



CITY OF RICHMOND

INTRACITY CORRESPONDENCE

TO: The Honorable Mayor Levar M. Stoney

The Honorable Michael Jones
Chair of the Finance and Economic Development Committee

The Honorable Members of City Council

Lincoln Saunders, Chief of Staff, Office of the Mayor

THROUGH: Lenora Reid
Acting Chief Administrative Officer
Deputy Chief Administrative Officer, Finance & Administration

FROM: Jay A. Brown, Ph.D.
Budget & Strategic Planning Director

DATE: February 14, 2020

RE: Fiscal Year 2020 Second Quarter Revenue & Expenditure Projection Report

The Fiscal Year 2020 Second Quarter Revenue and Expenditure Projection Report is provided to the Finance and Economic Development Committee to describe the City's Fiscal Year 2020 year-to-date financial performance. The report includes revenues and expenditures up-to-date through December 31, 2019 – utilizing six months of data.

A brief overview of the projected FY2020 general fund revenues and expenditures is provided below. Details, as well as a write up of major variances, are provided further within the report.

General Fund Revenues

General Fund Revenues are currently forecasted to be above budget with a preliminary projected surplus of \$5,358,278. There are several sources of revenue that are projected to come in above budget to include: Personal Property Taxes – Current, Real Property Taxes – Current, Permits and Other Licenses, and Miscellaneous revenues. There are a few sources of revenue that are projected to come in lower than budget but these sources are not projected, in total, to exceed the sources that are currently projected to be favorable to budget.

Although this forecast utilizes just 6 months of data, the second quarter projections reflect conservative budgeting methods and the overall general health of Richmond's local economy.

General Fund Expenditures

General Fund Expenditures are trending in a positive direction, with a total preliminary, projected savings of \$3,226,659. This preliminary, projected savings represents 0.43% of the total general fund budget. The projected expenditure savings in the General Fund would be higher if it were not for a projected increase in expenditures for the Sheriff's Office, particularly increases associated with overtime. Specific details of the Sheriff's Office as well as other departmental variances are explained further in the report.

Voluntary Retirement Incentive Program

A voluntary retirement incentive program (VRIP) was authorized by City Council as part of City Council's amendments to the Mayor's Proposed FY20 budget. The VRIP projected savings of \$3 million was budgeted within the Non-Departmental budget. The Administration conducted an analysis of the estimated impact of VRIP based on multiple data sources supplied by several departments. It was determined, using the following assumptions:

- No positions were eliminated,
- All VRIP positions would be filled by March 1st, and
- Factoring the costs associated with employee VRIP incentive payments and estimated vacation payouts,

that the projected, estimated savings would only be \$1.65M vs. the budgeted \$3M. This results in a preliminary shortfall, compared to the \$3M, of \$1.35M. This estimate is included in the second quarter projection report within Non-Departmental.

A summary of the Second Quarter 2020 report is provided below. Details of the report as well as a write up of variances are provided on the next several pages.

Summary of FY2020 Projected Balances as of 12/31/2019	
Projected Total FY2020 General Fund Revenue	\$761,943,627
Projected Total FY2020 General Fund Expenditures	\$753,358,689
Total: FY2020 Projected Budgetary Surplus/(Shortfall)	\$8,584,938

*Note very minor discrepancies may exist due to rounding

City of Richmond
Finance & Administration Portfolio
FY2020 Second Quarter Report

Sources

	FY2020 Budget	FY2020 Amended Budget	FY2020 Collections as of 12/31/2019	FY2020 2nd Quarter Projection	Variance: Amended Budget vs. Preliminary Year End surplus (shortfall)	
Revenue from Local Sources						
General Property Taxes						
Machinery & Tools Taxes	13,426,000	13,426,000	147,540	13,828,602	402,602	103%
Penalties and Interest- Interest	3,126,201	3,126,201	1,618,636	3,261,879	135,678	104%
Penalties and Interest- Penalty	4,106,200	4,106,200	1,031,906	3,706,451	(399,749)	90%
Personal Property Taxes- Current	34,198,968	34,198,968	4,244,724	36,541,045	2,342,077	107%
Personal Property Taxes- Delinquent	8,780,045	8,780,045	1,682,904	7,215,540	(1,564,505)	82%
Real and Personal Public Service Corporation Property Taxes- Personal Property Current	8,810,342	8,810,342	247,337	9,125,252	314,910	104%
Real and Personal Public Service Corporation Property Taxes- Personal Property Delinquent	919,488	919,488	(24)	676,015	(243,473)	74%
Real and Personal Public Service Corporation Property Taxes- Real Property Current	2,022,618	2,022,618	110,719	2,112,069	89,451	104%
Real Property Taxes- Current	289,820,834	289,820,834	2,730,738	296,129,118	6,308,284	102%
Real Property Taxes- Delinquent	13,489,000	13,489,000	28,370,340	13,389,862	(99,138)	99%
Total General Property Taxes	378,699,696	378,699,696	40,184,820	385,985,833	7,286,137	102%
Other Local Taxes						
Admission Taxes	2,646,800	2,646,800	1,011,003	2,646,800	-	100%
Bank Stock Taxes	8,418,200	8,418,200	-	8,612,736	194,536	102%
Business Licenses Taxes	36,561,999	36,561,999	1,174,653	36,490,995	(71,004)	100%
Consumer Utility Taxes	17,958,600	17,958,600	5,873,800	17,958,600	-	100%
Local Sales & Use Tax	35,865,100	35,865,100	11,478,758	36,353,797	488,697	101%
Motor Vehicle Licenses	7,256,900	7,256,900	1,716,964	7,002,380	(254,520)	96%
Other Local Taxes	362,689	362,689	144,394	517,234	154,545	143%
Cigarette Tax	3,050,000	3,050,000	2,167,264	3,353,727	303,727	110%
Prepared Food Taxes	36,791,413	36,791,413	15,273,072	36,819,386	27,973	100%
Prepared Food Taxes - School Facilities	9,370,962	9,370,962	3,890,130	9,378,087	7,125	100%
Short-Term Rental Tax	119,055	119,055	28,359	122,066	3,011	103%
Transient Lodging Taxes	9,045,680	9,045,680	3,779,955	9,099,517	53,837	101%
Total Other Local Taxes	167,447,398	167,447,398	46,538,352	168,355,325	907,927	101%
Permits, Privilege Fees, and Regulatory Licenses						
Animal Licenses	-	-	-	-	-	-
Permits and Other Licenses	12,252,403	12,252,403	5,425,181	12,911,182	658,779	105%
Total Permits, Privilege Fees, and Regulatory Licenses	12,252,403	12,252,403	5,425,181	12,911,182	658,779	105%
Fines & Forfeitures						
Fines & Forfeitures	-	-	1,649	8,000	8,000	-
Total Fines & Forfeitures	-	-	1,649	8,000	8,000	0%
Revenue from Use of Money and Property						
Revenue from Use of Money	7,583,756	7,583,756	2,587,422	7,583,756	-	100%
Revenue from Use of Property	221,000	221,000	176,093	213,460	(7,540)	97%
Total Revenue from Use of Money and Property	7,804,756	7,804,756	2,763,515	7,797,216	(7,540)	100%
Charges for Services						
Charges for Finance	801,192	801,192	449,832	801,192	-	100%
Charges for Fire and Rescue Services	170,000	170,000	56,449	170,000	-	100%
Charges for Information Technology	21,782	21,782	6,063	26,052	4,270	120%
Charges for Law Enforcement and Traffic Control	148,000	148,000	66,972	140,000	(8,000)	95%
Charges for Library	65,106	65,106	18,771	51,310	(13,796)	79%
Charges for Maintenance of Highways, Streets, Bridges, and Sidewalks	-	-	-	-	-	-
Charges for Other Protection	125,000	125,000	84,530	125,000	-	100%
Charges for Parks and Recreation	66,239	66,239	39,090	57,744	(8,495)	87%
Charges for Planning and Community Development	102,009	102,009	14,549	98,349	(3,660)	96%
Charges for Sanitation and Waste Removal	18,826,586	18,826,586	8,548,215	17,102,586	(1,724,000)	91%
Court Costs	6,542,818	6,542,818	3,052,504	6,578,861	36,043	101%
Other	9,515	9,515	8,396	9,515	-	100%
Total Charges for Services	26,878,247	26,878,247	12,345,371	25,160,609	(1,717,638)	94%
Miscellaneous Revenue						
Miscellaneous	2,809,859	2,809,859	2,521,694	4,006,781	1,196,922	143%
Payments in Lieu of Taxes from Enterprise Activities	20,750,123	20,750,123	1,612,268	20,750,123	-	100%
Total Miscellaneous Revenue	23,559,982	23,559,982	4,133,962	24,756,904	1,196,922	105%
Recovered Costs						
Recovered Costs	6,261,693	6,261,693	1,257,782	6,140,438	(121,255)	98%
Total Recovered Costs	6,261,693	6,261,693	1,257,782	6,140,438	(121,255)	98%
Revenue from Local Sources Total	622,904,175	622,904,175	112,650,632	631,115,507	8,203,332	101%

Sources

	FY2020 Budget	FY2020 Amended Budget	FY2020 Collections as of 12/31/2019	FY2020 2nd Quarter Projection	Variance: Amended Budget vs. Preliminary Year End surplus (shortfall)	
Other Financing Sources						
Non-Revenue Receipts						
Insurance Recovery	-	-	-	-	-	-
Total Non-Revenue Receipts	-	-	-	-	-	-
Revenue from Other Financing Sources Total						
Revenue from the Commonwealth						
Non-Categorical Aid						
Auto Rental Tax	875,000	875,000	579,316	884,373	9,373	101%
Communications Sales and Use Tax	14,530,000	14,530,000	5,787,727	14,485,271	(44,729)	100%
Miscellaneous Non-Categorical Aid	245,000	245,000	178,678	299,266	54,266	122%
Mobile Home Titling Taxes	9,807	9,807	1,860	9,807	-	100%
Personal Property Tax Reimbursement	16,708,749	16,708,749	1,618,469	16,708,749	-	100%
Rolling Stock Tax	139,639	139,639	-	139,639	-	100%
Tax on Deeds	1,000,000	1,000,000	227,241	1,000,000	-	100%
Total Non-Categorical Aid	33,508,195	33,508,195	8,393,291	33,527,105	18,910	100%
Shared Expenditures (Categorical)						
State Shared Expenses- City Treasurer	151,145	151,145	58,204	151,145	-	100%
State Shared Expenses- Commonwealth Attorney	3,657,139	3,657,139	1,331,128	3,431,681	(225,458)	94%
State Shared Expenses- Finance	739,279	739,279	354,810	734,371	(4,908)	99%
State Shared Expenses- General Registrar	88,527	88,527	-	88,527	-	100%
State Shared Expenses- Sheriff	16,981,929	16,981,929	5,399,974	16,917,513	(64,416)	100%
State Shared Expenses- Welfare and Social Services	-	-	-	-	-	-
Total Shared Expenditures (Categorical)	21,618,019	21,618,019	7,144,116	21,323,238	(294,781)	99%
Categorical Aid						
Education	-	-	-	-	-	-
Library	185,000	185,000	47,798	185,000	-	100%
Public Safety	19,484,850	19,484,850	8,988,119	19,007,819	(477,031)	98%
Public Works	-	-	-	-	-	-
Welfare and Social Services	15,490,647	15,490,647	6,174,092	16,446,384	955,737	106%
Total Categorical Aid	35,160,497	35,160,497	15,210,009	35,639,203	478,706	101%
PILOT (Payments in Lieu of Taxes)						
Service Charges	3,698,683	3,698,683	1,372,395	3,698,683	-	100%
Total PILOT (Payments in Lieu of Taxes)	3,698,683	3,698,683	1,372,395	3,698,683	-	100%
Revenue from the Commonwealth Total						
	93,985,394	93,985,394	32,119,812	94,188,229	202,835	100%
Revenue from the Federal Government						
Non-Categorical Aid						
Other Federal Revenue	-	-	189,575	18,023	18,023	-
Total Non-Categorical Aid	-	-	189,575	18,023	18,023	-
Categorical Aid						
Social Services	26,982,451	26,982,451	9,704,023	23,908,540	(3,073,911)	89%
Total Categorical Aid	26,982,451	26,982,451	9,704,023	23,908,540	(3,073,911)	89%
Revenue from the Federal Government Total						
	26,982,451	26,982,451	9,893,599	23,926,563	(3,055,888)	89%
Utilities						
Utilities						
Utilities	64,000	64,000	31,395	64,000	-	100%
Total Utilities	64,000	64,000	31,395	64,000	-	100%
Revenue from Utilities Total						
	64,000	64,000	31,395	64,000	-	100%
Transfers-In						
Transfers-In						
Transfers-In	2,225,585	9,189,225	-	9,189,225	-	100%
Total Transfers-In	2,225,585	9,189,225	-	9,189,225	-	100%
Grand Total:						
	746,161,605	753,125,245	154,695,438	758,483,523	5,358,278	101%
Rolled Encumbrance (General Fund Portion) Total:						
		3,460,104		3,460,104	-	
General Fund Revenue Grand Total:						
	746,161,605	756,585,349	154,695,438	761,943,627	5,358,278	100.71%

All Projections are based on data collected at a point in time.

All Projections could change as more data becomes available at year end closing.

*Note very minor discrepancies may exist due to rounding

Uses

Agency	FY 2020 Adopted Budget	FY 2020 Current Budget	Expenditures through Dec. 31st	FY 2020 Year- End Projection	Variance: Current vs Projection surplus/(shortfall)	
Culture & Recreation						
Library	6,304,636	6,304,636	2,680,327	6,284,557	20,079	99.7%
Parks Rec	18,017,689	18,135,893	9,211,548	18,057,671	78,222	99.6%
Debt						
Debt	74,322,485	74,322,485	31,450,965	74,059,744	262,741	99.6%
Education						
RPS	175,193,143	175,193,143	39,168,921	175,193,143	-	100.0%
General Government						
Assessor	4,539,202	4,539,202	1,702,112	4,504,629	34,572	99.2%
Auditor	1,987,464	1,990,672	863,562	1,903,029	87,643	95.6%
Budget	1,319,769	1,340,186	597,418	1,340,095	91	100.0%
Chief Admin Officer	775,316	775,317	295,255	556,019	219,298	71.7%
City Attorney	4,116,633	4,134,606	1,716,259	3,939,746	194,860	95.3%
City Clerk	1,140,247	1,140,247	540,467	1,121,142	19,105	98.3%
City Council	1,417,518	1,418,458	607,848	1,401,853	16,605	98.8%
City Treasurer	187,359	187,359	88,850	187,477	(118)	100.1%
Citizen Service & Response	2,044,232	2,047,773	479,677	1,948,000	99,773	95.1%
Council Chief of Staff	1,580,380	1,580,380	459,470	1,525,710	54,670	96.5%
Econ Dev	2,523,385	3,225,371	1,117,390	2,988,623	236,748	92.7%
Finance	11,517,973	11,629,510	4,386,493	11,306,965	322,545	97.2%
General Registrar	2,232,127	2,232,127	932,113	2,231,825	302	100.0%
Housing & Comm Development	1,845,033	2,179,534	514,387	1,966,395	213,139	90.2%
Human Resources	3,510,729	3,510,729	1,628,565	3,578,489	(67,760)	101.9%
Info Tech	-	-	-	-	-	-
Inspector General	531,886	531,886	240,572	538,021	(6,135)	101.2%
Mayor's Office	1,012,112	1,012,112	473,042	1,000,133	11,979	98.8%
Minority Business Development	727,010	773,010	385,890	771,612	1,398	99.8%
Planning & Dev Review	11,522,864	11,726,556	4,889,586	11,617,198	109,358	99.1%
Press Secretary	512,644	512,644	212,387	509,623	3,021	99.4%
Procurement Serv.	1,516,897	1,516,897	575,788	1,478,988	37,909	97.5%
Highways, Streets, Sanitation & Refuse						
Public Works	36,808,454	37,016,106	15,788,095	36,758,716	257,390	99.3%
Human Services						
Justice Services	9,861,905	9,865,056	3,973,798	9,369,145	495,910	95.0%
Office of DCAO/HS	1,375,954	1,375,954	783,238	1,435,622	(59,668)	104.3%
RCHI - Health	4,863,490	4,863,490	2,431,745	4,813,490	50,000	99.0%
Social Services	57,325,372	57,450,372	25,173,464	55,097,640	2,352,732	95.9%
Office of Community Wealth Building	1,985,515	1,985,515	912,365	2,135,749	(150,234)	107.6%
Non-Departmental						
Non-Departmental	92,606,286	99,691,627	38,027,363	100,591,928	(900,301)	100.9%
Public Safety & Judiciary						
Animal Control	1,969,600	1,969,600	998,724	2,032,500	(62,900)	103.2%
Emergency Communications	5,197,591	5,919,324	2,699,786	5,839,499	79,824	98.7%
Fire & Emer Svcs	53,798,275	53,798,275	24,479,421	53,634,808	163,467	99.7%
J & DR Court	243,914	243,914	107,873	243,292	622	99.7%
13th District Court Services Unit	220,612	222,287	98,127	227,559	(5,272)	102.4%
Jail/Sheriff	40,709,137	41,116,699	18,954,329	42,499,418	(1,382,718)	103.4%
Judiciary - Adult Drug Ct	644,973	644,973	337,832	655,910	(10,937)	101.7%
Judiciary - Cir Ct	4,116,191	4,120,721	1,850,028	4,035,159	85,562	97.9%
Judiciary - CW Atty	6,816,322	6,816,322	3,070,669	6,595,943	220,378	96.8%
Judiciary - Other	288,387	293,187	66,154	236,221	56,966	80.6%
Police	96,930,895	97,231,195	46,886,358	97,145,402	85,793	99.9%
Grand Total	746,161,606	756,585,347	291,858,261	753,358,689	3,226,659	99.6%

All Projections are based on data collected at a point in time.

All Projections could change as more data becomes available at year end closing.

*Note very minor discrepancies may exist due to rounding

FY2020 Second Quarter Revenue Projections

Below are explanations of variances within major accounts in the revenue projections. Explanations are offered for variances that are +/- 5% or +/- \$500,000. The current forecast projects revenues to be more than the FY2020 budget by \$5,358,278 or 0.71%. The explanations are in order as they appear in the prior table.

Penalties and Interest- Penalty Projected Revenue Shortfall: \$400K

As evident of the surplus in interest payments projected for FY20, this source will continue to reflect a shortfall due to less penalties being charged.

Personal Property Taxes- Current Projected Revenue Surplus: \$2.3M

Actual trends reflect an increase in collections for this source over the last several fiscal years. This trend seems to be continuing with a projected increase in the FY20 collections. However the increase in Current Personal Property Taxes and decrease in Delinquent Personal Property Taxes appears to be correlated.

Personal Property Taxes- Delinquent Projected Revenue Shortfall: \$1.6M

This projected shortfall directly correlates to a continuing increase in Personal Property Taxes-Current. While Current Personal Property Taxes are over-performing, that reduces the amount of Delinquent Personal Property Taxes to be collected.

Real and Personal Public Service Corporation - Personal Property Taxes Delinquent Projected Revenue Shortfall: \$243K

The \$243K shortfall is 74% of the FY20 budgeted amount and correlates to a continuing increase in Real Personal Public Service Corporation- Personal Property Taxes Current. An increased current collection rate yields shortfalls in delinquent collections.

Real Property Taxes - Current Projected Revenue Surplus: \$6.3M

Based on updated taxable assessed values provided by the City Assessor in early November, current real estate tax revenues are projected to be approximately \$6.3 million more than the FY2020 adopted amount.

Other Local Taxes Projected Revenue Surplus: \$155K

This source of revenue is projected to have a surplus that is primarily associated with an increase in telephone commission revenue in the Sheriff's Office. The projected increase is the result of a fee increase, imposed by the Sheriff, for inmate telephone usage.

Cigarette Tax Projected Revenue Surplus: \$304K

The fy20 cigarette tax projection is slightly higher than anticipated due to the surge at the beginning of the fiscal year in the sale of cigarette stamps that had to be attached to every pack of cigarettes sold in the City of Richmond, per the new ordinance.

Permits and Other Licenses Projected Revenue Surplus: \$659K

This revenue source is expecting a surplus due to new development and construction projects throughout the City, which are increasing demolition and various permit charges.

Charges for Information Technology

Projected Revenue Surplus: \$4K

This revenue source is projected to have a surplus which is due to an anticipated increase in copy sales resulting from greater use of copiers located in all libraries.

Charges for Library

Projected Revenue Shortfall: \$14K

This revenue source is projected to have a shortfall that is due to the Library eliminating fines for youth patrons as well as the continued increase in electronic book usage.

Charges for Parks and Recreation

Projected Revenue Shortfall: \$8.5K

This revenue source is projected to have a shortfall due to a significant decrease in Adult Athletic League participation, primarily among non-City residents.

Charges for Sanitation and Waste Removal

Projected Revenue Shortfall: \$1.7M

This revenue source is projected to be less than the budget but more in line with prior year collections.

Miscellaneous

Projected Revenue Surplus: \$1.2M

This revenue source represents GRCCA's reimbursement revenue generated in the City in FY2019 above the 50% cost share and the funds received from EDA for the Redskins Training Camp. This revenue source is also expected to be higher than the budget due to ordinances 2019-330 and 2019-340 that established fees for special events requiring police presence.

Miscellaneous Non-Categorical Aid

Projected Revenue Surplus: \$54K

This revenue source is difficult at best to forecast due to its erratic nature. However, FY20 is reflecting a surplus as a result of an increase in debt set-off revenues received from the State.

State Shared Expenses – Commonwealth Attorney

Projected Revenue Shortfall: \$225K

This revenue source is projected to be lower than budget due to the final Compensation board approved reimbursement for this office. Additionally, anticipated savings in personnel in the Commonwealth Attorney's Office also results in a reduction in State reimbursement for allowable expenditures.

Social Services

Projected Revenue Shortfall: \$3.1M

Per the Department of Social Services, The Virginia Department of Social Services budget allocation to the City of Richmond Social Services for FY20 has decreased from \$50,113,273 in 2019 to \$47,404,142, due to a trend in decreased expenditures by DSS in the past 5 years. RDSS projects to expend funds to maximize the VDSS reimbursable allocation of 84.5% of the \$47,404,142 budget allocation.

FY2020 Second Quarter – Expenditure Projections

Overall, the second quarter forecast shows projected expenditures trending in a positive direction, with a projected, estimated savings of \$3,226,659 or just 0.43% of the modified budget.

It is important to note that these projections are based on data collected for FY20 as of December 31, 2019. As a result, these projections could change as more data becomes available throughout the fiscal year. Below are explanations of major variances in the second quarter expenditure projections. The explanations are in order as they appear in the second quarter status report. Variances of +/- 5% or +/- \$500,000 are detailed below.

Chief Administrative Officer

Projected Budget Surplus: \$219K

The Office of the Chief Administrative Officer is projected to have personnel savings of \$174k, due to the vacant Chief Administrative Officer (CAO) position. Operating savings of \$45k is projected and also the result of the vacant CAO position. Currently, no membership dues have been expended nor any conferences have been attended.

Economic Development

Projected Budget Surplus: \$237K

The Department of Economic Development is projected to have a surplus of \$123k in personnel that is attributed to the existence of departmental vacancies. Operating savings of \$113k is projected and is attributed to a delay in soliciting bids and procuring services to enhance the department's website. Additionally, savings are also projected in the department's planned moving expenses.

Housing and Community Development

Projected Budget Surplus: \$213K

The Department of Housing and Community Development is projected to have a surplus of \$186k in personnel that is attributed to the existence of departmental vacancies. Operating savings of \$27k are projected and are based on the anticipated spend plans of the department for the fiscal year. Specifically, savings are primarily attributed to lower supply costs as a result of several vacancies, as well as lower printing costs.

Social Services

Projected Budget Surplus: \$2.4M

The Department of Social Services is projected to have personnel savings of \$1.1M, which is attributed to the existence of numerous vacancies in the department as well as the time period in which to fill positions. Operating savings of \$1.3M are projected and are attributed to Social Services' philosophy of emphasizing long term family preservation and stabilization environments for at-risk children we serve. This philosophy is projected to result in a decrease in the number of children requiring long term out of home services, especially for foster care. The projected reduction in Social Services departmental expenditures is resulting in a projected corresponding decrease in reimbursement from the State.

Office of Community Wealth Building

Projected Budget Shortfall: \$150K

The Office of Community Wealth Building is projected to have a very modest personnel savings of \$1.6k and an operating shortfall of \$152k. The operating shortfall is due to security related services and associated expenditures that will now be paid by the Office of Community Wealth Building for utilizing space at the East District Initiative building. The Department of Social

Services has moved from the East District Initiative building and Office of Community Wealth Building has moved into the East District Initiative building and will be paying the security costs on behalf of all tenants at that facility.

Non-Departmental

Projected Budget Shortfall: \$900K

The Non-Departmental budget is projected to have a shortfall of \$900k that is attributed to a variety of factors:

- A voluntary retirement incentive program (VRIP) was authorized by City Council as part of City Council's amendments to the Mayor's Proposed FY20 budget. The VRIP projected savings of \$3 million was budgeted within the Non-Departmental budget. Based on initial estimates and using March 1st as the assumed date in which all VRIP positions will be rehired, it is projected that a savings of only \$1.65M will be achieved. This results in an estimated shortfall, against the original projected, budgeted savings of \$3M, of an estimated \$1.35M. This lower than anticipated budgeted savings is currently projected within the Non-Departmental budget.
- There is a projected increase in expenditures associated with GRCCA and the 1.5% increase in meals tax (which is tied to the construction of 3 new schools) – due to a projected increase in both lodging and meals tax revenue, respectively.
- There is a projected increase in expenditures associated with the general fund contribution to Risk Management, which is due to the City purchasing "malicious act" coverage due to the tragic shooting at the Virginia Beach municipal complex.
- There is a projected savings within the Tax Relief for the Elderly account, which is projected to be less than the budget by an estimated \$638k.

Jail/Sheriff

Projected Budget Shortfall: \$1.4M

The City Sheriff is projected to have a shortfall of \$1.4M, all in personnel, attributed to the department's projected increase in overtime related expenses. The following factors are attributing to the increases in full time personnel as well as overtime costs.

- The starting pay for sworn personnel was increased in order to combat compression throughout the agency. Although not projected to exceed the budget (full time personnel), this initiative resulted in increases to full-time personnel expenses, reducing any potential savings that may have been able to offset overtime expenses. It is important to note that the FY20 adopted budget included a significant increase in full time personnel against the FY2019 budget to allow the Sheriff's Office to fill additional vacancies thus reducing overtime costs. However, the Sheriff's push to address compression has offset much of the additional funding added to the Sheriff's full time personnel budget, which in turn has reduced any of the anticipated vacancy savings, thus leading to less available funding to offset overtime related expenditures.
- Vacancies still remain high as there are currently 74 sworn vacancies. There are certain posts which are mandated by DOC that has to be manned at all times for a Direct Supervision Facility. To ensure that all mandated posts are covered, overtime is required to ensure proper coverage for safety purposes.

- Retirements are at an all-time high which causes increases to personnel expenses due to pay-outs of vacation time earned. This reduces any potential savings that may have been able to offset overtime expenses.
- There are at least 2 training academies per year at 16 weeks per training academy in addition to all mandated training for current sworn staff. Overtime costs tend to increase during this time.

Although there are projected salary/full time savings, the projected surplus in this area is not anticipated to exceed the projected shortfall in overtime.

Judiciary - Other

Projected Budget Surplus: \$57K

The Judiciary - Other is projected to have a \$57k surplus primarily due to savings in the Civil Court of \$32K which is associated with building maintenance. Civil Court building maintenance costs that would normally come out of the general fund are expected to be funded with courthouse maintenance special funds. Additional savings are also projected in the Special Magistrate of \$23K associated with less planned supplemental payouts to retain employees and lower than anticipated costs associated with the setting up of mobile offices to process caseloads during emergency events. Minor operational savings of \$1.4k within contractual and professional services are also projected in the Traffic Court.