



## Fiscal Year 2021 – 2022 Budget Proposal

Enclosed is the Town of Gordonsville proposed Fiscal Year 2021-2022 (FY22) budget. The proposed budget as presented is balanced without any proposed increases in taxes, but does include a proposed \$2 per month increase in the Trash Collection fee, and a proposed \$0.18 increase in the business license fee for Financial, Real Estate and Professional Services establishments to be consistent with provisions of the Virginia Code. The draft budget includes a transfer from the General Fund and Water Fund reserves to help off-set capital expenditures, as well as a transfer from reserves from the airport fund and a transfer from the General Fund to the Airport Fund to help fund the airport runway reconstruction expected to occur in FY22 if funding is granted by the Virginia Aviation Board in March 2021.

Prominent expenditures for FY22 include the redevelopment of the parking lot around Town Hall, paving of a portion of the parking lot at the Gordonsville Business Center, construction of sidewalk and crosswalk improvements in proximity to Gordon Barbour Elementary School as part of a Safe Routes to School grant project, and runway rehabilitation at Gordonsville Municipal Airport. Despite these projects, staff anticipates a 14.7% decrease in revenue and a 14.8% decrease in expenditures for FY22.

The FY22 budget consists of four funds--the General Fund and three Enterprise Funds: the Water Fund, the Pool Fund, and the Airport Fund.

The *General Fund* budget for FY22 is 17.8% less than the amended budget for FY21 with a total of approximately \$2.76 million. This decrease is due largely to the March 2021 completion of the freight depot project for which significant grant and capital expenditures had been budgeted in past years. The General Fund for FY22 includes \$1,847,895 for operational costs; \$14,250 in donations; \$152,077 for debt; \$363,388 for anticipated grant funds pass-through; \$389,800 allocated to capital outlay, and no transfer to Capital Reserves. A transfer of \$491,727 from the General Fund reserves for capital project cost offset is needed to balance the fund.

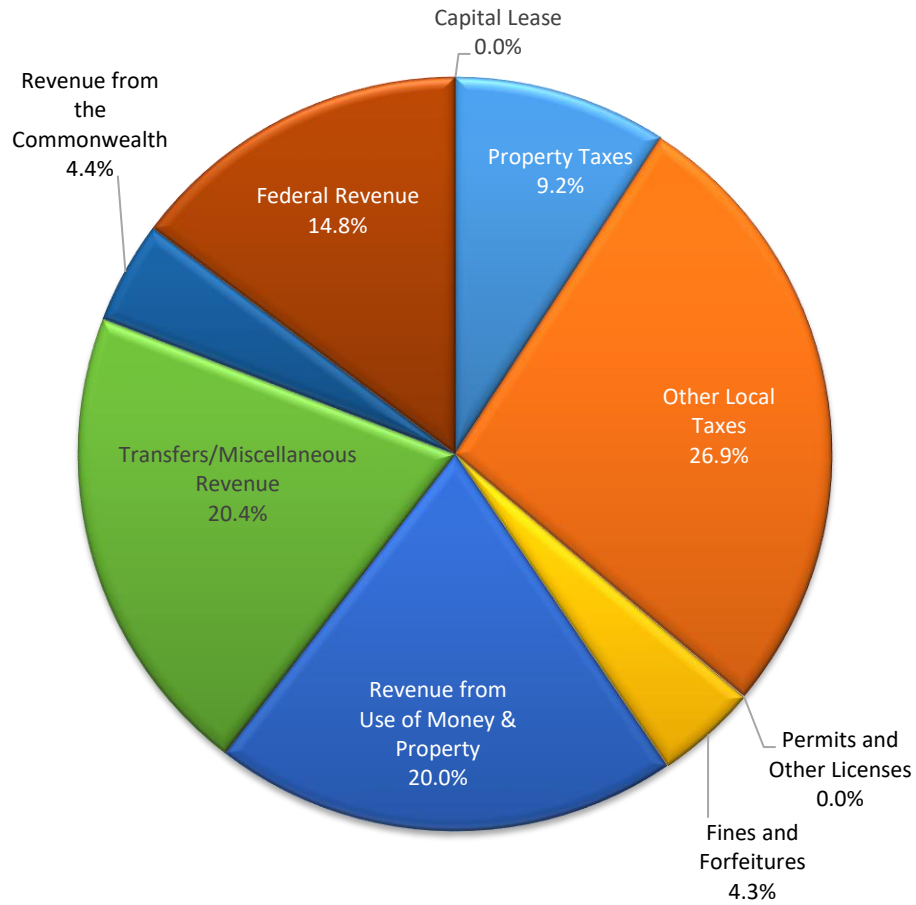
The *Water Fund* budget is 1.6% more than the amended budget for FY21 with a total of nearly \$1.53 million. The Water Fund for FY22 includes \$1,305,670 for operational costs; \$118,830 for debt; \$107,100 for capital projects and no transfer to Capital Reserves.

The *Pool Fund* budget is 51.0% less than FY21 with a total of \$22,000. This decrease is due to a reduction in salaries and operational expenses for FY22 as the result of pool closure due to COVID-19 concerns during the summer of 2021. It is anticipated the pool will re-open in the spring of 2022. A transfer of approximately \$14,850 from the General Fund is needed to balance the Pool Fund.

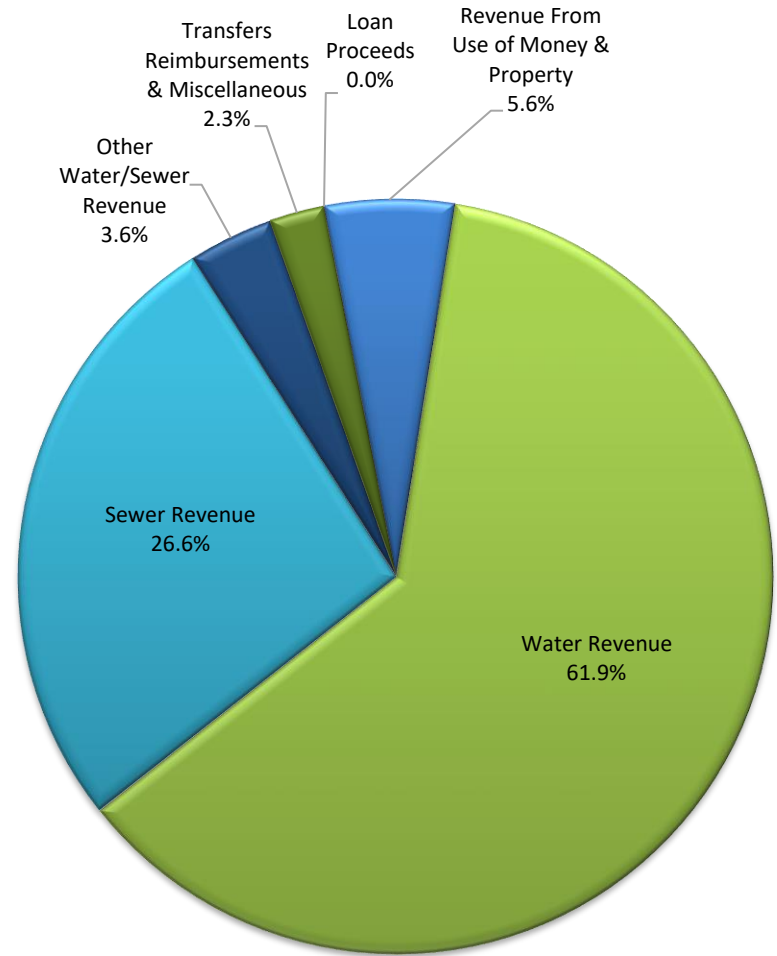
The *Airport Fund* is 20.7% less than FY2a with a total of \$1,812,195. Included in the Airport Fund are \$18,800 for operational costs; \$1,505,465 for anticipated funding from state grants; and \$287,930 allocated to capital outlay for the Town's share of grant projects, including construction of runway repair. A transfer from reserves of \$94,000 and a transfer of \$174,830 from the General Fund are needed to balance the fund.

Highlights of the FY22 budget proposal, including long-term capital project considerations, can be found on the following pages.

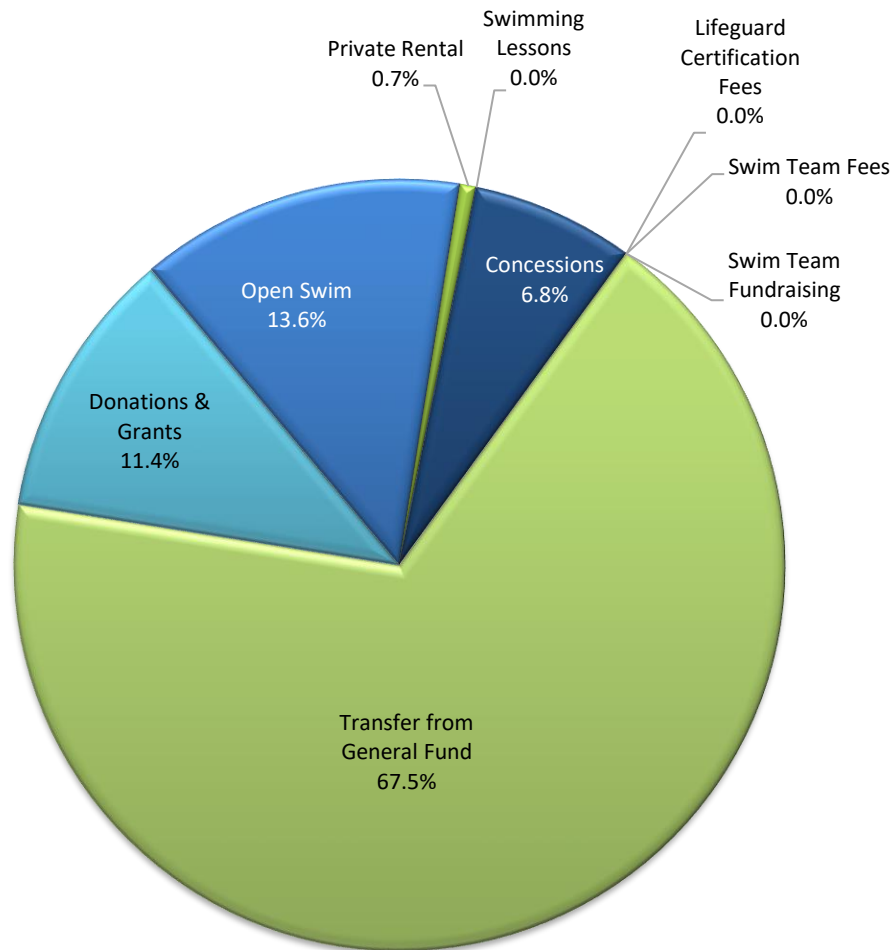
## GENERAL FUND REVENUES



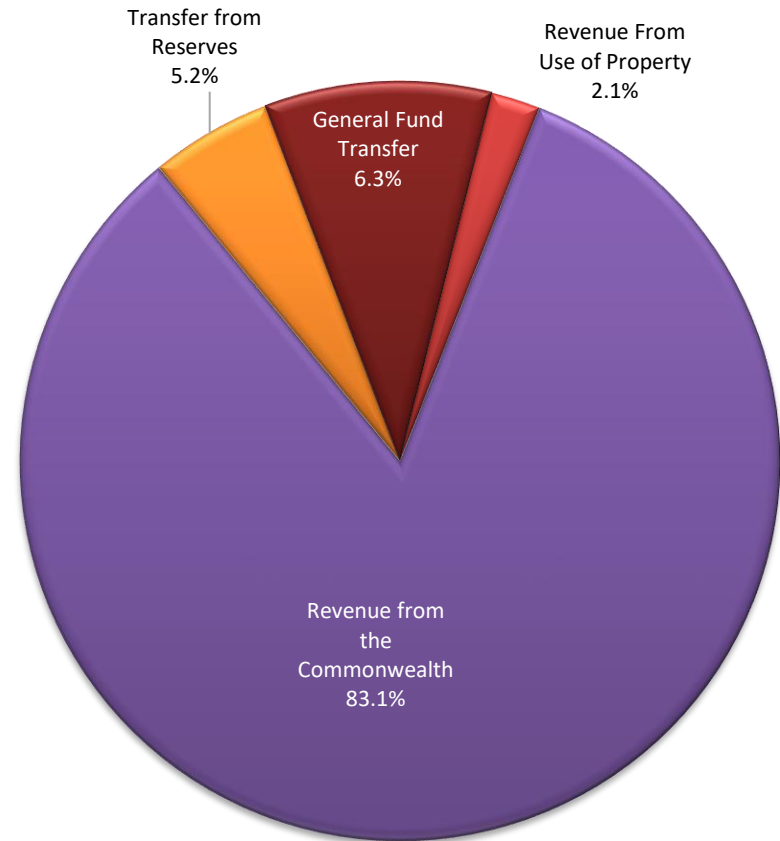
## WATER FUND REVENUES



### POOL REVENUES



### AIRPORT REVENUES



## REVENUE SUMMARY

### *General Fund Revenue Trends*

Based on historical and year-to-date collections, staff anticipates an overall 1.0% increase in tax revenues for FY22. COVID-19 has had a negative impact on tax collections in FY21—as an example, year-to-date real estate tax collections are only a third of what was budgeted for the year. However, with vaccinations rolling out this spring and summer and economic recovery projected to begin in late 2021 and into 2022, staff projects real estate tax collections to improve, especially given the on-going improvement of various residential and commercial structures within town, and new development anticipated (East Gate Village II). Personal property tax collections are estimated to be approximately 3% less than that budgeted for FY21. According to the Treasurer’s office, real estate tax collections are currently at 65%, while personal property tax collections are at 79%—these are estimated to improve in FY22. The amount of bank stock tax expected for FY22 is based on the bank stock tax payment received from Blue Ridge Bank in FY21—an amount significantly above that budgeted for FY21 and reflective of the bank’s ability to successfully establish itself within the community.



Projected sales tax revenue for FY22 is approximately 19% higher than that budgeted for FY21—consistent with current trends. Year-to-date collections of sales taxes for FY21 indicate a healthy increase in levels of tax collected—despite the pandemic—and is, on average, 19% above what was budgeted for the fiscal year. This is likely the result of overall continued robust economic activity in the town and the county as a whole, including online sales for which Virginia sales tax is now collected by most on-line retailers.

The impact of COVID-19 has been felt more keenly by the restaurant industry—restrictions on the number of people that may congregate indoors at one time have forced most establishments to restrict patronage or close their dining rooms and shift to curbside pick-up or delivery of food. As a result, meals tax collections in FY21 have lagged approximately 12% below what was budgeted for the year. However, a new brew-pub and coffee shop—as well as increased dining as more businesses begin to resume their pre-pandemic activity levels—are expected to support a return to meals tax revenue growth in FY22.

Currently, the Town assesses a business license tax of \$0.40 per \$100 of gross receipts for Financial, Real Estate and Professional Services establishments. The Virginia Code permits localities to assess up to \$0.58 per \$100 of gross receipts for these businesses. Staff proposes an increase of \$0.18 per

\$100 paid by these establishments, which would result in approximately \$4,000 additional revenue generated for FY22.

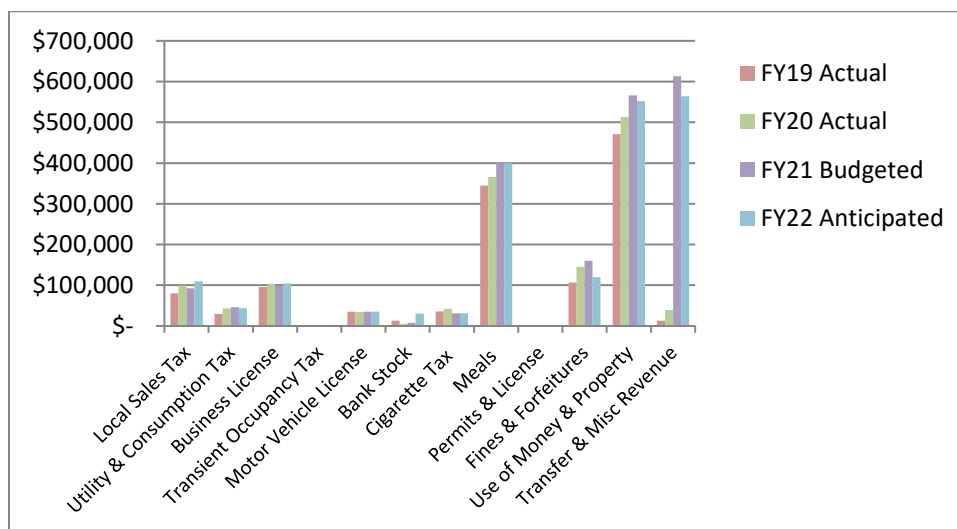
Revenue from the use of money and property reflects rent paid to the Town for the lease of its two residential properties and four of the six spaces available for lease within the Gordonsville Business Center, and is projected to remain flat in FY22.

With regard to miscellaneous revenue, staff is proposing a \$2/month increase in the Trash Collection fee that will yield an additional \$15,650 collected annually to help off-set the Town’s cost to provide trash collection through a third-party vendor. Currently, the weekly cost per household is \$1.00 for trash collection and disposal. If the new \$6/month Trash Collection fee is approved, the weekly cost per household will increase to \$1.50 per week.

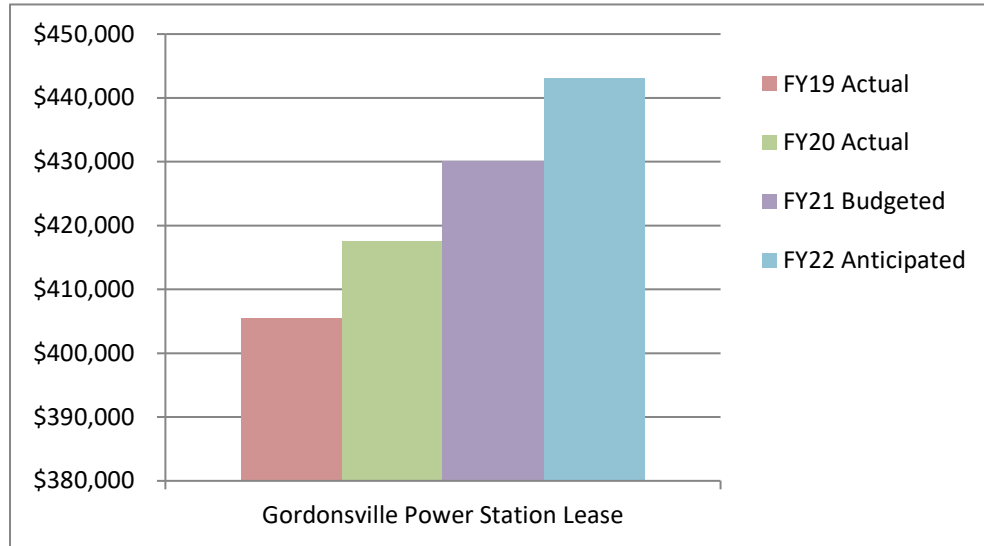
For 599 funds, the projected FY22 revenue amount shown is based on year-to-date revenue and what was budgeted for FY21.

Revenue from fines and forfeitures budgeted for FY22 are based on historical and year-to-date collections, and are projected to be approximately 25% less than that budgeted for FY21. These funds decreased significantly at the end of FY20 and into FY2—the Police Department’s brief modified response due to COVID-19, coupled with being short on staff and the courts dismissing most of the cases from summonses issued, caused court fines to plummet. However, these numbers have improved during the first quarter of 2021 and are expected to continue to improve throughout the balance of this fiscal year and into the next.

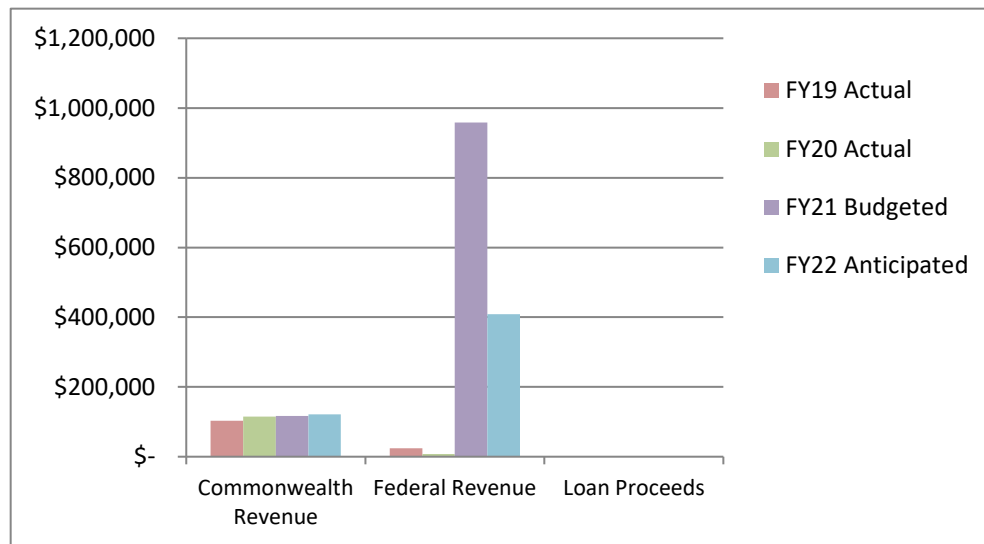
The chart below illustrates the trends in revenue from FY19 to FY22.



Gordonsville Power Station lease revenue projection reflects the annual 3% escalation that is in the lease agreement.



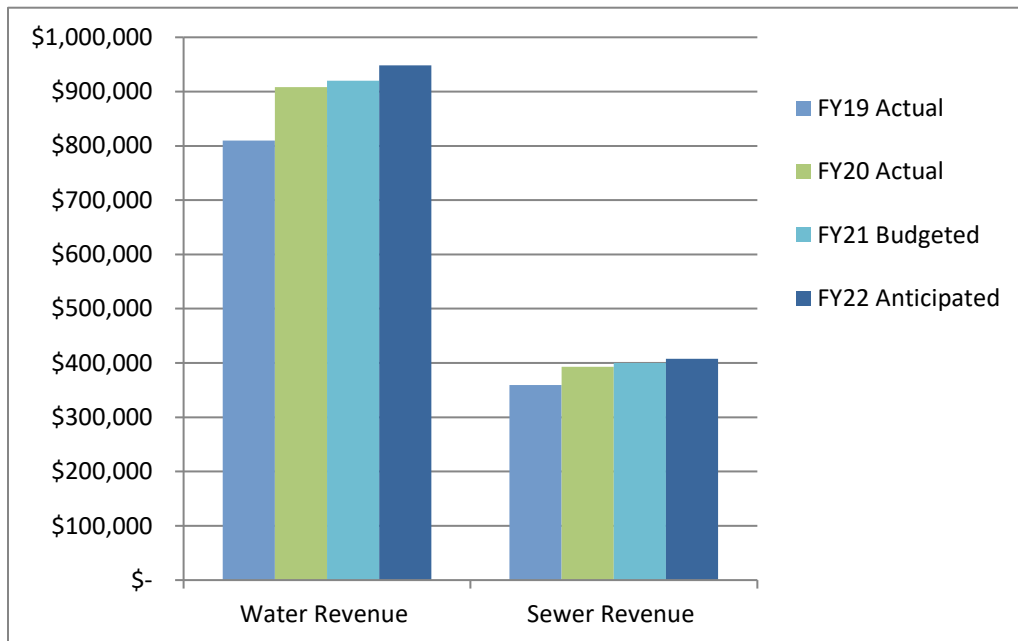
General Fund grant revenue for FY22 includes Transportation Alternatives Program (TAP) funding for sidewalk and crosswalk improvements in proximity to Gordon Barbour Elementary School as part of a Safe Routes to School grant program. The decrease in federal grant revenue is due to the completion of the Freight Depot renovation project in March 2021.



The FY22 budget General Fund budget is balanced with a Transfer from Reserves of \$460,827 to offset budgeted capital expenditures. Staff will pursue grants to help offset the cost of those capital expenses in order to reduce the amount of funds that are ultimately transferred from reserves to pursue these projects.

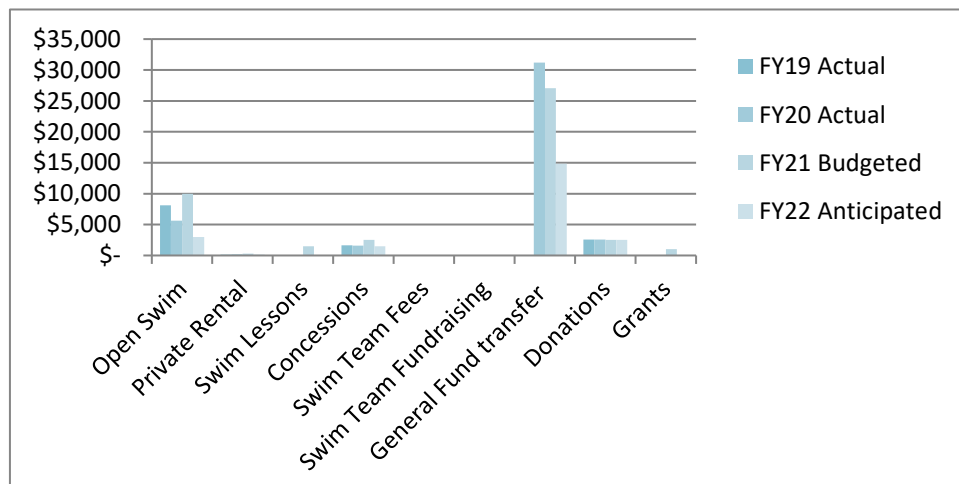
### Water Fund Revenue Trends

The Water Fund is balanced with a transfer from reserves to off-set capital project expenses. Water and sewer revenue projected for FY22 is based on FY21 year-to-date collections. This revenue includes \$32,000 in availability fees that are based on the number of homes projected to be added to the Town's water system in FY22, as well as fees for the installation of a water meter to serve East Gate Village II, expected to be completed in the late spring of FY22.



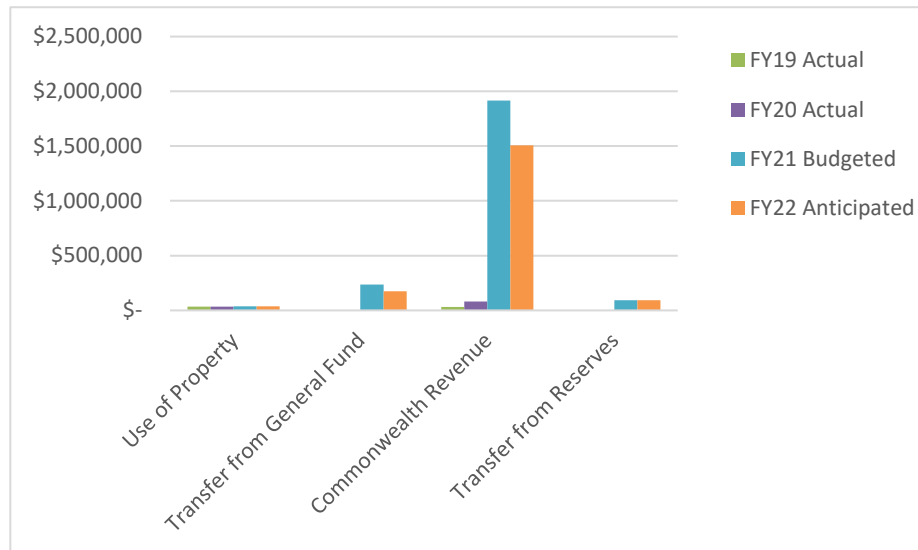
### Pool Fund Revenue Trends

The Pool Fund is balanced with no proposed increases to rates or fees, and revenue includes a \$14,850 transfer from the General Fund. Due to COVID-19 concerns, Dix Memorial Pool will not open for the 2021 season. However, it is hoped that significant progress with COVID-19 vaccinations and a substantial decrease in cases will allow the pool to be open for the 2022 season. There will be no swim team for the foreseeable future unless and until the community petitions the Town to create a team that meets the minimum requirements of the Jefferson Swim League. As such, revenue from swim team activities is not included in the FY22 budget.



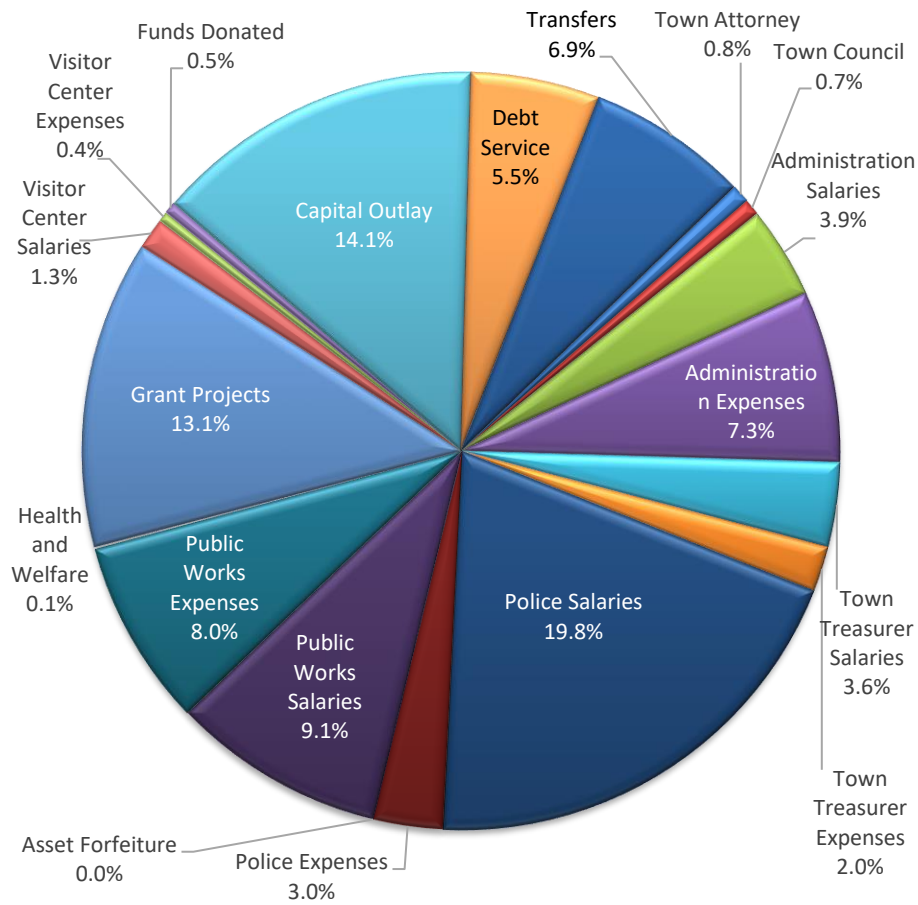
### *Airport Fund Revenues*

The Town took over maintenance at Gordonsville airport on August 1, 2016. All hangar space at the airport is rented; revenue from hangar rental is anticipated to be approximately \$38,000 for FY22. Grant funds for capital projects at the airport are available from the Virginia Department of Aviation and have varying cost-share splits depending on the type of project being funded. For FY22, \$1,505,465 in grant funds is budgeted for runway rehabilitation and tri-annual inspections of the Automated Weather Observing System (AWOS). Staff suggests a transfer from reserves of \$94,000, as well as a transfer of \$174,830 from the General Fund, to supplement the local funds needed for the runway rehabilitation project in FY22.

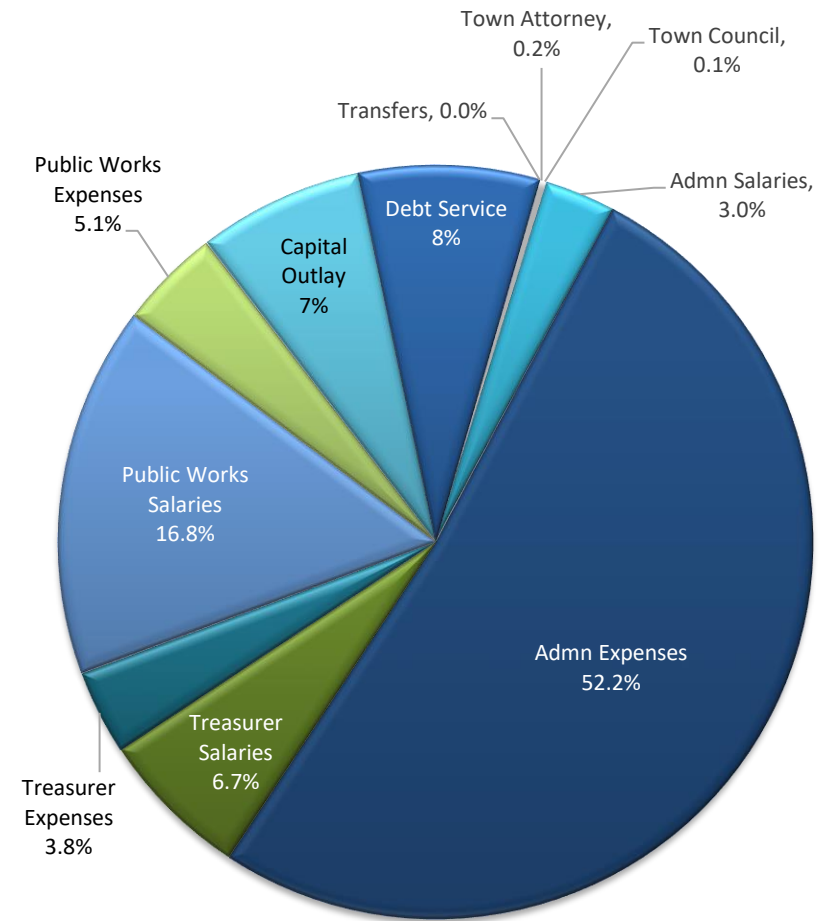




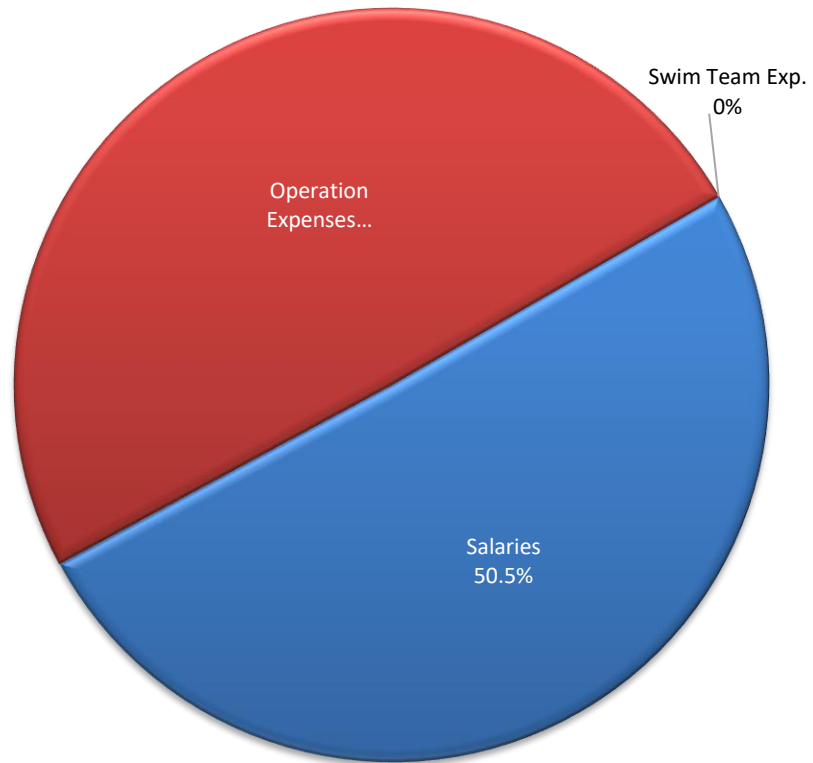
## GENERAL FUND EXPENDITURES



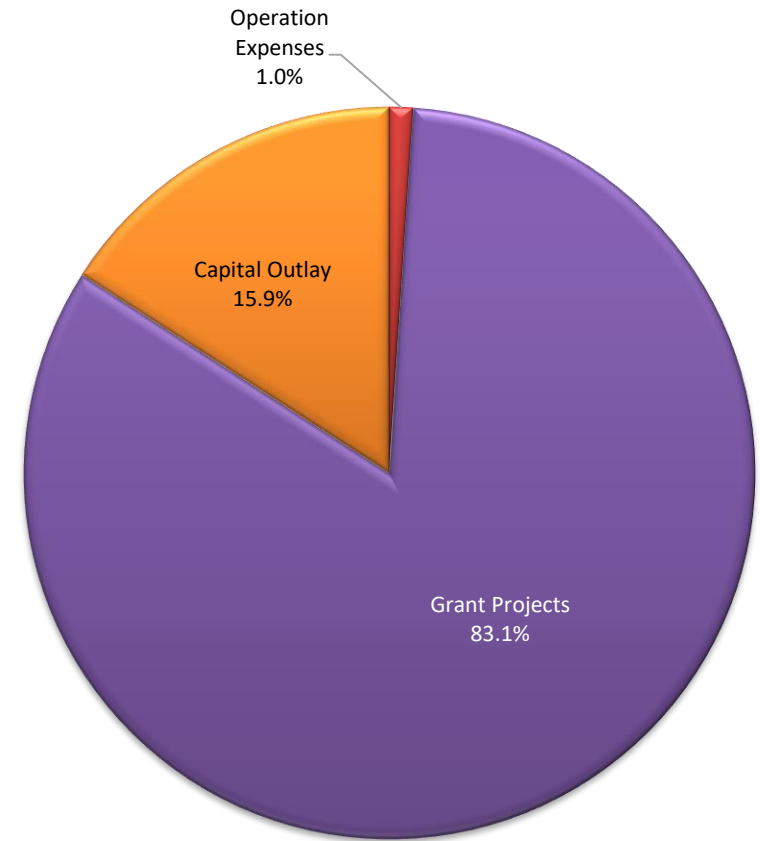
## WATER FUND EXPENDITURES



### POOL FUND EXPENDITURES



### AIRPORT FUND EXPENDITURES



## EXPENDITURE SUMMARY

### Salary Expenses

For FY22, salary line items reflect a maximum 3% merit increase for employees. Actual merit award is based on the annual evaluation of employee performance.

Health insurance rates will decrease approximately 4% in FY22.

Rates for the employer's contribution to VRS will remain at 14.31% in FY22. VRS Group Life Insurance will remain at 1.34% in FY22.

Workers compensation costs are projected to remain at FY20 levels for all departments.

#### *Town Council and Town Attorney*

Staff proposes an increase in salaries for the Mayor and Town Council for FY22, from \$300 per month to \$330 per month for the Mayor, and from \$155 per month to \$170 per month for the members of Council. The total financial impact of this increase is an additional \$1,150 per year.

For the Town Attorney, staff proposes an annual salary increase of \$1,200 for FY22.

#### *Police Department*

The projected salaries for the police department for FY22 are based on 171 hours worked per month per officer; officers currently work 168 hours per month, on average, to maintain 24-hour coverage for the town. No new positions are requested for the department.

#### *Public Works Department*

For FY22, the General Fund and Water Fund split for Public Works Department expenses will remain at 50/50 to reflect the division of duties of the department. No new positions are requested for the department.

#### *Treasurer's Department*

Over-time hours for the Treasurer's department have been cut for FY22 as staff is able to complete audit preparations during regular work hours. The General Fund and Water Fund split for Treasurer's Department expenses will remain at 50/50 to reflect the division of duties of the department.

#### *Line of Duty Act Coverage*

Premiums paid for the Line of Duty Act benefit provided to all Town Police Department employees are projected to increase 8% in FY22. Because LODA coverage is provided by Orange County for the volunteers of the Gordonsville Volunteer Fire Company, the Town's coverage is not needed and continues to be zeroed out in FY22.

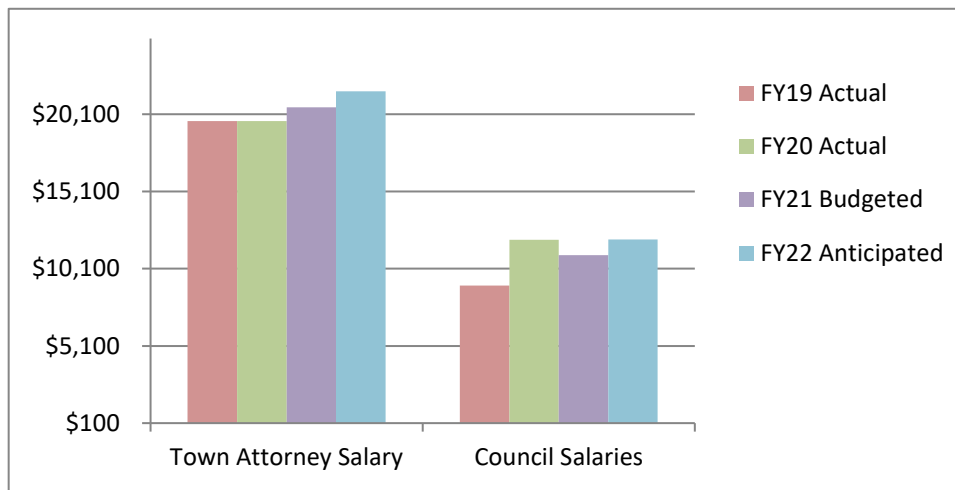
#### *Visitor Center*

In FY18 hours for the Visitor Center Director were increased to 34 hours a week, year-round, as the Center is open six days a week and visitor numbers have increased significantly. Collaboration with both Blue Green Resorts (Shenandoah Crossing) and the Exchange Hotel continue to yield more visitors to the town, even during winter months. The Director continues to be actively involved in other tourism and economic development efforts year-round, and serves as a strong liaison between the Town and its business community. During the winter months, the Director engages in event planning

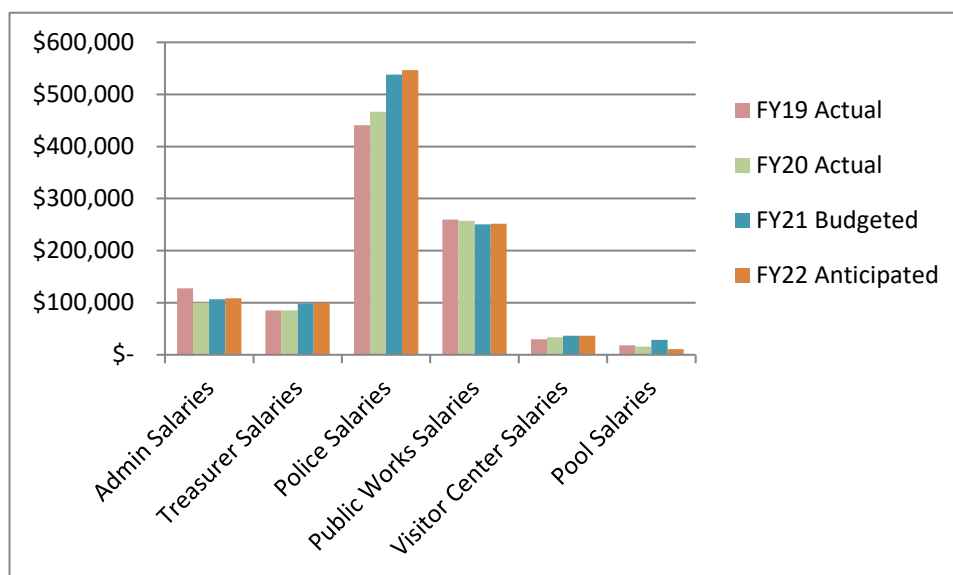
for the Fried Chicken Festival and the Chicken Festival 5K run. The FY22 budget includes a \$0.50 per hour increase and continued health insurance coverage for the Director.

Efforts to recruit volunteers to staff the Visitor Center continue.

### GENERAL FUND SALARIES



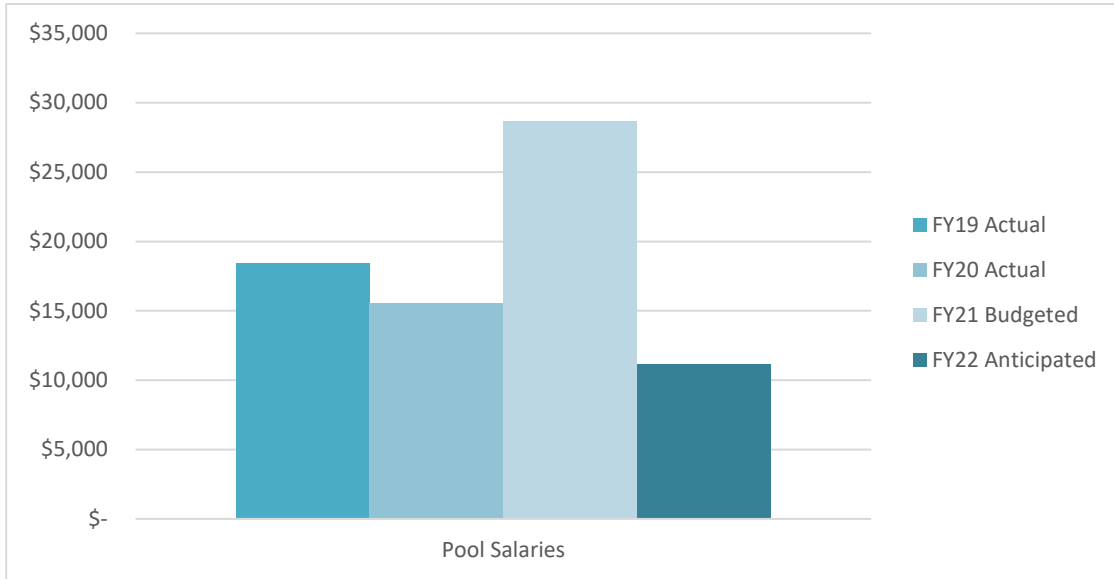
*(10% of Attorney & Council salaries coded to Water Fund)*



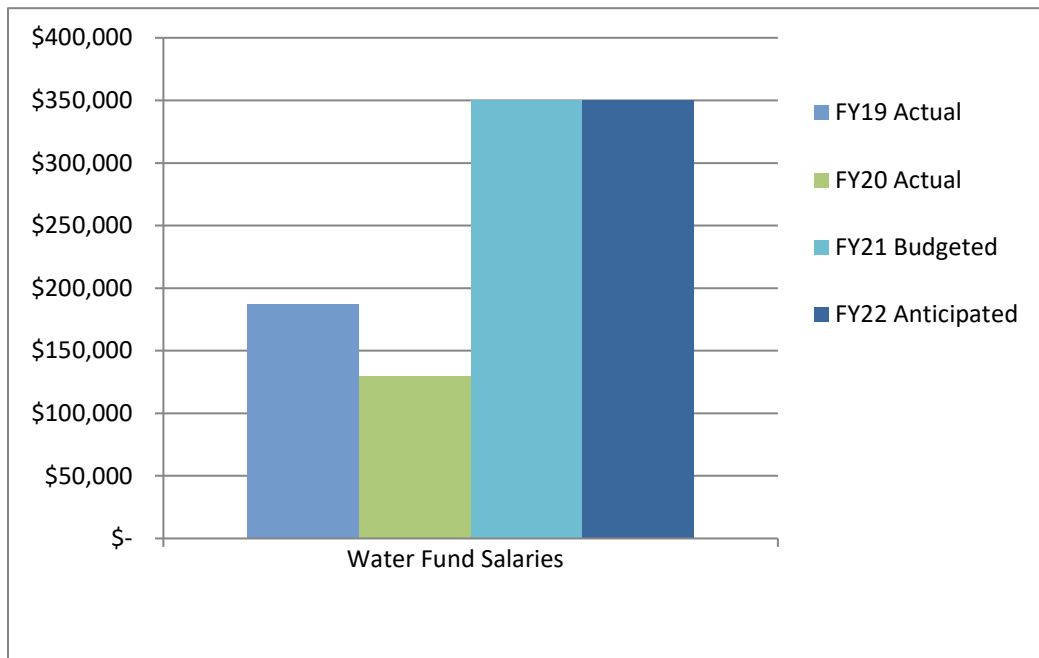
*Admin. Salaries split 70/30 GF/WF; 50% of Treasurer salaries coded to Water Fund;  
Public Works salaries are split 50/50 between funds.*

Pool salaries are slated to decrease in FY22 from what was budgeted for FY21 due to pool closure for the 2021 season. If the pool opens for the 2022 season, guard staffing levels will remain consistent to enable flexibility in guard scheduling, keeping the pool open six days a week, and ensuring adequate coverage to meet the American Red Cross standard of one guard per 15 swimmers.

### POOL FUND SALARIES



### WATER FUND SALARIES



The chart above reflects trends in water fund salaries from FY19-FY22.

## Operational Expenses

### *Administration Expense Line Items*

Administration expenses are projected to decrease 7.4% in FY22 (not including CARES Act funds for COVID-19 expenditures, in which case the overall reduction in expenses is 53%). Funds have again been budgeted in the Administration General Fund *Professional Services* line item for legal services for the Freight Depot project in the event continued assistance is needed with the lawsuit filed against the Town. Funds are also included in this line for legal services related to boundary adjustment activities. According to the Virginia Risk Sharing Association, property insurance and professional liability insurance is projected to increase 8% in FY22.

### *Treasurer Expense Line Items*

Expenses for the Treasurer's department are projected to increase 1.9% in FY22, largely due to the purchase of Cigarette Tax stamps, which have not been purchased since 2018, and an increase in software maintenance funds for the meter reading handheld device. Funds have again been budgeted in the Treasurer's *Computer Software & Maintenance* line item for the conversion of real estate and personal property tax files provided by the Orange County Commissioner of the Revenue. Because the files provided by the County are generated with an accounting software program that is different from the Bright system used by the Town, the files have to be converted before tax billing can take place.

### *Police Department Expense Line Items*

Overall, expenses for the Police Department are expected to decrease 9.7% in FY22. Funds budgeted for Main Street flag replacement will be off-set by donations received.

### *Public Works Department Expense Line Items*

Overall expenses for the Public Works Department are projected to increase 4.2% in FY22. Funds are budgeted in the *Building Maintenance – Contractual* line item for general maintenance of the new public works building and includes janitorial, extermination and alarm system services, as well as maintenance of the building roof and HVAC system. Funds are also budgeted in the *Rental Property Maintenance* line item for maintenance and repair at the Town's two residential rental properties, as well as the space to be leased in the Gordonsville Business Center. Specific items included here are HVAC maintenance and property extermination.

Funds in the *Christmas Decorations* line item include the purchase of Christmas wreaths to be placed in the main entrance corridors of town. The *Town Beautification* and *Park Maintenance* line items reflect funds needed to continue the landscape maintenance contract that includes all the new landscaping beds installed during the streetscape project. Funds for *Snow Removal* are increased for FY22, and *Radio Expenses* are zeroed-out again for FY22 as Town Crew communication is exclusively through cell phones.

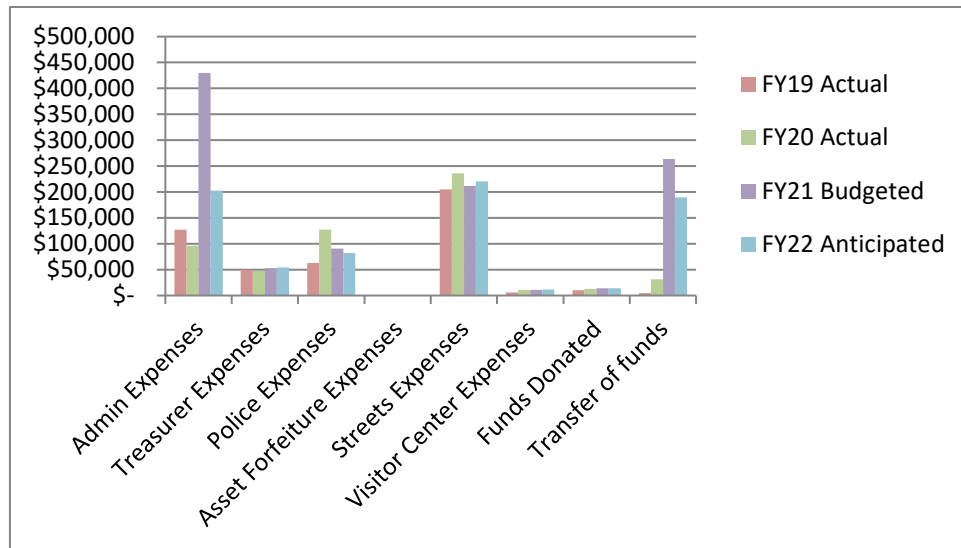
### *Visitor Center Expense Line Items*

Visitor Center expenses are projected to increase 4.5% in FY22 due to increases in *Fried Chicken Festival Expenses* and *Electricity*. Most expenses for the Fried Chicken Festival are off-set by corporate donations and sponsorships.

### *Funds Donated*

Funds donated by the Town to various community groups remain the same in FY22.

## GENERAL FUND OPERATIONAL EXPENSES

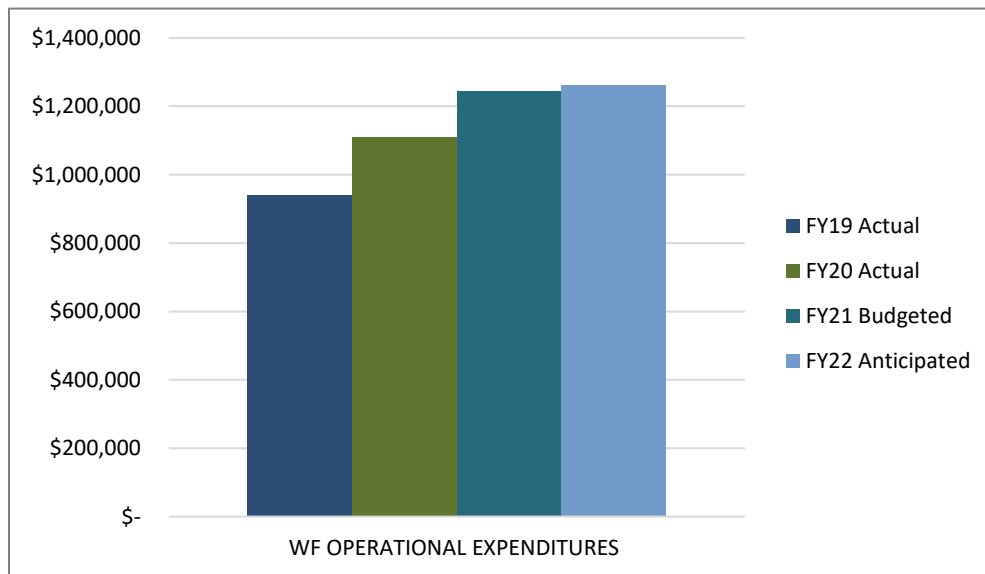


*Admin. expenses split 70/30 GF/WF; 50% of Treasurer expenses coded to Water Fund;  
Public Works expenses are split 50/50 between funds.*

### Water Fund Expenses

Water fund operational expenses are projected to increase 1.7% in FY22. The Town's payments to the Rapidan Service Authority for both water and sewer service are budgeted here.

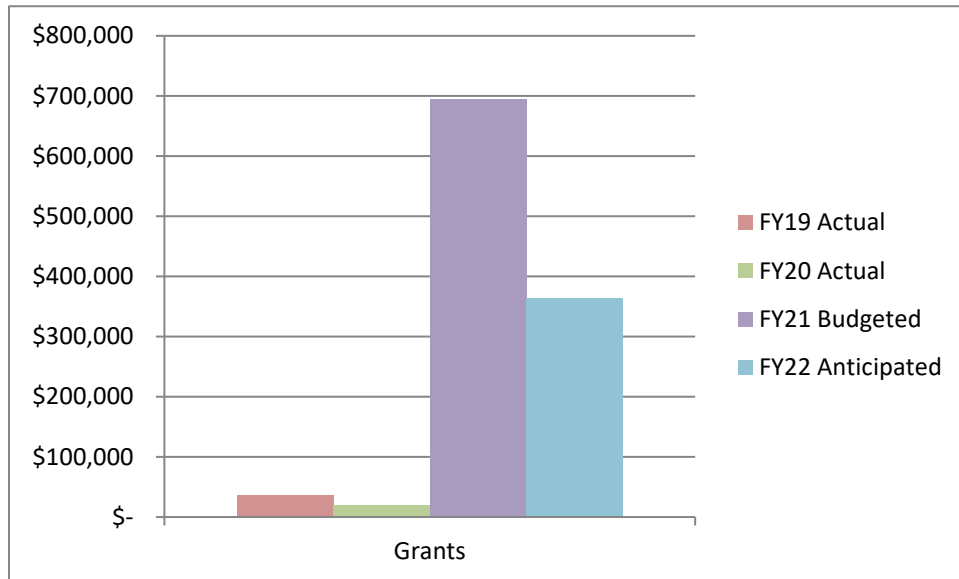
## WATER FUND OPERATIONAL EXPENSES



### Grants

Grant project funding is projected to decrease 47.6% in FY22, largely due to the completion of the Freight Depot project in March 2021. Funding is included in FY22 for the construction of sidewalk and crosswalk improvements in proximity to Gordon Barbour Elementary School as part of a Safe Routes to School grant project.

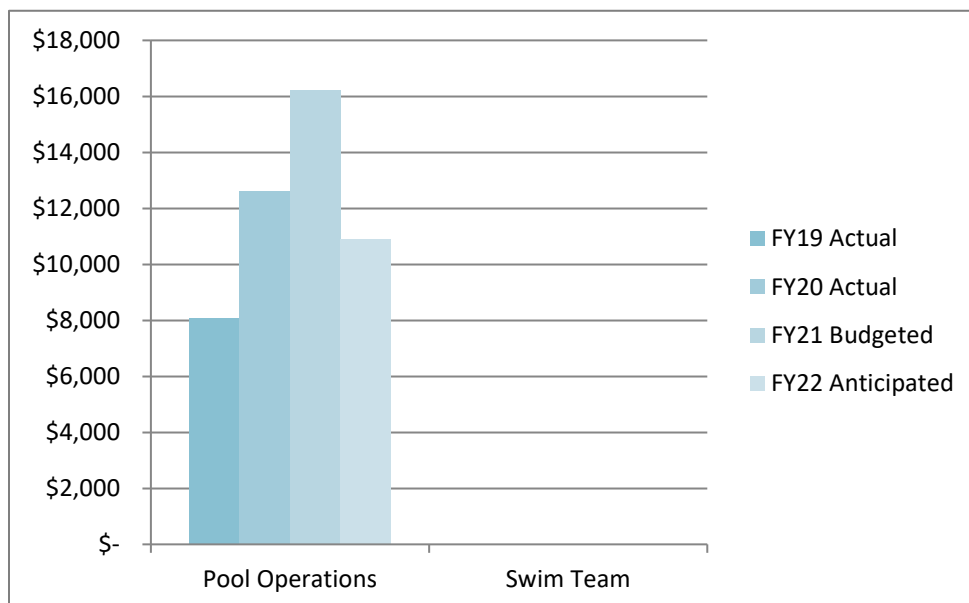
GENERAL FUND GRANT EXPENSES



### Pool Expense Line Items

No major expenses are planned for the pool in FY22. The pool was painted in the spring of 2020, the leak in the pool was repaired in the fall of 2017, and a new diving board was installed prior to the opening of the 2018 season.

POOL FUND OPERATIONAL EXPENSES

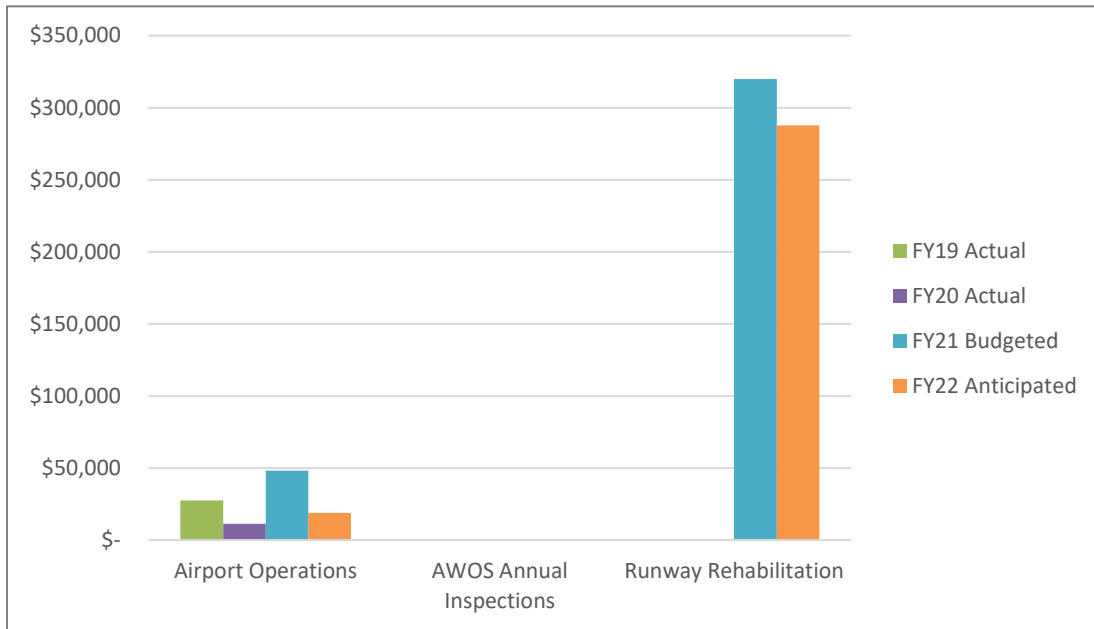




### *Airport Expense Line Items*

The FY22 budget includes expenses for airport operations. Specifically, \$48,250 is budgeted for anticipated expenses for electricity, phone service, property insurance, materials and supplies, and building maintenance (to include repair of the Langley Hangar doors and roof, t-hangar roof repair, and installation of LED lighting in the t-hangars).

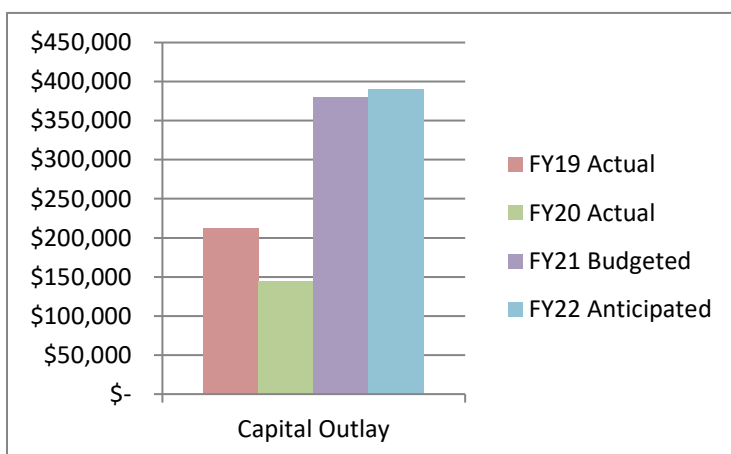
AIRPORT FUND OPERATIONAL EXPENSES



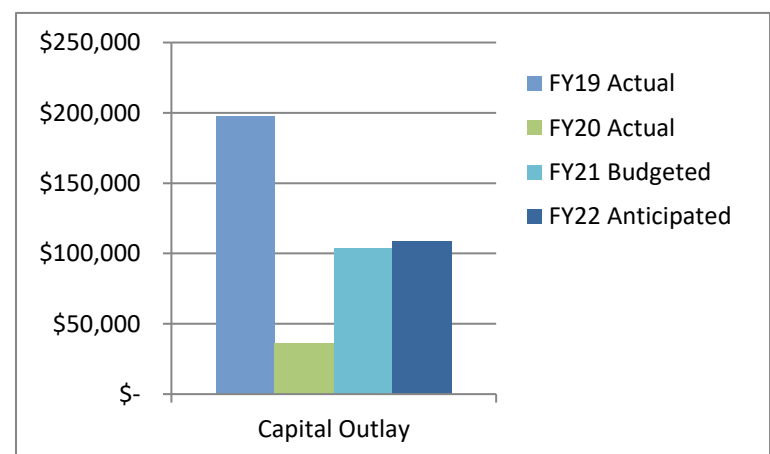
## Capital Expenditures

- In *Special Projects – Replacement Capital*, funds are budgeted for year three of five for the replacement of the phone system in Town Hall, as well as the host server that operates the organization’s computer network (five-year financing for the replacement of these items was made available to the Town). Final payment for both will be in FY24.
- In *PD Vehicle purchase – Replacement Capital*, Chief is requesting funds for the purchase of three used police-rated vehicles for the replacement of two fleet vehicles currently not rated for law enforcement activity. A portion of the cost may be offset with grant funds (\$15,000 GF total).
- In *PW Vehicle Purchase-Replacement Capital*, the Public Works Director is requesting the purchase of a used truck to replace truck #3 and the purchase of a snow blade and salt spreader. A portion of the cost may be offset with grant funds (\$24,500 GF/WF total).
- In *PW Equipment Purchase – Replacement Capital*, the Public Works Director is requesting funding for weed-eaters, chainsaws, and pipe saws in FY22 (\$6,000 GF/WF total).
- In *Sidewalk Materials (repairs)*, funding is budgeted for sidewalk repair in areas of the town where the most significant repair is needed, based on Council/staff review (\$7,000 GF total).
- In *New Public Works Facility*, funds are budgeted for the pavement of the front parking lot (\$46,000 total, split 50/50 GF/WF).
- In *Safe Routes to School project – Town*, funds are budgeted for the Town’s share of costs for sidewalk and crosswalk improvements in proximity to Gordon Barbour Elementary School as part of a Transportation Alternatives Program Safe Routes to School grant project (\$112,800). Amount budgeted is funding needed after FY21 project activity and will be offset with funds from OCPS.
- In *Special Projects – New Capital*, funds are budgeted for the redevelopment of the Town Hall parking lot (\$222,000 GF total).
- In *PW Equipment Purchase – New Capital*, funds are budgeted for the purchase of a Utility Terrain Vehicle and broom for snow removal (\$30,000 GF/WF total).
- In *Water Meter Installation*, staff is requesting funding for continuation of the meter upgrade project, including the replacement of two commercial (larger) meters (\$23,500 WF).
- In the Airport Fund, funding is requested for the local match of the airport runway rehabilitation that will likely begin in the spring of 2021 (provided state grant funding for the project is approved in March 2021). Funding for continued AWOS tri-annual inspections is also requested. Because these projects are cost-share projects with the Virginia Department of Aviation, the state’s portion is shown in Grants and the Town’s portion is shown in Capital Outlay.

GENERAL FUND CAPITAL OUTLAY



WATER FUND CAPITAL OUTLAY



## Debt

In accordance with the Town's Financial Policies adopted by Town Council in August 2013, the following parameters must be met with regard to debt:

**Debt as a percentage of Assessed Value will not exceed 2.5%.** The 2020 estimated assessed value of real estate within the town is \$132,937,700; 2.5% of \$132,937,700 is \$3,323,443.

Currently, the Town has the following outstanding debt:

VRA 2002 Loan	\$ 215,635	Payoff year:	2023
VML/VACo 2018A/2018B Loan	\$1,343,798	Payoff year:	2032
Police Dept Reporting System Upgrade	\$ 24,240	Payoff year:	2023
Orange County Sales Tax Repayment	\$ 47,500	Payoff year:	2027

**Total debt: \$1,631,173 (available debt: \$1,692,270)**

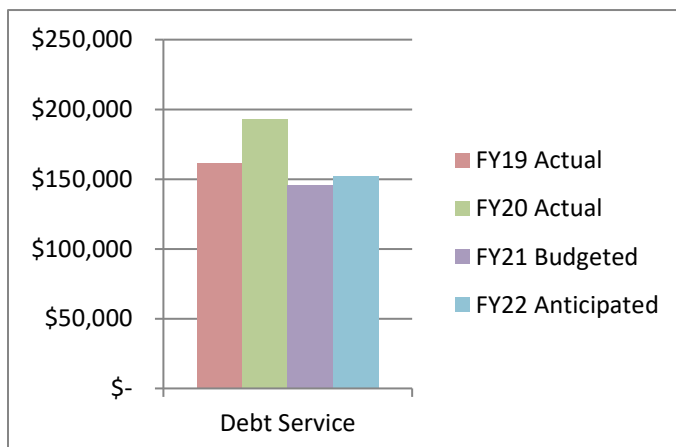
**Debt Service as a percentage of General Governmental Expenditures will not exceed 10%.**

FY22 debt service:  $\frac{\$ 270,907}{\$6,132,305} \times 100 = 4.4\%$   
FY22 General Governmental Exp.: \$6,132,305

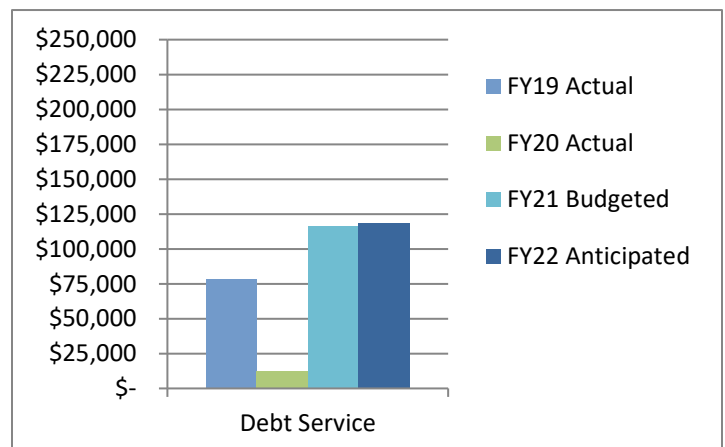
**Currently, the Town's debt service as a percentage of general governmental expenditures is 4.4%.**

- The VRA 2002 loan was refinanced in FY14 and became known as the VRA 2011B loan. It is scheduled to be paid off in 2023. This loan payment is divided between the General and Water Funds.
- Repayment of funds obtained through the issuance of the Town's General Obligation bonds for the Main Street streetscape project and the purchase of the new public works building and airport properties began in August 2018. The fourth year of principal and interest payments are budgeted for FY21.
- In FY22, \$12,120 has been budgeted for the Town's fourth payment on the Police Department's incident-based reporting system upgrade installed in 2018.
- In FY22, \$9,500 has been budgeted for the Town's sixth installment of repayment of sales tax to Orange County. This is a payment that will be made annually for ten years, or until July 2027 (FY2028), in accordance with the settlement agreement signed by the Town and County in December 2016.

GENERAL FUND DEBT



WATER FUND DEBT



## **Contingency / Transfer to Capital Reserves**

As proposed, the budget does not include an allocation for Contingency or a transfer to Capital Reserves for either the General Fund or the Water Fund.

## **Appropriation schedule modifications**

For FY22, staff proposes that the business license tax for Financial, Real Estate and Professional Services be increased from \$0.40 to \$0.58 per \$100 of gross receipts. Additionally, staff proposes an increase in the Trash Collection Fee from \$4.00 per month to \$6.00 per month. These are reflected in the draft appropriations schedule.

## **Additional project considerations**

There are several major projects on the horizon for the Town. However, due to anticipated funding constraints, these are not currently included in the draft proposed budget for FY22.

- Water System Preliminary Engineering Report revision – estimated cost: \$25,000
- Town Hall carpet replacement – estimated cost: \$25,000
- Town Hall/Visitor Center HVAC replacement – estimated cost: \$30,000
- GBC roof replacement over leased space – estimated cost: \$100,000
- Verling Park Improvements – estimated cost: TBD

Staff looks forward to reviewing the budget with Council.