

# City Manager's FY22 Recommended Budget

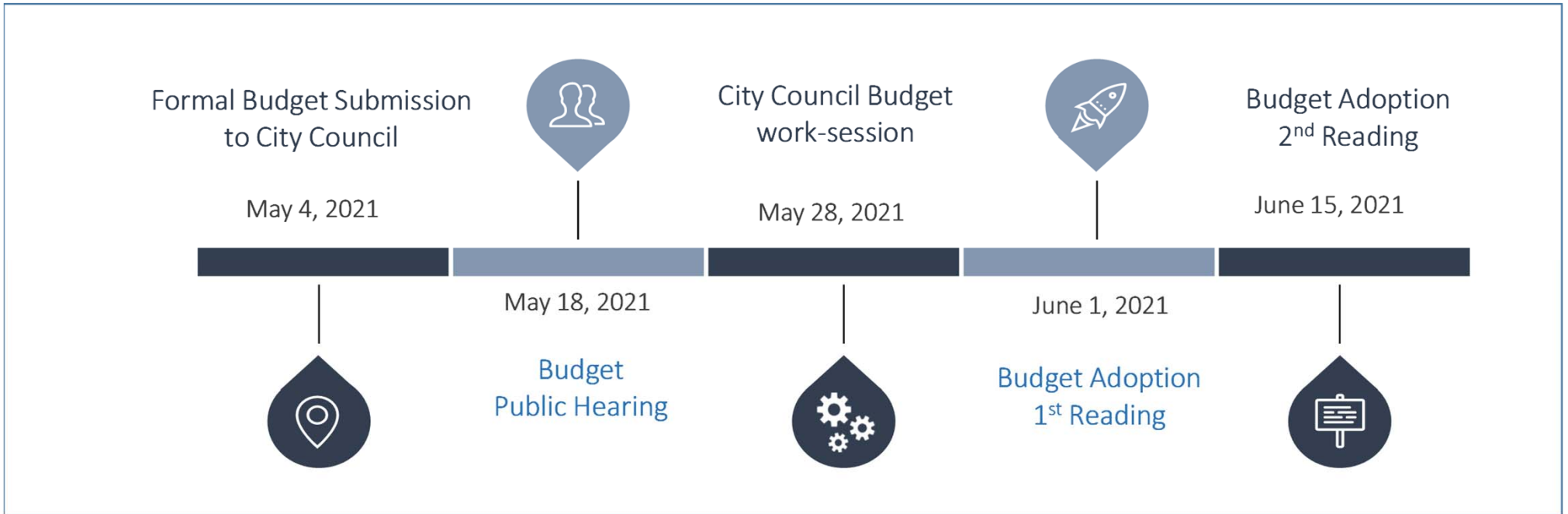
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Budget & Research Director



# Objectives

1. Present the highlights of the City Manager's FY22 Recommended Budget
  - Revenue & Expenditures
  - Budget Priorities
    - Rise Together Initiative
    - Accelerating the Transportation Bond Projects
    - Affordable/Workforce Housing
    - City Resiliency/Sustainability
    - Capital Projects
    - Use of Fund Balance
  - Not in budget/Challenges Ahead

# FY22 Budget Timeline



# Budget Development: Defined Strategies

1. No mandated service reductions
2. Cautious in increasing service delivery
3. Prioritize enhancements based on key strategic priorities
4. Strategic use of fund balance for one-time expenditures
5. Adjustment of tax rate related to NHC reappraisal
6. Remain competitive with compensation package
7. Expand the Rise Together Initiative
8. Estimate revenues modestly, given environment

# Balanced Budget: Defined Priorities

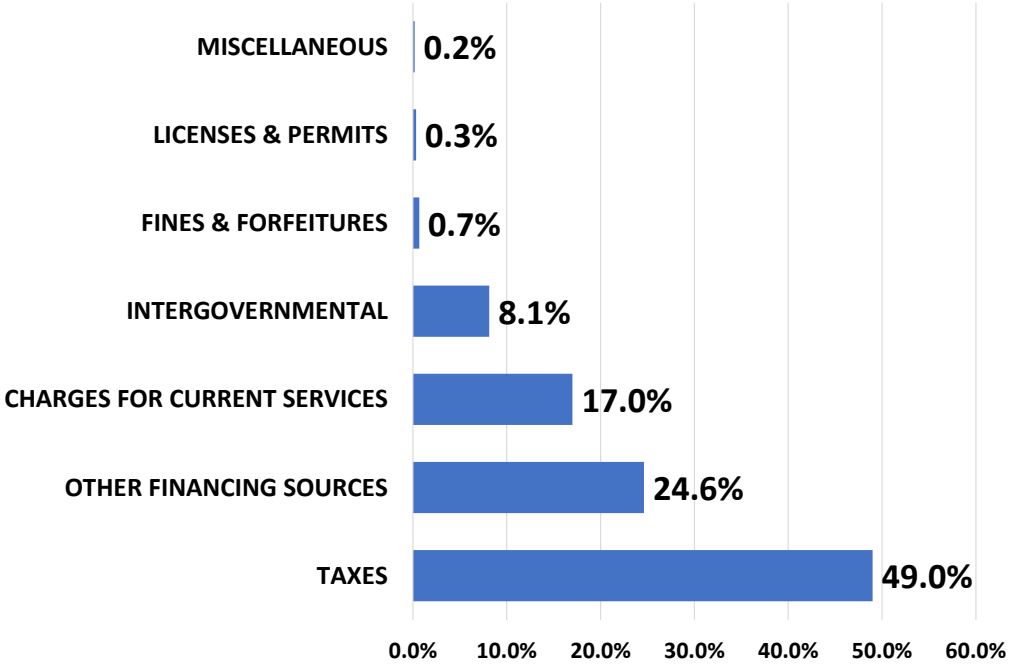
1. Continuing core services with strategic additions
2. Prioritized enhancements based on key strategic priorities:
  - Rise Together Initiative
  - Targeted Strategic Plan Initiatives
    - Affordable/Workforce housing
    - Competitive compensation
    - City Resiliency
    - Infrastructure maintenance & preservation needs
3. Strategic use of fund balance
  - Target monies greater than estimated 30% of budget
4. Tax rate adjustment
5. No mandated service reductions
6. Moderately optimistic sales tax revenue

# Overall Funding at a Glance

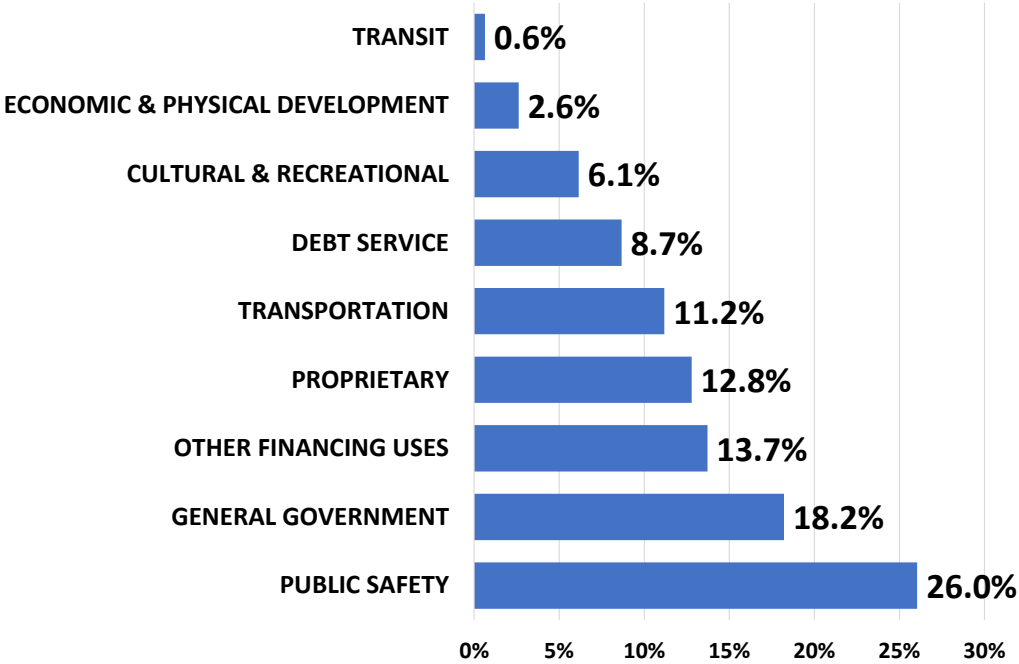


# Total FY22 Budget: \$241,846,111

TOTAL FY22 BUDGET: REVENUES



TOTAL FY22 BUDGET: EXPENDITURES



Where does the \$ come from?

What does it pay for?



# General Fund Budget Highlights





# FY22 Recommended Highlights

- Continue Core Services = \$1.4M (1M on-going)
  - Health Insurance Increase (\$428K)
  - Rental Space Increases (\$185K)
  - Transition Communications system to Microsoft TEAMS (\$172K)
  - Annual Contract Maintenance Adjustments (\$104K)
  - Law Enforcement Retirement (\$130K)
  - WAVE Transit Subsidy Adjustment (\$45K)

# FY22 Recommended Highlights

- Rise Together Initiative = \$823K (\$309K on-going)
  - Inception of formal Diversity, Equity & Inclusion Program = \$334K
  - Accessibility Services (\$2K)
  - Rail Realignment Public Engagement (\$10K)
  - Maides Park Program Changes (\$57K)
  - Contract Specialist focus on MWBE/DBE\* (\$60K)
  - One-time funding to outside agencies (\$336K)

\*Also linked to CIP Acceleration

# FY22 Recommended Highlights

- Affordable Housing = \$1.6M (\$1.6M on-going)
  - Home Ownership Program = \$957K (\$487K increase)
  - Rental Rehabilitation Incentive Loan Program = \$508K (\$404K increase)
  - Support for the Program's Administration (\$118K)

# FY22 Recommended Highlights

- Accelerating Transportation Bond Projects = \$489K (\$476 on-going)
  - Project Manager (\$112K)
  - Property Acquisition Specialist (\$45K)
  - Associate Attorney (\$107K)
  - Contract Specialist\* (\$60K)
  - Comprehensive CIP Software (\$165K)

\*Also linked to Rise Together Initiative

# FY22 Recommended Highlights

- City Resiliency = 1.8M (\$1.7 on-going)
  - Merit Program (\$1.9M systemwide; \$1.6M GF)
  - IT Network Administrator (\$82K)
  - Anti-virus Software (\$39K)
  - Establishment of Radio Support Program (\$58K)
  - Major Roadway Intersection Generators & Pre-wire (\$34K)
  - Sr. Grants Accountant (\$62K)

\*Also linked to Rise Together Initiative



# FY22 Recommended Highlights

- Capital Building Improvement Projects = \$311K (\$0 on-going)
  - Building Maintenance (\$78K)
  - City Hall/Thalian Hall (\$152K)
  - Facility Condition Assessment (\$81K)

# FY22 Recommended Highlights

- Usage of Fund Balance Over 30% = 11.2M (\$0 on-going)
  - FY22 One-time items (\$704K)
  - Streets & Sidewalks Program (\$3.5M)
  - Rail Realignment Project (\$3.5M)
  - Affordable/Workforce Housing Placeholder (\$3.5M)



# General Fund Revenues



# County-wide Reappraisal Year

- NHC dedicated to 4-year reappraisal cycle
  - Last effective date: January 1, 2017 impacting FY18
  - Current effective date: January 1, 2021 impacting FY22
  - Next scheduled effective date: January 1, 2025 impacting FY26

- Tax Adjustment Requirements:

1. Calculate & publish revenue-neutral property tax rate
1. Add growth rate since the last revaluation (2.2%)

	2022 Revaluation		Diff. from
	Adjustments	Tax Rate	Current
1	Current Tax Rate	\$ 0.4984	
2	Neutral Tax Rate	\$ 0.3669	\$ (0.132)
3	Adjusted 2.2% Growth	\$ 0.3750	\$ (0.123)

# Tax Adjustment Recommended

- Key Items:
  - Affordable Housing – HOP Program (\$487K)
  - Affordable Housing – Rental Rehabilitation (\$405K)
    - Total on-going need: \$1,228,778
  - Accelerate Transportation Bond Projects: CIP Ace Software (\$165K)
  - Continue Core Services: Migrate Skype to Teams (\$172K)
  
- Tax Adjustment: 0.58 cent

# Further Tax Adjustment Recommended

- Summary of Tax Rate Adjustments:

1	Net Neutral plus Growth:	\$	0.3750
	GF Tax Portion:	\$	0.3037
	Debt Tax Portion:	\$	0.0713
2	<b>Tax Rate Adjustment:</b>	<b>\$</b>	<b>0.0058</b>
3	New Tax Rate:	\$	0.3808
	GF Tax Portion:	\$	0.3095
	Debt Tax Portion:	\$	0.0713

- Value of 1 cent less collections: \$2,144,966

# Tax Adjustment Impact for Citizens



FY21 Median House  
Value: \$190,600



FY22 Median House  
Value: \$258,913  
+36%

Tax Rate Changes	Tax Rate	Tax Levy		Citizen Impact	
		Annual	Monthly	Annual	Monthly
FY21 Tax Rate	\$ 0.4984	\$ 949.95	\$ 79.16	\$ -	\$ -
FY22 Net Neutral	\$ 0.3669	\$ 949.95	\$ 79.16	\$ -	\$ -
<i>change from FY21</i>	<i>\$ (0.1315)</i>	<i>\$ -</i>	<i>\$ -</i>		
FY22 Adjusted for growth	\$ 0.3750	\$ 970.92	\$ 80.91	\$ 20.97	\$ 1.75
<i>change from net neutral</i>	<i>\$ 0.0081</i>	<i>\$ 20.97</i>	<i>\$ 1.75</i>		
FY22 Tax Adjustment	\$ 0.3808	\$ 985.94	\$ 82.16	\$ 15.02	\$ 1.25
<i>change from growth</i>	<i>\$ 0.0058</i>	<i>\$ 15.02</i>	<i>\$ 1.25</i>		
<b>Total Change (FY21 to FY22)</b>	<b>\$ (0.1176)</b>	<b>\$ 35.99</b>	<b>\$ 3.00</b>	<b>\$ 35.99</b>	<b>\$ 3.00</b>

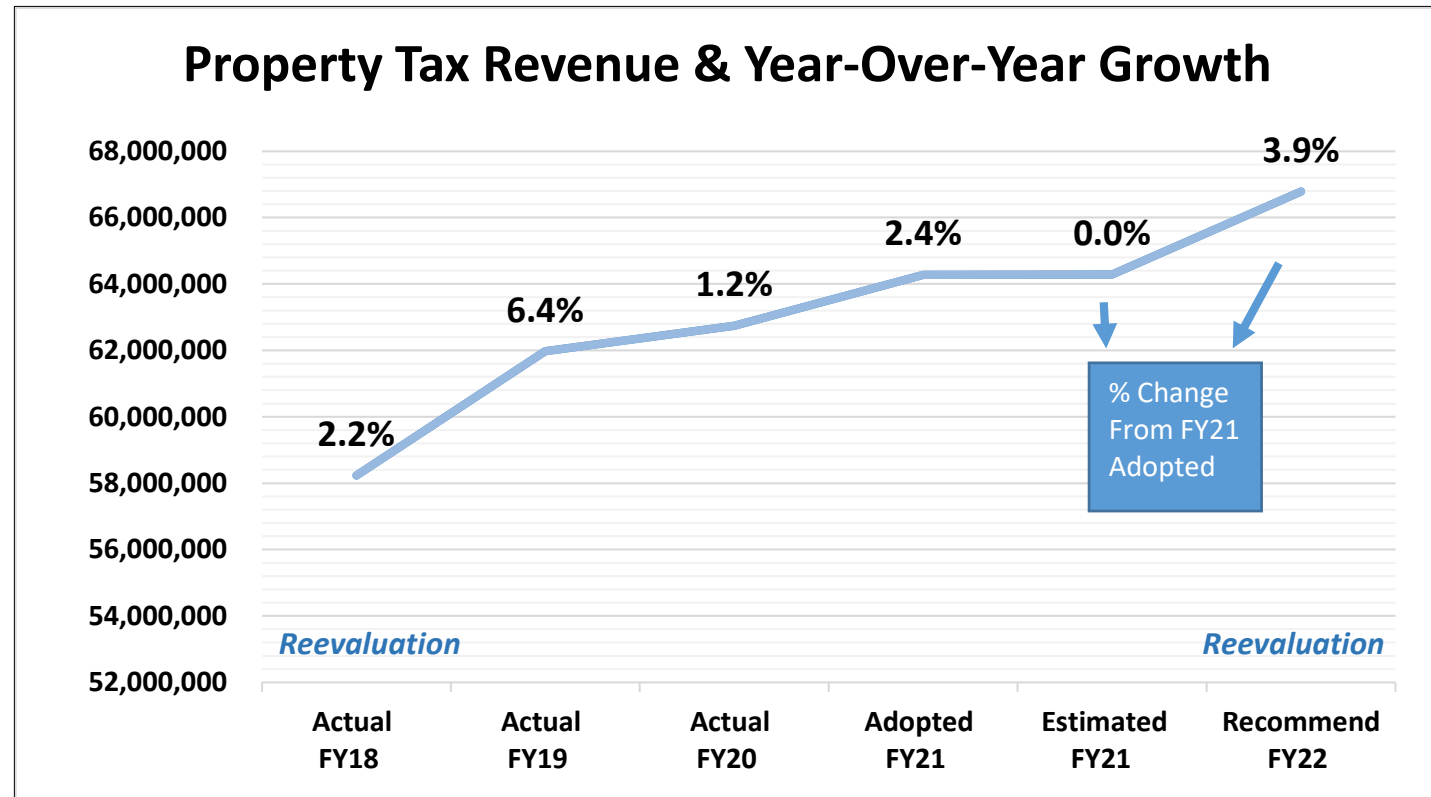
# General Fund Forecast



# FY22 Revenue Forecast Assumptions

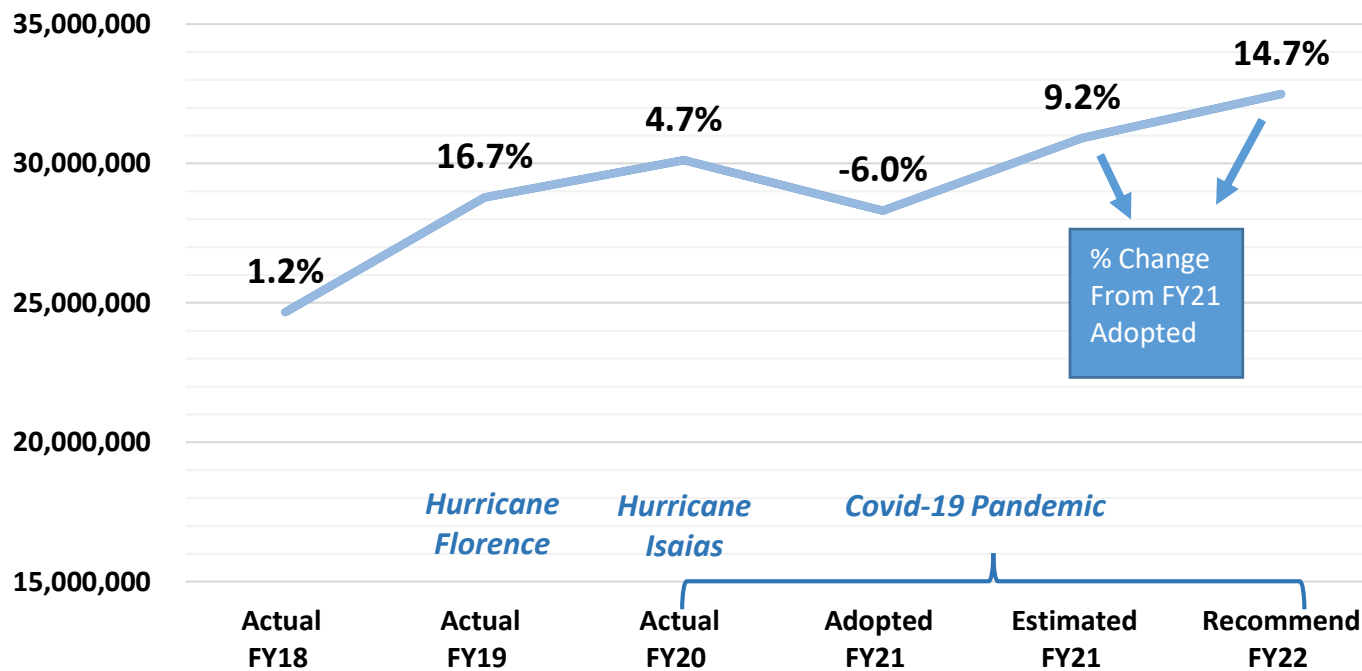
## Property Tax:

- 3.9% growth over FY21 Adopted
- 6.4% over FY19 Actuals
- 1.7% out-years



# FY22 Revenue Forecast Assumptions

**Sales Tax Revenue & Year-Over-Year Growth**



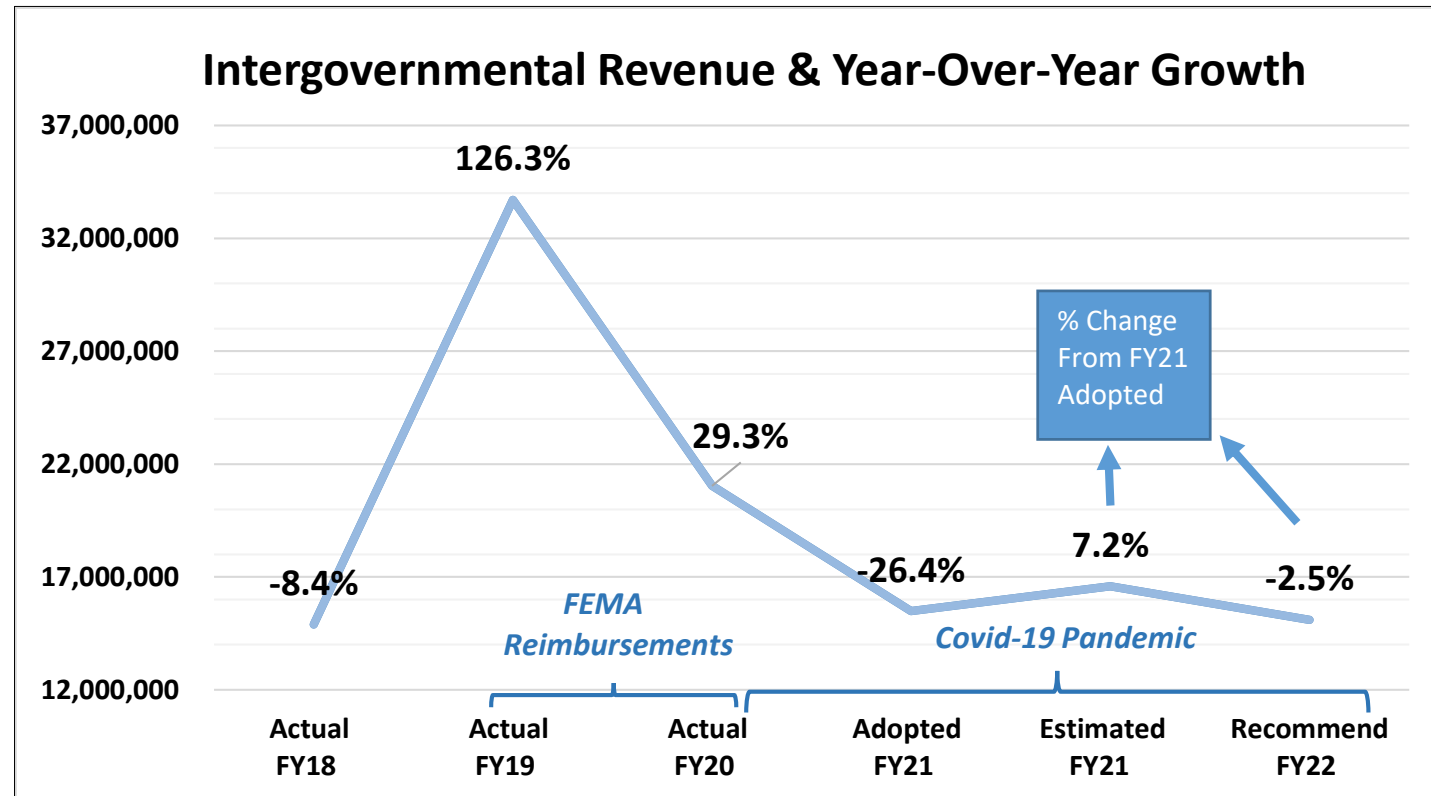
## Sales Tax:

- 14.7 growth over FY21 Adopted
- 7.8% over FY19 Actuals
- 5.1% over FY21's YE actuals
- 0.5% decrease in growth starting in FY26 FY22

# FY22 Revenue Forecast Assumptions

## Intergovernmental:

- 2.5% decline over FY21 Adopted
- 2.8% decline over FY19 Actuals
- 1.0% growth for out-years





# FY22 General Fund Forecast

	Actuals FY20	Adopted FY21	Adjusted FY21	YE Estimates FY21	Recommend FY22	Estimate FY23	Estimate FY24	Estimate FY25
<b>Revenue</b>								
PROPERTY TAX	\$ 62,737,901	\$ 64,273,794	\$ 64,273,794	\$ 64,288,617	\$ 66,782,516	\$ 67,914,759	\$ 69,066,250	\$ 70,237,316
SALES TAX	\$ 30,118,041	\$ 28,310,354	\$ 28,310,354	\$ 30,910,575	\$ 32,485,457	\$ 34,207,186	\$ 35,849,131	\$ 37,569,889
LICENSE FEE & PERMIT	\$ 840,146	\$ 735,000	\$ 735,000	\$ 791,619	\$ 829,000	\$ 837,170	\$ 845,422	\$ 853,756
UNRESTRICTD INTERGOV	\$ 11,996,980	\$ 12,320,934	\$ 12,320,934	\$ 11,914,540	\$ 12,000,855	\$ 12,005,829	\$ 12,037,180	\$ 12,042,544
RESTRICTED INTERGOV	\$ 9,041,511	\$ 3,164,111	\$ 3,164,111	\$ 4,678,065	\$ 3,094,361	\$ 3,102,107	\$ 3,116,926	\$ 3,131,819
CHARGES FOR SERVICE	\$ 2,655,229	\$ 2,324,064	\$ 2,331,408	\$ 1,846,304	\$ 2,677,664	\$ 2,703,541	\$ 2,729,676	\$ 2,756,073
FINES & FORFEITS	\$ 109,275	\$ 125,000	\$ 125,000	\$ 99,516	\$ 94,500	\$ 95,445	\$ 96,399	\$ 97,363
INTEREST EARNINGS	\$ 803,648	\$ 328,000	\$ 328,000	\$ 21,355	\$ 40,000	\$ 483,000	\$ 645,000	\$ 645,000
MISCELLANEOUS	\$ 1,056,751	\$ 374,030	\$ 342,569	\$ 663,530	\$ 324,669	\$ 331,216	\$ 332,778	\$ 334,356
OTHER TAX	\$ 384,757	\$ 382,000	\$ 382,000	\$ 286,500	\$ 324,700	\$ 341,909	\$ 355,585	\$ 368,031
OPERATING TRANSFR IN	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000	\$ 250,000
APPROPR FUND BALANCE	\$ -	\$ 3,376,519	\$ 10,475,591	\$ -	\$ 8,471,835	\$ 20,000	\$ 20,000	\$ 20,000
<b>Revenue Total</b>	<b>\$ 119,744,240</b>	<b>\$ 115,713,806</b>	<b>\$ 122,788,761</b>	<b>\$ 115,500,622</b>	<b>\$ 127,125,557</b>	<b>\$ 122,042,161</b>	<b>\$ 125,344,348</b>	<b>\$ 128,306,147</b>
<b>Expenditure</b>								
DEPARTMENTS	\$ 86,509,799	\$ 93,233,202	\$ 93,726,849	\$ 86,295,125	\$ 97,051,095	\$ 97,467,155	\$ 101,171,590	\$ 105,033,031
NON-DEPARTMENTAL	\$ 7,954,450	\$ 10,131,484	\$ 15,679,807	\$ 14,583,080	\$ 10,710,651	\$ 10,747,312	\$ 10,884,065	\$ 11,022,692
TRANSFERS TO OTHER FUNDS	\$ 1,701,024	\$ 2,005,338	\$ 2,081,371	\$ 2,081,371	\$ 2,637,539	\$ 2,637,539	\$ 2,637,539	\$ 2,637,539
TRANSFERS TO CIP	\$ 598,178	\$ 1,008,950	\$ 1,965,902	\$ 1,340,902	\$ 7,391,440	\$ 230,050	\$ 259,000	\$ -
TRANSFERS TO DEBT	\$ 9,334,832	\$ 9,334,832	\$ 9,334,832	\$ 9,334,832	\$ 9,334,832	\$ 9,334,832	\$ 9,334,832	\$ 9,334,832
CIP OPERATIONAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 985,687	\$ 1,530,377	\$ 1,658,228
<b>Expenditure Total</b>	<b>\$ 106,098,283</b>	<b>\$ 115,713,806</b>	<b>\$ 122,788,761</b>	<b>\$ 113,635,310</b>	<b>\$ 127,125,557</b>	<b>\$ 121,402,575</b>	<b>\$ 125,817,403</b>	<b>\$ 129,686,322</b>
<b>Surplus / (Shortfall)</b>	<b>\$ 13,645,957</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,865,313</b>	<b>\$ -</b>	<b>\$ 639,586</b>	<b>\$ (473,056)</b>	<b>\$ (1,380,175)</b>

# Other Funds



# Other Fund Highlights

## Recycling & Trash Services (\$11M)

- Budget Challenges:
  - Disposal costs up 7% (\$123K)
  - Increase salary/benefit (3%)
- Delayed rate increase for 3 years
- Rate Study completed
  - 4% rate increase scheduled for January 2022
    - 95 Gallon Trash Cart = \$27.35 up from \$26.29
    - 35 Gallon Trash Cart = \$22.22 up from \$21.36

# Other Fund Highlights

## Stormwater (Balanced: \$12.8M)

- Scheduled 1% rate increase
  - Rate of \$8.35 to \$8.43 ERU
- CIP transfer (\$2.9M)
  - Annual Storm Drain Rehabilitation = \$1.5M
  - Whispering Pines Drainage Improvement = \$1.475M

## Parking (Balanced: \$5.9M)

- Cautious with budget due to pandemic environment 6% less
- Repay Debt (\$2.4M)
  - River Place Deck
  - Refunding LOBS Market Street Deck

# Other Fund Highlights

## Municipal Service District (Balanced: \$618K)

- Revaluation applies
  - Net-neutral rate 5.47 cents down from 7 cents

## Golf Fund (Balanced: \$1.6M)

- Revenues up 10%
- No rate increase for FY22

# Not Included/ Challenges



**W** CITY OF  
**WILMINGTON**  
NORTH CAROLINA

# Not Included

Those items the budget did not address at the requested level include:

- Additional software expansions enhancing employee and customer interface
- Additional number of cyber security measures
- Funding for additional positions related to increase demand in core services
- Funding appropriate office space to house the growing number of city employees

# Budget Document Locations

Available for viewing at:

- City of Wilmington's Web-site
- City Manager's Office
- City Clerk's Office
- Highlights on GTV-8



# FY22 Budget Timeline

