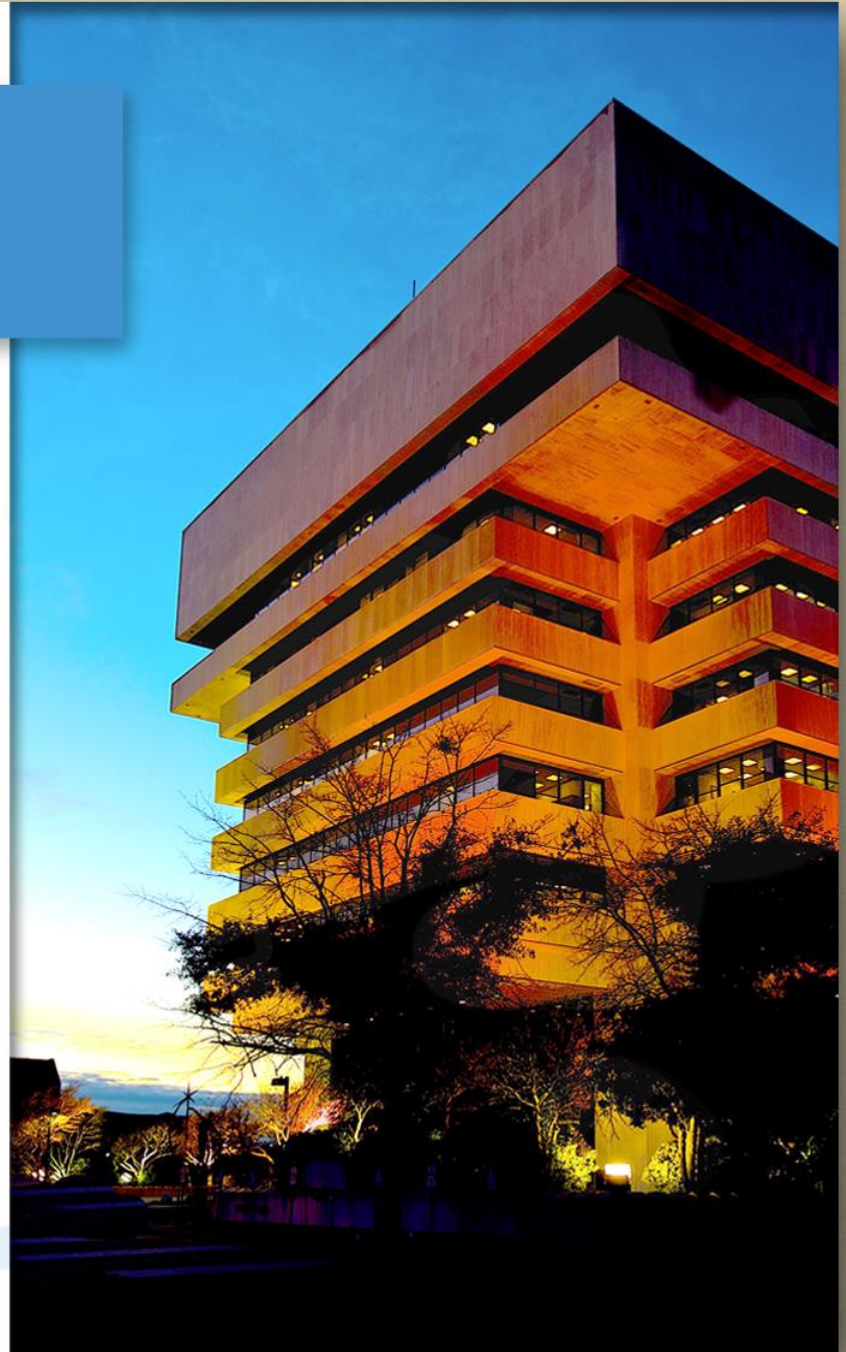


# HAMPTON VA

## **FY 21 Manager's Recommended Budget Briefing**

**May 6, 2020**




# Summary

- Pre-COVID 19 Budget
  - Adjusting the Manager's Recommended Budget was an impossible feat as no one knows how long or how extensive impacts will be
  - If things begin to return to normal after the stay-at-home order is lifted, revenues should return to customary levels fairly quickly
  - If things linger, or there is a second round of closures, deeper revenue impacts will be felt
  - Ranges of impacts vary widely meaning any adjustments now will need to be adjusted again
  - City Charter limits the upward adjustment of revenues once the budget is adopted, meaning if we adjust downward too much, those funds will not be able to be used until FY 22


# How will we ensure we do not overspend?

- We have identified \$12 million of new initiative and employees salary increase funds that will be immediately frozen
  - Compensation - \$5.1 M
  - Debt Service - \$4.9 M
    - Time or structure planned bond issue to defer debt service payments
  - Extra Contingency Funds - \$1.0 M
  - New Positions - \$610 K
  - New or Expanded Programs - \$380 K
- Our accounting system locks these expenditures, so there is no technical need to “defund” the expenses and move to contingency - although that is an option
  - Defunding and moving to contingency would require subsequent Council actions to move funds back to intended purposes
- Other expenses are dependent on actual revenues collected such as the agreements associated with certain economic development projects (Riverpointe, Hyatt Place, PTC, etc.)
  - As revenues associated with these projects decline, so will the expenses

# How will we ensure we do not overspend?

- Additionally, we will continue to maintain a limit on new hires (with exceptions for public safety and departments with unusually high vacancies) and non-essential spending (such as travel) until the revenue picture becomes more clear
  - As a final measure, we could hold off on any new general fund capital expenditures as well, again until revenues stabilize
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# How will the Council and Community know where we stand?

- Staff plans to provide monthly updates on revenue tracking to Council
  - Quarterly updates will be presented at Afternoon Work Sessions
  - Before any of the frozen funds are spent, staff will clearly communicate to Council such plans
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# What is the order of spending that will occur when/if funds are released?

- The City Manager has recommended, and Council is in full agreement, that employee salary increases and targeted compression adjustments will be the first to be restored
- The second priority will be those positions which will free up CDBG funding to needed prioritize housing repairs for low-income individuals on the program waiting list
- Other new positions will be added as funds permit
- The planned bond issue will be deferred or structured to, providing debt service relief in the FY 21 budget

# Summary

- Staff recommends we proceed with the proposed Pre-COVID 19 budget with the understanding that actions will be taken to control spending until the revenue picture is clear
  - New spending frozen - \$12 million
  - Limits on hiring and non-essential spending imposed
  - Possible delays in general fund capital spending as well
- Monthly and quarterly updates on the revenue picture and resulting expenditure actions will be present to the Council and community