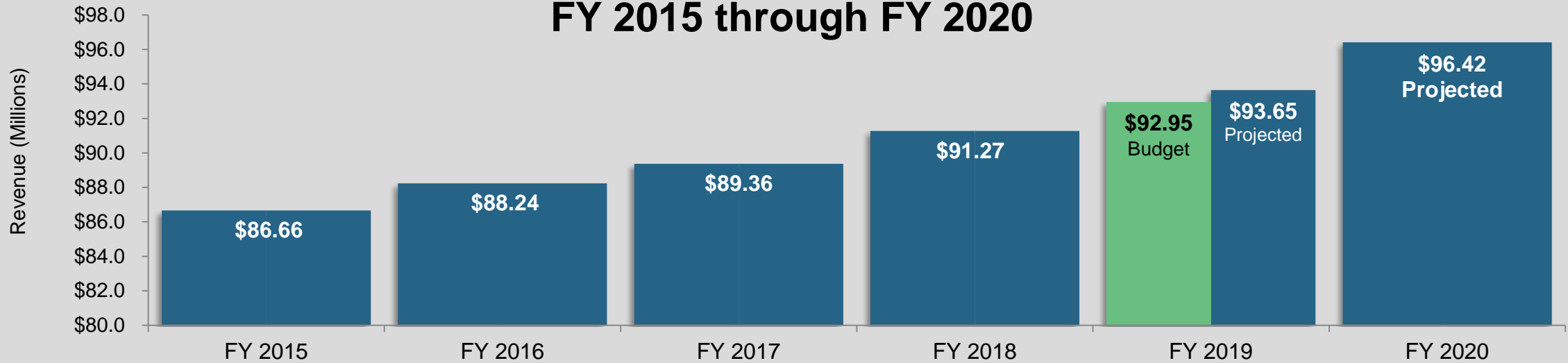
FY 2020 Proposed Budget is a 3.21% increase over FY 2019

Proposed FY 2019-2020 Operating Budget General Government Revenue

Revenue	FY 2019 Adopted	FY 2019 Proposed	\$ Change FY 20 – FY 19	% Change FY 20 – FY 19
Real Estate	\$ 92,945,661	\$ 96,420,000	\$ 3,474,339	3.74%
Personal Property	\$ 33,546,384	\$ 33,675,000	\$ 128,616	0.38%
Sales, Hotel & Motel, Meals Taxes	\$ 16,562,008	\$ 17,348,951	\$ 786,943	4.75%
Permits, Fees, Licenses, Charges for Services	\$ 4,966,452	\$ 4,919,060	\$ (47,392)	-0.95%
Business License	\$ 6,372,700	\$ 6,656,000	\$ 283,300	4.45%
Commonwealth & Federal	\$ 16,436,069	\$ 16,690,150	\$ 254,081	1.55%
Consumer Utility, Public Service Corp & Communications Taxes	\$ 10,560,000	\$ 10,550,000	\$ (10,000)	-0.09%
Other Local Taxes	\$ 6,055,896	\$ 6,263,109	\$ 207,213	3.42%
Other (Recovered Cost, Miscellaneous, etc.)	\$ 2,778,179	\$ 2,945,925	\$ 167,746	6.04%
Beginning Balance	\$ 447,486	\$ 1,318,298	\$ 870,812	194.60%
Total FY 2019-2020 General Govt. Revenue	\$ 190,670,835	\$ 196,786,493	\$ 6,115,658	3.21%

Real Estate

Real Estate Revenue FY 2015 through FY 2020

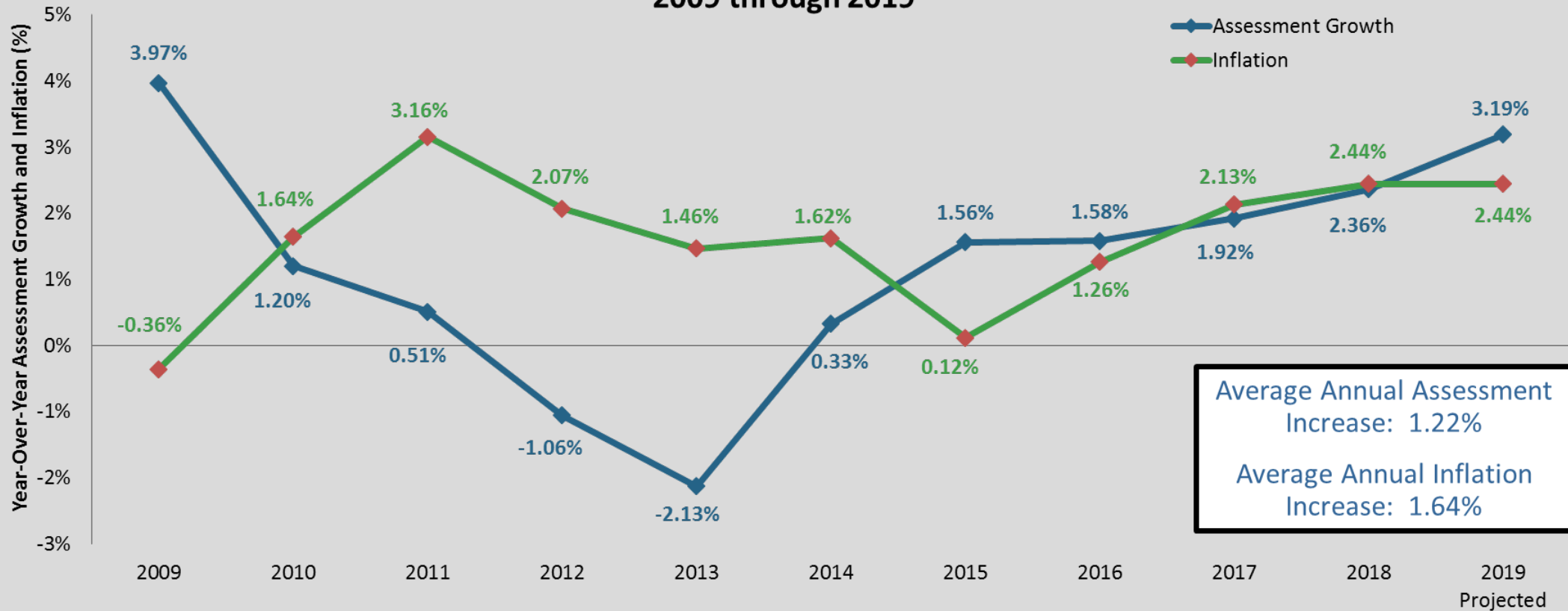


- Calendar Year (CY) 2019 reassessment projected at 3.19%
 - Growth in base – 2.46%; new construction 0.73%
 - FY 2019 revenue trend is to exceed budget
- 3.74% increase on Budget (\$3.47 million)
- 2.96% increase on Projections (\$2.77 million)
- Value of a penny on the tax rate +/- \$875,000

Real Estate Revenue	
Current Rate	\$1.09/\$100 assessed
Current Trend	Exceed budget
Future Outlook	Moderate Growth (2% to 3%)

Proposed FY 2019-2020 Operating Budget Real Estate Assessment History

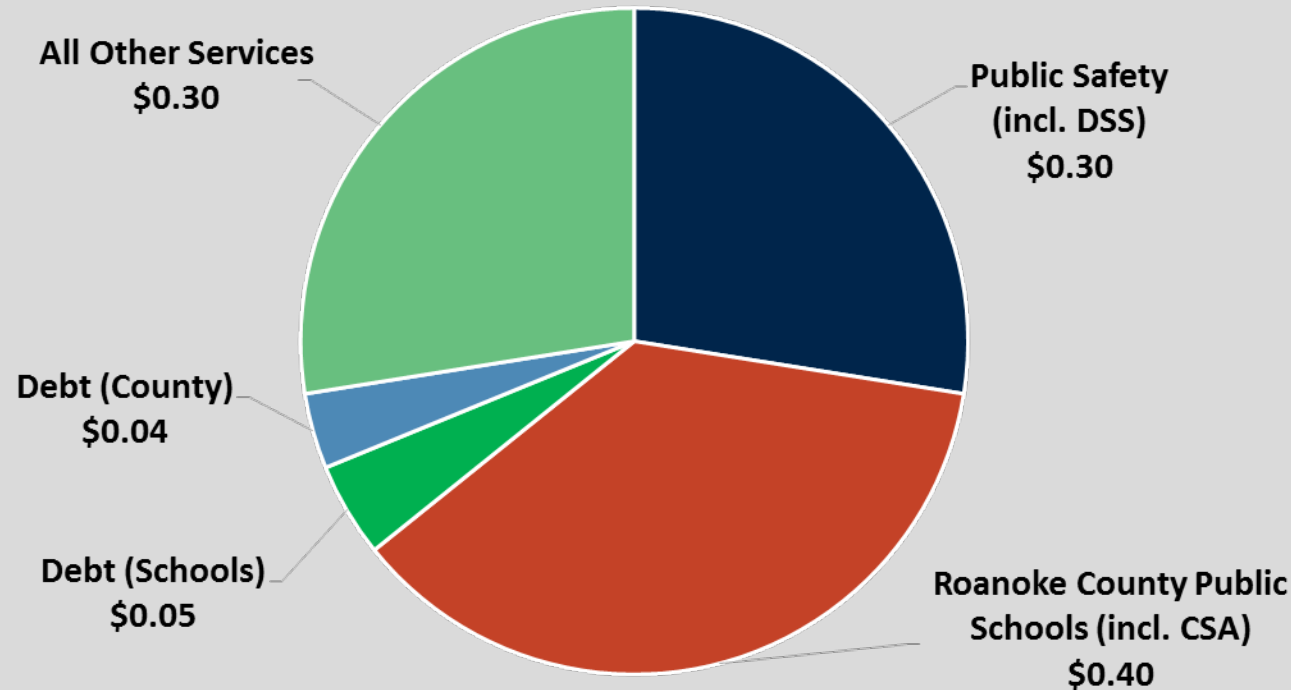
**Assessment Growth and Inflation
2009 through 2019**



Fiscal Year 2019-2020 Proposed Operating Budget General Government Expenditures

Proposed FY 2019-2020 Operating Budget General Government Expenditures

**\$1.09 / \$100 Assessed Value Real Estate Tax Rate
Distribution for County Services**



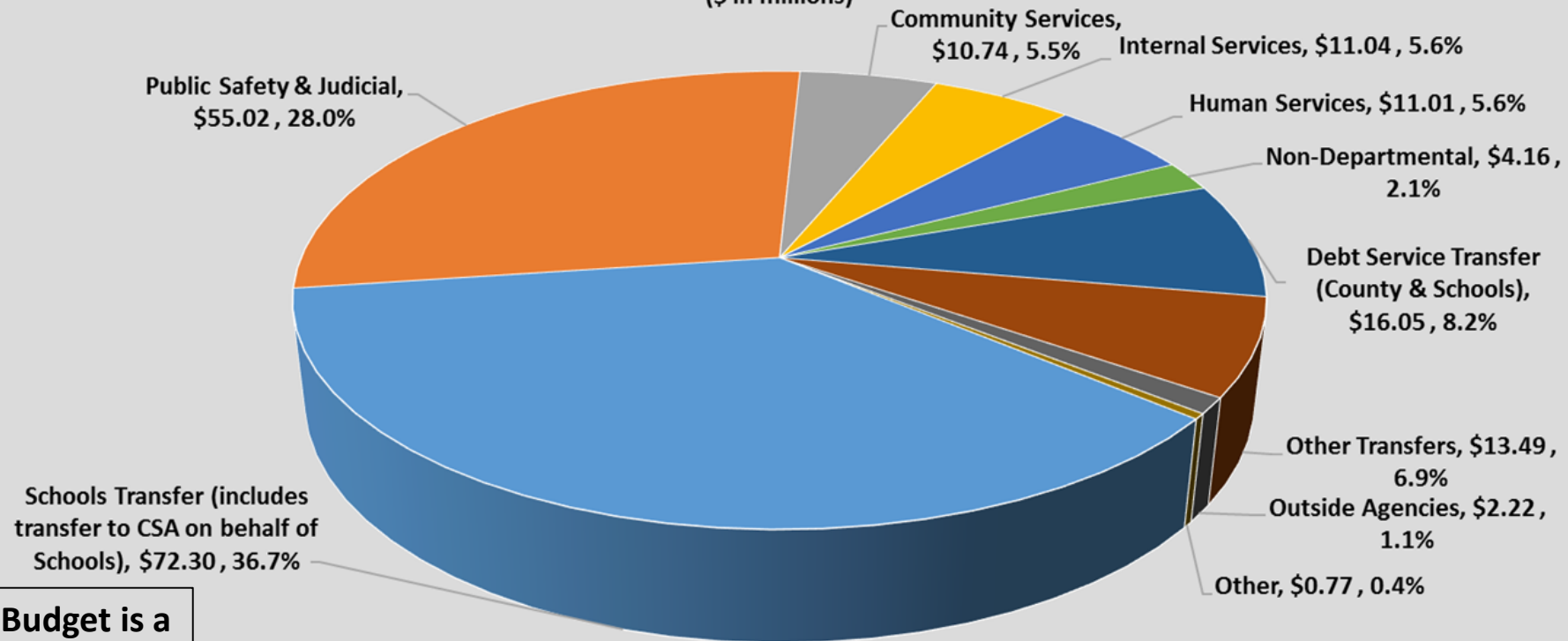
Description	Portion of \$1.09 Supporting Services
Public Safety (incl. Social Services)	\$0.30
Schools (incl. CSA)	\$0.40
Debt (Schools)	\$0.05
Debt (County)	\$0.04
All Other Services	\$0.30
Total	\$1.09

Proposed FY 2019-2020 Operating Budget General Government Expenditures

FY 2020 General Government Expenditures

\$196,786,493

(\$ in millions)



FY 2020 Proposed Budget is a 3.21% increase over FY 2019

Proposed FY 2019-2020 Operating Budget General Government Expenditures

Budget Area	FY 2019 Adopted	FY 2020 Proposed	\$ Change FY 20 – FY 19	% Change FY 20 – FY 19
Schools Transfer (includes transfer to CSA on behalf of Schools)	\$70,448,764	\$72,295,737	\$1,846,973	2.62%
Public Safety & Judicial	51,889,063	55,017,623	3,128,560	6.03%
Community Services	10,357,821	10,743,269	385,448	3.72%
Internal Services	10,919,493	11,040,798	121,305	1.11%
Human Services	10,832,734	11,006,191	173,457	1.60%
Non-Departmental/Miscellaneous	4,072,205	4,158,380	86,175	2.12%
Debt Service Transfer (County & Schools)	14,137,975	16,048,337	1,910,362	13.51%
Other Transfers	15,337,444	13,488,730	(1,848,714)	-12.05%
Outside Agencies	2,177,850	2,219,130	41,280	1.90%
Other – Contingency/Fund Balance	497,486	768,298	270,812	54.44%
Total FY 2019-2020 General Govt. Expenditures	\$190,670,835	\$196,786,493	\$6,115,658	3.21%

Proposed FY 2019-2020 Operating Budget General Government Expenditures

Budget Item	Increase / (Decrease) over FY 2018-2019	Total
Fiscal Year 2018-2019 Approved Operating Budget		\$190,670,835
Countywide Compensation & Benefits Adjustments	\$1,587,399	
Transfers, Outside Services, Miscellaneous, Non-Departmental	\$3,640,888	
Vinton Fire & Rescue Costs	\$826,000	
County Service Level Changes	(\$362,752)	
Department Budget Adjustments	\$424,123	
Total FY 2019-2020 Proposed General Govt. Operating Budget		\$196,786,493
Increase over FY 2018-2019 Adopted Budget		\$6,115,658

Details on all operating budget changes can be found on pages 15-19 of the FY 2019-2020 Proposed Operating Budget document.

Proposed FY 2019-2020 Operating Budget Compensation & Benefits Adjustments

- 2.5% salary increase for all full-time and regular part-time employees
- Total health insurance premiums increase approximately 15%
 - Employee share of premium increases varies based on plan selection
 - Continues to emphasize wellness option
 - No change in health insurance benefits (Key Care 1000 plan)
 - All health insurance rates can be found on page 273 of the FY 2019-2020 Operating Budget documents
- No change in Virginia Retirement System (VRS) rates for FY 2019-2020

Proposed FY 2019-2020 Operating Budget Economic & Community Development Initiatives

A reorganization of Economic & Community Development Departments in FY 2020 will:

- Create a department where all economic development opportunities can be serviced from concept to completion.
- Develop a strategic plan that will enable the County to take advantage of the innovation and entrepreneurial economy growing in our region.
- Address the need for population growth, business recruitment and retention, and critical infrastructure to support growth.
- Focus future planning efforts to address the shortage of diverse housing opportunities and development of mixed use master plans designed to attract new residents and businesses.
- Coordinate and promote regional cooperation with public and private entities in the Roanoke Valley.

Proposed FY 2019-2020 Operating Budget Economic & Community Development Initiatives

To accomplish the reorganization of Economic and Community Development Departments in FY 2020, the budget reflects:

- Create a new Director of Economic & Community Development position
- “Freeze” three positions in FY 2020 to allow the new Director to assess duties of those positions
- Organize the new department into four areas:
 - Economic Development
 - Planning
 - Development Services
 - Engineering & Project Management

Proposed FY 2019-2020 Operating Budget Vinton Gain Sharing Agreement

- Goal of negotiations was to keep each entity whole
- Ends annual payment associated with identified properties in East Roanoke County
- Reverts to State Code on Sales Tax – Vinton previously received 11.77% of Sales Tax; now percentage of Sales Tax based on Vinton population divided by County population
- Vinton Fire & Rescue Services transferred to County (see next slide)
- County assumes Vinton's share of RCACP costs
- Agreement in principle, final agreement being crafted

Proposed FY 2019-2020 Operating Budget Vinton Fire & Rescue Costs

Item	Description	FY 2020 Increase
Current Vinton Fire & Rescue Staffing	Transfer 11 full-time Vinton positions to County employment	\$791,000
Station Operating Costs	Annual operating costs of Vinton Fire & Rescue Station (does not include \$30,000 added to General Services Capital Maintenance Program)	\$111,000
Ambulance Fees	A reduction in the payment of Ambulance Fees collected by the County and then paid to Vinton for calls run by the Vinton Fire & Rescue Department.	(\$240,000)
Debt Service	Annual payment equal to annual debt service on Fire & Rescue Station until debt is paid off in FY 2027	\$164,000
Total		\$826,000

Proposed FY 2019-2020 Operating Budget Outside & Regional Services - Highlights

Outside Entity / Service	Description	FY 2020 Increase
Roanoke County Public Schools	Revenue Sharing Transfer (see next slide)	\$1,646,973
Western Virginia Regional Jail / Sheriff	Increase due to County prisoners taking up larger portion of population, increased daily per diem, increased debt service.	\$743,000
Roanoke Valley Juvenile Detention Center	Increased use by County and increased daily per diem.	\$225,000
Roanoke Valley Resource Authority & Recycling	Increased tonnage from County and increased per ton costs. Also reflects increased costs associated with County recycling.	\$195,000
Regional Center for Animal Care & Protection	Increased use by County and taking over Vinton's share of annual costs.	\$175,000
CORTRAN / RADAR	Increased costs of service provided by RADAR. Reflects proposed service level adjustments as detailed on slide #26.	\$160,000

Proposed FY 2019-2020 Operating Budget General Government Transfer for Roanoke County Public Schools (RCPS)

Description	FY 2019	FY 2020	\$ Increase
Transfer per Revenue Sharing Formula for Roanoke County Public Schools Operating	\$68,844,764	\$70,491,737	\$1,646,973

- Continued application of approved revenue sharing formula as detailed in the Board of Supervisors adopted Comprehensive Financial Policy
- Reflects RCPS Average Daily Membership (ADM) of 13,610 (decrease from 13,700 in FY 2019)
- Also transferred from the General Government Fund on behalf of RCPS
 - Debt Service – \$9,137,406 (increase of \$1,914,424)
 - Support for Children’s Services Act / Private Day School - \$1,804,000 (increase of \$200,000)
- March 28, 2019 – School Board to adopt FY 2020 Operating Budget

Proposed FY 2019-2020 Operating Budget Selected Service Level Changes

County Budget Item / Service	Amount of Service Level Change
Delay the purchase of one fire engine and one bulk solid waste truck – <i>Savings reflected in decrease transfer to Capital / Fleet Fund</i>	(\$850,000)
Adjust opening and closing hours at County Libraries (details on changes in hours can be found on page 182 of FY 2019-2020 Proposed Operating Budget)	(\$37,000)
“Freezing” five vacant positions for FY 2020 – Impacts to service will be evaluated during FY 2019-2020	(\$333,337)
Eliminating two vacant positions / identified efficiencies	(\$108,865)
Addition of full-time CORTRAN program manager (offset with reduction in Social Service part-time funding) – see next slide	\$33,909
Addition of Treasurer Clerk II to assist with delinquent tax collections (offset with new revenue from Personal Property Tax collections)	\$43,873

Details of service level and departmental budget changes can be found on pages 17-19 of the FY 2019-2020 Proposed Operating Budget document.

Proposed FY 2019-2020 Operating Budget Service Level Changes - CORTRAN

- **Goal is to continue to provide service to County residents who rely on program for transportation needs**
- Program changes being considered include:
 - Servicing only established Roanoke County citizens
 - Servicing clients primary residence (with exceptions where efficiencies can be achieved)
 - Increase age only requirement to 70 years old
 - Increase fare from \$4.00 to \$5.00 per trip
 - Begin to actively enforce a “no-show” policy
 - Rebid contract for transportation services
- Even with service level changes, FY 2020 budget for services provided by RADAR increases \$160,000 to \$675,000

Fiscal Year 2019-2020 Proposed Operating Budget Other General Fund Budgets

Proposed FY 2019-2020 Operating Budget Other General Funds

Fund	FY 2019 Approved	FY 2020 Proposed	\$ Change FY 20 - FY 19	% Change FY 20 – FY 19
Communications / IT	\$10,950,782	\$10,988,950	\$38,168	0.35%
*Children's Service Act (CSA)	8,343,504	7,749,460	(594,044)	-7.12%
Recreation Fee Class	6,015,557	5,932,520	(83,037)	-1.38%
Fleet Service Center	3,033,795	3,281,959	248,164	8.18%
Grants & Other	1,858,361	1,867,085	8,724	0.47%
Criminal Justice Academy	395,857	387,252	(8,605)	-2.17%
PRT - Schools Grounds	357,688	363,514	5,826	1.63%
Other General Fund Functions	283,166	284,243	1,077	0.38%
Total, Other General Fund	\$31,238,710	\$30,854,983	(\$383,727)	-1.23%

*See slide #28 for additional information on Children's Services Act (CSA)

Proposed FY 2019-2020 Operating Budget Children's Services Act (CSA)

	FY 2018 Actual	FY 2019 Budget	FY 2019 Projected	FY 2020 Proposed	Difference FY 20 Prop. – FY 19 Proj.
Total Budget	\$6,993,575	\$8,343,504	*\$7,604,386	\$7,749,460	\$145,074

- Costs of Private Day School are projected to continue to increase
 - FY 2018 Actual - \$4.01 M; FY 2019 Projected \$4.41 M; FY 2020 Projected, \$4.745 M
- Treatment Foster Care costs have leveled out - projecting a minor increase
- FY 2019 projected includes a one-time transfer to the General Government Fund for County operations (\$256,894)
- General Government Transfer to support CSA increases \$400,000 to \$3,663,000 in FY 2020
- All recurring revenues anticipated to cover all recurring expenditures – no planned use of fund balance

Proposed FY 2019-2020 Operating Budget Other General Fund Highlights

- **Fee Class Fund**

- Changes in fees proposed to continue cost recovery model (page 234) of the FY 2019-2020 budget document
- Closes the café at Vinton Library (café consistently losing money)

- **Communications / Information Technology Fund**

- Transfer from General Government Fund increases \$635,663 as use of Fund Balance is eliminated and recurring revenues are funding recurring expenditures
- Includes all personnel and benefits increases; increases for software costs and new chairs for ECC dispatchers
- Eliminates use of fund balance for capital expenditures

Next Steps

Proposed FY 2019-2020 Operating Budget Important Page Numbers

Document Section / Information	Page Number
County Administrator's Transmittal Letter, Summary of General Government Revenue & Expenditure Changes, Summary of Position Changes	7-24
General Government Revenue & Expenditure Summaries	89-103
Outside Agency Contributions	202-207
Roanoke County Public Schools Revenue Sharing Calculation	218-220
Capital Fund, FY 2020 Capital Year Budget (part of CIP), & Fleet Replacement	259-268
FY 2020 Proposed Health & Dental Insurance Rates	273, 275

Proposed FY 2019-2020 Operating Budget Next Steps – Work Sessions/Briefings

Item	2019 Date
Briefing – County Administrator’s Proposed FY 2020 – 2029 Capital Improvement Program	January 22
Work Session – FY 2019 Mid-Year Revenue & Expenditure Update	January 22
Work Session – FY 2019 – 2020 Revenue Outlook; County Fees & Charges Compendium	February 12
Work Session – FY 2020 – 2029 Capital Improvement Program	February 26
Briefing – County Administrator’s Proposed FY 2020 – 2029 Operating Budget	March 12
Work Session – Total Compensation, Outside Agencies, CORTRAN	March 26
Work Session – Departmental Budgets, Other General Fund Budgets, Fees and Charges	April 9
Work Session – Schools (if necessary), CIP, Debt, Other/Follow-Up Items	April 23

Proposed FY 2019-2020 Operating Budget Next Steps – Board Items

Item	2019 Date
County Administrator's Recommended FY 2020-2029 CIP	January 22
County Administrator's Recommended FY 2019-2020 Operating Budget	March 12
Public Hearing: Effective Tax Rate Public Hearing: Maximum Tax Rate Adoption of Maximum Tax Rate	March 26
Public Hearing: Tax Rate Adoption Public Hearing: Operating and Capital Budgets (first of two) Adoption of 2019 Tax Rates	April 9
Public Hearing: Operating and Capital Budgets (second of two) 1 st Reading of FY 2019-2020 Operating and Capital Budget Ordinances	May 14
2 nd Reading and Adoption of FY 2019-2020 Operating and Capital Budget Ordinances	May 28

Questions and Comments