



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

THROUGH: Lincoln Saunders
Acting Chief Administrative Officer

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

DATE: May 14, 2021

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

The Fiscal Year 2021 Third 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 March 31, 2021 – utilizing nine months of data.

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. With the advent of a vaccine and the beginning of a relaxation of governmental restrictions, it is probable that an economic recovery is forthcoming. Still, the continuation of the pandemic will continue to have economic implications for the City and its finances. This projection assumes that the pandemic will continue, although a recovery and a return to pre-covid behaviors is likely, through FY2021. Subsequent reports will continue to 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 Third quarter projections, as well as a write up of major variances 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. Through the Third quarter, there have been an additional 2 Technical Budget Review meetings. It was decided that the City would conduct a 2nd quarter re-appropriation, based on the financial information available at the time, and wait for additional information including the tax amnesty results to determine if a 3rd quarter re-appropriation is necessary. Based on the results of the third quarter report, the Administration will seek to request a third quarter re-appropriation.

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 third quarter projection continues to include \$5 million in estimated insurance recovery revenue.

Additionally, the City is projected to receive \$2.9M in reimbursement for civil unrest for the period of 5/29 through 8/30 by the State, per the Department of Fire and EMS.

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, \$3,023,226 of which was accrued back to FY2020 to offset expenditures related to that fiscal year. The Third quarter projections indicate that approximately \$37,186,080 is anticipated to be expended by the City and/or posted to the financial system by the deadline of December 30, 2020. This amount is included in both the revenue and expenditure projections.

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 a projection of **an estimated \$257,856** 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 \$193,392 (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 \$3,932,202. Although, this forecast utilizes 9 months of data, the Third quarter projections continue to reflect the implications of the continuation of the pandemic to municipal revenues. This is evident by the continued decline in several consumer driven taxes such as meals, lodging, and admission taxes. Despite these projected declines, other sources of revenues are projected to exceed the budget which aid in offsetting the decline in these sources noted above. However, there is a notable decline in the Transfers-in revenue category. This revenue category earmarks the use of the City's revenue stabilization fund, which was authorized back in February of 2021.

It is important to note that the Third quarter projections anticipates a reduction in the planned use of the revenue stabilization fund. Out of an original, planned use of \$9.4M, the Third quarter projections now forecast a use of approximately \$5.6M. The reduction in the planned use of the revenue stabilization fund is due to the projected expenditure savings (decline in projected expenditures).

General Fund Expenditures

General Fund Expenditures are trending favorably, with a preliminary, projected savings of \$3,932,202. This preliminary, projected savings represents just 0.50% of the total general fund budget. The projected expenditure savings in the General Fund is primarily related to the following departments: Debt service, Non-Departmental (which corresponds to a

commensurate reduction in projected revenues), Justice Services, and the Department of Social Services. Specific details of these departmental variances as well as other departmental variances are explained further in the report.

A summary of the Third 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 3/31/2021	
Projected Total FY2021 General Fund Revenue	\$786,889,622
Projected Total FY2021 General Fund Expenditures	\$786,889,622
Total: FY2021 Projected Budgetary Surplus/(Shortfall)	\$-

*Note very minor discrepancies may exist due to rounding

City of Richmond
Finance & Administration Portfolio
FY2021 Third Quarter Report

Sources

	FY2021 Budget	FY2021 Amended Budget	FY2021 Collections as of 03/31/2020	FY2021 3rd Quarter Projection	Variance: Amended Budget vs. Preliminary Year End surplus	
Revenue from Local Sources						
General Property Taxes						
Machinery & Tools Taxes	13,399,915	13,867,682	72,238	13,867,682	-	100%
Penalties and Interest- Interest	2,969,891	3,524,872	2,357,761	3,772,308	247,436	107%
Penalties and Interest- Penalty	2,786,614	2,716,949	2,023,850	2,850,316	133,367	105%
Personal Property Taxes- Current	37,262,847	35,103,669	2,604,232	35,103,669	(0)	100%
Personal Property Taxes- Delinquent	6,459,963	6,534,593	4,546,680	6,534,594	1	100%
Real and Personal Public Service Corporation Property Taxes- Personal Property Current	9,451,418	9,111,449	387,331	9,111,449	-	100%
Real and Personal Public Service Corporation Property Taxes- Personal Property Delinquent	497,012	497,012	(685,623)	497,012	-	100%
Real and Personal Public Service Corporation Property Taxes- Real Property Current	2,205,476	2,288,895	(77,816)	2,288,895	0	100%
Real Property Taxes- Current	301,250,623	304,601,178	158,683,575	306,395,876	1,794,698	101%
Real Property Taxes- Delinquent	11,629,380	10,803,821	8,727,373	10,803,821	-	100%
Total General Property Taxes	387,913,139	389,050,120	178,639,600	391,225,621	2,175,501	101%
Other Local Taxes						
Admission Taxes	2,405,941	772,563	111,364	153,126	(619,437)	20%
Bank Stock Taxes	9,996,071	9,418,200	182,583	9,418,200	-	100%
Business Licenses Taxes	31,448,626	31,014,372	32,713,959	32,713,959	1,699,587	105%
Cigarette Tax	2,755,000	3,248,132	2,271,283	3,123,014	(125,118)	96%
Consumer Utility Taxes	18,316,946	18,657,087	11,440,538	18,657,086	(1)	100%
Local Sales & Use Tax	35,416,829	36,359,051	22,790,105	37,329,884	970,833	103%
Motor Vehicle Licenses	6,857,458	6,522,334	2,585,755	6,522,334	-	100%
Other Local Taxes	510,689	1,140,037	795,387	1,164,415	24,378	102%
Prepared Food Taxes	33,468,822	24,330,437	15,748,535	21,654,236	(2,676,201)	89%
Prepared Food Taxes - School Facilities	8,524,681	6,197,087	4,011,233	5,515,445	(681,642)	89%
Short-Term Rental Tax	125,153	83,025	57,704	76,939	(6,086)	93%
Transient Lodging Taxes	8,312,409	3,600,000	2,424,982	3,334,350	(265,650)	93%
Total Other Local Taxes	158,138,625	141,342,325	95,133,428	139,662,988	(1,679,337)	99%
Permits, Privilege Fees, and Regulatory Licenses						
Animal Licenses	-	-	1,014	-	-	
Permits and Other Licenses	15,885,147	13,661,447	8,231,138	13,433,917	(227,530)	98%
Total Permits, Privilege Fees, and Regulatory Licenses	15,885,147	13,661,447	8,232,152	13,433,917	(227,530)	98%
Fines & Forfeitures						
Fines & Forfeitures	-	4,443	4,350	4,443	-	100%
Total Fines & Forfeitures	-	4,443	4,350	4,443	-	0%
Revenue from Use of Money and Property						
Revenue from Use of Money	-	-	-	-	-	
Revenue from Use of Property	209,000	203,217	145,333	212,959	9,742	105%
Total Revenue from Use of Money and Property	209,000	203,217	145,333	212,959	9,742	105%
Charges for Services						
Charges for Finance	801,192	801,192	538,187	801,192	-	100%
Charges for Fire and Rescue Services	158,623	152,000	99,708	149,500	(2,500)	98%
Charges for Information Technology	16,805	800	452	800	-	100%
Charges for Law Enforcement and Traffic Control	212,000	95,204	86,348	95,204	-	100%
Charges for Library	23,750	800	675	800	-	100%
Charges for Maintenance of Highways, Streets, Bridges, and Sidewalks	-	-	-	-	-	
Charges for Other Protection	111,000	103,000	88,032	103,000	-	100%
Charges for Parks and Recreation	127,122	15,580	18,174	37,710	22,130	242%
Charges for Planning and Community Development	47,009	63,504	23,691	71,703	8,199	113%
Charges for Sanitation and Waste Removal	17,891,033	17,891,033	13,408,424	17,891,033	-	100%
Court Costs	5,717,702	6,206,175	5,673,060	6,617,896	411,721	107%
Other	9,515	9,515	24,300	9,515	-	100%
Total Charges for Services	25,115,751	25,338,803	19,961,051	25,778,353	439,550	102%
Miscellaneous Revenue						
Miscellaneous	1,318,385	2,344,913	1,519,462	2,032,828	(312,085)	87%
Payments in Lieu of Taxes from Enterprise Activities	19,527,456	19,527,456	17,316,047	19,527,456	-	100%
Total Miscellaneous Revenue	20,845,841	21,872,369	18,835,509	21,560,284	(312,085)	99%
Recovered Costs						
Recovered Costs	5,522,979	5,211,975	1,432,100	5,199,528	(12,446)	100%
Total Recovered Costs	5,522,979	5,211,975	1,432,100	5,199,528	(12,446)	100%
Revenue from Local Sources Total	613,630,482	596,684,699	322,383,523	597,078,093	393,394	100%

Sources

	FY2021 Budget	FY2021 Amended Budget	FY2021 Collections as of 03/31/2020	FY2021 3rd Quarter Projection	Variance: Amended Budget vs. Preliminary Year End surplus	
Other Financing Sources						
Non-Revenue Receipts						
Insurance Recovery	-	5,000,000	-	5,000,000	-	100%
Total Non-Revenue Receipts	-	5,000,000	-	5,000,000	-	100%
Revenue from Other Financing Sources Total	-	5,000,000	-	5,000,000	-	100%
Revenue from the Commonwealth						
Non-Categorical Aid						
Auto Rental Tax	893,846	893,846	707,303	893,846	-	100%
Communications Sales and Use Tax	14,440,680	14,440,680	8,514,520	14,440,680	-	100%
Miscellaneous Non-Categorical Aid	240,000	3,236,952	145,603	3,223,952	(13,000)	100%
Mobile Home Titling Taxes	9,807	9,807	900	9,807	-	100%
Personal Property Tax Reimbursement	16,708,749	16,708,749	1,618,469	16,708,749	-	100%
Rolling Stock Tax	139,639	139,639	-	139,639	-	100%
Tax on Deeds	1,000,000	1,000,000	-	1,000,000	-	100%
Total Non-Categorical Aid	33,432,721	36,429,673	10,986,796	36,416,673	(13,000)	100%
Shared Expenditures (Categorical)						
State Shared Expenses- City Treasurer	147,425	140,408	93,441	140,408	-	100%
State Shared Expenses- Commonwealth Attorney	3,413,358	3,387,264	2,253,769	3,387,264	(0)	100%
State Shared Expenses- Finance	738,859	738,859	571,077	738,859	-	100%
State Shared Expenses- General Registrar	93,839	93,839	-	100,000	6,161	107%
State Shared Expenses- Sheriff	16,600,000	16,576,528	10,011,752	16,507,624	(68,904)	100%
State Shared Expenses- Welfare and Social Services	-	-	-	-	-	-
Total Shared Expenditures (Categorical)	20,993,481	20,936,898	12,930,038	20,874,155	(62,743)	100%
Categorical Aid						
Education	-	-	-	-	-	-
Library	185,000	210,000	104,978	210,000	-	100%
Public Safety	19,730,547	19,673,264	14,309,487	19,797,964	124,700	101%
Public Works	-	-	-	-	-	-
Welfare and Social Services	15,630,263	16,631,324	9,045,739	16,065,995	(565,329)	97%
Total Categorical Aid	35,545,810	36,514,588	23,460,204	36,073,959	(440,629)	99%
PILOT (Payments in Lieu of Taxes)						
Service Charges	3,698,683	3,698,683	2,144,468	3,698,683	-	100%
Total PILOT (Payments in Lieu of Taxes)	3,698,683	3,698,683	2,144,468	3,698,683	-	100%
Revenue from the Commonwealth Total	93,670,695	97,579,842	49,521,506	97,063,470	(516,372)	99%
Revenue from the Federal Government						
Non-Categorical Aid						
Other Federal Revenue	-	37,379,472	35,957,254	37,379,472	0	100%
Total Non-Categorical Aid	-	37,379,472	35,957,254	37,379,472	0	-
Categorical Aid						
Social Services	24,608,836	24,283,701	13,972,999	24,284,901	1,200	100%
Total Categorical Aid	24,608,836	24,283,701	13,972,999	24,284,901	1,200	100%
Revenue from the Federal Government Total	24,608,836	61,663,173	49,930,254	61,664,373	1,200	100%
Utilities						
Utilities						
Utilities	-	65,970	42,182	65,820	(150)	100%
Total Utilities	-	65,970	42,182	65,820	(150)	100%
Revenue from Utilities Total	-	65,970	42,182	65,820	(150)	100%
Transfers-In						
Transfers-In						
Transfers-In	12,140,104	18,420,104	12,070,177	18,420,031	(73)	100%
Use of Revenue Stabilization Fund	-	9,371,977	-	5,561,776	(3,810,201)	59%
Total Transfers-In	12,140,104	27,792,081	12,070,177	23,981,807	(3,810,274)	86%
Grand Total:	744,050,117	788,785,765	433,947,641	784,853,564	(3,932,201)	100%
Rolled Encumbrance (General Fund Portion) Total:		2,036,058		2,036,058	-	
General Fund Revenue Grand Total:	744,050,117	790,821,823	433,947,641	786,889,622	(3,932,201)	99.50%

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

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

*Note very minor discrepancies may exist due to rounding

Uses

Agency	FY 2021 Adopted Budget	FY 2021 Current Budget	Expenditures through Mar. 31st	FY 2021 Year- End Projection	Variance: Current vs Projection surplus/(shortfall)	
Culture & Recreation						
Library	5,743,900	5,821,485	3,802,239	5,675,903	145,582	97.5%
Parks Rec	18,216,520	18,137,586	12,118,505	18,158,980	(21,394)	100.1%
Debt						
Debt	77,966,859	77,166,859	73,976,857	76,692,003	474,856	99.4%
Education						
RPS	181,694,074	181,694,074	136,270,557	181,694,074	-	100.0%
General Government						
Assessor	4,782,289	5,461,637	2,788,377	5,457,731	3,906	99.9%
Auditor	1,988,484	1,912,535	1,250,953	1,835,644	76,891	96.0%
Budget	1,420,707	1,385,899	863,022	1,369,186	16,713	98.8%
Chief Admin Officer	564,761	341,087	317,956	708,782	(367,695)	207.8%
City Attorney	4,042,992	3,989,433	2,563,619	3,935,694	53,739	98.7%
City Clerk	993,029	952,984	582,590	952,863	121	100.0%
City Council	1,488,704	1,546,424	917,533	1,590,564	(44,140)	102.9%
City Treasurer	218,888	219,440	128,938	220,168	(728)	100.3%
Citizen Service & Response	2,239,787	2,228,987	1,381,463	2,043,262	185,725	91.7%
Council Chief of Staff	1,321,975	1,220,977	743,547	1,148,812	72,165	94.1%
Econ Dev	2,664,858	2,644,933	1,382,292	2,648,533	(3,600)	100.1%
Finance	9,985,678	10,203,817	5,823,519	10,196,742	7,075	99.9%
General Registrar	3,930,368	4,028,759	2,513,185	3,954,564	74,195	98.2%
Housing & Comm Development	1,476,055	1,463,962	636,253	1,367,543	96,419	93.4%
Human Resources	4,275,416	4,184,869	2,662,434	4,184,839	30	100.0%
Info Tech	-	-	-	-	-	-
Inspector General	579,728	581,387	405,682	581,172	215	100.0%
Mayor's Office	1,175,676	1,141,677	884,468	1,163,274	(21,597)	101.9%
Minority Business Development	995,268	993,095	549,811	927,774	65,321	93.4%
Planning & Dev Review	10,722,320	10,877,683	7,098,621	10,778,162	99,521	99.1%
Press Secretary	512,851	478,012	289,880	425,019	52,993	88.9%
Procurement Serv.	1,589,853	1,607,738	1,029,772	1,550,038	57,700	96.4%
Highways, Streets, Sanitation & Refuse						
Public Works	37,638,619	46,013,107	28,990,127	46,013,107	0	100.0%
Human Services						
Justice Services	9,499,191	9,284,520	5,686,393	8,886,406	398,114	95.7%
Office of DCAO/HS	1,321,643	1,296,736	873,917	1,662,540	(365,803)	128.2%
RCHI - Health	4,563,490	4,563,490	2,281,745	4,563,490	-	100.0%
Social Services	54,247,515	54,245,311	36,658,152	52,448,818	1,796,492	96.7%
Office of Community Wealth Building	2,165,455	1,837,113	1,260,674	2,081,597	(244,484)	113.3%
Non-Departmental						
Non-Departmental	84,663,220	83,090,063	59,684,109	82,142,771	947,292	98.9%
Public Safety & Judiciary						
Animal Control	1,862,745	2,040,875	1,496,448	2,096,172	(55,297)	102.7%
Emergency Communications	5,121,004	5,360,400	3,507,825	5,265,322	95,077	98.2%
Fire & Emer Svcs	52,037,737	54,137,317	37,124,339	53,932,658	204,659	99.6%
**Fire & Emer Svcs - CARES Funding	-	37,186,080	35,957,255	37,186,080	-	100.0%
J & DR Court	222,995	221,465	151,987	220,033	1,432	99.4%
13th District Court Services Unit	222,352	217,291	144,929	211,602	5,689	97.4%
Jail/Sheriff	42,064,115	43,187,970	28,636,599	43,125,918	62,052	99.9%
Judiciary - Adult Drug Ct	647,643	648,515	394,914	639,437	9,078	98.6%
Judiciary - Cir Ct	4,034,893	3,995,894	2,681,023	3,925,970	69,924	98.3%
Judiciary - CW Atty	6,528,098	6,777,726	4,666,651	6,713,394	64,332	99.1%
Judiciary - Other	246,665	183,259	60,805	178,765	4,494	97.5%
Police	96,371,697	96,249,353	71,380,517	96,334,216	(84,863)	100.1%
***Default			344,000			
Grand Total	744,050,117	790,821,824	582,964,484	786,889,622	3,932,202	99.5%

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 Third 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 \$3,932,202 or about (0.50%). The explanations are in order as they appear in the prior table.

Penalties and Interest - Interest

Projected Revenue Surplus: \$247K

Penalties and Interest – Interest revenues were projected at the end of the third quarter to surpass the amended budget amount of \$3.5M by nearly one quarter of a million dollars (+7.0%). Due to the ongoing pandemic, the projected receipts from this source were expected to be slower than trends from recent years. This revenue is currently projected to outpace that projection.

Penalties and Interest - Penalty

Projected Revenue Surplus: \$133K

Penalties and Interest – Penalty revenues were projected at the end of the third quarter to surpass the amended budget amount of \$2.7M by \$133k (+4.9%). Due to the ongoing pandemic, the projected receipts from this source were expected to be slower than trends from recent years. This revenue is currently projected to outpace that projection.

Real Property Taxes - Current

Projected Revenue Surplus: \$1.8M

Real Property Taxes – Current, the City's largest revenue category, were projected at the end of the third quarter to surpass the amended budget amount of \$304.6M by \$1.8M (+0.6%). While a number of revenue streams have been curtailed by the ongoing COVID-19 epidemic, real estate revenues continue to perform. Prior to COVID-19 the real estate market in Richmond was strong and this has only increased due to historically low interest rates and a 6.1% increase in net migration during COVID-19 to Richmond according to studies.

Admissions Taxes

Projected Revenue Shortfall: (\$619K)

Admissions Taxes were projected at the end of the third quarter to fall short of the amended budget amount of \$773K by \$619K (-80.2%). This revenue source has been devastated by the COVID-19 epidemic. Indoor events have been almost entirely eliminated and while traditional outdoor events (Flying Squirrels, Friday Cheers, etc.) that charge admission will occur in the fourth quarter the capacity of facilities and the propensity of consumers to attend will continue to reflect low comparative monthly collections. The Admissions Taxes category's return to FY19/20 levels will be one of the final revenue signals that Richmond is post-COVID.

Business License Taxes

Projected Revenue Surplus: \$1.7M

Business License Taxes were projected at the end of the third quarter to surpass the amended budget amount of \$31.0M by \$1.7M (+5.5%). While BPOL Taxes outperformed the amended budget amount – this does not translate to anything approaching growth or stabilization as the currently projected value lags behind the FY20 value by more than \$5.2M. This surplus simply reflects necessarily conservative budgeting associated with COVID-19.

Local Sales and Use Tax**Projected Revenue Surplus: \$971K**

Local Sales and Use Tax was projected at the end of the third quarter to exceed the amended budget amount of \$36.4M by \$970K (+2.7%). Local Sales and Use Tax is one of the few monthly remitted consumer based taxes which has not been reduced by COVID-19. This is attestable to a multitude of reasons including consumer spending substitution and changes in Commonwealth legislation associated with remote/online sales in 2019 and subsequent shifts to online shopping as a result of the pandemic.

Prepared Food Taxes**Projected Revenue Shortfall: (\$2.7M)**

Prepared Food Taxes were projected at the end of the third quarter to fall short of the amended budget amount of \$24.3M by \$2.7M (-11.0%). Like Admissions and Transient Lodging, Prepared Food Taxes have been heavily impacted by COVID-19. Analysis of monthly returns through March shows a plateauing of revenues which are not projected to shift radically in the few remaining periods.

Prepared Food Taxes – School Facilities**Projected Revenue Shortfall: (\$682K)**

Prepared Food Taxes – School Facilities were projected at the end of the third quarter to fall short of the amended budget amount of \$6.2M by \$682K (-11.0%). Like Admissions and Transient Lodging, Prepared Food Taxes have been heavily impacted by COVID-19. Analysis of monthly returns through March shows a plateauing of revenues which are not projected to shift radically in the few remaining periods.

Short Term Rental Tax**Projected Revenue Shortfall: (\$6K)**

Short Term Rental Tax was projected at the end of the third quarter to fall short of the amended budget amount of \$83K by \$6K (-7.3%). Short Term Rental Tax, while not a major source of revenue, are limited.

Transient Lodging Taxes**Projected Revenue Shortfall: (\$266K)**

Transient Lodging Taxes were projected at the end of the third quarter to fall short of the amended budget amount of \$3.6M by \$266K (-7.4%). Similar to Prepared Food and Admissions Taxes, these revenue categories have been negatively impacted more so than others and based on an analysis of monthly returns through FY21 increases in the few remaining periods are not anticipated.

Charges for Parks and Recreation**Projected Revenue Surplus: \$22K**

This revenue source is projected to have a surplus due to revenues that were previously booked to Parks' various special funds, which are now being booked to the general fund.

Charges for Planning and Community Development**Projected Revenue Surplus: \$8K**

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.

Court Costs**Projected Revenue Surplus: \$412K**

This revenue source is projected to have a surplus due to an increase in real estate transactions as well as several large commercial transactions, resulting in an increase in revenue collections.

Miscellaneous**Projected Revenue Shortfall: (\$312K)**

This revenue source is projected to have a shortfall primarily due to revenue from the sale of vehicles that is now being posted to the Fleet Internal Service Fund, as this is where the asset was originally purchased.

State Shared Expenses – General Registrar**Projected Revenue Surplus: \$6K**

This revenue source is projected to have a surplus due to the appointment of a new General Registrar for the City of Richmond. The state reimburses the city for a portion of the Registrar's salary, and the projected surplus is reflective of the new Registrar being hired at a slightly higher salary than the previous one.

Welfare and Social Services**Projected Revenue Shortfall: (\$565K)**

This revenue source is projected to have a shortfall due to lower than anticipated expenditures associated with a department wide salary increase effective in February of 2021. Additionally, the department continues to carry a high number of vacancies, which also results in less reimbursement from the State.

Transfers-In**Projected Revenue Shortfall: (\$3.8M)**

This revenue source is projected to have a shortfall due to a reduction in the projected use of the Budget and Revenue Stabilization Fund. The less than anticipated use of the Budget and Revenue Stabilization Fund is directly attributed to the projected expenditure surplus within the General Fund.

FY2021 Third Quarter – Expenditure Projections

Overall, the Third quarter forecast shows projected expenditures trending positively, with a projected, estimated savings of \$3,932,202 or 0.50% of the modified budget.

It is important to note that these projections are based on data collected for FY21 as of March 31, 2021. As a result, these projections could change as more data becomes available throughout the fiscal year. Below are explanations of major variances in the Third quarter expenditure projections. The explanations are in order as they appear in the Third quarter status report. Variances of +/- 5% or +/- \$500,000 are detailed below.

Chief Administrative Officer

Projected Budget Shortfall: (\$368K)

The Office of the Chief Administrative Officer is projected to have a shortfall of \$246k in personnel due to the movement of actual expenses from the Mayor's Office to the Office of the Chief Administrator to cover the Acting Chief Administrative Officer's salary. An additional shortfall of \$122k in operating is the result of the anticipated costs of state and federal lobbying services. After discussing with Council staff, we believe investing in lobbying services for the City is a justifiable expense.

Citizen Service & Response

Projected Budget Surplus: \$186K

The department is projecting a surplus due to having to budget for the implementation of next generation RVA311 before the contract negotiations were complete. The City was able to negotiate a better deal than originally anticipated, saving the City just under \$200,000.

Council Chief of Staff

Projected Budget Surplus: \$72K

The Office of the City Council Chief of Staff is projected to have personnel savings of \$72k that is attributable to vacant positions.

Housing & Community Development

Projected Budget Surplus: \$96K

The department is projecting a surplus due to having internal department staff develop the new Five Year Consolidated Plan (2021-2025) and the FY21-22 Action Plan given the COVID-19 Pandemic. Previously these tasks were handled by using contractual services and as a result of using internal staff, operational efficiencies are projected to be realized.

Minority Business Development

Projected Budget Surplus: \$65K

The department is projecting a surplus of \$153k in personnel which is the result of three vacant positions. The department is projecting a shortfall in operating of \$87k which is due to MBD conducting a training class. The estimated cost of the class and workshop is \$45k, however, the class will incur additional advertising and supply expenses.

Press Secretary

Projected Budget Surplus: \$53K

The Office of the Press Secretary is projecting a \$53k surplus which is solely attributed to a vacant Public Info Manager, reallocated to a Deputy Director as of July 1, that isn't expected to be hired until July 1.

Human Services**Projected Budget Shortfall: (\$366K)**

The Office of Human Services is projected to have a shortfall of \$366k that is primarily attributed to one-time funding for a citywide gun violence prevention program. It should be noted that \$133,898 is included in the FY22 adopted budget as additional funding for the gun violence prevention program.

Social Services**Projected Budget Surplus: \$1.8M**

The department is projecting a surplus in operating within contract and professional services which is due to the moratorium on discretionary spending, a reduction in rent expenses for the Marshall Plaza Building and COVID-19 Non-Discretionary spending prohibition savings (training, transportation, etc.). Additionally, operational savings are a result of Social Services philosophy of emphasizing long term family preservation and stabilization environments for at-risk children served. This philosophy resulted in a decrease in the number of our children requiring long term out of home services, especially for foster care.

Office of Community Wealth Building**Projected Budget Shortfall: (\$244K)**

The Office of Community Wealth Building is projected to have a shortfall of \$272k in personnel that is attributed to a re-alignment and recalculation of personnel costs through the remainder of the fiscal year. Updated personnel forecast assumptions were utilized at the third quarter and resulted in a projected shortfall. The shortfall in personnel is offset, albeit partially, by a projected operating savings of \$27k which is due to less community outreach events being held due to the ongoing COVID-19 pandemic.

Non-Departmental**Projected Budget Surplus: \$947K**

The Non-Departmental budget is currently projected to have a surplus of \$947k. There is a projected decrease in expenditures associated with GRCCA (\$265k) and the 1.5% increase in meals tax (which is tied to the construction of 3 new schools) (\$682k) – due to a projected decrease in both lodging and meals tax revenue, respectively.