



# Town of Lovettsville

## FY 17 Town Manager's Recommended Budget

Thursday, March 10, 2016





# AGENDA

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- Highlights for Town Council & Executive Summary
- Analysis of Debt and Reserves
- Presentation of Base Operational and Capital Budgets
- Presentation of Four Budget Strategies (each with no new revenues option and with new revenues option):
  1. Capital Only
  2. Police + Capital
  3. Staff Support Capacity + Capital
  4. Police + Staff Support Capacity + Capital
- Town Manager's Recommended Strategy
- Q&A/Discussion



# HIGHLIGHTS FOR TOWN COUNCIL

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- **BAD NEWS:** As is true with most things in life, we cannot get all of our goals accomplished with our limited resources.
  - We cannot fund all of our Capital Projects, plus a Lovettsville Police Service, and Service Delivery Capacity enhancements on par with population growth, with existing revenues and even with realistic increases in revenues.
  
- **GOOD NEWS:** The Council Retreat prioritized the way forward. Also:
  - Our Utility Fund (UF) Base Budget (based on last year's decision that carries over) is balanced this year with no GF Subsidy required.
  - Our General Fund (GF) Base Budget has a small structural Surplus that will grow every year, providing us options for achieving our goals.



# HIGHLIGHTS FOR TOWN COUNCIL

## □ **What this Budget does:**

- Continues last year's Debt and Reserves Strategy per our Fiscal Policy to ensure fiscal responsibility
- Ensures structural Budget Surpluses are built-in to provide us options
- Separates and Tracks Economic Development Revenues for Capital
- Provides Option for Funding most of our Capital Project Goals
- Presents a Program Budget to Council as promised last year

## □ **What this Budget does not do:**

- Does not Fund all of our Capital Project Goals
- Does not reflect how much Revenues VDOT or the County will provide us for Capital Projects, but rather provides assumptions.
- Does not predict the Revenue impacts of the Engle Tract Development and Town Square Commercial Development

→ **Will try to do some of this in next years budget**



# EXECUTIVE SUMMARY

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- ❑ **DEBT:** GF has \$39K cushion for Debt Retirement; UF Shortfall of \$1.7M addressed with last year's budget strategy and the culmination this year.
- ❑ **RESERVES:** with annual contributions begun last year- on target to fully fund reserves. However, Broadway overruns have depleted Capital Funds.
- ❑ **ACTUAL ANNUAL SURPLUS IN GF FY 17 BASE BUDGET:** \$23K
- ❑ **FORECASTED TOTAL GF STRUCTURAL SURPLUS REVENUE OVER NEXT 30 YEARS:** \$5.3 Million assuming Program Budget Strategy is followed and all else being equal (i.e. Economy, Housing Demand, Natural Disasters, etc.).
- ❑ **UF RATES:** As planned last year (FY 16 was a transitional year with a 16% increase in rates instead of the 30% needed to get to balance), rates need to go up 12% this year to achieve full balance (16% + 12% compounded = 30%). Future annual rate increases of 3% through FY 19 and 1.3% thereafter needed to pay off debt and capital requirements + fund operational requirements (lowered from the previously planned 6% and 3% annual increases).



# EXECUTIVE SUMMARY CONTINUED

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- **TOWN MANAGER RECOMMENDS A NO NEW REVENUE STRATEGY AND A NEW REVENUE STRATEGY (DEPENDENT ON COUNCIL'S PREFERENCE) FOR FUNDING CAPITAL AND SERVICE/ PROGRAM GOALS.**
  - THE NO NEW REVENUE STRATEGY FUNDS INCREASED STAFF CAPACITY + COMPLETION OF BROADWAY AND EDA SUPPORT.
  - THE NEW REVENUE STRATEGY FUNDS INCREASED STAFF CAPACITY + POLICE + COMPLETION OF BROADWAY, EDA SUPPORT, AND PARKS PROJECTS.
  - *WITH BOTH OPTIONS, THE POTENTIAL EXISTS FOR COMPLETING N. BERLIN SHARED USE PATH AND S. LOUDOUN STREETScape WITH SIGNIFICANT VDOT AND COUNTY SUPPORT. HOWEVER A NEW TOWN HALL IS NOT FEASIBLE WITHIN 30 YEARS UNLESS VDOT AND COUNTY FUND ALL STREETScape PROJECTS AT 95%.*



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# ANALYSIS OF DEBT AND RESERVES

- GENERAL FUND
- UTILITY FUND



# GENERAL FUND DEBT SERVICE

	GENERAL FUND					
<b>Note:</b> as of 1 Mar 2016	DEBT PAYMENT CATEGORY					
FY	PRINCIPAL	INTEREST	FEES	TOTAL	MEALS/CIG. TAX REVENUE	RESERVE CONTRIBUTION
<b>FY 2017</b>	\$ 85,000.00	\$ 65,834.40	\$ 1,660.00	<b>\$ 152,494.40</b>	<b>\$ 101,224.00</b>	<b>\$ 51,270.40</b>
<b>FY 2018</b>	\$ 85,000.00	\$ 62,434.40	\$ 1,575.00	<b>\$ 149,009.40</b>	<b>\$ 103,720.72</b>	<b>\$ 45,288.68</b>
<b>FY 2019</b>	\$ 90,000.00	\$ 59,034.40	\$ 1,490.00	<b>\$ 150,524.40</b>	<b>\$ 106,292.34</b>	<b>\$ 44,232.06</b>
<b>FY 2020</b>	\$ 95,000.00	\$ 55,434.40	\$ 1,400.00	<b>\$ 151,834.40</b>	<b>\$ 108,941.11</b>	<b>\$ 42,893.29</b>
<b>FY 2021</b>	\$ 100,000.00	\$ 32,346.90	\$ 1,305.00	<b>\$ 133,651.90</b>	<b>\$ 111,669.35</b>	<b>\$ 21,982.56</b>
<b>FY 2022</b>	\$ 100,000.00	\$ 49,231.76	\$ 1,205.00	<b>\$ 150,436.76</b>	<b>\$ 114,479.43</b>	<b>\$ 35,957.33</b>
<b>FY 2023</b>	\$ 105,000.00	\$ 46,116.63	\$ 1,105.00	<b>\$ 152,221.63</b>	<b>\$ 117,373.81</b>	<b>\$ 34,847.82</b>
<b>FY 2024</b>	\$ 110,000.00	\$ 42,179.13	\$ 1,000.00	<b>\$ 153,179.13</b>	<b>\$ 120,355.02</b>	<b>\$ 32,824.11</b>
<b>FY 2025</b>	\$ 115,000.00	\$ 37,779.13	\$ 890.00	<b>\$ 153,669.13</b>	<b>\$ 123,425.67</b>	<b>\$ 30,243.46</b>
<b>FY 2026</b>	\$ 115,000.00	\$ 33,373.81	\$ 775.00	<b>\$ 149,148.81</b>	<b>\$ 126,588.44</b>	<b>\$ 22,560.36</b>
<b>FY 2027</b>	\$ 120,000.00	\$ 28,968.49	\$ 660.00	<b>\$ 149,628.49</b>	<b>\$ 129,846.10</b>	<b>\$ 19,782.39</b>
<b>FY 2028</b>	\$ 125,000.00	\$ 23,868.49	\$ 540.00	<b>\$ 149,408.49</b>	<b>\$ 133,201.48</b>	<b>\$ 16,207.01</b>
<b>FY 2029</b>	\$ 130,000.00	\$ 18,555.99	\$ 415.00	<b>\$ 148,970.99</b>	<b>\$ 136,657.52</b>	<b>\$ 12,313.46</b>
<b>FY 2030</b>	\$ 140,000.00	\$ 12,743.27	\$ 285.00	<b>\$ 153,028.27</b>	<b>\$ 140,217.25</b>	<b>\$ 12,811.02</b>
<b>FY 2031</b>	\$ 145,000.00	\$ 6,483.41	\$ 145.00	<b>\$ 151,628.41</b>	<b>\$ 143,883.77</b>	<b>\$ 7,744.65</b>



# GENERAL FUND DEBT SERVICE

❑ **Total GF Debt Remaining- \$2.2M**

- \$1.8M in Meals and Cigarette Tax Revenues forecasted.
- \$431K needed from Reserves to cover remaining debt.

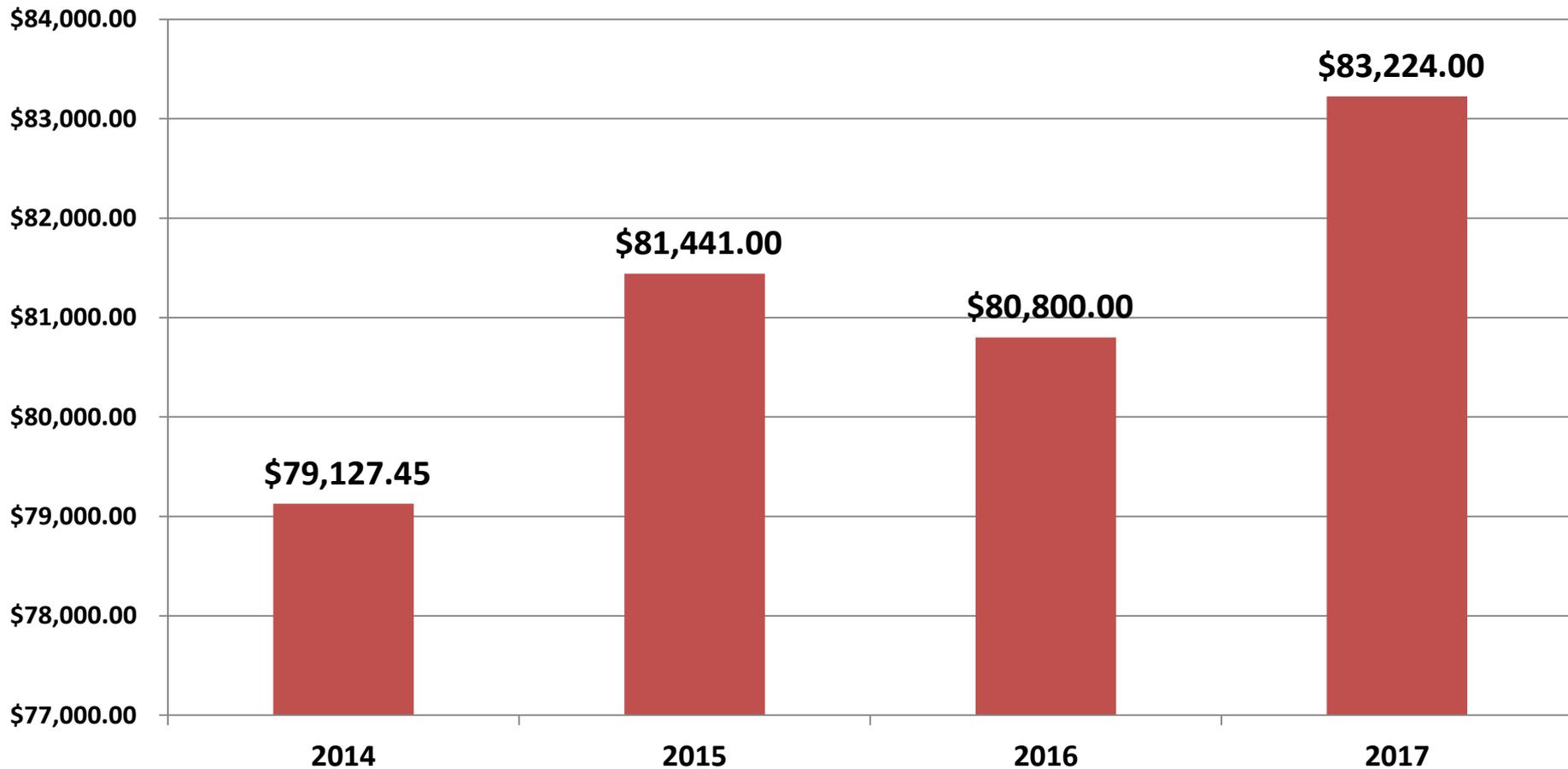
❖ **The Town’s \$470K Debt Retirement Fund has a \$39K cushion in paying down the debt in case Meals and Cigarette Taxes do not grow as planned.**

Meals/Cigarette Revenue								
	2017	2018	2019	2020	2021	2022	2023	2024
<b>Meals</b>	\$ 83,224.00	\$ 85,720.72	\$ 88,292.34	\$ 90,941.11	\$ 93,669.35	\$ 96,479.43	\$ 99,373.81	\$ 102,355.02
<b>Cigar.</b>	\$ 18,000.00	\$ 18,000.00	\$ 18,000.00	\$ 18,000.00	\$ 18,000.00	\$ 18,000.00	\$ 18,000.00	\$ 18,000.00
<b>Total</b>	<b>\$ 101,224.00</b>	<b>\$ 103,720.72</b>	<b>\$ 106,292.34</b>	<b>\$ 108,941.11</b>	<b>\$ 111,669.35</b>	<b>\$ 114,479.43</b>	<b>\$ 117,373.81</b>	<b>\$ 120,355.02</b>
	2025	2026	2027	2028	2029	2030	2031	Total
<b>Meals</b>	\$ 105,425.67	\$108,588.44	\$111,846.10	\$ 115,201.48	\$118,657.52	\$ 122,217.25	\$ 125,883.77	<b>\$1,547,876.01</b>
<b>Cigar.</b>	\$ 18,000.00	\$ 18,000.00	\$ 18,000.00	\$ 18,000.00	\$ 18,000.00	\$ 18,000.00	\$ 18,000.00	<b>\$ 270,000.00</b>
<b>Total</b>	<b>\$ 123,425.67</b>	<b>\$ 126,588.44</b>	<b>\$129,846.10</b>	<b>\$ 133,201.48</b>	<b>\$ 136,657.52</b>	<b>\$ 140,217.25</b>	<b>\$ 143,883.77</b>	<b>\$1,817,876.01</b>



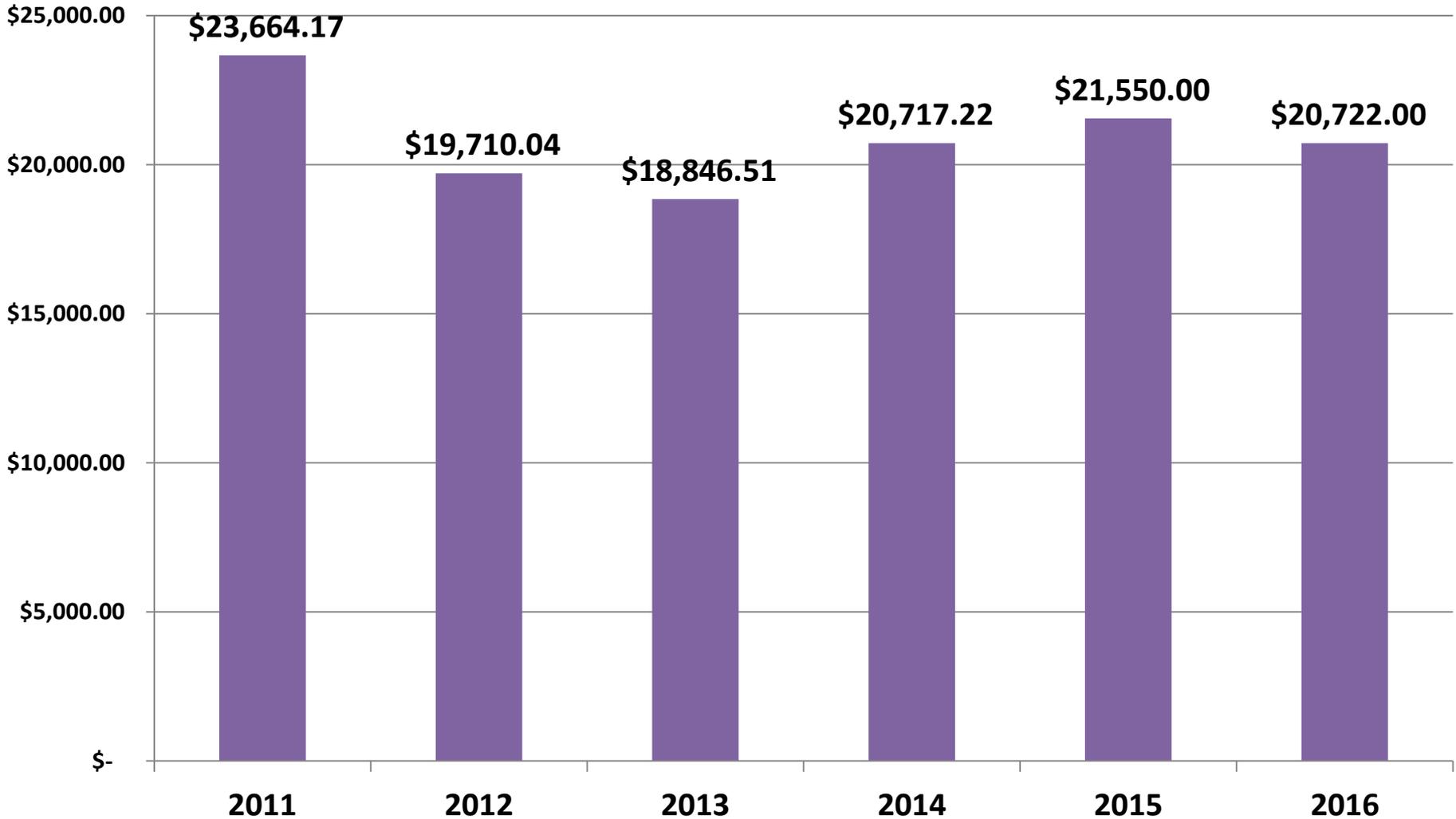
# OTHER REVENUES FOR DEBT RETIREMENT- Meals Tax

## Meals Tax Revenue





# OTHER REVENUES FOR DEBT RETIREMENT- Cigarette Tax





# FUNDING RESERVE ACCOUNTS

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- ❑ **DEBT RETIREMENT:** large enough to pay off existing debt after available revenues are applied.
- ❑ **RAINY DAY FUND:** enables organization to remain fiscally stable during National Business Cycle. **5% of Operating Budget.**
- ❑ **30-DAY CASH ON HAND:** enables organization to have cash on hand for emergencies or collapse in revenues.
- ❑ **OPERATING CASH:** enables organization to not have to borrow funds during year when revenues have not caught up to spending, but are projected to (is replenished by end of FY). **Generally 10% of Operating Budget.**
- ❑ **HR FUND:** enables organization to withstand personnel shocks from short-term disability, turnover, extended leave, & allows surge capacity. **10% of Personnel Budget.**
- ❑ **3RM FUND:** for Repair, Renewal, Replacement, and Maintenance work. **TBD by Asset Management Plan.**
- ❑ **NEW CAPITAL FUND:** to cover unbudgeted project overruns, down payments on new capital projects, and/or fund capital projects without borrowing.



# GENERAL FUND RESERVES

THE TOWN OF LOVETTSVILLE FY 17 BUDGET- RESERVE STRUCTURE (GENERAL FUND)

RESERVE CATEGORY	TOTAL (as of 12/31/15)	FORECASTED TOTAL (7/1/16)	Target	\$ per Year to get to Target by 2030
DEBT RETIREMENT	\$ 521,910.00	\$ 469,935.60	\$ 430,958.60	\$ -
RAINY DAY FUND	\$ 50,333.33	\$ 50,333.33	\$ 55,000.00	\$ 333.33
30-DAY CASH ON HAND FOR EMERGENCY	\$ 90,111.11	\$ 90,111.11	\$ 91,666.67	\$ 111.11
"3RM" FUND (Repair, Renew, Replace, Maintain)	\$ 100,000.00	\$ 90,000.00	TBD from Asset Mgt Plan	20% of Economic Development Revenue Surplus
NEW CAPITAL SPENDING	\$ 478,162.25	\$ 64,745.67	TBD	80% of Economic Development Revenue Surplus
HR FUND (TURNOVER, STD, VACATION, SURGE)	\$ 40,666.67	\$ 40,666.67	\$ 50,000.00	\$ 666.67
OPERATING CASH	\$ 145,146.16	\$ 210,000.00	\$ 210,000.00	\$ -
<b>TOTAL</b>	<b>\$ 1,426,329.52</b>	<b>\$ 1,015,792.38</b>	<b>\$ 837,625.26</b>	<b>\$ 1,111.11</b>

- ❑ Decrease in Total Reserves were all planned minus Broadway Overrun (estimated at \$75K).
- ❑ We need to keep about \$210K in Operating Cash Fund to cover us until we get our Property Tax Revenues in December.



# UTILITY FUND DEBT SERVICE

	UTILITY FUND					
Note: as of 1 Mar 2016	DEBT PAYMENT CATEGORY				FY 16 Strategy	
FY	PRINCIPAL	INTEREST	TOTAL	AVAILABILITY REVENUE	ANNUAL OPERATING BUDGET CONTRIBUTION	RESERVE CONTR.
FY 2017	\$ 400,140.56	\$ 121,317.06	\$ 521,457.62	\$ 149,000.00	\$ 105,000.00	\$ 267,457.62
FY 2018	\$ 410,856.06	\$ 112,229.06	\$ 523,085.12	\$ 300,900.00	\$ 110,000.00	\$ 112,185.12
FY 2019	\$ 376,595.74	\$ 92,264.38	\$ 468,860.12	\$ 172,550.00	\$ 115,000.00	\$ 181,310.12
FY 2020	\$ 387,360.41	\$ 84,193.49	\$ 471,553.90	\$ 238,000.00	\$ 120,000.00	\$ 113,553.90
FY 2021	\$ 301,171.15	\$ 75,712.29	\$ 376,883.44	\$ 154,700.00	\$ 125,000.00	\$ 97,183.44
FY 2022	\$ 220,008.61	\$ 65,670.14	\$ 285,678.75	\$ 107,100.00	\$ 130,000.00	\$ 48,578.75
FY 2023	\$ 225,853.41	\$ 55,215.91	\$ 281,069.32	\$ 89,250.00	\$ 135,000.00	\$ 56,819.32
FY 2024	\$ 241,726.76	\$ 44,220.73	\$ 285,947.49	\$ 41,650.00	\$ 140,000.00	\$ 99,297.49
FY 2025	\$ 247,629.60	\$ 32,683.53	\$ 280,313.13	\$ 77,350.00	\$ 145,000.00	\$ 52,963.13
FY 2026	\$ 263,562.94	\$ 20,603.24	\$ 284,166.18	\$ 23,800.00	\$ 150,000.00	\$ 105,366.18
FY 2027	\$ 274,527.82	\$ 12,722.76	\$ 287,250.58	\$ 23,800.00	\$ 155,000.00	\$ 103,450.58
FY 2028	\$ 285,525.28	\$ (3,252.81)	\$ 282,272.47	\$ 23,800.00	\$ 160,000.00	\$ 93,472.47
FY 2029	\$ 31,556.44	\$ 1,887.90	\$ 33,444.34	\$ 17,850.00	\$ 165,000.00	\$ (154,405.66)
FY 2030	\$ 32,622.43	\$ 821.88	\$ 33,444.31	\$ 17,850.00	\$ 170,000.00	\$ (159,405.69)



# UTILITY FUND DEBT SERVICE

- **Total UF Debt Remaining- \$4.4M**
  - \$1.4M in Availability Fee Revenues forecasted for debt (and legally available) and \$1.2M in Debt Retirement Fund available to cover debt.
  - \$1.8M total needed over 15 years in Annual Operating Budget Contributions to pay off debt.
- ❖ **With Last Year's Strategy we are on target even with \$100K in Broadway Overruns.**

Availability Revenues

	2017	2018	2019	2020	2021	2022	2023	
<b>Water</b>	\$ 24,300.00	\$ 137,700.00	\$ 218,700.00	\$ 315,900.00	\$ 210,600.00	\$ 145,800.00	\$ 56,700.00	
<b>Sewer</b>	\$ 273,700.00	\$ 464,100.00	\$ 345,100.00	\$ 476,000.00	\$ 309,400.00	\$ 214,200.00	\$ 178,500.00	
<b>Total</b>	\$ 298,000.00	\$ 601,800.00	\$ 563,800.00	\$ 791,900.00	\$ 520,000.00	\$ 360,000.00	\$ 235,200.00	
<b>For Debt</b>	\$ 149,000.00	\$ 300,900.00	\$ 172,550.00	\$ 238,000.00	\$ 154,700.00	\$ 107,100.00	\$ 89,250.00	
	2024	2025	2026	2027	2028	2029	2030	Total
<b>Water</b>	\$ 105,300.00	\$ 72,900.00	\$ 32,400.00	\$ 32,400.00	\$ 32,400.00	\$ 24,300.00	\$ 24,300.00	\$ 1,433,700.00
<b>Sewer</b>	\$ 83,300.00	\$ 154,700.00	\$ 47,600.00	\$ 47,600.00	\$ 47,600.00	\$ 35,700.00	\$ 35,700.00	\$ 2,713,200.00
<b>Total</b>	\$ 188,600.00	\$ 227,600.00	\$ 80,000.00	\$ 80,000.00	\$ 80,000.00	\$ 60,000.00	\$ 60,000.00	\$ 4,146,900.00
<b>For Debt</b>	\$ 41,650.00	\$ 77,350.00	\$ 23,800.00	\$ 23,800.00	\$ 23,800.00	\$ 17,850.00	\$ 17,850.00	\$ 1,437,600.00



# FUNDING RESERVE ACCOUNTS

- ❑ **DEBT RETIREMENT:** large enough to pay off existing debt after available revenues are applied.
- ❑ **RAINY DAY FUND:** enables organization to remain fiscally stable during National Business Cycle. **5% of Operating Budget.**
- ❑ **30-DAY CASH ON HAND:** enables organization to have cash on hand for emergencies or collapse in revenues.
- ❑ **OPERATING CASH:** enables organization to not have to borrow funds during year when revenues have not caught up to spending, but are projected to (is replenished by end of FY). **10% of Operating Budget.**
- ❑ **HR FUND:** enables organization to withstand personnel shocks from short-term disability, turnover, extended leave, & allows surge capacity. **10% of Personnel Budget.**
- ❑ **3RM FUND:** for Repair, Renewal, Replacement, and Maintenance work. **TBD by Asset Management Plan.**
- ❑ **NEW CAPITAL FUND:** Amount of Availability Fees we get per year not allocated for debt retirement.



# UTILITY FUND RESERVES

THE TOWN OF LOVETTSVILLE FY 17 BUDGET- RESERVE STRUCTURE (UTILITIES FUND)

RESERVE CATEGORY	TOTAL (as of 12/31/15)	FORECASTED TOTAL (7/1/16)	Target	\$ per Year to get to Target by 2030
DEBT RETIREMENT	\$ 1,435,351.45	\$ 1,191,966.05	\$ 2,977,826.77	\$ 127,561.48
RAINY DAY FUND	\$ 33,000.00	\$ 33,000.00	\$ 75,000.00	\$ 3,000.00
30-DAY CASH ON HAND FOR EMERGENCY	\$ 45,666.67	\$ 45,666.67	\$ 125,000.00	\$ 5,666.67
"3RM" FUND (Repair, Renew, Replace, Maintain)	\$ 19,645.08	\$ -	TBD from Asset Mgt Plan	\$ 50,000.00
OPERATING CASH	\$ 103,333.33	\$ 180,000.00	\$ 180,000.00	\$ -
HR FUND (TURNOVER, STD, VACATION, SURGE)	\$ 30,933.33	\$ 30,933.33	\$ 44,000.00	\$ 933.33
NEW CAPITAL SPENDING	\$ 30,000.00	\$ -	Availability Fees	Availability Fees
<b>TOTAL</b>	<b>\$ 1,697,929.87</b>	<b>\$ 1,481,566.05</b>	<b>\$ 3,401,826.77</b>	<b>\$ 187,161.48</b>

- ❑ Decrease in Total Reserves were all planned minus Broadway Overrun (estimated at \$100K).
- ❑ We need to keep about \$180K in Operating Cash Fund to cover us through Q1 when rates are still from previous year.



# DEBT/RESERVES SUMMARY FOR GENERAL & UTILITY FUND

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- ❑ **GENERAL FUND DEBT:** The Town's \$470K Debt Retirement Fund has a \$39K cushion in paying down the debt in case Meals and Cigarette Taxes do not grow as planned.
- ❑ **GENERAL FUND RESERVES:** All Reserves are adequately funded minus Broadway Overrun impact on the Capital Fund (estimated at \$75K). We need to increase the Operating Cash Fund to \$210K (from \$110K) to cover us until we get our Property Tax Revenues in December.
- ❑ **UTILITY FUND DEBT:** With last year's strategy we are on target, even with \$100K in Broadway Overruns, to cover our \$4.4M Debt Obligation.
- ❑ **UTILITY FUND RESERVES:** All Reserves are adequately funded minus Broadway Overrun impact on the Capital Fund. We need to keep about \$180K (from \$100K) in Operating Cash Fund to cover us through Q1 when rates are still from previous year.



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# PRESENTATION OF BASE BUDGET

- GENERAL FUND
- UTILITY FUND



# GENERAL FUND INCOME STATEMENT



Revenue Category	FY 17	FY 16	Comment
RESIDENTIAL PROPERTY TAX REVENUE	\$ 502,982	\$ 502,587	Property Assessments are flat this year.
ECONOMIC DEVELOPMENT TAX REVENUES	\$ 184,417	\$ 170,319	Commercial/Light Industrial Property Assesments are up (6%), as are Meals (3%) & Business License Revs. (22%).
RESERVE CONTRIBUTION	\$ 261,270	\$ 197,121	\$65K increase in Operating Cash requirement (thus no real revenue gain).
SALES AND OTHER TAXES & REVENUES	\$ 291,700	\$ 276,900	\$17K Increase in Sales Tax Revenue from the County, but a \$8K decrease in Bank Franchise Revenue.
PERMITS, FEES, & LICENSE REVENUE	\$ 12,000	\$ 15,175	More Conservative forecast.
REIMBURSEMENT REVENUE	\$ 163,696	\$ 154,400	\$10K increase from UF Reimbursement (counting all overhead support to personnel supporting UF).
<b>TOTAL REVENUES</b>	<b>\$ 1,416,065</b>	<b>\$ 1,316,501</b>	<b>Out of \$100K increase- \$65K "increase" is from the Operating Cash Reserve and \$10K from UF Reimbursement. Thus only a \$35K real increase in total revenues (primarily from Economic Development and Sales Tax revenues).</b>
Expense Category	FY 17	FY 16	Comment
ADMINISTRATION PROGRAM	\$ 334,802	\$ 345,780	1% growth in Personnel and Overhead Costs. Decrease in Town Manager's hours from Administration to support Economic Development.
CAPITAL & ENGINEERING PROGRAM	\$ 287,088	\$ 251,910	\$32K increase in Capital and 3RM contributions.
PUBLIC WORKS PROGRAM	\$ 236,073	\$ 301,248	Decrease in UF Subsidy to \$0; 6% increase in trash costs due to growth and rates (0% increase in property tax revenues to pay for it- this problem will get worse if NOVA Real Estate demand stops growing in the future.); \$4K in real cuts to Parks sub-program.
PLANNING & ZONING PROGRAM	\$ 133,641	\$ 131,078	\$1K in additional Planning Commission Training.
EVENTS & TOURISM PROGRAM	\$ 97,397	\$ 84,872	\$5K increase via creation of Marketing and Tourism expenditure items + Cross-cutting Event Logistics. \$3K increase in maintenance support due to more accurate budgeting. Increase in Events Coordinator Hours.
ECONOMIC DEVELOPMENT PROGRAM	\$ 63,780	\$ 61,019	Decrease in Economic Development Coordinator Hours to offset increase in Events Coordinator Hours. Town Manager Hours shifted to support Economic Development.
PUBLIC SAFETY PROGRAM	\$ 17,259	\$ 17,848	
RESERVE CONTRIBUTIONS & MISCELLANEOUS	\$ 222,871	\$ 122,745	\$100K increase in Operating Cash Fund contributions to ensure cash on hand first 6 months of the FY.
<b>TOTAL EXPENSES</b>	<b>\$ 1,392,910</b>	<b>\$ 1,316,501</b>	<b>\$23K+ in real expenditure cuts offset by necessary increase in Operating Cash Fund Contribution from estimated FY 16 Surplus.</b>
<b>NET INCOME (SURPLUS/DEFICIT)</b>	<b>\$ 23,155</b>	<b>\$ 0</b>	<b>\$35K in real revenue increases (2.6%) and \$23K+ in real expenditure cuts (nearly 2%). Increased contributions to 3RM and New Capital Funds. Council needs to develop a Surplus Management Strategy (i.e. Capital, Police, Staff Support, etc.).</b>



# GENERAL FUND PROGRAM BUDGET



Revenue Category	FY 17	FY 18	FY 19	FY 20
RESIDENTIAL PROPERTY TAX REVENUE	\$ 502,982	\$ 522,989	\$ 553,906	\$ 579,538
ECONOMIC DEVELOPMENT TAX REVENUES	\$ 184,417	\$ 190,255	\$ 196,320	\$ 202,620
RESERVE CONTRIBUTION	\$ 261,270	\$ 255,289	\$ 256,332	\$ 257,114
SALES AND OTHER TAXES & REVENUES	\$ 291,700	\$ 301,107	\$ 310,866	\$ 320,991
PERMITS, FEES, & LICENSE REVENUE	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000
REIMBURSEMENT REVENUE	\$ 163,696	\$ 165,053	\$ 166,424	\$ 167,809
<b>TOTAL REVENUES</b>	<b>\$ 1,416,065</b>	<b>\$ 1,446,694</b>	<b>\$ 1,495,848</b>	<b>\$ 1,540,072</b>
Expense Category	FY 17	FY 18	FY 19	FY 20
ADMINISTRATION PROGRAM	\$ 334,802	\$ 338,150	\$ 341,531	\$ 344,947
CAPITAL & ENGINEERING PROGRAM	\$ 287,088	\$ 293,953	\$ 301,054	\$ 308,401
PUBLIC WORKS PROGRAM	\$ 236,073	\$ 245,275	\$ 257,492	\$ 268,541
PLANNING & ZONING PROGRAM	\$ 133,641	\$ 134,778	\$ 135,927	\$ 137,087
EVENTS & TOURISM PROGRAM	\$ 97,397	\$ 98,654	\$ 99,919	\$ 101,191
ECONOMIC DEVELOPMENT PROGRAM	\$ 63,780	\$ 64,418	\$ 65,062	\$ 65,712
PUBLIC SAFETY PROGRAM	\$ 17,259	\$ 17,296	\$ 17,334	\$ 17,372
RESERVE CONTRIBUTIONS & MISCELLANEOUS	\$ 222,871	\$ 225,077	\$ 227,304	\$ 229,553
<b>TOTAL EXPENSES</b>	<b>\$ 1,392,910</b>	<b>\$ 1,417,600</b>	<b>\$ 1,445,622</b>	<b>\$ 1,472,805</b>
<b>NET INCOME (SURPLUS/DEFICIT)</b>	<b>\$ 23,155</b>	<b>\$ 29,093</b>	<b>\$ 50,227</b>	<b>\$ 67,267</b>

- 10 Year Operating Budget Forecast to determine strategy for investing structural surpluses (i.e. Capital Contributions, Police, and/or Staff Support Capacity) or addressing structural deficits (spending reductions and/or new revenues).



# GENERAL FUND PROGRAM BUDGET



## Continued

Revenue Category	FY 21	FY 22	FY 23	FY 24
RESIDENTIAL PROPERTY TAX REVENUE	\$ 614,876	\$ 641,706	\$ 662,263	\$ 681,893
ECONOMIC DEVELOPMENT TAX REVENUES	\$ 209,165	\$ 215,968	\$ 223,039	\$ 230,390
RESERVE CONTRIBUTION	\$ 238,346	\$ 254,484	\$ 255,560	\$ 255,743
SALES AND OTHER TAXES & REVENUES	\$ 331,495	\$ 342,395	\$ 353,704	\$ 365,439
PERMITS, FEES, & LICENSE REVENUE	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000
REIMBURSEMENT REVENUE	\$ 169,207	\$ 170,620	\$ 172,047	\$ 173,488
<b>TOTAL REVENUES</b>	<b>\$ 1,575,090</b>	<b>\$ 1,637,173</b>	<b>\$ 1,678,613</b>	<b>\$ 1,718,952</b>
Expense Category	FY 21	FY 22	FY 23	FY 24
ADMINISTRATION PROGRAM	\$ 348,396	\$ 351,880	\$ 355,399	\$ 358,953
CAPITAL & ENGINEERING PROGRAM	\$ 316,005	\$ 323,876	\$ 332,026	\$ 340,467
PUBLIC WORKS PROGRAM	\$ 282,087	\$ 293,719	\$ 304,037	\$ 314,344
PLANNING & ZONING PROGRAM	\$ 138,259	\$ 139,442	\$ 140,638	\$ 141,845
EVENTS & TOURISM PROGRAM	\$ 102,246	\$ 103,099	\$ 103,960	\$ 104,830
ECONOMIC DEVELOPMENT PROGRAM	\$ 66,369	\$ 67,033	\$ 67,703	\$ 68,380
PUBLIC SAFETY PROGRAM	\$ 17,411	\$ 17,450	\$ 17,490	\$ 17,530
RESERVE CONTRIBUTIONS & MISCELLANEOUS	\$ 231,825	\$ 234,120	\$ 236,437	\$ 238,778
<b>TOTAL EXPENSES</b>	<b>\$ 1,502,598</b>	<b>\$ 1,530,620</b>	<b>\$ 1,557,691</b>	<b>\$ 1,585,128</b>
<b>NET INCOME (SURPLUS/DEFICIT)</b>	<b>\$ 72,492</b>	<b>\$ 106,553</b>	<b>\$ 120,922</b>	<b>\$ 133,825</b>

- **Revenues:** Incorporates impact of housing growth and assumes an average of 1% increase in value per year of housing stock. Does not forecast Engle or Town Square Revenue Growth. Assumes no to 1% growth for all other categories.



# GENERAL FUND PROGRAM BUDGET



## Continued

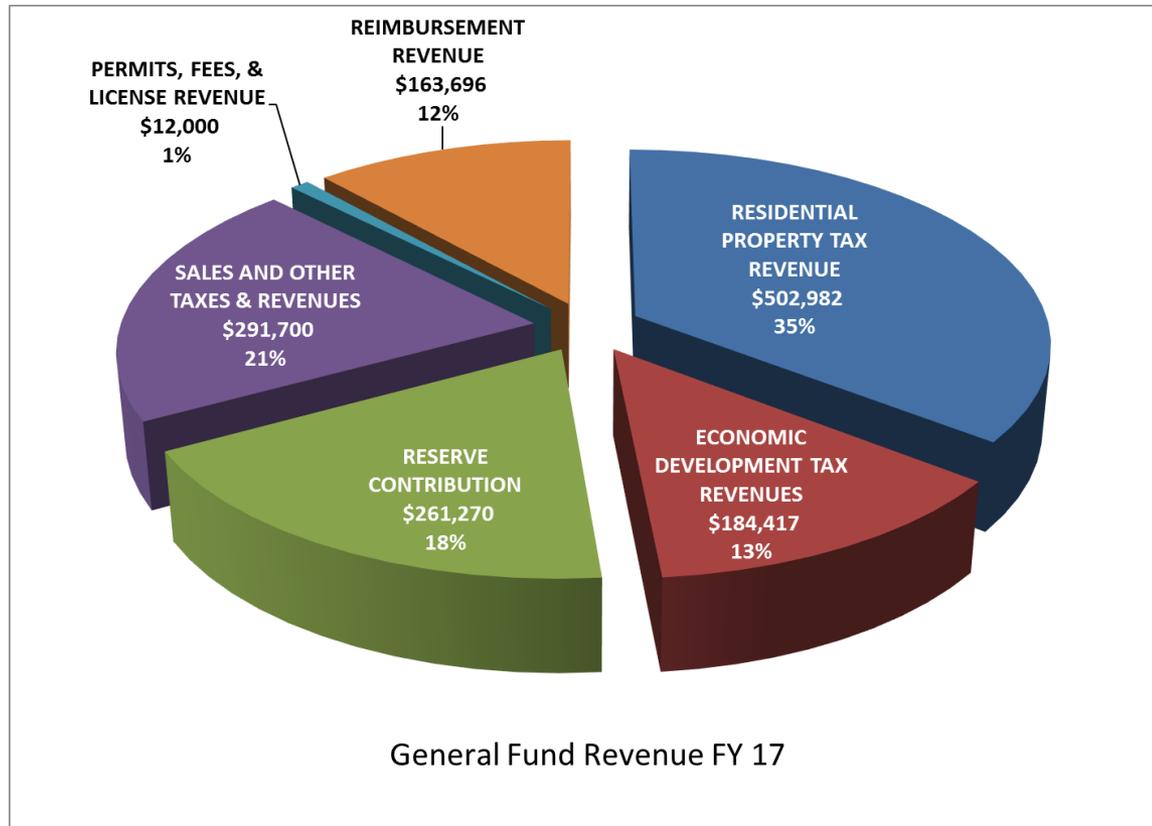
Revenue Category	FY 25	FY 26
RESIDENTIAL PROPERTY TAX REVENUE	\$ 696,451	\$ 715,914
ECONOMIC DEVELOPMENT TAX REVENUES	\$ 238,034	\$ 245,983
RESERVE CONTRIBUTION	\$ 255,392	\$ 249,960
SALES AND OTHER TAXES & REVENUES	\$ 378,416	\$ 391,253
PERMITS, FEES, & LICENSE REVENUE	\$ 12,000	\$ 12,000
REIMBURSEMENT REVENUE	\$ 174,943	\$ 176,413
<b>TOTAL REVENUES</b>	<b>\$ 1,755,235</b>	<b>\$ 1,791,523</b>
Expense Category	FY 25	FY 26
ADMINISTRATION PROGRAM	\$ 362,543	\$ 366,168
CAPITAL & ENGINEERING PROGRAM	\$ 349,211	\$ 358,272
PUBLIC WORKS PROGRAM	\$ 323,553	\$ 334,394
PLANNING & ZONING PROGRAM	\$ 143,065	\$ 144,296
EVENTS & TOURISM PROGRAM	\$ 105,709	\$ 106,597
ECONOMIC DEVELOPMENT PROGRAM	\$ 69,064	\$ 69,755
PUBLIC SAFETY PROGRAM	\$ 17,570	\$ 17,611
RESERVE CONTRIBUTIONS & MISCELLANEOUS	\$ 241,142	\$ 243,530
<b>TOTAL EXPENSES</b>	<b>\$ 1,611,857</b>	<b>\$ 1,640,622</b>
<b>NET INCOME (SURPLUS/DEFICIT)</b>	<b>\$ 143,378</b>	<b>\$ 150,900</b>

- ❑ **EXPENDITURES:** Assumes 1% growth in pay per year and for most programs. Big exception is the Trash Expenditure item which will grow by 3% per year based on current contract (not including added costs from new customers due to housing stock growth).



# FY 17 GENERAL FUND REVENUES

- Residential Property taxes stayed flat, however continues to be largest share of revenue.
- Category for Economic Development Revenues (Commercial and Light Industrial Property, Meals Tax, Cigarette Tax, and Business License Fee) developed to earmark to Debt and Capital Financing. This allows us to measure Economic Growth in the Future and impact of specific developments.

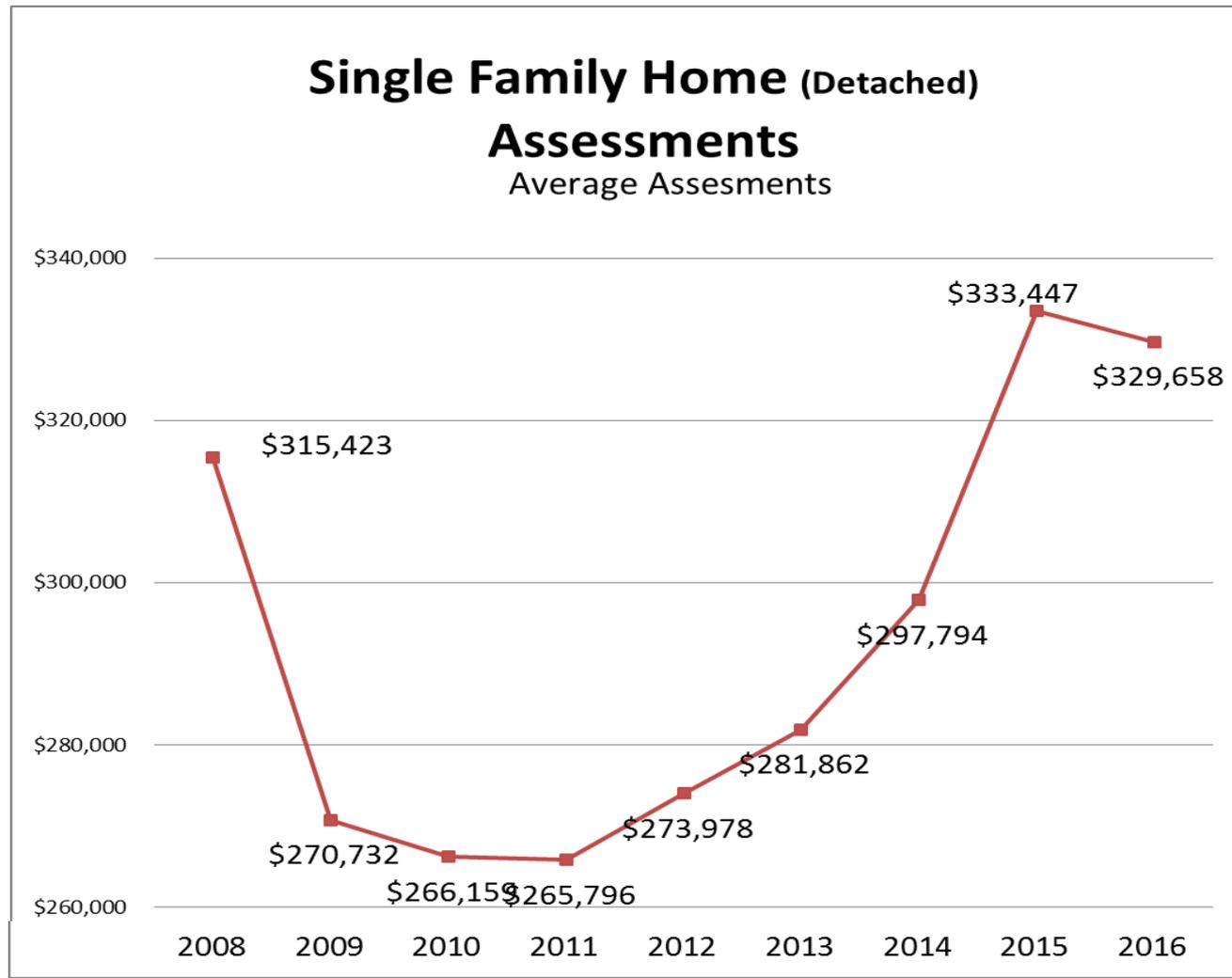


- County Sales Tax Revenues continue to grow thanks to the growing share of school age population of the Town.



# GENERAL FUND REVENUES- REAL ESTATE ASSESSMENT

- Average assessments for Single Family Detached have fallen for the first time since 2011 when the town bottomed out from the Recession.
- Economic Property (only 3% of properties), grew from 5% of total share of Property Tax Revenue to 6% this FY.

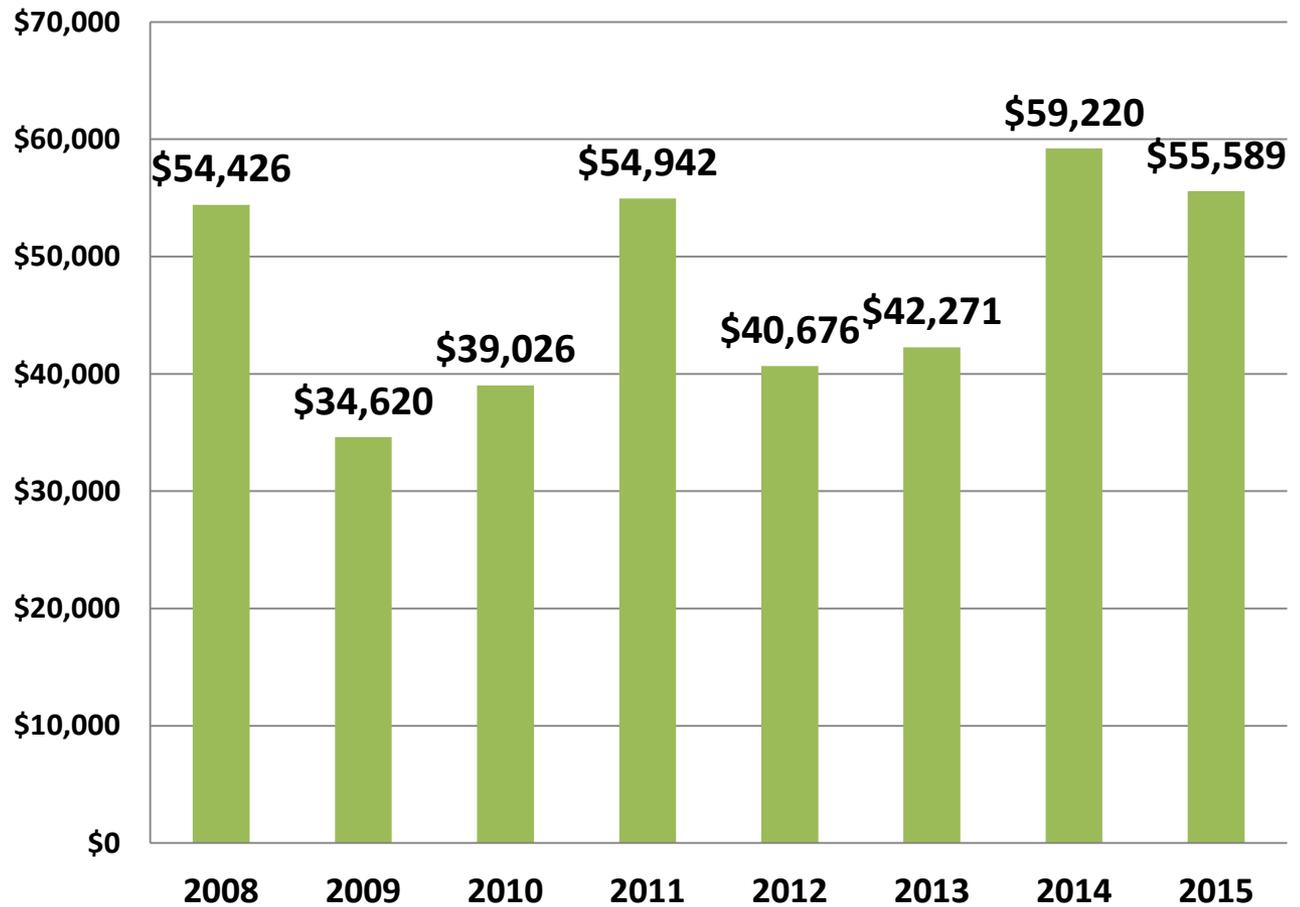




# GENERAL FUND REVENUES- BUSINESS LICENSE REVENUES

□ We are seeing a flattening of Business License Revenues to \$55K. This is a tricky revenue source to forecast since 62% of revenue comes from out of town businesses (80% of which are construction related). In the long-term construction revenue will fall, but will be offset by Economic Development.

### Business License Revenue

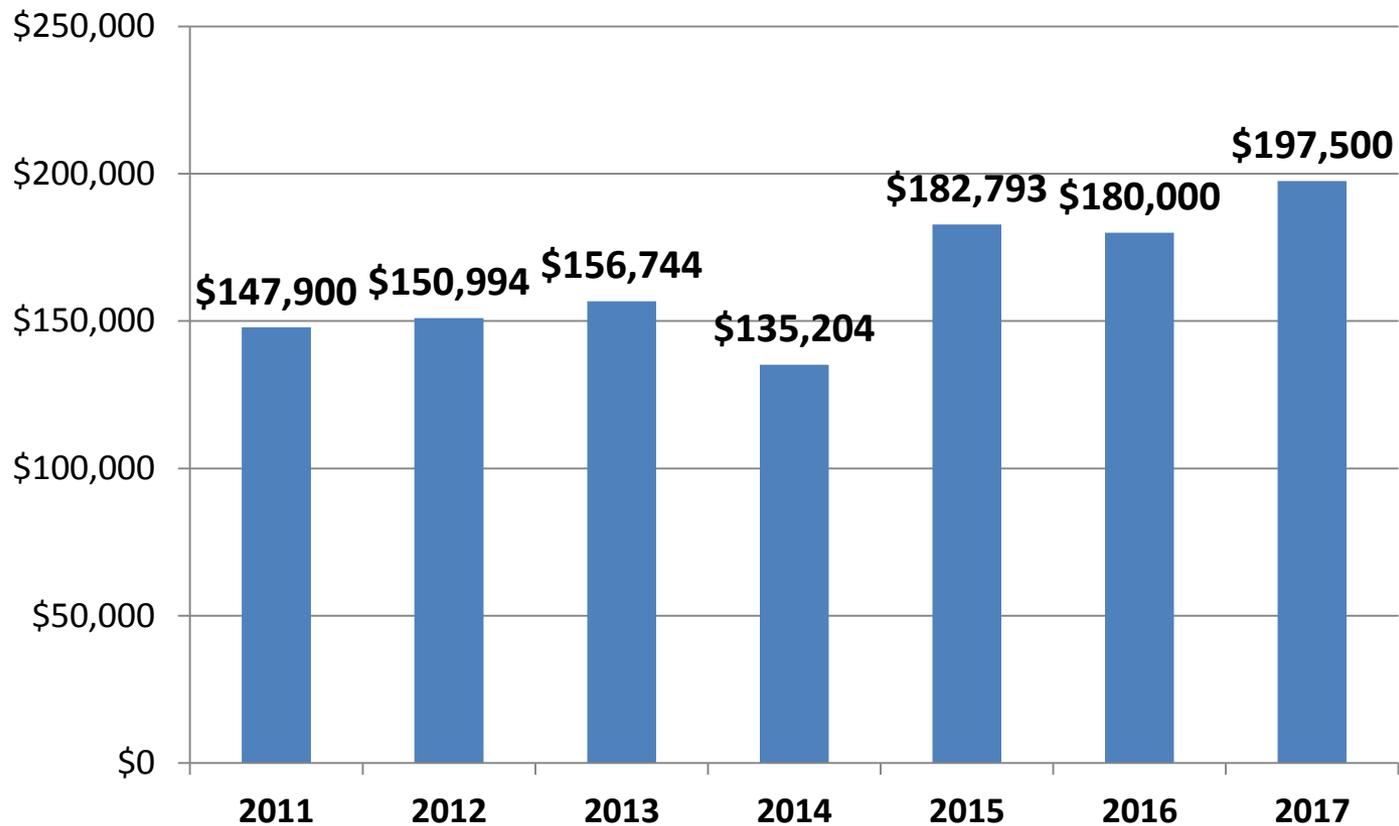




# GENERAL FUND REVENUES- SALES TAX REVENUES

- In FY 16, we are expecting a 19% increase (to \$180K) in revenues by the end of the year. In FY 17 we have a 9% increase to \$197K based on latest County data showing our share of school age children increasing.

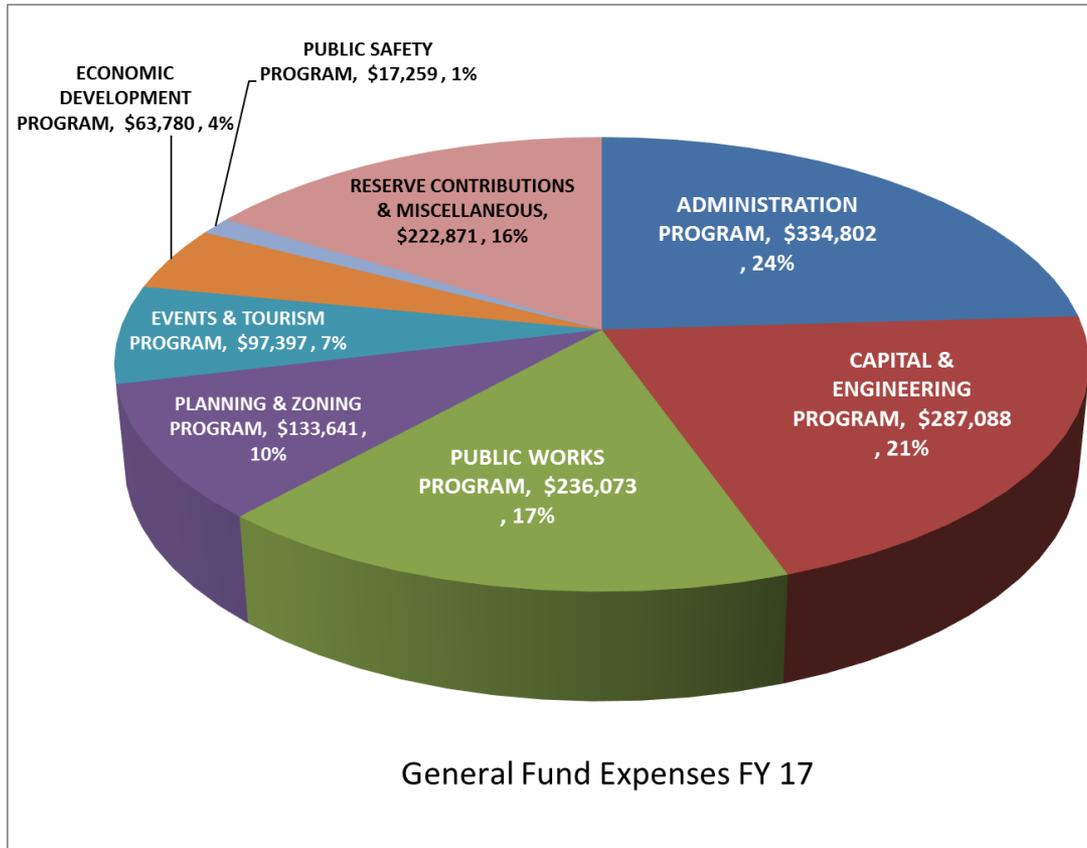
## Sales Tax Revenue Received from County





# FY 17 GENERAL FUND EXPENDITURES

- All programs cut or flat minus an increase in Capital Contributions and Tourism Marketing.
- No new positions created or backfilled. However hours cut from Economic Development Coordinator and shifted to Events & Tourism Coordinator. Town Manager Hours shifted to Economic Development Program.
- 1% COLA for employees based on average of BLS Wage increases and Federal COLA.



- Trash Costs grew faster than Property Tax Revenues. Will continue to take up a larger share of expenditures if property values stay flat or grow at less than 3%.



# GENERAL FUND 15-YEAR CIP

## Town of Lovettsville General Fund CIP out to 2031

Revenue Category	Total \$	Comment
<b>NEW CAPITAL SPENDING FUND</b>	\$ 309,523.59	How much we will allocate to cover new capital spending based on Capital Fund Contributions.
<b>3RM FUND CONTRIBUTION</b>	\$ 145,476.41	For major Repair, Renewals, and Replacement projects (over \$5K)
<b>BORROWED SOURCES</b>	\$ 3,900,000.00	To finance projects.
<b>GRANT SOURCES</b>	\$ 3,000,000.00	Goal- VDOT Share of Broadway and/or Shared Use Path Phase 2
<b>OTHER SOURCES</b>	\$ 7,500,000.00	Goal- County Share for S. Loudoun Street + Safe Routes to School Money
<b>TOTAL REVENUES</b>	<b>\$ 14,855,000.00</b>	
Expense Category	Total \$	Comment
<b>MASTER PLANS</b>	\$ 30,000.00	Engle Tract, EDA Plan, Town Square, Asset Management
<b>EDA SUPPORT</b>	\$ 600,000.00	Funding Support for Infrastructure development; Acquisition of VDOT Land on Town Square.
<b>BROADWAY STREETScape</b>	\$ 3,260,000.00	Storm Pond, Phase 2A, Phase 2B, Public Parking
<b>TOWN SQUARE IMPROVEMENTS</b>	\$ 103,500.00	Clocktower Face, Holiday Tree, Water Feature, Sidewalk on North Side (Drainage Ditch area)
<b>SHARED USE PATH PHASE II- NORTH BERLIN TURNPIKE</b>	\$ 3,000,000.00	Completion of Shared Use Path. Need to Have VDOT Pay.
<b>LOUDOUN ST STREETScape</b>	\$ 7,500,000.00	Widening Loudoun St (3600 feet), adding curb and gutter and storm management, sidewalk, etc. Will need easements and potential ROW. Big Project. (Estimate very rough based on cost/ft for BW Phase 1). Need to have County Pay for it.
<b>TOWN HALL</b>	\$ 325,000.00	Trailer Solution + Financing for Land Acquisition
<b>TOWN GREEN PARK</b>	\$ 5,000.00	Shelter for Porta-Pot
<b>QUARTER BRANCH PARK</b>	\$ 32,700.00	Fence, Yard Hydrant, and Lean Back
<b>TOTAL EXPENSES</b>	<b>\$ 14,855,000.00</b>	
<b>NET INCOME (SURPLUS/DEFICIT)</b>	<b>\$ 0.00</b>	



# GENERAL FUND FY 17 CAPITAL BUDGET

CATEGORIES	BRIEF DESCRIPTION	TOTAL (FY 17)
<b>FUNDING- GENERAL FUND</b>		
NEW CAPITAL SPENDING FUND	How much we will allocate to cover new capital spending based on Capital Fund Contributions.	\$ 50,000
3RM FUND CONTRIBUTION	For major Repair, Renewals, and Replacement projects (over \$5K)	\$ 26,500
<b>BORROWED SOURCES</b>		
NEW TRAILER LOAN	Loan taken out to finance new trailer- paid by annual operating budget line item we are currently using to lease trailer.	\$ 100,000
<b>TOTAL FUNDING AVAILABLE</b>		<b>\$ 176,500</b>
<b>PROJECTS- GENERAL FUND</b>		
ECONOMIC DEVELOPMENT PLANNING	Develop Engle Tract Concept Plan; Develop EDC Plan; Develop Main Street Plan	\$ 10,000
TOWN SQUARE MASTER PLAN	Master Plan Town Square	\$ 10,000
CLOCKTOWER	Clock Face 1 - priority 1	\$ 25,000
Northside Bike Station	Potential Easements	\$ 5,000
<b>TOWN HALL</b>		
LAND	Financing Payments for Land Acquisition (will need to include principal payments if we do not sell within 5 years)	\$ 15,000
INTERIM TRAILER SOLUTION		\$ 100,000
<b>QUARTER BRANCH PARK - in order of Priority</b>		
FENCE FOR BACK STORAGE AREA		\$ 8,000
YARD HYDRANT FOR COMMUNITY GARDEN		\$ 3,500
<b>TOTAL COST</b>		<b>\$ 176,500</b>
<b>NET TOTAL (REVENUES - EXPENDITURES)</b>		<b>\$ (0)</b>



# UTILITY FUND INCOME STATEMENT

Revenue Category	FY 17	FY 16	Comment
<b>USAGE FEE REVENUE</b>	\$ 931,982	\$ 839,648	12% Rates Increase to achieve last year's 30% goal to zero out GF subsidy (16% last year + 12% compounded this year= 30% rate increase last year). Also considers new customers from added housing stock.
<b>CONNECTION &amp; AVAILABILITY FEE REVENUE</b>	\$ 344,000	\$ 340,800	An increase of 4 houses expected from FY 16, however fewer water availability fee's forecasted than last year.
<b>RESERVE CONTRIBUTION</b>	\$ 447,458	\$ 366,259	\$80K increase in Operating Fund requirement needed to cover period prior to rate adjustments in 2nd quarter of FY; funded by expected FY 16 Operating Surplus.
<b>OTHER REVENUE</b>	\$ 77,486	\$ 151,584	No GF Subsidy in FY17.
<b>REIMBURSEMENT REVENUE</b>	\$ 12,000	\$ 15,175	More Conservative forecast.
<b>TOTAL REVENUES</b>	<b>\$ 1,806,926</b>	<b>\$ 1,713,292</b>	Decline in GF Subsidy Revenue offset by User Rate Increases. Thus only an \$18K real increase in revenue in FY 17 since Operating Cash "increase" is recycled into budget.
Expense Category	FY 17	FY 16	
<b>GENERAL FUND OVERHEAD</b>	\$ 133,746	\$ 123,850	Decrease percentages of personnel costs, however, this year also allocated non-personnel GF overhead support to UF as is done for all Town Government Programs.
<b>GENERAL SERVICES</b>	\$ 97,450	\$ 95,149	Increase in electricity costs and IT equipment.
<b>UTILITY SUPPLIES &amp; EQUIPMENT</b>	\$ 48,000	\$ 45,050	Increased cost of chemicals, sample testing supplies, tools, and safety supplies.
<b>CONTRACT SUPPORT SERVICES</b>	\$ 56,000	\$ 65,500	More Conservative forecast of inspection revenues and expenditures.
<b>CAPITAL &amp; DEBT MANAGEMENT SERVICES</b>	\$ 693,458	\$ 689,059	Expected/Planned increase in Debt Payments. Will decrease dramatically starting in FY 19.
<b>UTILITY OPS/REPAIR/MAINTENANCE SERVICES</b>	\$ 582,098	\$ 572,850	2% increase in Wages + increased cost of equipment and system repairs.
<b>RESERVE CONTRIBUTIONS &amp; MISCELLANEOUS</b>	\$ 196,175	\$ 121,833	\$80K increase in Operating Fund requirement needed to cover period prior to rate adjustments in 2nd quarter of FY; funded by expected FY 16 Operating Surplus.
<b>TOTAL EXPENSES</b>	<b>\$ 1,806,926</b>	<b>\$ 1,713,292</b>	A real increase of \$13K from FY 16 (>1%). \$80K "increase" in the Operating Cash recycled contribution.
<b>NET INCOME (SURPLUS/DEFICIT)</b>	<b>\$ 0</b>	<b>\$ 0</b>	\$5K real budget surplus invested in Debt and 3RM as planned by Water and Sewer Study. This year's rate increase was to eliminate GF Subsidies and begin adding contributions to 3RM and Debt Retirement Funds.



# UTILITY FUND PROGRAM BUDGET



Revenue Category	FY 17	FY 18	FY 19	FY 20
<b>USAGE FEE REVENUE</b>	\$ 931,982	\$ 979,548	\$ 1,050,134	\$ 1,097,656
<b>CONNECTION &amp; AVAILABILITY FEE REVENUE</b>	\$ 344,000	\$ 679,800	\$ 844,500	\$ 1,193,800
<b>RESERVE CONTRIBUTION</b>	\$ 447,458	\$ 292,185	\$ 363,110	\$ 297,172
<b>OTHER REVENUE</b>	\$ 77,486	\$ 78,251	\$ 79,023	\$ 79,804
<b>REIMBURSEMENT REVENUE</b>	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000
<b>TOTAL REVENUES</b>	<b>\$ 1,806,926</b>	<b>\$ 2,035,784</b>	<b>\$ 2,342,768</b>	<b>\$ 2,674,432</b>
Expense Category	FY 17	FY 18	FY 19	FY 20
<b>GENERAL FUND OVERHEAD</b>	\$ 133,746	\$ 135,083	\$ 136,434	\$ 137,798
<b>GENERAL SERVICES</b>	\$ 97,450	\$ 98,520	\$ 99,599	\$ 100,688
<b>UTILITY SUPPLIES &amp; EQUIPMENT</b>	\$ 48,000	\$ 49,440	\$ 50,929	\$ 52,457
<b>CONTRACT SUPPORT SERVICES</b>	\$ 56,000	\$ 56,720	\$ 58,362	\$ 60,045
<b>CAPITAL &amp; DEBT MANAGEMENT SERVICES</b>	\$ 693,458	\$ 854,022	\$ 1,083,078	\$ 1,386,576
<b>UTILITY OPS/REPAIR/MAINTENANCE SERVICES</b>	\$ 582,098	\$ 643,509	\$ 704,213	\$ 724,837
<b>RESERVE CONTRIBUTIONS &amp; MISCELLANEOUS</b>	\$ 196,175	\$ 198,491	\$ 210,153	\$ 212,030
<b>TOTAL EXPENSES</b>	<b>\$ 1,806,926</b>	<b>\$ 2,035,784</b>	<b>\$ 2,342,768</b>	<b>\$ 2,674,432</b>
<b>NET INCOME (SURPLUS/DEFICIT)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

- 10 Year Operating Budget Forecast to determine Utility Rates and how much we can to allocate to Debt Retirement and 3RM Fund.



# UTILITY FUND PROGRAM BUDGET Continued

Revenue Category	FY 21	FY 22	FY 23	FY 24
<b>USAGE FEE REVENUE</b>	\$ 1,163,384	\$ 1,212,782	\$ 1,250,792	\$ 1,286,690
<b>CONNECTION &amp; AVAILABILITY FEE REVENUE</b>	\$ 790,600	\$ 549,800	\$ 329,900	\$ 315,900
<b>RESERVE CONTRIBUTION</b>	\$ 282,638	\$ 235,887	\$ 246,001	\$ 290,371
<b>OTHER REVENUE</b>	\$ 80,592	\$ 81,388	\$ 82,191	\$ 83,003
<b>REIMBURSEMENT REVENUE</b>	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000
<b>TOTAL REVENUES</b>	<b>\$ 2,323,213</b>	<b>\$ 2,085,857</b>	<b>\$ 1,914,885</b>	<b>\$ 1,981,964</b>
Expense Category	FY 21	FY 22	FY 23	FY 24
<b>GENERAL FUND OVERHEAD</b>	\$ 139,176	\$ 140,568	\$ 141,974	\$ 143,393
<b>GENERAL SERVICES</b>	\$ 101,787	\$ 102,895	\$ 104,014	\$ 105,144
<b>UTILITY SUPPLIES &amp; EQUIPMENT</b>	\$ 54,031	\$ 55,652	\$ 57,321	\$ 59,041
<b>CONTRACT SUPPORT SERVICES</b>	\$ 61,231	\$ 61,518	\$ 61,809	\$ 62,104
<b>CAPITAL &amp; DEBT MANAGEMENT SERVICES</b>	\$ 1,011,505	\$ 751,101	\$ 556,556	\$ 599,523
<b>UTILITY OPS/REPAIR/MAINTENANCE SERVICES</b>	\$ 741,552	\$ 758,270	\$ 775,417	\$ 793,005
<b>RESERVE CONTRIBUTIONS &amp; MISCELLANEOUS</b>	\$ 213,932	\$ 215,854	\$ 217,794	\$ 219,754
<b>TOTAL EXPENSES</b>	<b>\$ 2,323,213</b>	<b>\$ 2,085,857</b>	<b>\$ 1,914,885</b>	<b>\$ 1,981,964</b>
<b>NET INCOME (SURPLUS/DEFICIT)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (0)</b>	<b>\$ 0</b>

- **Revenues:** Incorporates impact of housing growth. Utility Rates need to rise by 12% in FY 17, followed 3% in FY 18 and 19, and then 1.3% thereafter.



# UTILITY FUND PROGRAM BUDGET Continued



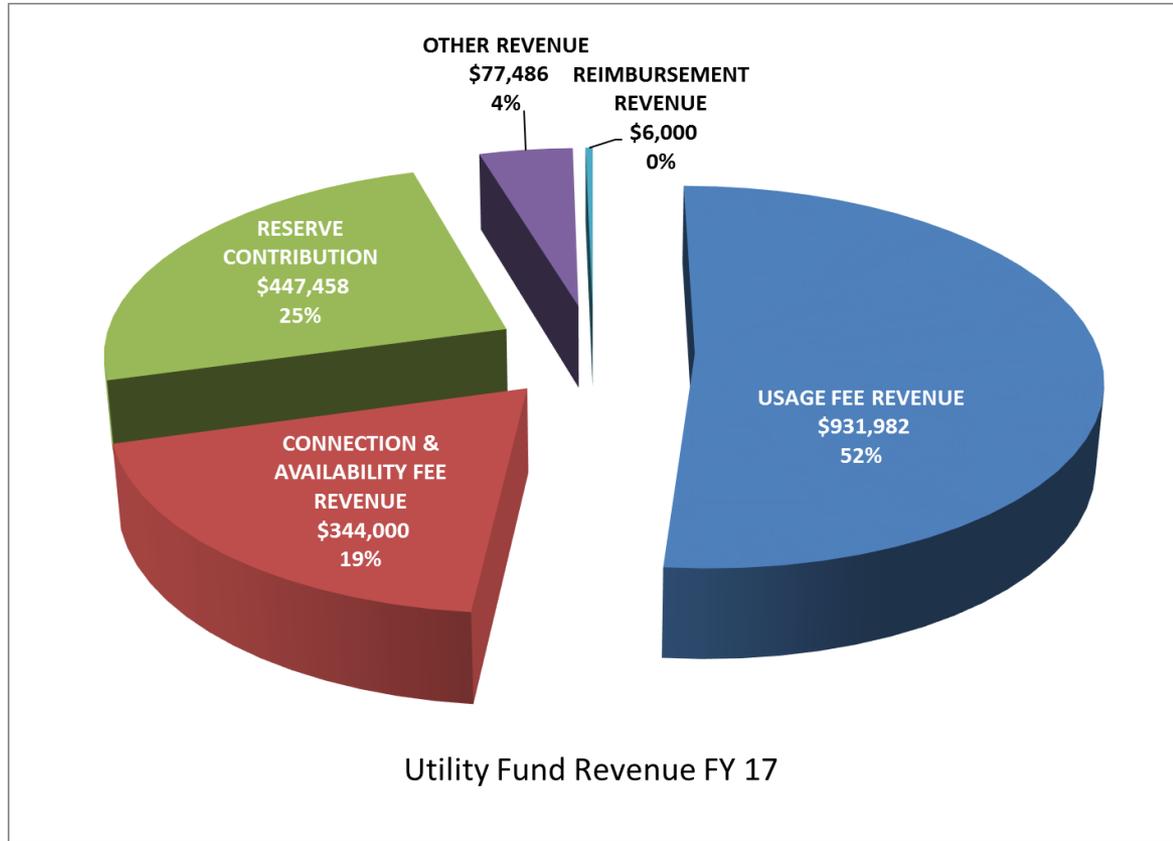
Revenue Category	FY 25	FY 26
<b>USAGE FEE REVENUE</b>	\$ 1,313,453	\$ 1,349,043
<b>CONNECTION &amp; AVAILABILITY FEE REVENUE</b>	\$ 334,500	\$ 138,400
<b>RESERVE CONTRIBUTION</b>	\$ 245,947	\$ 300,280
<b>OTHER REVENUE</b>	\$ 83,823	\$ 84,652
<b>REIMBURSEMENT REVENUE</b>	\$ 12,000	\$ 12,000
<b>TOTAL REVENUES</b>	<b>\$ 1,983,724</b>	<b>\$ 1,878,375</b>
Expense Category	FY 25	FY 26
<b>GENERAL FUND OVERHEAD</b>	\$ 144,827	\$ 146,276
<b>GENERAL SERVICES</b>	\$ 106,283	\$ 107,433
<b>UTILITY SUPPLIES &amp; EQUIPMENT</b>	\$ 60,812	\$ 62,636
<b>CONTRACT SUPPORT SERVICES</b>	\$ 62,404	\$ 62,707
<b>CAPITAL &amp; DEBT MANAGEMENT SERVICES</b>	\$ 576,616	\$ 446,031
<b>UTILITY OPS/REPAIR/MAINTENANCE SERVICES</b>	\$ 811,049	\$ 829,561
<b>RESERVE CONTRIBUTIONS &amp; MISCELLANEOUS</b>	\$ 221,733	\$ 223,733
<b>TOTAL EXPENSES</b>	<b>\$ 1,983,724</b>	<b>\$ 1,878,375</b>
<b>NET INCOME (SURPLUS/DEFICIT)</b>	<b>\$ (0)</b>	<b>\$ 0</b>

- EXPENDITURES:** Assumes steady 1-3% growth for most items, however debt payments and reserve contributions will fluctuate according to debt schedule and available revenues for 3RM contributions. Also, will add a Miss Utility Capacity in FY 18 which will increase Utility Operations Cost.



# FY 17 UTILITY FUND REVENUES

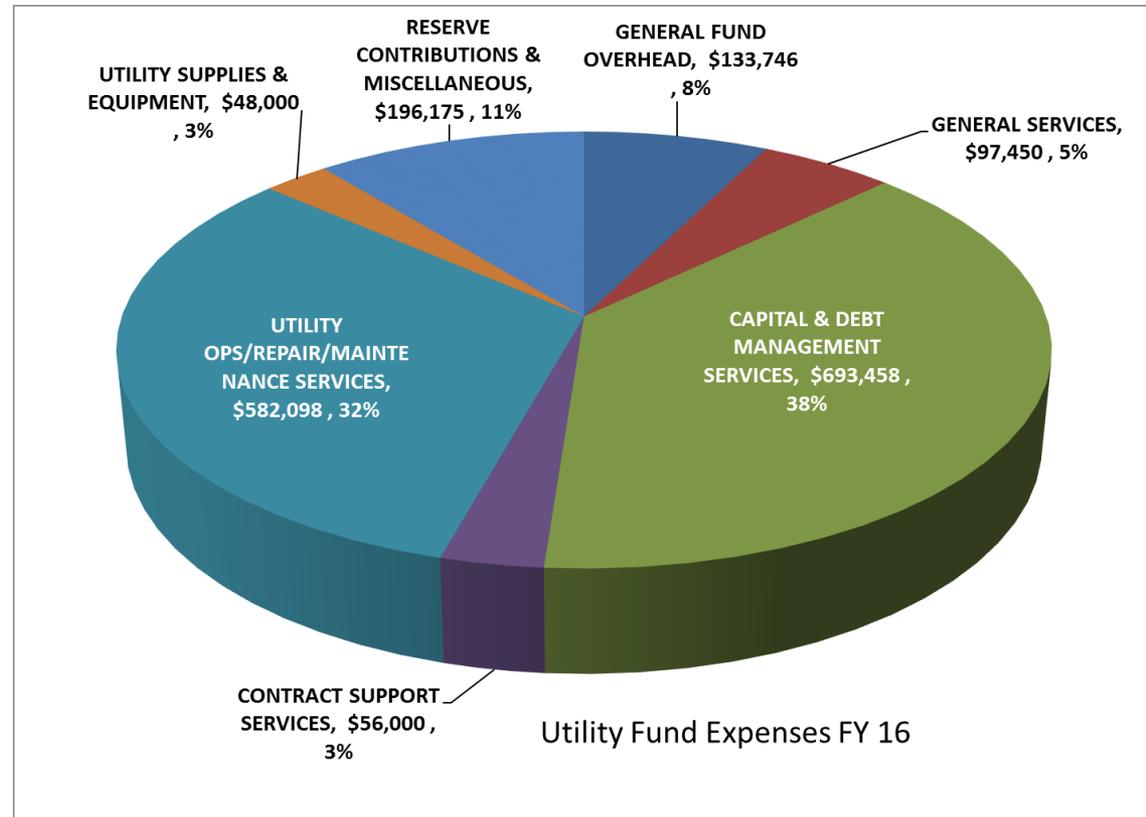
- Assumes 23 new Water & Sewer Connection Fees , 3 Water Availability Fees, and 23 Sewer Availability Fees. If 7-11 is approved then the \$ amount would be higher.
- \$0 received from GF Subsidy.
- Operating Cash Reserve increased from \$110K to \$180K to ensure we have cash in Q1.
- Assumes continued 12% Utility Rate increases for final 3 quarters of FY 17.





# FY 17 UTILITY FUND EXPENDITURES

- No new positions budgeted for. We will budget for a Miss Utility Capability in FY 18 for Council approval.
- 2% COLA/Salary increase + Performance Bonus program funded.
- Created new line items for Technology, small-scale Facility Repairs, and replaced multiple line items that were expenditures to contributions to 3RM such as for I&I, Stone/Gravel, and Water Meters.



- A significant increase in contribution to Debt Retirement Fund and 3RM Fund.



# UTILITY FUND 15-YEAR CIP

Revenue Category	Total \$	Comment
<b>NEW CAPITAL SPENDING FUND</b>	\$ 2,577,300.00	How much we have allocated to cover new capital spending from our existing reserves.
<b>3RM FUND CONTRIBUTION</b>	\$ 1,676,746.28	Major Repair, Renewals, and Replacement projects (over \$5K)
<b>BORROWED SOURCES</b>	\$ 247,953.72	Loan Taken out to cover shortfall
<b>TOTAL REVENUES</b>	<b>\$ 4,502,000.00</b>	
Expense Category	Total \$	Comment
<b>WWTP DEFICIENCY CORRECTIONS</b>	\$ 2,040,000.00	EQ Basin and other corrections (English Issue)
<b>MISS UTILITY EQUIPMENT</b>	\$ 7,000.00	Rigid Seektech SR-24 (\$3.5K), Rigid Signal transmitter (\$2K), Other Miscellaneous equipment (\$1.5K)
<b>RADIO READ METER CHANGE OUT</b>	\$ 150,000.00	Replace Large Meters, Manuar Read Meters, and Touch Meters; Antenna for Remote Reading
<b>WTP IMPROVEMENTS</b>	\$ 130,000.00	INSTALL A NEW VFD AT KR AND RV; Green Sand Filter Media Change Out; Install Transducers in Wells and SCADA for data
<b>NEW ELEVATED WATER TANK</b>	\$ 1,200,000.00	
<b>WATER LINE REPLACEMENT</b>		
BROADWAY PHASE 2A + 2B	\$ 350,000.00	Broad Way- between Light Street and Park Place + between Light Street to Town Square
LOUDOUN STREET	\$ 500,000.00	Loudoun Street Improvements
<b>DIGGING BUCKET FOR TRACTOR</b>	\$ 10,000.00	Attachment for tractor that would allow the operators to dig up and possibly repair some of minor breaks.
<b>MASTER PLANS</b>	\$ 115,000.00	Asset Management Plan, Water and Sewer Rate Study, Water and Sewer Master Plan
<b>TOTAL EXPENSES</b>	<b>\$ 4,502,000.00</b>	
<b>NET INCOME (SURPLUS/DEFICIT)</b>	<b>\$ -</b>	



# UTILITY FUND FY 17 CAPITAL BUDGET

CATEGORIES	BRIEF DESCRIPTION	TOTAL (FY 17)
<b>FUNDING- UTILITIES FUND</b>		
NEW CAPITAL SPENDING FUND	How much we have allocated to cover new capital spending from our existing reserves.	\$ 17,000
3RM FUND CONTRIBUTION	Major Repair, Renewals, and Replacement projects (over \$5K)	\$ 23,000
<b>TOTAL FUNDING AVAILABLE</b>		<b>\$ 40,000</b>
<b>PROJECTS- UTILITIES FUND</b>		
WWTP Deficiency Corrections- Consulting Services	Legal \$20K, Engineering \$70K, Strategy \$10K	\$ 20,000
MISS UTILITY EQUIPMENT	Rigid Seektech SR-24 (\$3.5K), Rigid Signal transmitter (\$2K), Other Miscellaneous equipment (\$1.5K)	\$ 5,000
DEVELOP ASSET MANAGEMENT PLAN	Inventory of equipment and determining Life Span so we can develop 3RM fund.	\$ 15,000
<b>TOTAL COST</b>		<b>\$ 40,000</b>
<b>NET TOTAL (REVENUES - EXPENDITURES)</b>		<b>\$ -</b>



# BASE BUDGET SUMMARY FOR GENERAL & UTILITY FUND

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- **GF:** \$23K GF Surplus in FY 17, increasing annually going forward, all else being equal.
  - ❖ **Revenues:** Residential Property taxes are flat. Economic Development Revenues (8%) and Sales Tax Revenues (9.7%) up strongly. Operating Cash Fund increased to ensure we have cash until Property Taxes arrive.
  - ❖ **Expenditures:** \$32K contribution to New Capital and 3RM Funds. \$0 Subsidy to UF. Trash Cost increases outpace Property Taxes. 1% COLA. \$4K cut in Parks. \$5K increase for Marketing and Tourism.
  
- **UF:** Balanced Budget with planned revenue goals to build up Debt Retirement Fund and 3RM Fund is on target, all else being equal.
  - ❖ **Revenues:** 12% Rate Increase per goal of \$0 GF Subsidy. A four house increase in forecast from FY 16 for Availability Revenues. Operating Cash Fund increased to ensure we have enough cash for Q1.
  - ❖ **Expenditures:** 1% COLA +1% Wage Enhancement for competitiveness. No Miss Utility program in FY 17, however equipment acquisition will begin. Increased cost for technology, chemicals, safety supplies, tools, and sample testing supplies.



# OVERALL SUMMARY OF WHERE WE ARE SO FAR

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- ❑ **DEBT:** GF has \$39K cushion for Debt Retirement.
- ❑ **RESERVES:** with annual contributions begun last year- on target to fully fund reserves. However, Broadway overruns have depleted Capital Funds.
- ❑ **UF RATES:** As planned last year, rates need to go up 12% this year to achieve full balance. Future rate increases of 3% through FY 19 and 1.3% thereafter needed for debt and capital requirements + fund operational requirements (lowered from the previously planned 6% and 3% annual increases).
- ❑ **ACTUAL ANNUAL SURPLUS IN GF FY 17 BASE BUDGET:** \$23K
- ❑ **FORECASTED TOTAL GF STRUCTURAL SURPLUS REVENUE OVER NEXT 30 YEARS:** \$5.3 Million assuming Program Budget Strategy is followed and all else being equal (i.e. Economy, Housing Demand, etc.).

***TOWN NEEDS A STRATEGY FOR MANAGING GF STRUCTURAL SURPLUSES AND ACHIEVING CAPITAL GOALS.***



# **PRESENTATION OF FOUR BUDGET STRATEGY OPTIONS**

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- CAPITAL ONLY OPTIONS
- POLICE + CAPITAL OPTIONS
- STAFF SUPPORT CAPACITY + CAPITAL OPTIONS
- POLICE + STAFF SUPPORT CAPACITY + CAPITAL OPTIONS



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Background Data-

**REVENUE ANALYSIS AND  
AMOUNT NEEDED TO FINANCE  
CAPITAL REQUIREMENTS,  
POLICE, AND STAFF SUPPORT**



# LONG-TERM CHALLENGE OF FUNDING GF CAPITAL PROJECTS

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- ❑ UF Availability Fees allow the Town to cover a large portion of new Capital needs and thus decreases the amount we need to borrow over CIP period to \$250K.
- ❑ On the GF side, there is not this same type of revenue source that can pay off the debt and at the same time add enough revenues for CIP requirements.

***Town is not likely to be able to borrow \$14M+ (est. \$21M+ with interest) to finance GF Capital needs (this \$14M+ assumes that VDOT and County cover half of N. Berlin and S. Loudoun- \$10M if they cover 100%, or \$15M estimated with interest). We will need to plan the use of Structural Surplus Funds for our priority projects.***

# Revenue Analysis- Total out to 2046

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- Net Capital Contributions (Economic Growth)- \$2.5M+
- Surplus Revenue- \$5.3M+
- Revenue Available after current Debt is Retired- \$2.25M+

**Sub-Total- \$10.1M+**

- Each 1-Cent Property Tax Increase- \$1M+
- 50% Trash Subsidy\* Instead of 100%- \$3.6M+

**Total- \$14.7M+**

\* Estimated Monthly Bill of \$7 (billed quarterly at \$21) per Lovettsville Household. The Average National Trash Bill per U.S. Household = \$12-\$20 per Month\*\*. These households also pay Property Taxes like our residents. Thus, Property Taxes in Lovettsville would go to partially subsidize Trash expenses so residents pay below national average.

\*\**Source: National Solid Waste Management Association*

# Capital Requirements

*Purpose: To ensure our infrastructure is modernized and to support Resident Needs/Satisfaction and Economic Development*

Project	Town Cost	Assumption
EDA Support	\$600,000	Town Revenue
Broadway Streetscape 2A	\$1,700,000	Town Revenue
Broadway Streetscape 2B + Parking	\$1,500,000	Town Revenue
N. Berlin Pike Shared Use Path	\$1,500,000	VDOT 50%
S. Loudoun Streetscape	\$3,750,000	Loudoun 50%
New Town Hall	\$4,000,000	Town Revenue
Parks (Town Green, QBP)	\$700,000	Town Revenue
S. Church Streetscape	\$500,000	VDOT 50%
<b>Total</b>	<b>\$14,250,000</b>	<b>\$21M+ total with interest</b>

# Lovettsville Police Requirements

*Purpose: To add a new in-demand Service Program for our Residents*

Options	Annual Cost	Description
Part-Time Police	\$32-40K per	1 officer at 25 hours per week. Does not include: \$35-\$42K for needed vehicle (\$12K 3RM annual), plus extra for insurance costs, uniforms, equipment, etc. (\$10K annual).
Full-Time Police	\$75K-\$85K per	1 FTE. Not included: \$35-\$42K for vehicle, plus extra for insurance costs, uniforms, etc. \$20K+ for Police Academy.
Contract with County Sheriff	\$70K-\$77K per	1 FTE. \$49K for needed vehicle (\$18K 3RM annual), plus \$40K for other equipment (\$10K 3RM annual?).

- ❑ **RECOMMENDATION:** Hire Part-Time Police Officer (retired officer who already is trained), push message to the public that this is not 24/7 coverage (we can't afford this), evaluate program after 5 years and adjust accordingly. Can eventually either hire 4-5 part-time officers or a mix of 1 FTE Town Sergeant and 2 Part-time Deputies.

**Cost: \$3.6M to \$3.75M over 30 years depending on Timing**

# Staff Support Requirements

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*Purpose: To ensure better service to our Residents for existing Programs*

- ❑ Full-Time Customer Service Support to have someone always manning the help-desk/receptionist.
- ❑ Minutes Support for PC to prevent backlogs (consistent with how neighboring jurisdictions manage). We cannot use Video Minutes Strategy per Town Attorney.
- ❑ Full-Time DPW position and multiple as-needed DPW- to provide full-scale parks maintenance, events support, street sign and sweeping support, handy-man support, and beautification support (i.e. decorating, plant barrels, etc.).
- ❑ Financial Support for quarterly and annual financial statements and oversight (mix of technology and consulting).
- ❑ IT Support- both technical and social media.
- ❑ Additional Hours for Events & Tourism Coordinator- up to 24 hours from current 16.
- ❑ Higher Pay and Bonuses for Employees- to ensure we are competitive and can keep our talent.

**Cost: \$3.6M to \$3.75M over 30 years depending on Timing**



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Budget Strategy Option #1-  
**INVEST ALL FORECASTED  
REVENUE FOR CAPITAL  
PROJECTS**

# Funding Capital Projects

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## **No New Revenues Option- \$10.1M Available**

- ❑ All of Broadway Streetscape + Downtown Parking- \$3.2M+ (\$4.8M+ with r)
- ❑ EDA Support- \$600K (\$900K with r)
- ❑ N. Berlin Shared Use Path Match- \$1.5M+ (\$2.25M+ with r)
- ❑ Parks Improvements- \$700K (\$1.05M with r)

**Total- \$6.75M+ (\$10.1M+ with r)**

## **New Revenues Option- \$14.7M Available**

- ❑ All of the above minus Parks- \$6M+ (\$9M+ with r)
- ❑ S. Loudoun Streetscape Match- \$3.75M+ (\$5.6M+ with r)
- ❑ *New Town Hall is not an option unless S. Loudon is fully funded by County and N. Berlin 65% funded by VDOT (or Broadway 15% Funded)*

**Total- \$9.75M+ (\$14.65M+ with r)**



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Budget Strategy Option #2-

**INVEST FORECASTED**

**REVENUE IN BOTH: CREATING**

**A LOVETTSVILLE POLICE**

**FORCE + CAPITAL PROJECTS**

# Funding Police + Capital Projects

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## No New Revenues Option- \$10.1M Available

- Police Force starting in FY 20- \$3.6M
- All of Broadway Streetscape + Downtown Parking- \$3.2M+ (\$4.8M+ with r)
- EDA Support- \$600K (\$900K with r)
- *Potential for full Parks Improvements if Broadway and/or EDA come under budget*

**Total- \$7.4M+ (\$9.3M+ with r) - \$.80M remaining available**

## New Revenues Option- \$14.7M Available

- Police Force starting in FY 17- \$3.75M
- All of the above projects- \$3.8M+ (\$5.7M+ with r)
- Parks Improvements- \$700K (\$1.05M with r)
- N. Berlin Shared Use Path Match- \$1.5M+ (\$2.25M+ with r)
- *S. Loudoun Streetscape Match is not an option unless Broadway is 50% funded by VDOT.*
- *New Town Hall is not an option unless S. Loudon is fully funded by County and Broadway is 50% funded by VDOT (or N. Berlin is Fully Funded by VDOT).*

**Total- \$9.75M+ (\$12.75M+ with r) - \$1.95M remaining available**



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Budget Strategy Option #3-  
**INVEST FORECASTED  
REVENUE IN BOTH: STAFF  
SUPPORT FOR EXISTING  
PROGRAMS + CAPITAL  
PROJECTS**

# Funding Staff Support + Capital Projects

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## **No New Revenues Option- \$10.1M Available**

- ❑ Staff Support starting in FY 20- \$3.6M
- ❑ All of Broadway Streetscape + Downtown Parking- \$3.2M+ (\$4.8M+ with r)
- ❑ EDA Support- \$600K (\$900K with r)
- ❑ *Potential for full Parks Improvements if Broadway and/or EDA come under budget*

**Total- \$7.4M+ (\$9.3M+ with r) - \$.80M remaining available**

## **New Revenues Option- \$14.7M Available**

- ❑ Staff Support starting in FY 17- \$3.75M
- ❑ All of the above projects- \$3.8M+ (\$5.7M+ with r)
- ❑ Parks Improvements- \$700K (\$1.05M with r)
- ❑ N. Berlin Shared Use Path Match- \$1.5M+ (\$2.25M+ with r)
- ❑ *S. Loudoun Streetscape Match is not an option unless Broadway is 50% funded by VDOT.*
- ❑ *New Town Hall is not an option unless S. Loudon is fully funded by County and Broadway is 50% funded by VDOT (or N. Berlin is Fully Funded by VDOT).*

**Total- \$9.75M+ (\$12.75M+ with r) - \$1.95M remaining available**



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Budget Strategy Option #4-

**INVEST FORECASTED**

**REVENUE IN ALL 3: POLICE +**

**STAFF SUPPORT + CAPITAL**

**PROJECTS**

# Funding Police + Staff Support + Capital Projects

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r = interest

## No New Revenues Option- \$10.1M Available

- ❑ Police Force starting in FY 20- \$3.6M
- ❑ Staff Support starting in FY 20- \$3.6M
- ❑ Broadway Streetscape 2A Only- \$1.7M+ (\$2.55M+ with r)
- ❑ *Potential for EDA Support or Public Parking if Broadway comes under budget or VDOT Funds Broadway 2A by 20%. If Broadway funded 50%, then entire Broadway can be done.*

**Total- \$8.9M+ (\$9.75M+ with r) - \$.35M remaining available**

## New Revenues Option- \$14.7M Available

- ❑ Police Force starting in FY 17- \$3.75M
- ❑ Staff Support starting in FY 17- \$3.75M
- ❑ All of Broadway Streetscape + Downtown Parking- \$3.2M+ (\$4.8M+ with r)
- ❑ EDA Support- \$600K (\$900K with r)
- ❑ Parks Improvements- \$700K (\$1.05M with r)- *not done if we pursue N. Berlin (see below).*
- ❑ *N. Berlin Shared Use Path Match is not an option unless Broadway is 15% funded by VDOT.*
- ❑ *S. Loudoun Match is not an option unless Broadway and N. Berlin are 100% funded by VDOT.*
- ❑ *New Town Hall is not an option unless all Streetscape Projects are 95% funded externally.*

**Total- \$12M+ (\$14.25M+ with r) - \$.45M remaining available**



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# TOWN MANAGER'S RECOMMENDED STRATEGY-

**No New Revenues:**

FY20: STAFF SUPPORT + CAPITAL

**OR**

**With New Revenues:**

FY17: POLICE + STAFF SUPPORT +  
CAPITAL

# Town Manager's Recommendation

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## **No New Revenues Option- \$10.1M Available**

- ❑ Staff Support starting in FY 20- \$3.6M
- ❑ All of Broadway Streetscape + Downtown Parking- \$3.2M+ (\$4.8M+ with r)
- ❑ EDA Support- \$600K (\$900K with r)
- ❑ *Potential for full Parks Improvements if Broadway and/or EDA come under budget*

**Total- \$7.4M+ (\$9.3M+ with r) - \$.80M remaining available**

## **New Revenues Option- \$14.7M Available**

- ❑ Police Force starting in FY 17- \$3.75M
- ❑ Staff Support starting in FY 17- \$3.75M
- ❑ All of Broadway Streetscape + Downtown Parking- \$3.2M+ (\$4.8M+ with r)
- ❑ EDA Support- \$600K (\$900K with r)
- ❑ Parks Improvements- \$700K (\$1.05M with r)- *not done if we pursue N. Berlin (see below).*
- ❑ *N. Berlin Shared Use Path Match is not an option unless Broadway is 15% funded by VDOT.*
- ❑ *S. Loudoun Match is not an option unless Broadway and N. Berlin are 100% funded by VDOT.*
- ❑ *New Town Hall is not an option unless all Streetscape Projects are 95% funded externally.*

**Total- \$12M+ (\$14.25M+ with r) - \$.45M remaining available**



# TOWN MANAGER'S JUSTIFICATION FOR RECOMMENDATION

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- **Staff Support-** We need to make contributions in this field to ensure we can provide quality services as our town adds another 1K people over the next 15 years. We also need to make sure we have the flexibility to be able to stay wage competitive and keep our talent. Remember my FTE analysis last year!
  
- **Capital-** This has been Council's priority and the focus of Council Retreats and the reason for investing in Economic Development. Using all of our revenue to pay for Capital would result in a weakening of our other programs as we add residents. However, in all of my options, I ensure that at least the amount we are contributing to the Capital Fund from Economic Development goes towards capital. This means if Town Square Phase 2 and Engle Tract become realities in the next 5-15 years, we will have an expanded capability to fund capital projects. In my recommended options, we are investing beyond just economic development dollars for capital. We will also pursue Grants and County dollars aggressively.

*Note: A new Town Hall is not feasible in the next 30 years unless all of our Streetscape Projects are funded at 95% by external sources and we raise revenues.*



# TOWN MANAGER'S JUSTIFICATION FOR RECOMMENDATION- continued

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- **Police-** Adding Police requires new revenues since you are creating a new program. Since our Town Government consists of one-person departments, you would need to cut entire programs (or large expenditure items) if you do not want new revenues but want a new program(s). Since we could not function without a Planner, Treasurer, or Clerk for example, this is not a viable option. Cutting our expensive Trash Costs is the only way to cut costs enough to generate revenues for Police. If residents want to have a police presence, we need to choose a strategy for paying for this new service.
  
- **Revenues-** To add new revenues or not is a difficult decision. I gave my recommendation last year to Council and will only add the following:
  - User charges (trash fee) are better than raising property taxes since they do not impact our economic competitiveness like high property tax rates would (if Council does not like the Trash Fee then maybe we consider instituting the Personal Property Tax like the other towns in Loudoun).
  - We need to fully collect Meals and Business License Revenues accurately from Businesses. A potential \$250K-\$1M loss in revenue over next 30 years from underreporting and/or failing to report (\$25K next FY potential).



# TOWN MANAGER'S JUSTIFICATION FOR RECOMMENDATION- continued

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*Both Recommended Strategy Options ensure that we fund our “must do” infrastructure (i.e. Broadway and EDA Support) while adequately funding service-level capacity to match population growth. The New Revenue Option also ensures that we fund a new Police Program being asked for by residents while giving us a realistic chance of funding N. Berlin Shared Use Path if we can get a 15% match for Broadway along with the 50% match for the Shared Use Path (and eliminating Parks improvements). For S. Loudoun we will need the County to fund it entirely.*



## NEXT STEPS

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1. Town Council reviews options and determines which option to adopt and/or amend, or a brand new option.
2. Public Input Session on 31 March.
3. Town Council makes adjustments to selected option based on it's priorities (e.g. adjusting revenue increases or expenditure cuts).
4. Town Council instructs Town Manager to adjust selected option based on budget working session outputs.
5. Town Council sets tax and user fee rates, approves Operating & Program Budgets, and approves CIP's & Capital Budgets.



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**THANK YOU!**

**QUESTIONS?**

**DISCUSSION**

