

# Fiscal Year 2022 Proposed Budget

---

## **Annual Operating Budgets:**

- General Fund
- Utilities Fund

## **6 – Year Capital Improvements Program:**

Fiscal Years 2022 – 2027

Town Council Meeting  
February 09, 2021



# Budget Highlights

- ▶ COVID-19 Financial Effects
- ▶ Recovering Economy
- ▶ Multi-Year Financial Plan
- ▶ Triple AAA Bond Rating
  - ◆ Reaffirmed in December 2020
- ▶ Cautious Approach
- ▶ Maintain Current Tax Rates
- ▶ Capital Investments & Infrastructure

# Financial Recap - FY 2020

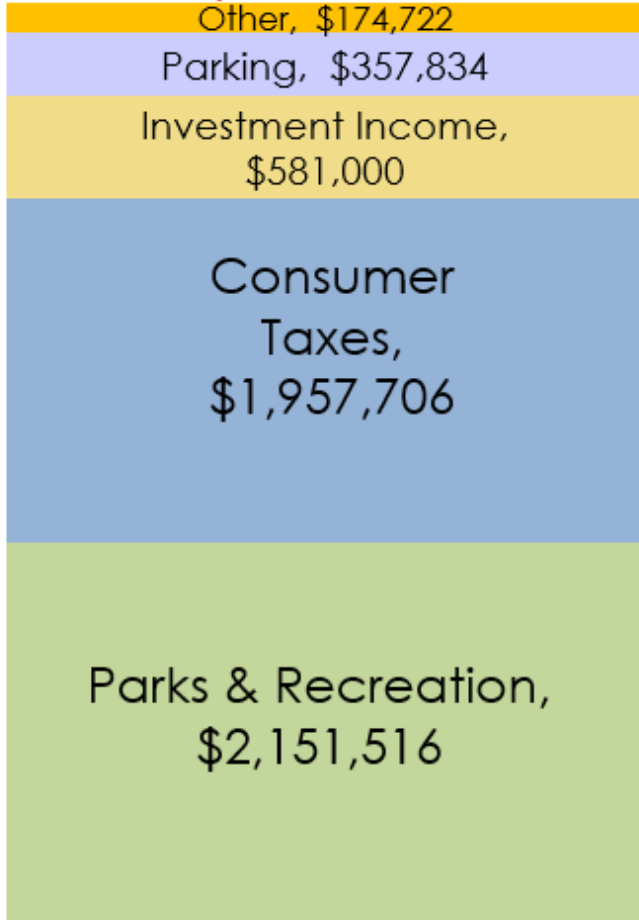
- ▶ COVID-related revenue shortfall (March-June 2020) of **\$3.4 million**
- ▶ Town immediately implemented strategic expenditure and programmatic reductions:
  - ◆ Froze 15 positions
  - ◆ Froze Capital Asset Replacement Program (CARP)
  - ◆ Deferred street maintenance
  - ◆ Debt service savings
  - ◆ Canceled events/closed facilities
- ◆ Realized \$2.1 million in year-end savings

# Financial Recap - FY 2021

- ▶ Adopted March 24, 2020
  - ◆ Initial forecast was a **\$7.2 million** revenue shortfall
  - ◆ Current shortfall is **\$5.22 million**
  - ◆ Strategic expenditure reductions and freezes are anticipated to offset shortfall
- ▶ Multi-year financial plan to address COVID-19 financial implications

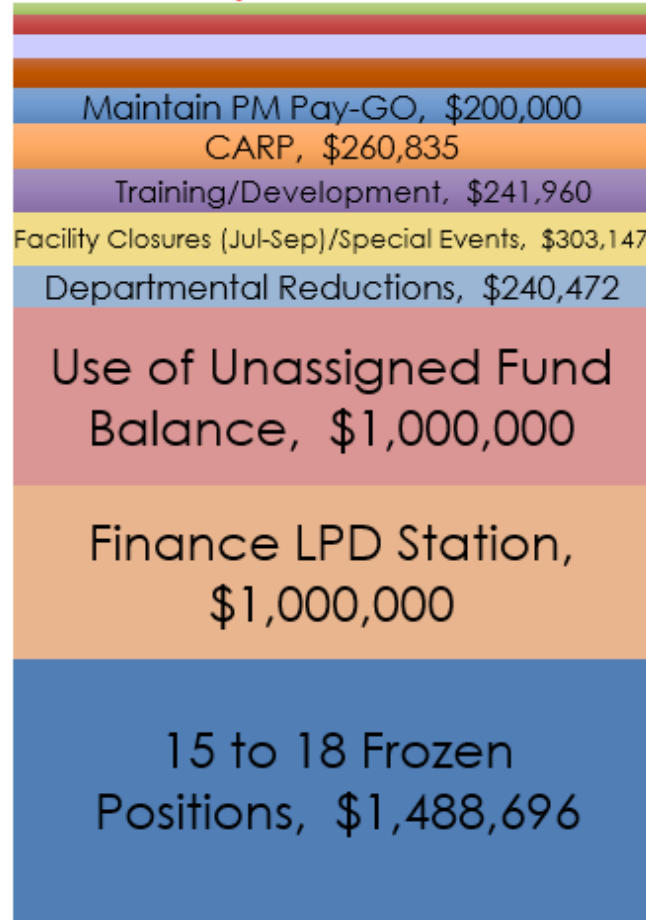
# Balancing Fiscal Year 2021

**\$5.22M**



**Revenue Shortfall**

**\$5.22M**



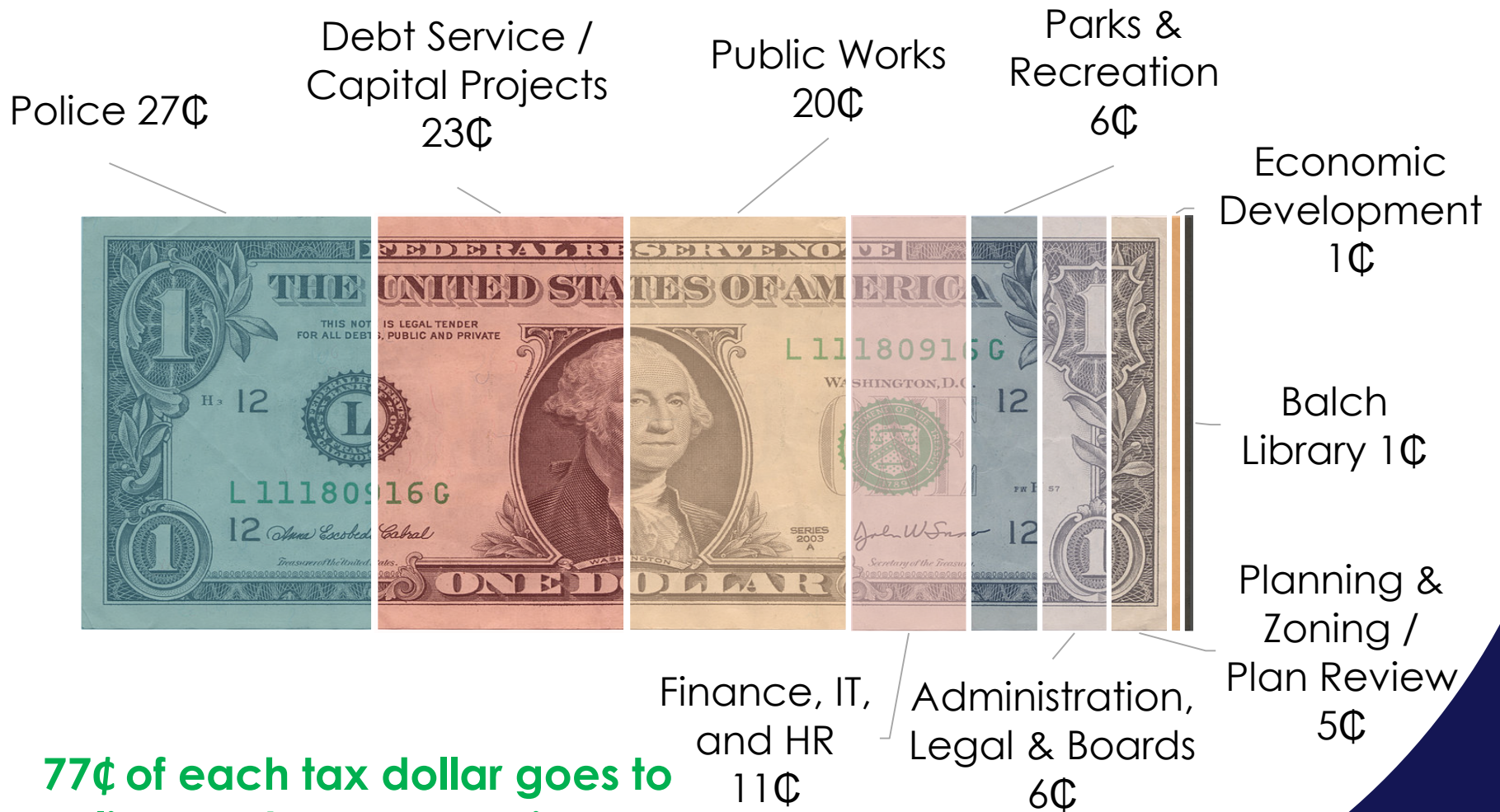
**Expenditure Reductions**

- Print to Electronic Mailings, \$72,000
- CARES Act Staff Redeployment, \$110,668
- Bond Refunding, \$140,000
- Extended Hiring Process, \$165,000

# FY 2022 Budget Overview

	FY 2021 Budget	FY 2022 Proposed
General Fund (Operating)	\$62,520,513	\$65,336,346
Utilities Fund (Operating)	\$23,463,531	\$25,227,357
Capital Improvements Program (CIP) – General Government	\$47,442,700	\$28,645,100
Capital Improvements Program (CIP) – Utilities	<u>\$10,527,400</u>	<u>\$18,371,000</u>
<b>TOTAL</b>	<b>\$143,954,144</b>	<b>\$137,579,803</b>

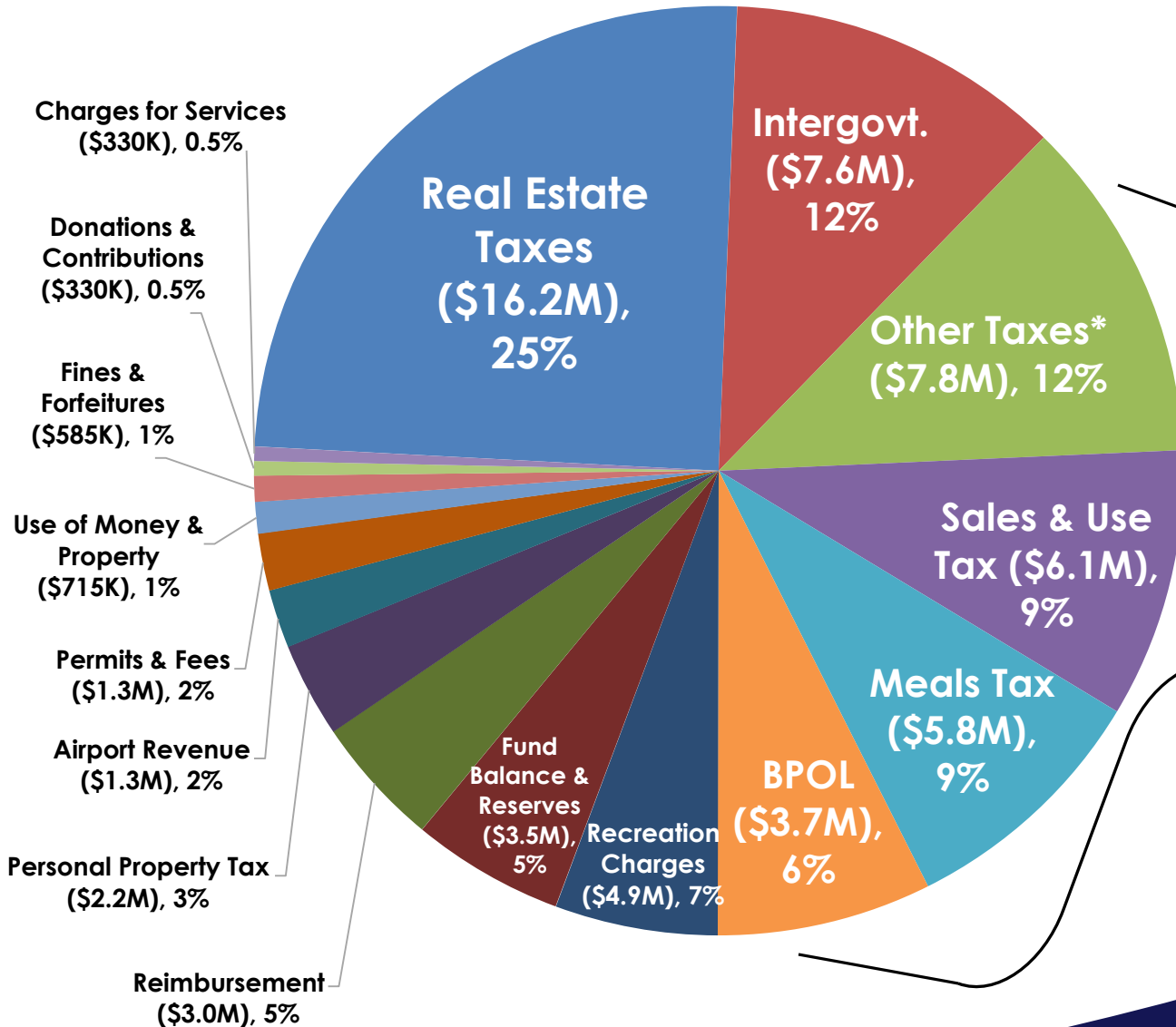
# Your Town Tax Dollar at Work



**77¢ of each tax dollar goes to Police, Parks & Recreation, Balch Library, Capital Projects, and Public Works**

# Revenue Diversity

## General Fund



### \*Other Local Taxes:

- Utility Consumption Tax
- Transient Occupancy Tax
- Cigarette Tax
- Communications Tax

### Consumer Taxes:

Meals & Beverages, Sales & Use, BPOL and Other Local Taxes equal **36%** of revenue



# Notable FY 2022 General Fund Revenue Estimates

Revenue Line	FY 2020 Actuals	FY 2021 Projected	FY 2021 Budget	FY 2022 Proposed	Increase / (Decrease)
Recreation Center Fees	\$ 1,496,979	\$ 1,014,559	\$ 1,900,000	\$ 1,330,000	\$ (570,000)
Outdoor Pool	\$ 226,488	\$ 208,857	\$ 445,000	\$ 311,500	\$ (133,500)
Investment Income	\$ 762,872	\$ 119,000	\$ 700,000	\$ 115,000	\$ (585,000)
Hotel Tax	\$ 558,215	\$ 398,153	\$ 860,000	\$ 814,000	\$ (46,000)
Plan Review Fees	\$ 1,032,586	\$ 705,000	\$ 705,000	\$ 650,000	\$ (55,000)
Real Estate Tax	\$ 14,573,692	\$ 15,504,405	\$ 15,375,000	\$ 16,179,500	\$ 804,500
Sales & Use Tax	\$ 6,088,771	\$ 6,106,302	\$ 5,768,345	\$ 6,110,000	\$ 341,655
State Highway Funding	\$ 3,810,643	\$ 3,825,910	\$ 3,825,910	\$ 3,900,932	\$ 75,022
New Tennis Structure	\$ -	\$ -	\$ -	\$ 500,000	\$ 500,000

# General Fund Base Budget Adjustments

## ▶ **Increased Operating Costs**

- ◆ Annual Debt Service **\$770k**
- ◆ Computer Replacements **\$100k**
- ◆ Recycling Contract **\$31k**

## ▶ **Increased Cost of Existing Personnel - \$1.3M**

- ◆ Increase in workers comp and unemployment insurance **\$321k**
- ◆ Pay-for-Performance merit increases **\$550k**

# Fiscal Year 2022 Proposed Enhancements

- ▶ Downtown Outdoor Dining (\$177,086)
- ▶ Office Space for Mayor and Town Council (\$60,000)

# Fiscal Year 2022

## Proposed Enhancements

- Emergency and Inclement Weather/Snow Response (\$300,000)

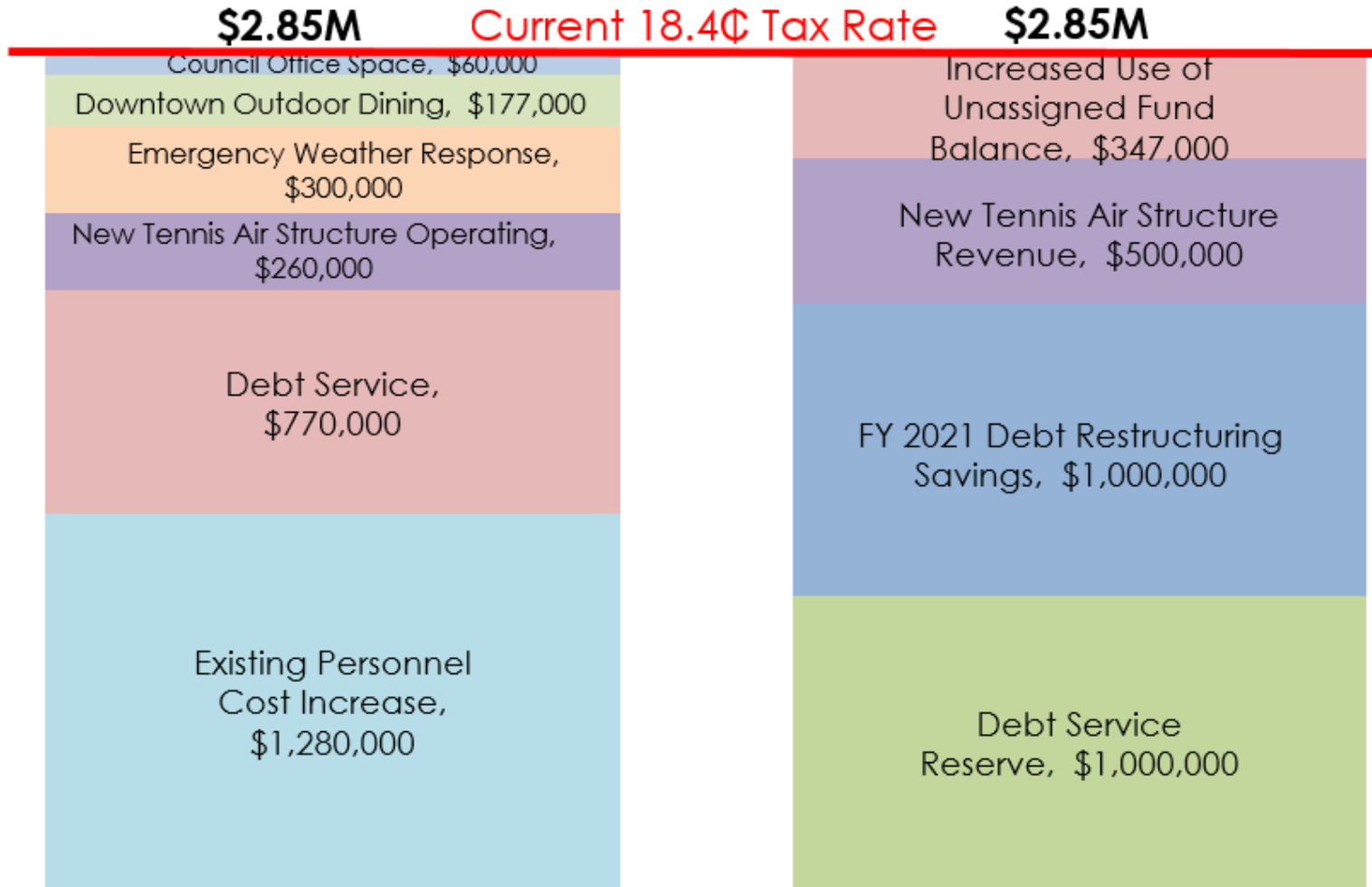
Fiscal Year	Budget	Actual	Gap
FY 2016*	\$ 125,000	\$ 770,915	\$(645,915)
FY 2017	\$ 125,000	\$ 118,427	\$ 6,573
FY 2018**	\$ 297,500	\$ 95,863	\$ 201,637
FY 2019	\$ 311,500	\$ 615,394	\$(303,894)
FY 2020	\$ 298,900	\$ 105,863	\$ 193,037
FY 2021***	\$ 304,750	\$ 650,000	\$(345,250)

\*Winter Storm Jonas

\*\*Snow OT was not budgeted until FY 2018

\*\*\*Approximately \$650K to date.

# FY 2022 Budget Growth



**Expenditures**

**Revenues**

Many smaller offsetting increases and decrease for both Expenditures and Revenues

# Proposed Real Estate Tax Rate

- ▶ **No increase recommended**
- ▶ **Maintain rate of 18.4¢** per \$100 of assessed value
- ▶ Overall equalized rate is 17.8¢
- ▶ **Each penny is valued at \$881,000 for FY 2022**
- ▶ If equalized rate is used, must decrease:
  - ◆ FY 2022 budget by approximately **\$530,000**
  - and**
  - ◆ FY 2021 by **\$262,000**

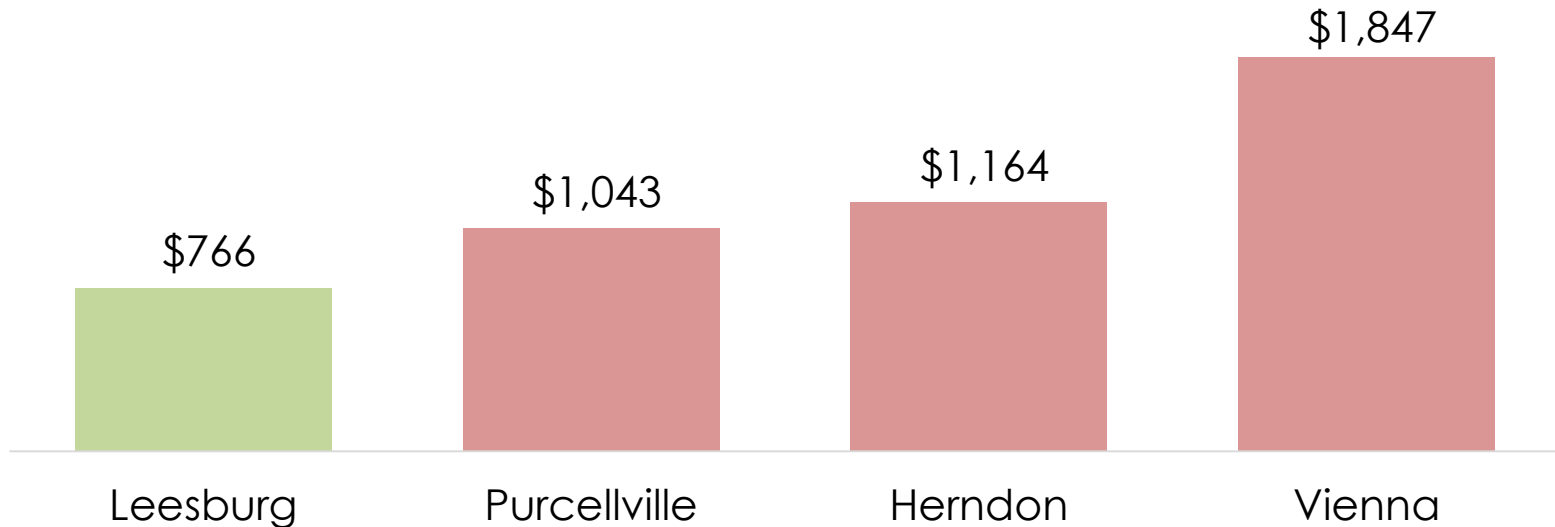
# Average Residential Tax Bill Change from 2020 to 2021

Housing Type	Tax Year 2020		Tax Year 2021		Variance	
	Average Assessment	Average Tax Bill	Average Assessment	Average Tax Bill	Annual	Monthly
Single Family Detached	\$532,361	\$980	\$580,698	\$1,066	\$86	\$7.16
Townhome	\$376,322	\$692	\$405,053	\$747	\$55	\$4.58
Condo	\$217,275	\$400	\$225,427	\$448	\$48	\$4.00
<b>All Residential</b> ( <u>same units</u> as last year)	<b>\$416,186</b>	<b>\$766</b>	<b>\$449,915</b>	<b>\$828</b>	<b>\$62</b>	<b>\$5.17</b>

# Tax Rate and Bill Comparisons

	2020 Town Tax Rate (Current)	2021 Town Tax Rate (Proposed)
Leesburg	\$0.184	\$0.184
Purcellville	\$0.250	TBD
Vienna	\$0.225	TBD
Herndon	\$0.265	TBD

## Historically Competitive: Average Residential 2020 Town Tax Bill

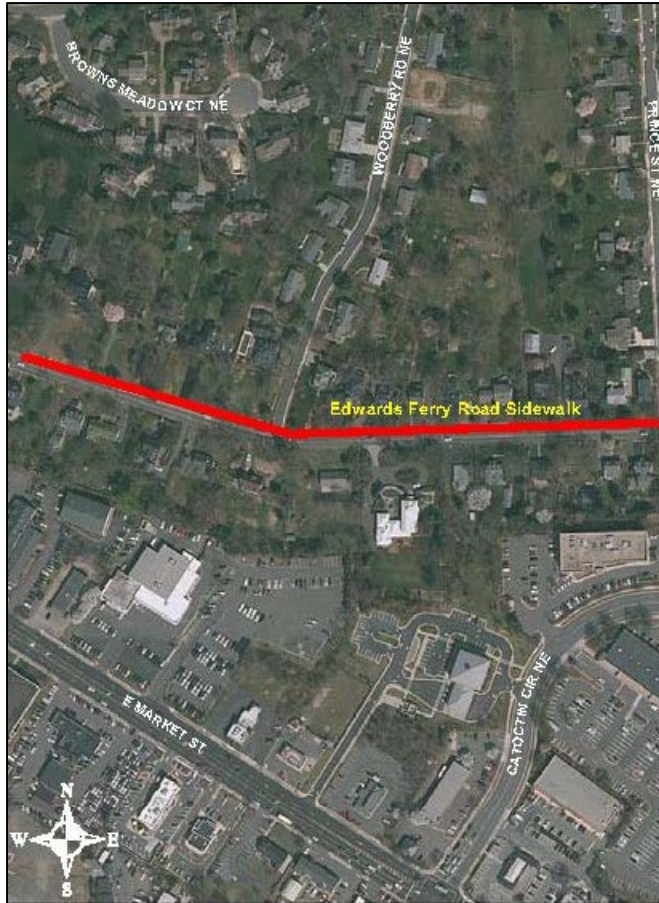




# Proposed FY 2022-2027 Capital Improvements Program

- ▶ Total for all six years is **\$209,240,600** for **69 projects**
  - ◆ Includes 13 new projects
    - 8 General Government and 5 Utilities
- ▶ Fiscal Year 2022 funding totals **\$47,016,100** for **33 projects**
- ▶ Utilities Fund projects account for **39%** of Fiscal Year 2022 funding

# General Gov. Fiscal Year 2022 Capital Projects



**Edwards Ferry Road NE Sidewalk Improvements**  
Construction Start: Winter 2021/2022  
Total Cost: \$1,384,200



**Morven Park Road Sidewalk**  
Construction Start: Spring 2022  
Total Cost: \$3,614,200

# General Gov. Fiscal Year 2022 Capital Projects



**Police Station Expansion**

**Construction Start: Winter 2021/2022**

**Total Cost: \$20,594,400**

# General Gov. Fiscal Year 2022 Capital Projects



**Veterans Park at Balls Bluff**  
**Construction Start: Spring 2022**  
**Total Cost: \$4,200,000**

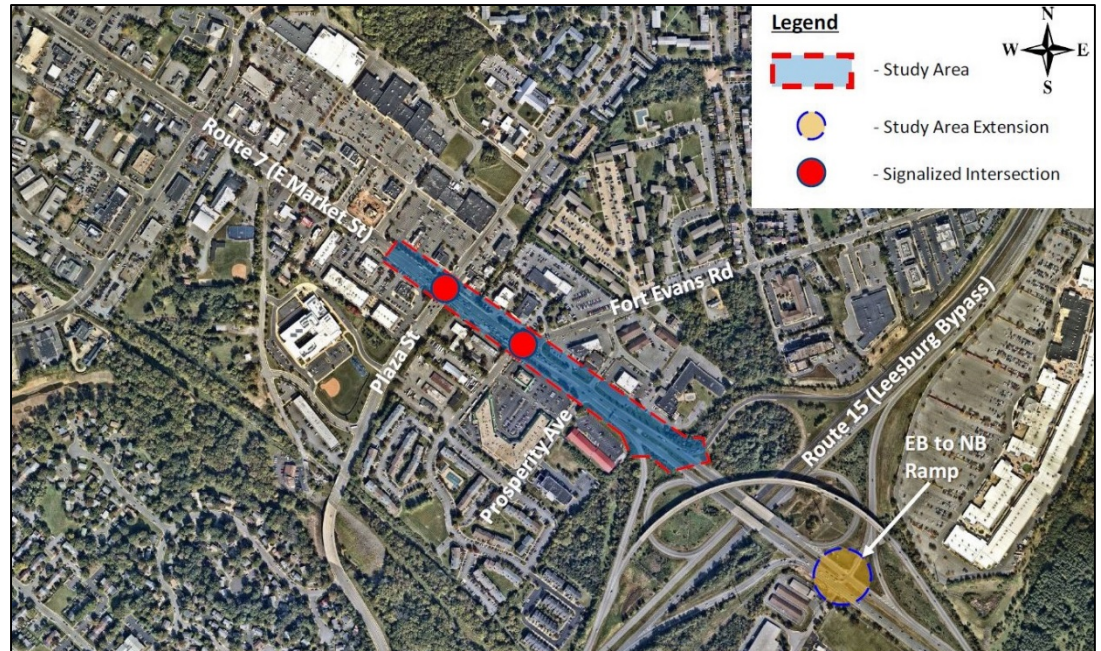


**Ida Lee Tennis Center – Air Structure**  
**Construction Start: Summer 2021**  
**Total Cost: \$1,134,000**

# General Gov. Fiscal Year 2022 Capital Projects



**Battlefield Parkway/Route 15 Bypass Interchange**  
**Construction Start: TBD – Construction dependent on outcome of study.**  
**Total Cost: \$59,355,000**



**East Market Street Improvements (Plaza Street NE to Fort Evans NE)**  
**Construction Start: Study only – construction not a part of this project**  
**Total Cost: \$123,500**

# General Gov. Fiscal Year 2022 Capital Projects



**Evergreen Mill Road Widening**  
Construction Start: Summer 2024  
Total Cost: \$22,015,000



**Airport North Hangars**  
Construction Start: Fall 2021  
Total Cost: \$5,354,000

# General Gov. Fiscal Year 2022 Capital Projects



**Town Shop Expansion and Refurbishment**  
**Construction Start: Spring 2025**  
**Total Cost: \$11,045,000**

# CIP: Project Management/Overhead

## Comprised of 3 components:

1. *Direct project management* on projects by **Capital Projects Division** staff
2. All other time by **Capital Projects Division** staff not associated directly with projects (studies, training, vacation/sick, etc.)
3. *Overhead time of **other Town staff*** supporting the Capital Improvements Program (purchasing, budget, management, etc.)



# CIP: Project Management/Overhead

## ▶ Current Practice:

- ◆ Goal – Fully cash fund all direct and indirect costs management/overhead - \$2.42 Million
- ◆ Remaining gap - \$820,100
- ◆ 4 years to close at \$200K per year at current pace

## ▶ Proposed Practice – Starting FY 2022:

- ◆ Goal: Cash fund all indirect costs - \$1.46 Million
- ◆ Goal: Capitalize direct costs only - \$955,100
- ◆ FY 2022 savings - \$335K
- ◆ Funds snow/emergency and potential office need

# Utilities Fund Overview



# Utilities Fund Overview

- ▶ Total Proposed Fiscal Year 2022 Budget - \$43.6M
  - ◆ Operations: \$25.2M
  - ◆ Capital Asset Replacement (3R): \$2.1M
  - ◆ Capital Projects: \$16.3M
- ▶ Major Capital Projects
  - ◆ Sanitary Sewer Upgrades \$3.5M (DEQ Requirements)
  - ◆ Enhanced Multi-Barrier Treatment Technology \$2.6M (VDH Requirements)
  - ◆ Replacing aging infrastructure \$2.3M

# Utilities Fund Overview

- ▶ Continued Implementation of 5 Year Rate Plan
  - ◆ Third Year
  - ◆ 4.5% Rate Increase
  - ◆ Four staff positions
- ▶ Continued working with COVID-19 impacted customers
- ▶ Decision Points
  - ◆ Availability Fees
  - ◆ Plant Expansions – Water Supply and Emergency Interconnection with Loudoun Water
  - ◆ Revenue Sharing / Data Center

# Budget Summary

- ▶ Triple AAA Rated & Financially Sound Community
- ▶ Recommend **maintaining 18.4¢** tax rate
- ▶ Recommend maintaining current property tax rates
- ▶ Utilize Revenue Stabilization Reserve
- ▶ Multi-year financial plan
- ▶ Cautious approach
- ▶ Stabilize Budget – Short Term
- ▶ Focus on Long Term

# Proposed Budget Schedule

- |                          |   |
|--------------------------|---|
| <b>Tuesday, Feb. 9</b>   | <ul style="list-style-type: none"><li>• Town Manager FY 2022 Budget Presentation</li><li>• Adoption of Tax Year 2021 Personal Property Tax Rates</li></ul>  |
| <b>Monday, Feb. 22</b>   | Budget Work Session (1 of 4): Topic TBD   |
| <b>Saturday, Feb. 27</b> | Special Budget Work Session (2 of 4): Topic TBD   |
| <b>Monday, Mar. 8</b>    | Budget Work Session (3 of 4): Topic TBD   |
| <b>Tuesday, Mar. 9</b>   | Public Hearing- Fiscal Year 2022 Budget   |
| <b>Monday, Mar. 22</b>   | Budget Work Session (4 of 4): Topic TBD   |
| <b>Tuesday, Mar. 23</b>  | <ul style="list-style-type: none"><li>• Public Hearing/Adoption- Setting Tax Year 2021 Real Estate Tax Rates and Other Proposed Fee Changes</li><li>• Adoption of Fiscal Year 2022 Budget</li></ul> |

# Community Outreach & Feedback

- ▶ Proposed budget document will be available as a PDF on the Town website this evening at: [www.leesburgva.gov/budget](http://www.leesburgva.gov/budget)
- ▶ Proposed budget information is available on OpenGov on the Town website
- ▶ “Ask A Budget Question” form is active on the Town website
  - ◆ There is also a function on OpenGov that allows users to submit questions via Facebook

End of Presentation