

City Council Working Session on FY 2018 General Fund Revenues

Presentation to Petersburg City Council

The Robert Bobb Group, LLC

March 27, 2017

Work Session Focus: General Fund Revenues

**We will detail General Fund Revenues in the
FY2018 Budget.**

Agenda

Working Session to Review FY 2017 – 2018 Revenues:

1. FY18 General Fund Budget Overview
2. Overview of General Fund Revenues
3. Petersburg Comparison with Hopewell & Colonial Heights
4. Process for Budgeting Revenues
5. Presentations by City Assessor; Commissioner of Revenue; and City Treasurer

Transparency

1. Presentations available on City website:
<http://www.petersburgva.gov/index.aspx?NID=846>

Overview of General Fund Revenues

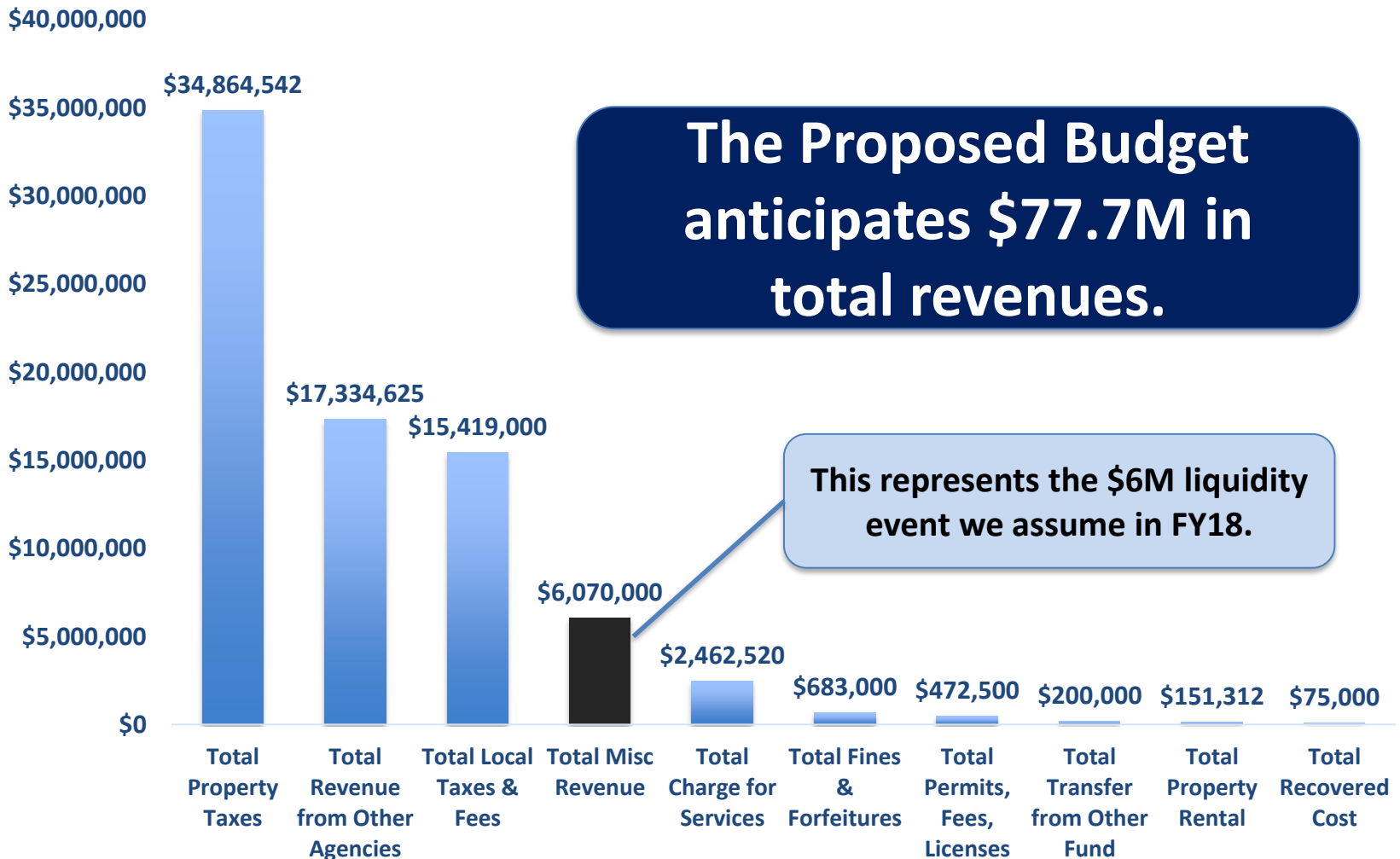
Expected GF Revenues in FY18

GENERAL FUND REVENUE							
Decription	Actual 2011-12	Actual 2012-13	Actual 2013-14	Actual 2014-15	audited Actual 2015-2016	2nd Amendment FY 17	Proposed Budget FY 17-18
Total Property Taxes	\$33,388,518	\$33,750,636	\$33,289,206	\$32,558,764	\$36,963,994	\$31,907,723	\$34,864,542
Total Local Taxes & Fees	\$13,158,282	\$13,713,707	\$13,644,669	\$14,272,952	\$14,276,706	\$14,258,463	\$15,419,000
Total Permits, Fees, Licenses	\$556,816	\$583,041	\$570,414	\$662,714	\$836,978	\$465,667	\$472,500
Total Fines & Forfeitures	\$786,924	\$889,705	\$753,874	\$813,450	\$973,589	\$548,464	\$683,000
Total Property Rental	\$360,792	\$425,044	\$458,934	\$218,964	\$330,094	\$176,396	\$151,312
Total Charge for Services	\$1,905,535	\$2,395,139	\$2,001,950	\$2,403,659	\$3,309,046	\$2,786,796	\$2,462,520
Total Recovered Cost	\$530,514	\$174,101	\$307,837	\$146,232	\$165,000	\$162,015	\$75,000
Total Transfer from Other Fund	\$31,765	\$0	\$0	\$0	\$135,000	\$0	\$200,000
Total Revenue from Other Agenci	\$24,413,846	\$33,592,727	\$25,510,865	\$25,049,111	\$17,086,683	\$17,873,946	\$17,334,625
General Funds Total	\$75,495,522	\$86,436,124	\$76,634,746	\$76,971,620	\$74,150,190	\$68,411,677	\$71,662,498
Total Misc Revenue	\$394,295	\$912,024	\$96,997	\$845,774	\$73,100	\$232,206	\$6,070,000
General Funds Total With \$6M Liquidity Event							\$77,732,498

We assume that a \$6M liquidity event will happen in FY18. It must happened to create the City's rainy day fund.

Proposed General Fund Budget Revenues

FY2018 Revenue Sources by Type



Comparison with Colonial Heights & Hopewell

Census Category	Colonial Heights	Hopewell	Petersburg
Median Household Income (2015)	\$50,304	\$39,064	\$31,798
% of Persons in Poverty*	11.4%	19%	28%

A 14.3% increase in water & wastewater utility rates are included. No General Fund tax or other fee rate increases are proposed in this budget. We recognize the impact this would have on residents. We have not yet exhausted the revenue possibilities through existing taxes and fees today.

**Note on the Census Bureau poverty definition: The official poverty definition uses income before taxes and does not include benefits such as public housing, Medicaid, or food stamps. It is updated for inflation using the Consumer Price Index.*

General Fund Revenue Comparison

	2015 Hopewell	2015 Colonial Heights	Petersburg Current	Petersburg Proposed	Cap per State Code
REAL ESTATE RATES PER \$100 of ASSESSED VALUE:					
Current Real Estate Tax is estimated to generate \$21.9M after adjustment for the delinquent collection rate of 9% with an equivalent of \$163,000 per penny of the tax rate. (58.1-3200)					
	\$1.13	\$1.14	\$1.35	\$1.35	N/A
PERSONAL PROPERTY -VEHICLES/EQUIPMENT PER \$100 of ASSESSED VALUE:					
Current Vehicle and Business Equipment Personal Property is estimated to generate \$6.7M with an equivalent of \$13,600 per penny of tax rate. This category includes Business Personal Property, Vehicles, and Mobile Homes. (58.1-3507)					
	\$3.50	\$3.50	\$4.90	\$4.90	N/A
PERSONAL PROPERTY - MACHINERY & TOOLS PER \$100 of ASSESSED VALUE:					
Current Machinery & Tools Tax is estimated to generate \$2.7M with an equivalent of \$7,200 per penny of tax rate. The estimate has been adjusted to include the addition of Ampac Fine Chemicals anticipated to enter service in April of 2017. (58.1-3507)					
	\$3.05	\$2.00	\$3.80	\$3.80	N/A
BUSINESS LICENSE:					
Current Business License Tax is levied upon those doing business in the City. The rates vary by the amount of gross receipts and the type of business. Current year tax is estimated at \$3M from 1,925 business' registered in the City. (58.1-3700)					
For gross receipts less than:	\$20,000	\$20,000	\$50,000	\$50,000	\$50,000
Flat rate of:	\$30.00	\$30.00	\$50.00	\$50.00	\$50.00
For gross receipts p/\$100 over the above threshold:					
Professional	\$0.58	\$0.57	\$0.58	\$0.58	\$0.58
Financial Services	\$0.58	\$0.57	\$0.32	\$0.32	\$0.58
Personal, Business, & Repair Services	\$0.36	\$0.35	\$0.32	\$0.32	\$0.36
Retail Merchants	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20
Contractors	\$0.16	\$0.15	\$0.16	\$0.16	\$0.16
Wholesale Merchants	\$.25 Gross Receipts	\$.05 Purchase	\$250 flat	\$250 flat	\$0.05

General Fund Revenue Comparison

	2015 Hopewell	2015 Colonial Heights	Petersburg Current	Petersburg Proposed	Cap per State Code
MOTOR VEHICLE LICENSE:					
A Motor Vehicle License is required for vehicles registered with DMV in the City. The rates vary by the weight and type of vehicle and are due annually. The current year estimated tax to be collected is \$400,000 after adjustment by the 27% non-collection rate based on historic experience.					
Motorcycles	\$7.50	\$18.00	\$6.50	\$6.50	
Less than 4,000 pounds	\$20.00	\$33.00	\$23.00	\$23.00	
4,000 - 6,000 pounds	\$20.00	\$38.00	\$28.00	\$28.00	
Tiers beyond 6,000 pounds	various	various	various	various	
CIGARETTE:					
The Cigarette Tax is assessed on each pack of cigarettes sold in the City. Current taxes are expected to generate \$800,000 based upon the revised rate established in September 2016. (58.1-3830, 58.1-3840)					
Fee per pack	N/A	N/A	\$0.90	\$0.90	N/A
ADMISSIONS & AMUSEMENT:					
The Admissions Tax is assessed as a percent on the admission charge to events held in the City. The current tax estimate is \$7,000 based upon historic collection trends. (58.1-3840)					
	N/A	N/A	5%	5%	N/A
LODGING:					
The Lodging Tax is a percent on the room charge. The current tax estimate is \$500,000 from the 20 registered lodging facilities located in the City and the adjusted tax rate approved in September, 2016. (58.1-3840)					
	8%	8%	10%	10%	N/A
MEALS:					
The Meals Tax is levied on all prepared food and beverages sold by business' in the City. The current tax estimate is \$2.9M to be generated by the 119 registered vendors in the City and new tax rate approved in September, 2016. (58.1-3840)					
	5.5%	6%	7%	7%	N/A

Ways to Improve General Fund Revenue Growth

In order to grow revenues without increasing taxes and fees, the City must:

1. Grow its tax base to create an ongoing revenue stream by converting tax-exempt property into taxable or developing parcels
2. Adjust fees related to development activities
3. Improve its collection efforts of existing taxes and fees.

Real and Personal Property Tax Billings

- The City has consistently overestimated its revenues.
- Errors in the billings/mailings and slow processing of payments, has led to resident/customer frustration and additional work to correct the issue.
- In the most recent personal property tax billings, 17% of bills were returned due to incorrect mailing addresses. RBG sent a letter to the Commissioner of Revenue in February 2017 outlining several recommendations for improving the accuracy and timeliness of revenue forecasting.
- Additional resources have been provided to the Treasurer to help improve the turnaround of payment processing.

New Process for Budgeting Revenues

- We met with the Commissioner of Revenue, the Treasurer and the City Assessor
- New Process Step: we incorporated each of their approvals about revenue collection in the budget book to showcase we all worked together

New Process Step: Included Approvals for Revenue Projections

Real Estate Assessments

- The Assessor will discuss tax credits and tax exemptions, including where Council can make different decisions about how these are implemented

Assessments and Billings- Commissioner of Revenue

- The Commissioner of Revenue will discuss the opportunities that exist and ways to improve the accuracy of mailings and billings

Collections-Treasurer's Office

- The Treasurer will discuss collection rates for major revenue categories and their office's efforts to collect every dollar

Next Work Session

Wednesday Night @ 6:30 General District Court:

Debt and Financial Policies

Capital Budget/CIP

Utilities

Transparency

- All presentations are available on the City's website:

<http://www.petersburgva.gov/index.aspx?NID=846>

- All City financial data is publicly available on the City's OpenGov website:

<https://petersburgva.opengov.com/transparency#/>