



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: November 13, 2020

RE: Fiscal Year 2021 First Quarter Revenue & Expenditure Projection Report

The Fiscal Year 2021 First Quarter Revenue and Expenditure Projection Report is provided to the Finance and Economic Development Committee to describe the City's Fiscal Year 2021 year-to-date financial performance. The report includes revenue and expenditures up-to-date through September 30, 2020 – utilizing only one to three months of data, depending on accruals.

It is important to note that the City continues to remain in a state of emergency due to the coronavirus pandemic. There is no definitive timeline on when the pandemic will end, nor a timeline on when citizens will return to their pre-COVID behaviors. However, what is certain is that the continuation of the pandemic will have economic implications for the City and its finances. This projection assumes that the pandemic will continue through FY2021. Subsequent reports will note the assumptions regarding the duration of the pandemic as FY2021 progresses and more information becomes available.

The City has and continues to rigorously assess departmental spending and citywide revenue sources in order to determine the City's projected fiscal standing – and will continue to do so throughout the remainder of the fiscal year. A brief overview of the City's current fiscal assessment process, a summary of the status of the City's reimbursement for the pandemic as well as other costs, and finally a brief overview of the projected FY2021 general fund revenues and expenditures are all provided below. Details of the City's first quarter projections, as well

as a write up of major variance in revenues and expenditures, are provided further within the report.

Technical Budget and Policy Review Meetings – Overview and highlights

City Council adopted resolution 2020-R035 which laid out a process for both City Council and Administrative staff to jointly review financial data and reports on a monthly basis and make recommendations for any necessary amendments to the City's FY2021 budget to address needed changes in revenue projections and appropriations for expenditures in response to COVID-19. For the first quarter, there have been four Technical Budget Review meetings and one Policy Review meeting. It was concluded (prior to the generation of this report) that there was not enough financial information that would be useful in the analysis of the FY2021 budget. This was primarily due to the nature of the financial data which was very limited due to it being very early in the fiscal year and having the 60 day modified accrual period for the end of fiscal year 2020. Subsequent to the completion of this report, there will be another Technical Review meeting that will assess this First Quarter report, as well as more recently submitted monthly financial reports.

Civil Unrest and Damages to City Property

The City of Richmond, through its Office of Risk Management, files claims for expenses related to damages of City property, as well as other costs associated with civil unrest and other events. The first quarter projection includes approximately \$5 million in estimated insurance recovery revenue.

CARES Reimbursement

Ordinance 2020-185 authorized the acceptance and appropriation of \$40,209,306 from the State as part of the State's allocation of funds from the federal Coronavirus Relief Fund for the purpose of funding necessary expenditures incurred due to the public health emergency with respect to the COVID-19 pandemic. Per financial reporting guidance received in July of 2020, it was concluded that these Coronavirus Aid, Relief, and Economic Security (CARES) Act funds should be included in the City's general fund budget. As a result, and per Ordinance 2020-185, these funds were added to the Department of Fire and Emergency Services' general fund budget.

At this time, the City has received a total of \$40,209,306 in CARES funding. The First quarter projections indicate that approximately \$37,186,080 is anticipated to be expended by the City by the deadline of December 30, 2020, and subsequently reimbursed by CARES funds in FY2021. This amount is included in both the revenue and expenditure projections. In FY2020, however, approximately \$3,023,226 was also spent from the City's allocation of CARES funds. Similarly, \$3,023,226 in CARES related reimbursement (revenue) was accrued back to FY2020 to offset those expenditures. Between FY2020 and FY2021 it is anticipated that the City will expend and be reimbursed for the full, current CARES allocation of \$40,209,306.

It is important to note that the City Administration has developed a spend plan associated with the current CARES act allocation. **This spend plan indicates that there is a need for funding in excess of the current allocation of \$40,209,306.**

Note that there are some costs associated with COVID-19 that are not eligible for reimbursement for CARES. Some of those costs are being reviewed by the Department of Fire and Emergency Services for consideration of reimbursement, if applicable, through FEMA.

FEMA reimbursement

State, local, tribal, and territorial government entities and certain private non-profit organizations can apply for Public Assistance (PA) reimbursements for emergency protective measures taken during the pandemic. FEMA assistance will be provided at a 75 percent federal cost share. Under the COVID-19 Emergency Declaration, FEMA may provide assistance for emergency protective measures that fall within their programmatic guidelines. Some of these costs overlap with the CARES program, however the CARES program allows for more costs that can be applied as opposed to the FEMA reimbursement.

Per Fire and Emergency Services, there is currently **an estimated \$279,000** that will be submitted to FEMA for requested reimbursement. This submission represents costs that mostly were incurred prior to June 30th. Based on a December submission, it is anticipated that the City will receive an estimated \$209,250 (75%) in reimbursement – which is likely to be received during the February/March timeframe. It's probable that the City will review non-covered COVID-19 related costs and will submit another request for reimbursement. Such a request will be included in future quarterly reports.

General Fund Revenues

General Fund Revenues are currently forecast to be less than budget with a preliminary projected shortfall of \$15,295,481. There are several sources of revenue that are projected to come in under budget to include: Personal Property Taxes (current), Admissions Taxes, Sales Taxes, Prepared Food (Meals) Taxes, Lodging Taxes, and Permits and Other Licenses. There are a few sources of revenue that are projected to be in excess of the budget but these sources are not projected, in total, to exceed the sources that are currently projected to be unfavorable to budget.

Although, this forecast utilizes just 3 months of data, the first quarter projections reflects the implications of the continuation of the pandemic to municipal finances.

General Fund Expenditures

General Fund Expenditures are trending relatively flat, with a total preliminary, projected savings of \$997,892. This preliminary, projected savings represents just 0.13% of the total general fund budget. The projected expenditure savings in the General Fund is primarily related to the following departments: Non-Departmental (which corresponds to a commensurate reduction in projected revenues), Social Services (primarily related to an

anticipated reduction in rental payments for the Marshall Street Plaza facility), and the Department of Fire and Emergency Services – CARES Act funding (Lower reimbursable expenditures in FY21 due to accruing a portion of the total project costs back to FY20). Specific details of these departmental variances as well as other departmental variances are explained further in the report.

A summary of the First Quarter 2021 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 FY2021 Projected Balances as of 09/30/2020	
Projected Total FY2021 General Fund Revenue	\$768,963,943
Projected Total FY2021 General Fund Expenditures	\$783,261,529
Total: FY2021 Projected Budgetary Surplus/(Shortfall)	(\$14,297,586)

*Note very minor discrepancies may exist due to rounding

City of Richmond
Finance & Administration Portfolio
FY2021 First Quarter Report

Sources

	FY2021 Budget	FY2021 Amended Budget	FY2021 Collections as of 9/30/2020	FY2021 1st Quarter Projection	Variance: Amended Budget vs. Preliminary Year End surplus	
Revenue from Local Sources						
General Property Taxes						
Machinery & Tools Taxes	13,399,915	13,399,915	7,329	13,867,682	467,767	103%
Penalties and Interest- Interest	2,969,891	2,969,891	427,908	3,524,872	554,981	119%
Penalties and Interest- Penalty	2,786,614	2,786,614	340,923	2,716,949	(69,666)	97%
Personal Property Taxes- Current	37,262,847	37,262,847	1,358,565	35,103,669	(2,159,178)	94%
Personal Property Taxes- Delinquent	6,459,963	6,459,963	1,019,173	6,534,594	74,630	101%
Real and Personal Public Service Corporation Property Taxes- Personal Property Current	9,451,418	9,451,418	11,836	9,111,449	(339,969)	96%
Real and Personal Public Service Corporation Property Taxes- Personal Property Delinquent	497,012	497,012	14,264	497,012	-	100%
Real and Personal Public Service Corporation Property Taxes- Real Property Current	2,205,476	2,205,476	(11,684)	2,288,895	83,419	104%
Real Property Taxes- Current	301,250,623	301,250,623	441,137	304,696,626	3,446,003	101%
Real Property Taxes- Delinquent	11,629,380	11,629,380	1,750,899	11,803,821	174,441	101%
Total General Property Taxes	387,913,139	387,913,139	5,360,349	390,145,568	2,232,429	101%
Other Local Taxes						
Admission Taxes	2,405,941	2,405,941	35,297	772,563	(1,633,378)	32%
Bank Stock Taxes	9,996,071	9,996,071	-	9,418,200	(577,871)	94%
Business Licenses Taxes	31,448,626	31,448,626	230,232	31,014,372	(434,254)	99%
Cigarette Tax	2,755,000	2,755,000	812,033	3,248,132	493,132	118%
Consumer Utility Taxes	18,316,946	18,316,946	555,351	18,657,086	340,140	102%
Local Sales & Use Tax	35,416,829	35,416,829	3,082,730	32,499,448	(2,917,381)	92%
Motor Vehicle Licenses	6,857,458	6,857,458	412,594	6,522,334	(335,124)	95%
Other Local Taxes	510,689	510,689	30,157	526,333	15,644	103%
Prepared Food Taxes	33,468,822	33,468,822	3,973,120	25,518,387	(7,950,435)	76%
Prepared Food Taxes - School Facilities	8,524,681	8,524,681	1,011,974	6,499,664	(2,025,017)	76%
Short-Term Rental Tax	125,153	125,153	11,911	83,025	(42,128)	66%
Transient Lodging Taxes	8,312,409	8,312,409	785,858	5,405,654	(2,906,755)	65%
Total Other Local Taxes	158,138,625	158,138,625	10,941,256	140,165,198	(17,973,427)	89%
Permits, Privilege Fees, and Regulatory Licenses						
Animal Licenses	-	-	-	-	-	-
Permits and Other Licenses	15,885,147	15,885,147	1,604,580	13,832,970	(2,052,177)	87%
Total Permits, Privilege Fees, and Regulatory Licenses	15,885,147	15,885,147	1,604,580	13,832,970	(2,052,177)	87%
Fines & Forfeitures						
Fines & Forfeitures	-	-	881	4,443	4,443	-
Total Fines & Forfeitures	-	-	881	4,443	4,443	0%
Revenue from Use of Money and Property						
Revenue from Use of Money	-	-	-	-	-	-
Revenue from Use of Property	209,000	209,000	60,428	209,000	-	100%
Total Revenue from Use of Money and Property	209,000	209,000	60,428	209,000	-	100%
Charges for Services						
Charges for Finance	801,192	801,192	38,101	801,192	-	100%
Charges for Fire and Rescue Services	158,623	158,623	38,530	158,623	-	100%
Charges for Information Technology	16,805	16,805	(1,597)	2,394	(14,411)	14%
Charges for Law Enforcement and Traffic Control	212,000	212,000	22,456	89,823	(122,177)	42%
Charges for Library	23,750	23,750	398	5,383	(18,367)	23%
Charges for Maintenance of Highways, Streets, Bridges, and Sidewalks	-	-	-	-	-	-
Charges for Other Protection	111,000	111,000	29,815	111,000	-	100%
Charges for Parks and Recreation	127,122	127,122	1,612	6,055	(121,067)	5%
Charges for Planning and Community Development	47,009	47,009	4,230	53,239	6,230	113%
Charges for Sanitation and Waste Removal	17,891,033	17,891,033	4,385,438	17,891,033	-	100%
Court Costs	5,717,702	5,717,702	1,387,813	5,417,702	(300,000)	95%
Other	9,515	9,515	1,850	9,515	-	100%
Total Charges for Services	25,115,751	25,115,751	5,908,647	24,545,959	(569,792)	98%
Miscellaneous Revenue						
Miscellaneous	1,318,385	1,318,385	114,275	2,318,752	1,000,367	176%
Payments in Lieu of Taxes from Enterprise Activities	19,527,456	19,527,456	538,870	19,527,456	-	100%
Total Miscellaneous Revenue	20,845,841	20,845,841	653,144	21,846,208	1,000,367	105%
Recovered Costs						
Recovered Costs	5,522,979	5,522,979	267,718	5,229,637	(293,341)	95%
Total Recovered Costs	5,522,979	5,522,979	267,718	5,229,637	(293,341)	95%
Revenue from Local Sources Total	613,630,482	613,630,482	24,797,003	595,978,984	(17,655,942)	97%

Sources

	FY2021 Budget	FY2021 Amended Budget	FY2021 Collections as of 9/30/2020	FY2021 1st Quarter Projection	Variance: Amended Budget vs. Preliminary Year End surplus	
Other Financing Sources						
Non-Revenue Receipts						
Insurance Recovery	-	-	-	5,000,000	5,000,000	
Total Non-Revenue Receipts	-	-	-	5,000,000	5,000,000	
Revenue from Other Financing Sources Total	-	-	-	5,000,000	5,000,000	
Revenue from the Commonwealth						
Non-Categorical Aid						
Auto Rental Tax	893,846	893,846	94,245	893,846	-	100%
Communications Sales and Use Tax	14,440,680	14,440,680	2,238,243	14,440,680	-	100%
Miscellaneous Non-Categorical Aid	240,000	240,000	5,423	240,000	-	100%
Mobile Home Titling Taxes	9,807	9,807	-	9,807	-	100%
Personal Property Tax Reimbursement	16,708,749	16,708,749	-	16,708,749	-	100%
Rolling Stock Tax	139,639	139,639	-	139,639	-	100%
Tax on Deeds	1,000,000	1,000,000	-	1,000,000	-	100%
Total Non-Categorical Aid	33,432,721	33,432,721	2,337,910	33,432,721	-	100%
Shared Expenditures (Categorical)						
State Shared Expenses- City Treasurer	147,425	147,425	22,988	140,408	(7,017)	95%
State Shared Expenses- Commonwealth Attorney	3,413,358	3,413,358	549,457	3,401,961	(11,397)	100%
State Shared Expenses- Finance	738,859	738,859	137,880	738,859	-	100%
State Shared Expenses- General Registrar	93,839	93,839	-	93,839	-	100%
State Shared Expenses- Sheriff	16,600,000	16,600,000	1,441,512	16,845,046	245,046	101%
State Shared Expenses- Welfare and Social Services	-	-	-	-	-	-
Total Shared Expenditures (Categorical)	20,993,481	20,993,481	2,151,837	21,220,113	226,632	101%
Categorical Aid						
Education	-	-	-	-	-	-
Library	185,000	185,000	-	185,000	-	100%
Public Safety	19,730,547	19,730,547	3,863,001	19,721,889	(8,658)	100%
Public Works	-	-	-	-	-	-
Welfare and Social Services	15,630,263	15,630,263	2,143,147	15,915,418	285,155	102%
Total Categorical Aid	35,545,810	35,545,810	6,006,148	35,822,307	276,497	101%
PILOT (Payments in Lieu of Taxes)						
Service Charges	3,698,683	3,698,683	-	3,698,683	-	100%
Total PILOT (Payments in Lieu of Taxes)	3,698,683	3,698,683	-	3,698,683	-	100%
Revenue from the Commonwealth Total	93,670,695	93,670,695	10,495,895	94,173,824	503,129	101%
Revenue from the Federal Government						
Non-Categorical Aid						
Other Federal Revenue	-	40,209,306	7,653,285	37,395,330	(2,813,976)	93%
Total Non-Categorical Aid	-	40,209,306	7,653,285	37,395,330	(2,813,976)	-
Categorical Aid						
Social Services	24,608,836	24,608,836	3,351,498	24,275,301	(333,535)	99%
Total Categorical Aid	24,608,836	24,608,836	3,351,498	24,275,301	(333,535)	99%
Revenue from the Federal Government Total	24,608,836	64,818,142	11,004,782	61,670,631	(3,147,511)	95%
Utilities						
Utilities						
Utilities	-	-	-	400	400	
Total Utilities	-	-	-	400	400	0%
Revenue from Utilities Total	-	-	-	400	400	
Transfers-In						
Transfers-In						
Transfers-In	12,140,104	12,140,104	-	12,140,104	-	100%
Total Transfers-In	12,140,104	12,140,104	-	12,140,104	-	100%
Grand Total:	744,050,117	784,259,423	46,297,680	768,963,943	(15,295,481)	98%
Rolled Encumbrance (General Fund Portion) Total:						
General Fund Revenue Grand Total:	744,050,117	784,259,423	46,297,680	768,963,943	(15,295,481)	98.05%

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.

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Uses

Agency	FY 2021 Adopted Budget	FY 2021 Current Budget	Expenditures through Sept. 30th	FY 2021 Year- End Projection	Variance: Current vs Projection surplus/(shortfall)	
Culture & Recreation						
Library	5,743,900	5,743,900	1,081,602	5,743,900	-	100.0%
Parks Rec	18,216,520	18,216,520	3,411,071	17,588,055	628,465	96.6%
Debt						
Debt	77,966,859	77,966,859	33,065,960	77,566,859	400,000	99.5%
Education						
RPS	181,694,074	181,694,074	45,423,519	181,694,074	-	100.0%
General Government						
Assessor	4,782,289	4,782,289	786,756	4,782,165	124	100.0%
Auditor	1,988,484	1,988,484	305,870	1,899,490	88,994	95.5%
Budget	1,420,707	1,420,707	256,156	1,372,654	48,053	96.6%
Chief Admin Officer	564,761	564,761	99,774	337,462	227,299	59.8%
City Attorney	4,042,992	4,042,992	720,714	3,979,997	62,995	98.4%
City Clerk	993,029	993,029	166,305	920,997	72,032	92.7%
City Council	1,488,704	1,488,704	251,778	1,488,704	(0)	100.0%
City Treasurer	218,888	218,888	36,238	218,016	872	99.6%
Citizen Service & Response	2,239,787	2,239,787	349,537	2,172,350	67,437	97.0%
Council Chief of Staff	1,321,975	1,321,975	238,830	1,217,270	104,705	92.1%
Econ Dev	2,664,858	2,664,858	339,952	2,590,636	74,221	97.2%
Finance	9,985,678	9,985,678	1,605,921	9,643,913	341,765	96.6%
General Registrar	3,930,368	3,930,368	530,465	4,008,195	(77,827)	102.0%
Housing & Comm Development	1,476,055	1,476,055	230,330	1,474,733	1,322	99.9%
Human Resources	4,275,416	4,275,416	809,048	4,225,160	50,256	98.8%
Info Tech	-	-	-	-	-	-
Inspector General	579,728	579,728	111,308	579,671	57	100.0%
Mayor's Office	1,175,676	1,175,676	221,716	1,126,806	48,870	95.8%
Minority Business Development	995,268	995,268	139,301	994,318	950	99.9%
Planning & Dev Review	10,722,320	10,722,320	1,965,112	11,345,250	(622,930)	105.8%
Press Secretary	512,851	512,851	91,614	506,687	6,164	98.8%
Procurement Serv.	1,589,853	1,589,853	310,549	1,587,066	2,787	99.8%
Highways, Streets, Sanitation & Refuse						
Public Works	37,638,619	37,638,619	7,556,898	43,653,502	(6,014,883)	116.0%
Human Services						
Justice Services	9,499,191	9,499,190	1,632,376	9,489,138	10,052	99.9%
Office of DCAO/HS	1,321,643	1,321,643	234,891	1,304,705	16,938	98.7%
RCHL - Health	4,563,490	4,563,490	-	4,563,490	-	100.0%
Social Services	54,247,515	54,247,515	9,123,743	52,968,849	1,278,666	97.6%
Office of Community Wealth Building	2,165,455	2,165,455	390,056	2,121,493	43,962	98.0%
Non-Departmental						
Non-Departmental	84,663,220	84,663,220	16,475,295	79,729,623	4,933,597	94.2%
Public Safety & Judiciary						
Animal Control	1,862,745	1,862,745	406,203	2,110,480	(247,735)	113.3%
Emergency Communications	5,121,004	5,121,004	1,269,851	5,099,357	21,647	99.6%
Fire & Emer Svcs	52,037,737	52,037,737	10,936,962	53,535,944	(1,498,207)	102.9%
**Fire & Emer Svcs - CARES Funding	-	40,209,306	7,653,285	37,186,080	3,023,226	92.5%
J & DR Court	222,995	222,995	29,416	212,473	10,522	95.3%
13th District Court Services Unit	222,352	222,352	47,388	214,763	7,589	96.6%
Jail/Sheriff	42,064,115	42,064,115	8,188,690	43,739,287	(1,675,172)	104.0%
Judiciary - Adult Drug Ct	647,643	647,643	139,700	646,349	1,294	99.8%
Judiciary - Cir Ct	4,034,893	4,034,893	777,715	4,034,893	0	100.0%
Judiciary - CW Atty	6,528,098	6,528,099	1,344,848	6,791,738	(263,639)	104.0%
Judiciary - Other	246,665	246,664	11,996	228,764	17,900	92.7%
Police	96,371,697	96,371,697	21,308,326	96,566,172	(194,475)	100.2%
Grand Total	744,050,117	784,259,421	180,077,067	783,261,529	997,892	99.9%

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.

**Fire & Emer Svcs – CARES funding is appropriated within Fire & EMS Svcs' budget

*Note very minor discrepancies may exist due to rounding

FY2021 First 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 less than the FY2021 budget by \$15,295,481 or about -2.00%. The explanations are in order as they appear in the prior table.

Penalties and Interest - Interest Projected Revenue Surplus: \$555K

Penalties and Interest – Interest was forecasted in the first quarter to be above the budgeted amount by \$554,981. To ensure a conservative estimate the projected revenue was reduced 2.5 percent for the forecast.

Personal Property Taxes - Current Projected Revenue Shortfall \$(2.2M)

Personal Property Taxes – Current were forecasted in the first quarter to fall \$(2,159,178) short of the budgeted amount. The projection was adjusted so that the forecast equals a 2 percent reduction from the FY20 Actual.

Real Property Taxes - Current Projected Revenue Surplus: \$3.4M

Real Property Taxes – Current were forecasted in the first quarter to exceed the budgeted amount by \$3,446,003. To ensure a conservative approach, a reduced collection rate of 96 percent was applied to the latest valuation data available from the City Assessor’s Office.

Admissions Taxes Projected Revenue Shortfall: \$(1.6M)

Admissions Taxes, as with all ALM Taxes, were projected in the first quarter to be heavily impacted by COVID for the remainder of the fiscal year. First quarter revenue projections showed a shortfall of \$(1,633,378). This estimate is based solely on the projection without any forecasting adjustment.

Bank Stock Taxes Projected Revenue Shortfall: \$(578K)

Bank Stock Taxes were forecasted in the first quarter to fall short of the budgeted amount by \$(577,871). The projection for this revenue source was forecast adjusted to equal the FY20 collections plus \$1M. COVID has generally caused a shift in consumer discretionary spending, which is anticipated to increase the amount of money kept in local banks versus the prior fiscal year.

Cigarette Tax Projected Revenue Surplus: \$493K

Cigarette Taxes were forecasted in the first quarter to exceed the budgeted amount by \$493,132. Month-to-month collections remain relatively stable and this surplus was estimated by extrapolating the average of the first two months of collections (not including those months accrued back to FY20) for the remaining periods.

Local Sales and Use Tax Projected Revenue Shortfall: \$(2.9M)

Local Sales and Use Tax was forecasted in the first quarter to fall short of the budgeted amount by \$(2,917,381). Forecast adjustments were made from the projection to 5 percent of the FY20 collections to ensure a conservative estimate. While specific tax sources (e.g., ALM) have been greatly reduced, Local Sales and Use Tax has not witnessed the same extent of downturn.

Motor Vehicle Licenses **Projected Revenue Shortfall: \$(335K)**

Motor Vehicle Licenses revenue was forecasted to fall short of the budgeted amount by \$(335,124). Based on projection, a forecasted value equal to the FY20 actual was utilized.

Prepared Food Taxes **Projected Revenue Shortfall: \$(8.0M)**

Prepared Food Taxes were forecasted to fall well short of the budgeted amount by \$(7,950,435). Based on the projection, a forecast adjustment was made which places revenues at 70 percent of FY19 actuals. While many Richmond's restaurants have changed practices to adapt in light of COVID, pre COVID sales volumes are unobtainable given current constraints.

Prepared Food Taxes – School Facilities **Projected Revenue Shortfall: \$(2.0M)**

Prepared Food Taxes – School Facilities (similar to standard Prepared Food Taxes) were forecasted to fall well short of the budgeted amount by \$(2,025,017). Based on the projection a forecast adjustment was made which places revenues at 70 percent of FY19 actuals. While many Richmond's restaurants have changed practices to adapt in light of COVID, pre COVID sales volumes are unobtainable given current constraints.

Short Term Rental Tax **Projected Revenue Shortfall: \$(42K)**

Short Tem Rental Tax was forecasted in the first quarter to fall short of the budgeted amount by \$(42,128). The projection for these revenues were adjusted to the level of FY20 revenues.

Transient Lodging Taxes **Projected Revenue Shortfall: \$(2.9M)**

Transient Lodging Taxes was forecasted in the first quarter to fall well short of the budgeted amount by \$(2,906,755). The projection was forecast adjusted to 60 percent of the FY19 actual. The Lodging Tax, along with other ALM revenues, is considerably impacted by COVID as visitors to the city for business and pleasure have diminished to historic lows.

Permits and Other Licenses **Projected Revenue Shortfall: \$(2.1M)**

This revenue source is projected to have a shortfall due to the COVID-19 pandemic delaying some new commercial and residential construction projects until economic conditions are more favorable.

Charges for Information Technology **Projected Revenue Shortfall: \$(14K)**

This revenue source represents Library Copy Center Sales which will experience a shortfall because of the closure of Libraries associated with COVID-19.

Charges for Law Enforcement and Traffic Control **Projected Revenue Shortfall: \$(122K)**

This revenue source is projected to have a shortfall due to COVID-19 closures. This revenue source primarily consists of charges for law enforcement off-duty services for various events, i.e. funeral escorts, which are not occurring due to COVID-19. Additionally, the revenues associated with Billiard & Pawn Shop permits, fingerprint requests and background checks are volatile. Activity associated with these revenues can have gains and declines in any given period.

Charges for Library**Projected Revenue Shortfall: \$(18K)**

This revenue source is projected to have a shortfall that is due to the non-pursuit of lost and damaged book fines due to Library closures – all due to COVID-19.

Charges for Parks and Recreation**Projected Revenue Shortfall: \$(121K)**

This revenue source is projected to have a shortfall due to COVID-19 closures. This revenue source primarily consists of user fees for Parks facilities, athletic fields, and recreational programs, all of which have issued significant refunds as a result of the limitations of programs offered and facilities used as a result of COVID-19.

Charges for Planning and Community Development**Projected Revenue Surplus: \$6.2K**

This revenue source is projected to have a surplus that is primarily due to the extension of the tax rehab program. This program was no longer being administered by the City Assessor's office at the close of FY20, however, City Council extended the program in FY21, until 12/31/2020. As a result of the extension, it is projected that this revenue category will generate additional revenue.

Miscellaneous**Projected Revenue Surplus: \$1M**

This revenue source is projected to have a surplus primarily due to an increase in the projected rebate from GRCCA. Additionally the Department of Procurement Services is anticipating an increase in the sale of surplus property.

Recovered Costs**Projected Revenue Shortfall: \$(293K)**

This revenue source is projected to have a shortfall due to COVID-19 closures and the cancellation of events as this revenue source includes fees charged for Richmond Police services for various special events throughout the City.

Insurance Recovery**Projected Revenue Surplus: \$5M**

The City of Richmond, through its Office of Risk Management, files claims for expenses related to damages of City property as well as other costs associated with civil unrest and other events. The first quarter projection includes approximately \$5 million in estimated insurance recovery revenue.

Other Federal Revenue**Projected Revenue Shortfall: \$(2.8M)**

This revenue source is projected to have a shortfall due to the accounting of the full CARES reimbursement funding for reimbursable COVID—19 expenditures. A portion of the allocation of CARES funding (approximately \$3M) was accrued back to FY2020 to offset corresponding expenditures that occurred in FY2020. The remaining reimbursement (as well as expenditures) is projected in FY2021. Ordinance 2020-185, however, authorized the acceptance and appropriation of **the full amount** of CARES reimbursement i.e. \$40,209,306 in FY2021. As a result of accruing back the estimated amount of reimbursement for FY2020 related expenditures and having the full reimbursement appropriated in FY2021, a projected shortfall in revenues relative to the budget is anticipated. However, this will also be offset by a corresponding savings within the Department of Fire and Emergency Services (due to having an estimated \$3M in expenditures accrued to FY2020). Also included in this account is an

estimated reimbursement of \$209k from FEMA for allowable costs that are not covered by CARES funding.

FY2021 First Quarter – Expenditure Projections

Overall, the first quarter forecast shows projected expenditures trending relatively flat – in total - with a projected, estimated savings of \$997,892 or 0.13% of the modified budget.

It is important to note that these projections are based on data collected for FY21 as of September 30, 2020. As a result, these projections could change as more data becomes available throughout the fiscal year. Below are explanations of major variances in the first quarter expenditure projections. The explanations are in order as they appear in the first quarter status report. Variances of +/- 5% or +/- \$500,000 are detailed below.

Parks and Recreation Projected Budget Surplus: \$628K

The Department of Parks and Recreation is projected to have a surplus of \$611k in personnel that is attributed to the department not utilizing as many temps for park related programs in response to COVID-19 closures. Operating savings of \$17k is primarily attributed to savings in utilities' costs, also related to COVID-19 closures.

Chief Administrative Officer Projected Budget Surplus: \$227K

The Office of the Chief Administrative Officer is projected to have a surplus of \$218k in personnel that is attributed to the existence of vacancies. Minor operating savings of \$9k is projected.

City Clerk Projected Budget Surplus: \$72K

The Office of the City Clerk is projected to have personnel savings of \$72k that is attributed to the existence of vacancies.

Council Chief of Staff Projected Budget Surplus: \$105K

The Office of the City Council Chief of Staff is projected to have personnel savings of \$105k that is attributed to the existence of vacancies.

Planning and Development Review Projected Budget Shortfall: \$(623K)

The Department of Planning and Development Review is projected to have a shortfall of \$637k in personnel that is attributed to the Department obtaining approval to fill numerous vacant positions. Minor operating savings of \$14k is projected.

Public Works Projected Budget Shortfall: \$(6M)

The Department of Public Works is projected to have a savings of \$462k in personnel that is attributed to the existence of vacant positions as well as the department filling only essential positions per the current hiring freeze directive. An operating shortfall of \$6.5M is projected and is attributed to the following:

- \$1.8M unbudgeted expense for the monument removal;
- \$2M in additional expenses for solid waste removal (more people at home results in more residential trash and less commercial trash); and
- \$2.75M in unforeseen cleaning expenses related to city facilities.

Social Services**Projected Budget Surplus: \$1.3M**

The Department of Social Services is projected to have a shortfall of \$477k in personnel that is attributed to the Department's intent to fill numerous critical vacancies. An operating surplus of \$1.8M is projected and primarily attributed to the reduction in rent associated with the Marshall Plaza Building, the department curbing non-mandated expenditures, and finally Social Services' philosophy of emphasizing long term family preservation and stabilization environments for at-risk children. This philosophy resulted in a decrease in the number of children requiring long term out of home services, especially for foster care.

Non-Departmental**Projected Budget Surplus: \$4.9M**

The Non-Departmental budget is currently projected to have a surplus of \$4.9M. The total projection includes projected surpluses in several accounts.

- There is a projected decrease in expenditures associated with GRCCA (\$2.9M) and the 1.5% increase in meals tax (which is tied to the construction of 3 new schools) (\$2M) – due to a projected decrease in both lodging and meals tax revenue, respectively; and
- A savings of \$1.7k in the General Fund payment to Risk Management.

Animal Care and Control**Projected Budget Shortfall: \$(248K)**

The Department of Animal Care and Control is projected to have a shortfall of \$248k that is attributed to an increase in overtime, as well as the Department obtaining approval to fill critical vacant positions.

Fire and Emergency Services**Projected Budget Shortfall: \$(1.5M)**

The Department of Fire and Emergency Services is projected to have a total shortfall of \$1.5M. This is attributed to an expected shortfall of \$2.7M in personnel due to increased overtime during the current pandemic as well as expected turnover in 2021 regarding the retirement of several employees. An operating surplus of \$1.2M is expected and solely attributed to savings in fleet cost based on first quarter expenses.

Fire and Emergency Services – CARES Funding**Projected Budget Surplus: \$3M**

The City received State funding in the form of Coronavirus Aid, Relief, and Economic Security (CARES) Act funds which were appropriated to a new cost center within the Department of Fire and Emergency Services. A savings of \$3M is directly related to the CARES funding reimbursement regarding COVID-19 expenses incurred in FY2020 that have since been reallocated from FY2021 back to FY2020. The City received \$40,209,306 in CARES funding but will only realize \$37,186,080 in revenue and expenses related to the FY2021 budget.

Sheriff**Projected Budget Shortfall: \$(1.7M)**

The Sheriff's Office is projected to have a shortfall of \$1.8M in personnel that is primarily attributed to the department's projected increase in overtime related expenses. Per the Sheriff:

- Vacancies still remain high as there are currently 68 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.

The Sheriff's Office is projected to have a surplus of \$138K in operating that is primarily attributed to savings within fleet, utilities, as well as the inmate healthcare contract.

Judiciary – Other

Projected Budget Surplus: \$18K

The Judiciary – Other is projected to have a surplus of \$18k that is attributed to savings within the Special Magistrate office that is associated with fewer planned supplemental payouts anticipated to retain employees and lower than anticipated costs associated with the setting up of mobile offices to process caseloads during emergency events. Additional savings are attributed to the office reducing discretionary related purchases.