

Adopted

BUDGET  
2020-2021



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(See Index for detail page numbers)	

## City Council

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Frank M. Rabil	Mayor	At Large
Barry W. Cheatham	Vice-Mayor	Ward 1
Brenton D. Burgess		Ward 2
Gregory Mclemore		Ward 3
Linwood W. Johnson, III		Ward 4
Wynndolyn Copeland		Ward 5
Robert L. Cutchins, II		Ward 6

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## City Manager

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Amanda C. Jarratt

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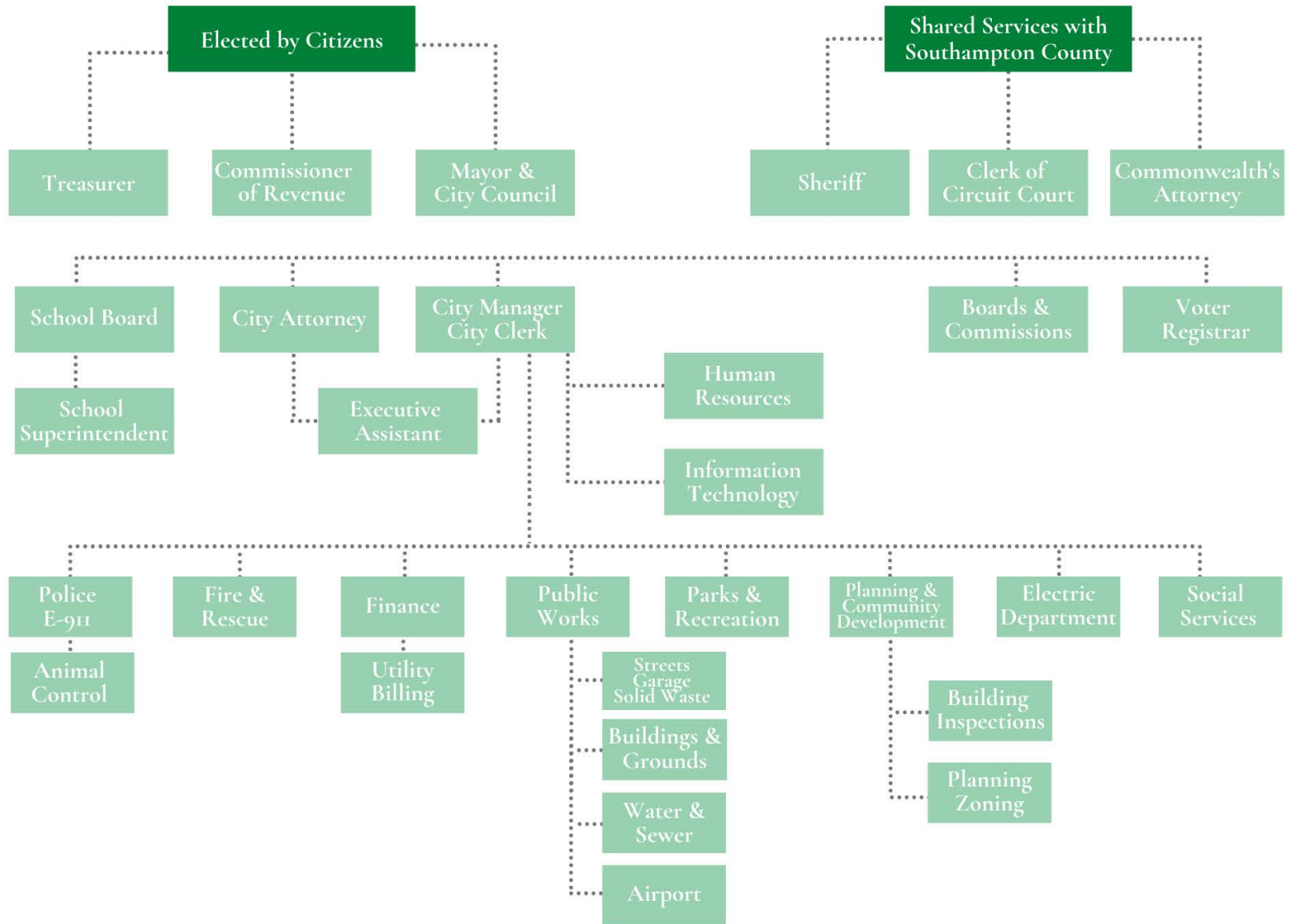
## City Departments / Agencies Executive Staff

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Sands Anderson	City Attorney
Brenda B. Rickman	Commissioner of the Revenue
Dinah M. Babb	Treasurer
Tracy Spence, CPA	Director of Finance
Steve Patterson	Chief of Police
Vernie Francis	Chief of Emergency Services
Donald E. Goodwin	Director of Community Development
Russell L. Pace	Director of Public Works
Mark Bly	Director of Franklin Power & Light
Jennifer Maynard	Registrar
Sammara Green-Bailey	Director of Parks & Recreation
Sarah Rexrode	Director of Social Services
Michelle Dandridge	Human Resources Director
Tamara Sterling	Superintendent of Franklin City Schools

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## City of Franklin Organizational Chart



## Community Profile

Franklin became an independent City in December 1961 after being a Town in Southampton County since 1876. The City is located in southeastern Virginia immediately adjacent to the Virginia Beach-Norfolk *Newport News Metropolitan Statistical Area (MSA)* and approximately nine miles from the North Carolina State line. It is surrounded by Southampton and Isle of Wight Counties. The community has historically been the center of trade and transportation for the surrounding countryside owing largely to its: location on the Blackwater River; service availability of the railroad; proximity to the Port of Virginia; and, access to two major U.S. highways (U.S. 58 and U.S. 460) which connect to Interstates 95 and 85 to the West. The Port of Hampton Roads is 45 miles east; Richmond, the state capital, is 75 miles to the northwest; Washington D.C. is 195 miles north. The land area is 8.75 square miles.



<u>Population Trends (1)</u>	<u>Franklin</u>	<u>Virginia</u>
July 2019 (Estimate)	7,967	8,535,319
April 2010 (Actual)	8,580	8,001,043

<u>Income (2)</u>	<u>Franklin</u>	<u>Virginia</u>
Median Household Income (2018)	\$40,375	\$71,564
Per Capita Income (2018)	\$25,229	\$37,763
Persons In Poverty (2018)	16.2%	10.7%

<u>Age, Gender &amp; Race (2)</u>	<u>Franklin</u>	<u>Virginia</u>
Persons Over 65 years	19.7%	15.4%
Female Persons	54.9%	50.8%
White	38.7%	69.5%
African American	58.0%	19.9%

<u>Unemployment Rate (2)</u>	<u>Franklin</u>	<u>Virginia</u>
Unemployment Rate (Dec. 31, 2019)	4.0%	2.4%
Unemployment Rate (Jan. 31, 2019)	4.3%	3.4%

<u>Education (3)</u>	
S.P. Morton Elementary School	547 students
J.P. King Middle Skill	240 students
Franklin High School	291 students
Public School Enrollment March 31 <sup>st</sup> ADM (2019-20)	1,021

<u>Education (4)</u>	
Average Expenditures Per Pupil (2017-18) Actual	13,902

<u>Franklin Utilities (5)</u>	
Customer Accounts Serviced by Power & Light	5,489
Customer Accounts Serviced by Water & Sewer	3,537
Customer Accounts Serviced by Solid Waste	2,828

Data Sources:

- (1) U.S. Census Bureau
- (2) Bureau of Labor Statistics
- (3) Franklin City Public Schools Website
- (4) Virginia Department of Education
- (5) City Records (April 2020 Reports)

## Quick Reference Guide

The following reference guide will assist the reader with answering some commonly asked questions about the City of Franklin’s Fiscal Year 2020-2021 Budget:

If the question is...	See...	Page
What major policy issues are addressed in the FY 2020-2021 Budget?	Manager’s Message	5-10
What are the real estate tax rates & fees?	Manager’s Message	5-10
What are some of the departmental highlights & accomplishments?	Highlights & Accomplishments	11-18
What are the City Council Priorities?	City Council Priorities	21-28
What agencies and organizations receive funding support from the City?	City Council Priorities	21-28
What is the City’s major general fund revenue sources?	Summary of All Budgeted Funds	35
How many employees work for the City?	Table of All Authorized Positions	47
What is the City’s major general fund expenditures?	Summary of All Budgeted Funds	35
Where can I find information about the Electric Utility rates?	Electric Rate Ordinance	113
Is there a listing of the various types of debt for the City?	Schedule of Debt Service	84
How much is allocated in the budget for Schools?	School Fund Summary	89
Is there a capital improvement plan?	Capital Improvement Plan	94
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## CITY MANAGER'S MESSAGE

TO: The Honorable Members of the City Council  
City of Franklin, Virginia

In accordance with statutory provisions regulating local government budgetary practices in the Commonwealth of Virginia, the **proposed** operating budget for the fiscal year beginning the first day of July 1, 2020, is hereby submitted for City Council consideration. In preparing the recommendation, management has developed a budget proposal that is balanced in terms of appropriating funds necessary to provide essential and desired service levels while minimizing the burden imposed by taxes and fees.

### OVERVIEW

Evaluating ways to implement the priorities and needs of a community is a constant challenge. Strategizing on how to fund those priorities and needs with the available resources requires strategic and long-term planning by the community. In an effort to meet the challenges the City of Franklin is currently facing, the entire management team joined together to present a balanced budget that provides essential services to our citizens. The City of Franklin has faced unprecedented challenges over its history and now in the midst of its budget adoption cycle, it is facing the unpredictable challenges of COVID-19 and its grip on the County, Commonwealth, and the City. City departments held the line in terms of requests and overall submitted flat budgets. In a matter of weeks', staff pulled together to reduce the overall budget significantly. In addition, 2020 was a general reassessment year. Overall growth was just over one percent and real estate values declined 2.8% causing additional challenges in maintaining services and presenting a balanced budget. In addition, the City of Franklin lost over \$450,000 in tax revenue through the sale of the hospital to Bon Secours making it a nontaxable entity. Historically, City Council has adopted a net neutral tax rate during a general reassessment year. The current tax rate is \$1.03, and a net neutral tax rate would be \$1.07. Knowing the strains on the citizenry, staff developed the budget around the \$1.03 tax rate which is equivalent to a four-cent tax reduction. The most valuable asset the City of Franklin has are its long-term dedicated employees that creatively do more with less each year to maintain City operations. The current budget includes frozen positions and as well as the delay of critical projects. Despite all of this, City staff has pulled together for the best interest of the citizens. I have been in awe of their commitment to presenting a realistic balanced budget that meets the needs of the City of Franklin citizens and maintains City operations. The entire management team has spent hours analyzing how expenditures can be cut and services maintained. Moving forward City Council will work to identify priorities for the City of Franklin and the services that are considered essential to work toward a sustainable balanced budget.

### FY 2020-2021 PROPOSED BUDGET SUMMARY

The Proposed Fiscal Year 2020 - 2021 Financial Plan for the City of Franklin is comprised of the General Fund, Debt Service Fund, Social Services Fund, Education Funds (School Operating, Cafeteria & Textbook), Economic Development Fund, Capital Project Fund and Enterprise Funds. A summary of the Proposed Financial Plan is shown in the table that follows:



<b>Fiscal Year 2020-2021 Financial Plan</b>	
<b>Fund</b>	<b>Proposed Budget</b>
General Fund	\$25,162,845
Debt Service Fund (School & General Debt)	\$1,119,373
Education (School Operating Fund)	\$15,991,093
Education (School Cafeteria Fund)	\$1,023,119
Education (School Textbook Fund)	\$75,536
Social Services & CSA Fund	\$2,295,872
Economic Development Fund	\$295,351
Enterprise Funds	\$21,081,828
<b>TOTAL FINANCIAL PLAN</b>	<b>\$67,045,017</b>
Capital Improvement Budget	\$1,276,544

## **GENERAL FUND**

The City's General Fund has experienced significant challenges over the past several fiscal years. In previous years, the General Fund budget was balanced utilizing debt service reserve funds obtained when the City of Franklin initially restructured their debt in 2010. These funds were depleted in FY 2015-2016 budget. As was shared in previous budget work sessions, the 2018-2019 budget was balanced utilizing \$286,020 from the water, sewer, and solid waste, and \$677,000 in savings from freezing positions. In prior years, there were valiant and concerted efforts aimed at maintaining the current tax rate. It is acknowledged, however, absent strategic and incremental tax increases paired with growth of the tax base maintaining the levels of services that the citizens of Franklin are accustomed to will not be possible. In cooperation with Davenport and Company, management and the Franklin City Council have worked to stabilize the General Fund and increase the City's unassigned fund balance. In FY 19, the unassigned fund balance was in a position to dip below the required 15% policy minimum. Now, due to concerted effort and planning the fund balance is just over 19%.

Management is presenting a structurally balanced budget in the wake of fiscal challenges which are to a great extent, beyond the City's control. The balanced budget proposal was achieved without eliminating direct services to Franklin residents; and in effect a tax reduction equating to approximately four cents. The City of Franklin is resilient even faced with what may appear as insurmountable challenges. Management remains optimistic about Franklin's future and knows that as a team we can move the City of Franklin forward.

The Proposed General Fund budget is a decrease of \$958,748 or 3.67% below the FY 2019-2020 amended budget. The proposed General Fund Budget is \$25,162,845. During recent years, the City has evaluated programs and services and identified ways to improve efficiency without significantly reducing service levels directly impacting residents and customers. Efficiencies have been achieved across all departments and at this point, in order to maintain essential services, an increase in the revenue stream is necessary. The

increases associated with this year’s budget includes necessary capital projects and restoration of parks and recreation activities for the City of Franklin’s youth.

## **RECOMMENDED TAX RATES**

In consideration of the challenging days ahead associated with the negative impact of COVID-19, management recommends the real property tax rate remain the same at \$1.03 per \$100.00 of real property valuation for FY 2020-2021. The net neutral tax rate would be \$1.07. City Council voted to advertise the net neutral tax rate of \$1.07, however, the budget was balanced utilizing the current rate of \$1.03. The City remains among the lowest city tax rates in the region as illustrated in the table that follows. A goal of City Council is certainly to minimize the tax burden. Recommending to hold the tax rate at the \$1.03 level with a decrease in total revenues and the additional loss of the Bon Secours tax revenue was a very difficult task in this challenging budget year and represents management’s concerted effort to balance the budget in accordance with City Council’s desire to minimize the tax burden on Franklin property owners. There were a number of factors that contributed to it being very difficult to keep rates and fees as low as possible this year. The justification for the real property tax rate recommendation is detailed throughout the budget proposal that follows with the most significant factors being the desire of Council to no longer rely on funding from the various Enterprise Funds. All other tax categories are recommended to remain unchanged.

### **2019 Locality Comparison**

<b>Locality</b>	<b>Real Estate</b>	<b>Personal Property</b>	<b>Meals</b>	<b>Lodging</b>
Franklin	\$1.03	\$4.50	7.00%	8.00%
Colonial Heights	\$1.20	\$3.50	6.00%	8.00%
Emporia	\$0.95	\$5.00	7.50%	11.00%
Hopewell	\$1.13	\$3.50	6.00%	8.00%
Portsmouth	\$1.30	\$5.00	6.50%	8.00%
Southampton County	\$0.85	\$5.00	4.00%	
Isle of Wight County	\$0.85	\$4.50	4.00%	5.00%

## **RECOMMENDED FEES FOR SERVICES**

In terms of service user fees, the budget maintains the current residential fee for solid waste services at \$38.00 monthly. This rate has been cumulatively reduced since July, 2012 by \$8.36 or 18%. The new SPSA use and support agreement which took effect in January 2018, resulted in reduced SPSA tipping fees. The Solid Waste Fund Balance is now in compliance with designated policy minimums. Due to international chaos and the disruption to the recycling market the City of Franklin has absorbed a drastic increase in recycling fees. The adopted policy requires a minimum fund balance ranging between 25%-40%. We deferred the purchase of a trash truck for two fiscal years and have finally gotten the fund balance to 28% in compliance with policy minimums. The proposed budget includes maintaining monthly water and sewer rates at current levels. The City’s Water & Sewer Rates had not been increased since 2008 until new rates were adopted effective July 1, 2016. Not surprisingly, 2019 statewide comparison data verifies that the City’s water and sewer rates remain below the median for comparable utility systems in Virginia at this time. A \$195,000 transfer is recommended from the Water and Sewer fund in addition to the transfer for services

to balance the General Fund budget. Management noted this is not a sustainable practice. For the fourth year in a row City retail electric rates are proposed to remain the same despite Dominion Virginia Power's stated intentions to increase wholesale electric rates over 11%. There is also a projected decrease in the fuel adjustment charge which is a direct pass through to the customer. The retail rate is only able to remain unchanged due to the decision by management to freeze four positions in Franklin Power & Light. In addition, the City of Franklin is required to pay Dominion Virginia Power a \$1.2M true up. We are utilizing previous years savings as to not pass on these costs to the rate payers. As the collective budget proposal attests, management has made a concerted effort to minimize the impacts on utility customers that would result in increased customer bills, but the City must ensure adequate funding is available to continue delivering these essential services. A \$205,000 transfer is recommended from the Electric fund in addition to the transfer for services to balance the General Fund budget. Again, it was noted by management that this should be reduced in future fiscal years and is not a sustainable practice.

It is financial policy to regularly evaluate the City's fee structure to determine if user fees and other charges are adequately producing desired and expected revenue generation levels to maintain service. Based upon this policy evaluation, the FY 2020-2021 budget does not include any changes to the City's current fee structure as detailed in the proposed budget document.

## **ELECTRIC UTILITY FUND**

As noted, based upon information provided to the City by Dominion Virginia Power to date, electric utility user fees will see no increase in the retail rate for the fourth year in a row. Be advised that Dominion continues to evaluate its rate structure with final action expected in June 2020. Franklin Power and Light will be using \$1.2M from reserves to offset the significant increase from Dominion Virginia Power to avoid any increase by the rate payers. Any significant change will impact upon the City's rates going forward and potentially result in future adjustments to be considered by City Council. Alternatively, any Dominion change that reduces the rate would result in additional revenue that could be designated for capital needs now that reserves have continue to meet policy minimum requirements.

Fortunately for customers, we project that Dominion will decrease the fuel surcharge per month on usage. It is important to remember that the City has no input on this adjustment and customers alternatively benefited from a significant reduction in the fuel surcharge in the two years prior.

It is further recommended that the City continue to evaluate and develop long range operational and management strategies for all utility fund categories that will improve efficiency and policy implementation. To avoid or minimize rate increases of all types, the City must continually scrutinize its operations and develop plans for future service provision. This process includes a comprehensive periodic study of rates and charges and peer comparison analysis.

## **SCHOOL OPERATING FUND**

Regarding essential City financial support for the Franklin City Public Schools, the proposed budget includes current year funding of \$4,830,395 as well as approval to use \$252,158 of audited restricted fund balance for operations which yields a \$45,000 increase in total funding compared to FY2019-2020. The City Council for several years held the base funding level and only approved one-time carryover funds resulting from the School Division having unexpected funds in their budget at fiscal year end. It is also noteworthy that Council approved significantly increased debt service to fund capital needs during the last six years. The used of restricted fund balance is in accordance with the adopted policy of the City of Franklin whereby approval of carry over funds will only take place upon conclusion of and adoption of the City's audit.

Management will continue to communicate to the school system that carryover funds should be restricted and utilized only for capital items and thus avoid the use of “one-time” or non-recurring funds (carryover) for recurring operating expenditures. Given the limitations and uncertainties of future City funding described earlier, school system appropriations may likely be similarly limited to any future end-of-year carryover funds which can and will vary dramatically from year to year. As is the case for FY 2019-2020, future base operating appropriations will not be automatically increased to include this one-time carryover allocation amount, but instead, at the City Council’s discretion, will be determined by the amount of carryover available, if any, at June 30, 2020 for the FY 2020-2021 budget and similarly for future years. The proposed General Fund budget also includes a decrease in school related debt service by \$115,518 for FY 2020-2021. Total school funding is the equivalent of 20% of the General Fund operating budget. The City also provides in-kind support for the school division that is valued in excess of \$191,670 based upon the City’s most recent cost allocation analysis.

With these qualifying comments, management believes the recommended level of school system funding illustrates the continued high priority that the City has for adequately funding the public schools as evidenced by the City’s favorable ranking among all Virginia cities in terms of per capita spending on education.

## **CAPITAL IMPROVEMENTS PROGRAM**

An additional but integral consideration for analysis concerning all categories of City services is further refinement and ongoing evaluation of the City’s multi-year Capital Improvements Program (CIP) planning and funding strategies. Long-term capital needs remain on the horizon however staff successfully worked with Davenport & Company to fund two years of capital improvement projects. Only minimal CIP requests are recommended to be funded in the FY 2020-2021 budget.

## **PERSONNEL**

Comments in this message thus far have not addressed City government’s number one asset essential to providing quality service to citizens and customers. This reference is of course to the dedicated City employees that so skillfully serve this community throughout the year. Concerning personnel benefits, some historical review is needed on prior year actions. Included in the budget detail is additional historical salary increase information. In the FY 2019-2020 year, the City of Franklin received a 3% decrease in insurance premiums. Last year, 2% of the decrease was shared with City employees and the City absorbed 1% of the savings. In FY2020-2021, the City received a 4.9% decrease in premiums. Due to no COLA this year for employees, management recommended to share the savings equally between City employees and the City of Franklin.

Personnel costs are by far the largest single expenditure category in the City’s budget as it is in practically any organization or enterprise. The FY 2020-2021 budget recommended total personnel costs is \$11,452,223 which comprises 45.5% of the General Fund budget. The following positions are recommended to be frozen in the FY20-21 budget: two police corporals, one police officer, two E-911 dispatchers, one fire fighter, one grounds maintenance supervisor, one payroll clerk, one police administrative assistant, one maintenance equipment operator, one construction maintenance worker, one grounds maintenance technician. In addition, it is recommended to reduce a store clerk position from a full time position to a part time position.

Management will continue to evaluate the merits of considering other peer-tested efforts to control the growth of personnel costs [e.g. early retirement incentive packages for retirement eligible employees;

potential additional reduction-in-force policies; contracted services opportunities in lieu of city staff provided services; adjustments to benefit providers and offerings; and, particularly health insurance policies and other post- employment benefit cost reduction measures; etc.].

## **BALANCING THE FY 2020-2021 PROPOSED BUDGET**

To balance the proposed budget for FY 2020-2021, management has adjusted departmental expenditure requests and revenue estimates by more than \$1,848,926 of the total General Fund requests. The budget message and summary that follows reference some of the various challenges faced in this budget preparation exercise and improved circumstances in this cycle for goal development and prioritization which management committed to ensuring in future budget years. Included in this proposed budget summary are the priorities established by Council following a strategic planning retreat and top priority goal setting work session, as well as the 2030 City vision statement. Management is scheduling a retreat to discuss goals, priorities, and strategies to implement in coming years.

## **SUMMATION**

Included in the budget document that follows is a listing of FY 2019-2020 Highlights and Accomplishments of the various City departments which is evidence of the City's ongoing commitment to provide outstanding service to the citizens and customers of the City of Franklin. Further details about the proposed budget and insights into the City of Franklin's financial outlook are addressed in the various sections of the budget that follow. Considering economic forecasting for next year, budget estimates are again being conservatively projected to improve overall financial reliability and outcomes. It deserves emphasis that the proposed spending plan and tax rates are preliminary. Following review by the City Council, the public hearing is scheduled for May 11, 2020 and further Council consideration until adopted.

I am truly humbled by the opportunity afforded me to serve the citizens and customers of this wonderful community and being entrusted with the enormous responsibility for preparation of the recommended City budget. Preparation of this budget proposal resulted from an extraordinary team effort by all City Department Heads. The decisions that have been made to date have been difficult and wearing on the current City staff. The most recent challenges have evolved quickly and everyone has come together to respond and maintain the fiscal stability of the City of Franklin. Despite these challenges we are all confident that the City of Franklin will come out stronger and more fiscally stable. I would like to especially recognize and express my sincerest gratitude to Director of Finance Tracy Spence for her professionalism, skill and dedication to this process. She has been a tremendous resource for me and I am indebted to her for her support.

Respectfully submitted this the 13th day of April, 2020.

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Amanda C. Jarratt, City Manager

## **Highlights and Accomplishments**

Although local funds for many initiatives have been limited for a number of years, progress on efforts to stabilize and then grow reserve fund levels in recent years has been accomplished while completing or commencing a number of major activities and capital projects listed as follows: {Due to space limitations, this is an abbreviated summary of major items}.

### **Legislative & General Government Administration**

- ❖ Submitted the City's Comprehensive Annual Financial Report to the Government Finance Officers' Association and received the award for a seventh consecutive time of the Certificate of Achievement in Financial Reporting; received a clean "unqualified" opinion on the June 30, 2019 Financial Report with no General Government Fund findings reported by the auditors.
- ❖ Maintained the AA credit rating from Standard & Poor's bond rating agency received in April 2014 and affirmed in November 2019. The City's bond rating with Moody's rating agency was upgraded on December 14 2017 to Aa1 and affirmed in November 2019.

### **Human Resources**

- ❖ Hosted a Records Management training for the City of Franklin and surrounding localities.
- ❖ Facilitated by the Virginia Risk Management Association, hosted a Civility Training for the City of Franklin and surrounding localities.
- ❖ Participated in the United Way Day of Caring.
- ❖ Sponsored a Back to School Drive for Franklin City Public Schools.

### **Police Department**

- ❖ Training:
  - Implemented CPR/AED training/programs for staff to respond to emergencies within the community.
  - Implemented tourniquet training/programs for officers to utilize to assist with traumatic injuries.
  - Online Community Policing training provided through the Virginia Community Policing Institute.
  - Evaluated and modernized the Field Training Program and Post Academy curriculum.
  - Below 100, officer safety and decision-making training, has been provided to all police personnel.
  - Division of Forensic Sciences training provided to all police personnel on touch DNA evidence collection and processing.
- ❖ Equipment:
  - Implemented use of Preliminary Breath Testing (PBT) devices for officers to use in the field for intoxicated driver enforcement.
  - Firing range improvement project completed.
- ❖ Policy:
  - The Department began its accreditation process through the Virginia Law Enforcement Professional Standards Commission.
- ❖ Technology:
  - Body Camera/In Car Camera program implemented.
  - PoliceOne electronic program established to document training for staff members.
  - Social media activity increased to provide interactive information to our residents.

- The Department’s website was rebuilt and launched for citizen usage.
- City hall remote access through Crisis Mode implemented to lock and unlock doors during critical incidents.
- ❖ Community Interaction:
  - The Department hosted the Citizens Response to Active Shooter Events (CRASE) for residents of the City of Franklin.
  - The Department hosted a Human Trafficking Symposium for residents of the City of Franklin and Southampton County.
  - The Department launched the City of Franklin’s National Night Out project for August 4, 2020.
  - The Department participated in the Drug Enforcement Administration’s National Drug Take Back day and through that partnered with CVS Pharmacy to provide for a drug drop off box at police headquarters.
  - The Department assisted Cooperative Ministries with a Thanksgiving Food Drive.
  - The Department has participated in 7 community meetings and 8 special events to include the July 4th event, Fall Festival, African American Festival, and Christmas parade.
- ❖ Staffing:
  - Through Department wide recruiting efforts, the Department hired four police officers and two communications officers.
  - The Department participated in five recruitment events and increased its recruiting efforts through social media.

## **Fire and Emergency Medical Services**

- ❖ Responded to 2,501 Fire and EMS related calls for service.
- ❖ Completed 1,413.5 personnel-hours of training instruction for career and volunteer staff on a variety of both EMS and Fire related topics.
- ❖ Taught 40 CPR certification classes for various agencies and departments.
- ❖ Performed 25 Child Safety Seat Installations/Inspections.
- ❖ Completed 12 station tours for schools and various educational groups.
- ❖ Completed numerous Fire and EMS apparatus static displays for schools, civic organizations and the general public.
- ❖ Entered into an EMS Contract with Southampton County to offer Emergency Medical Services for their citizens.
- ❖ Partnered with Franklin Public Schools to teach “hands only” CPR classes for selected students and staff.
- ❖ Partnered with Southampton Public Schools, Franklin Public Schools, and Southampton Academy to offer a Fire Department internship program where interested students could attend.
- ❖ Sponsored Hunter Safety Education Courses for the General Public.
- ❖ Sponsored Boater Safety Courses for the General Public.
- ❖ Sustained a Firefighter Cancer Reduction program.
- ❖ Completed additional Pre-Fire plans of various businesses in the city.
- ❖ Procured funding from Southampton Charities for the purchase of additional Automatic External Defibrillators (AED) that were placed at various sites around the city in public places.
- ❖ Partnered with American Red Cross in their Sound the Alarm, Save a Life Program by inspecting, testing, installation of smoke detectors and batteries for citizens.

- ❖ Taught Fire Extinguisher training to the Village at Woods Edge and Birdsong Peanut Company Staff.
- ❖ Taught “Wear It” Personal Flotation devices for boater safety.
- ❖ Participated in Mass Casualty Drill held at P.D. Camp Community College.

**Public Works**

*Garage:*

- ❖ In 2007, the Public Works department implemented a fleet management system to track all aspects of service and repairs to city vehicles. The City Garage completed a total of 898 services or repairs in 2018-2019.

*Streets Division:*

- ❖ The Street Division maintains roads, drainage systems, ditches, concrete appurtenances, and assists in setup for special events. They also assist the Sanitation Division during times of heavy leaves and yard debris pickup:
  - 20 repairs to drainage structures and replaced 90 LF of storm drainpipe
  - 4,100 LF of ditches graded and or vegetation cleared
  - 57 tons of 21A stone repairing various alleys and road shoulders
  - 76 bags of cold mix used for pothole patching
  - 105.5 tons of hot mix asphalt placed
  - 67.25 cubic yards of concrete poured repairing sidewalks or curbing

*Sanitation & Refuse Collection:*

- ❖ Trash and refuse are collected on a daily basis each week.
  - Refuse Tonnage Collected: 2,850.87 Tons
  - Yard waste Tonnage Collected: 978.75 Tons
  - Recycling Tonnage Collected: 333.16 Tons
- ❖ Completed 813 work orders for picking up or delivering refuse containers.

*Sewer/Water Utilities:*

*Utility Division FY 17/18:*

- ❖ Water Leaks 108
- ❖ Meter Replacements 167
- ❖ Water Meters Read 42,047
- ❖ Utility Billing Work Orders 715
- ❖ Water and Sewer Demolition 3
- ❖ Water and sewer taps paid 3
- ❖ Sewer Pumping Station Inspections 2,340
- ❖ Sewer Pump Station cleaning and Grease Removal 35
- ❖ Miss Utility Locate Tickets 394

*Water Distribution:*

- ❖ Well Inspections 742
- ❖ Customer Complaints 33

*Water Withdrawn:*

- ❖ College Drive Well #4 50,000



❖ Hunterdale Well #5	725,000
❖ Pretlow Well #6	154,996,000
❖ Hunterdale Well #7	<u>132,004,000</u>
	<i>Total</i> 286,755,000 Gallons
❖ Water Sampling	
❖ Chlorine Testing	2,555
❖ Bacteriological	120
❖ MPN	4
❖ Fluoride	2
❖ Metals	1
❖ Nitrate/Nitrite	4

*Sewer System Rehab:*

- ❖ Rehabbed system by Cured in Place Pipe lining: 6,986 L.F. \$398,778

*Wastewater Treatment Plant:*

- ❖ Treated 430.03 million gallons.

**Community Development**

- ❖ Completed and awaiting CDBG close-out of a \$1.2 mil multi-year CDBG grant for the Madison Street Neighborhood Revitalization project. Twenty-seven (27) home renovations and/or reconstructions are complete for low to moderate income households in the project area. All infrastructure renovation and replacement in area is complete as well in conjunction with Public Works Department, including approximately 374 LF of cured-in-place lining in existing sanitary sewer mainline, relining or replacing 48 sewer laterals, and installing approximately 2,513 LF of cured-in-place lining in existing storm drain in the grant area.
- ❖ Applied for and were awarded \$3,000 for initial activities and an additional \$35,000 planning grant to begin preparation of grant application for next CDBG Neighborhood Revitalization project. Neighborhood outreach underway with meetings, door-to-door delivery of survey instrument, and mailed 200 notices in three (3) neighborhoods as voted upon by the Planning Commission to gauge interest among property owners and residents so as to determine which neighborhood will be the next focus.
- ❖ Managed the use of approximately \$290,000 of HOME funds provided by HUD through the City's allocation through the Western Tidewater HOME Consortium. These funds were used as leverage to complete six (6) housing rehabs one within the Madison Street Neighborhood Revitalization project and reach our project outcomes. One substantial reconstruction was completed outside the Madison Street Neighborhood Revitalization project.
- ❖ Continued staff training in the Community Rating System (CRS) program through FEMA seeking to inclusion of Franklin in the CRS program. Facilitated update of City on-line GIS to indicate base flood elevations and elevation certificates for each property in 1%/year flood zone as well as mapping of the area. Updated City's website with pertinent information for property owners and provided physical material for outreach in various City locations including library. After visit and assessment by ISO, working to prepare all materials for CRS program to determine what points we are granted.

- ❖ Continued work with VDOT on \$500,000 grant to study the US 58/258 interchange to facilitate safety and access improvements. Project is in design stage, work to commence in near-term once Progress Parkway is under City control. Project will include lighting and pavement improvements, and City control of Progress Parkway will permit police enforcement along roadway.
- ❖ Continued work with the Hampton Roads Planning District Commission (HRPDC) as part of a coastal resiliency work group, as well as continued activity with the Regional Environmental Committee. Continued work with the Hampton Roads Transportation Planning Organization (HRTPO) on a corridor study for US 58, covering an area from Suffolk to US 58's intersection with I-85.
- ❖ The Inspections Department received a Building Code Effectiveness Grading System (BCEGS) rating from ISO of "3" for one- and two-family construction and a "3" for all other construction for both the City and Southampton County. This rating places the City in the top 5% of the approximately 144 localities in Virginia that participate.
- ❖ Continued City's participation in the Tree City program for the 35<sup>th</sup> year, which included a program with the Virginia Department of Forestry and the planting of a tree at Armory Park between the pool and the ballfield.

## **Parks & Recreation**

- ❖ *Programs – Adults*
  - Implemented adult Domino club
  - Implemented Pool club
  - Implemented weekly Corn Hole Tourney
- ❖ *Program – Youth - Co-Sponsored Programs*
  - Met with the Youth group and Camp25 to establish an agreement on Parks & Recreation receiving half of the profit for any co-sponsored events we partner on.
  - Camp25 in partnership with Parks & Recreation hosted over 7 one day camps, Spring Break Camp, Soccer League and Summer Camp.
  - Youth Mustang Football games hosted at Armory Stadium
  - Franklin Mustang practices at Hayden Field
- ❖ *Program – Youth - Youth Club* – Implemented ILead program for youth for grades 8-12<sup>th</sup>
- ❖ *Athletics Adult Leagues*
  - Took back Adult Church Softball League
  - Took back Adult Kickball Softball League
  - Implemented Adult basketball leagues twice a year
  - Implemented Flag Football League
- ❖ *Athletics Children Leagues*
  - Implemented Tee ball League
  - Implemented Winter/Summer Basketball league
- ❖ *Special Events*
  - Implemented Family Movie night
  - Implemented Movies in the park
  - Implemented City wide 5K run
  - Halloween Party – 100 Kids in attendance
  - Family Wellness Fun Day – 200 people in attendance
  - Jingle Ball – 150 Kids in attendance
  - Turkey Bowl Flag Football Game

## **Electric Fund**

### *Line Dept:*

- ❖ Responded to 67 Trouble Calls during regular business hours and 69 calls after hours.
- ❖ Responded to 149 calls for malfunctioning street and yard lights.
- ❖ Responded to 2 traffic signal malfunctions.
- ❖ Responded to 65 other miscellaneous calls for tree trimming, voltage problems, etc.
- ❖ The department also connected three new commercial services requiring new poles, overhead and underground wires and pad-mounted transformers.

### *Engineering and Services Dept:*

- ❖ Responded to 4107 work orders including 464 Turn Off, 652 Turn On, 675 Transfer Reading, 259 requests to re-read meter (all readings were correct), 957 Cut Offs, 749 Reconnects as well as many miscellaneous requests.
- ❖ Responded to 33 requests for energy audits.
- ❖ Conducted 387 Miss Utility underground locates of FP&L underground facilities.

## **Information Technology**

- ❖ Replaced audio equipment in Council chambers for improved sound quality for citizens.
- ❖ Improved physical security at City Hall by installing security cameras and adding access control to elevator and stairwells.

## **Commissioner of the Revenue**

- ❖ At the 100<sup>th</sup> Annual Conference of the Commissioner of the Revenue Association, the Commissioner of the Revenue's Office became one of the first localities in the Commonwealth to achieve office accreditation.
- ❖ The Commissioner of the Revenue and the Real Estate offices implemented the new EdmundsGovTech software in the spring of 2019 while maintaining day to day operations.
- ❖ Commissioner of the Revenue and Real Estate Offices worked closely with the assessors from the Wampler-Eanes Appraisal Group, Ltd for the 2020 general reassessment.
- ❖ Real estate records that were freeze dried after the 1999 flood have been scanned by Scans America for long term preservation. The paper records will be destroyed but the information will be available by computer in the Real Estate Office.

## **Treasurer's Office**

- ❖ Maintained a Collection Rate of 99.5% for Real Estate Tax and a 99.2 for Personal Property Tax of 98.5%.
- ❖ Implemented an Online Payment System, where citizens can pay Utilities, Real Estate Taxes and Personal Property Taxes using Credit Cards, Debit Cards and E-Checks from their bank accounts.
- ❖ Dinah Babb, Treasurer earned her RE-Certification of Master Governmental Treasurer Certificate through the University of Virginia, Weldon Cooper for Public Service and School of Continuing and Professional Studies in November 2019.
- ❖ The Treasurer's Office received "The Office of Accreditation" through the Treasurers' Association of Virginia (TAV) for the 7<sup>th</sup> consecutive year. This Accreditation is one of the highest awards a Treasurer's office can receive.

- ❖ Dinah Babb, Treasurer was sworn in at the 89<sup>th</sup> Annual TAV Conference in Arlington VA in June 2019 as President-Elect of the Treasurers' Association of Virginia. The Treasurer will Host the 90<sup>th</sup> Annual TAV Conference at Virginia Beach in June 2020.

### **Social Services**

- ❖ Total Funding % by Source: Federal= 56%; State = 43%; Local = 1%
- ❖ 2,590 citizens served with SNAP benefits
- ❖ 3,454 citizens served with Medical Assistance
- ❖ 208 citizens served with TANF
- ❖ 34 families, with 65 children served through Child Care Assistance
- ❖ 906 Households served in the Energy Assistance Program
- ❖ 157 children in CPS referrals
- ❖ 9 adults served in APS
- ❖ 4 children in Foster Care

### **Economic Development Fund**

- ❖ In May, Repair Tech shared they would be moving their headquarters to Pretlow Industrial Park with the purchase of 15 acres for a total investment of \$1 million.
- ❖ In October, Hubbard Peanut Company announced they would expand their facilities into Franklin at the former Farm Fresh building. The investment is \$1.6 million.
- ❖ The third annual STARTUP Franklin Southampton was held through great partnerships from Downtown Franklin Association, Bronco Federal Credit Union, and Farmers Bank, The Tidewater News, Real Country 101.7, Insercorp, LTD, The Franklin-Southampton County Chamber of Commerce, Main Event and Paul D. Camp Community College. Two winners were awarded a total of \$35,000 and successful opened in fall of 2019. Storehouse opened in Downtown Franklin and Retro Flex Gym opened in Courtland.
- ❖ Franklin Southampton Economic Development, Inc. (FSEDI) continues to manage the incubator program on behalf of the City of Franklin. The Franklin Business Center has 31 clients and an occupancy rate of 74%.
- ❖ FSEDI was happy to support the Regional Warehouse and Distribution Training Facility that Camp Community College announced in June.
- ❖ We partnered with the Tidewater News again to host the annual job fair that attracted about 200 job seekers.
- ❖ We organized and supported the Small Business Saturday movement to get shoppers into local businesses and promoted a campaign around this idea for all of 2019 via social media.
- ❖ We were also glad to organize a celebration of our local businesses at our annual Small Business Appreciation Cookout.
- ❖ This last year, we were able to help the City of Franklin complete a video project by coordinating the project. It resulted in four community videos for the City of Franklin to market the community and its many assets.

### **Downtown Franklin Association**

- ❖ 2019 Start-Up Downtown Franklin Round 3 (Expanded to Franklin-Southampton County) was funded by the Downtown Franklin Association, Franklin Southampton Economic Development, Inc., Bronco Federal Credit Union, and Farmers Bank and In-kind sponsorship was The Tidewater News, Real Country 101.7, Insercorp, LTD, The Franklin-Southampton County Chamber of Commerce, Main Event and Paul D. Camp Community College resulted in 22 participants, and 2

winners. One winner (Storehouse Coffee Shop) opened at in Downtown Franklin and the other winner (Retro Flex Gym) opened in Southampton County.

- ❖ The Farmers Market, under the leadership of volunteer market manager, Karen Cobb continued to grow and expand with new vendors. One of the new highlights of this year's Market was the Farm to Table event held on October 24<sup>th</sup>.
  - There are some vendors that come to the market during the week and on Saturday. The Market did very well For Fall Festival and Christmas Open House. The Market has continued into December on Saturday's with several vendors.
  - We truly believe by supplementing the market made it an even bigger success this year. We had so many compliments on our Market this year and hope to have even more next season.
- ❖ Our "Color Us Happy" mural program continues to be a success. The "Cotton J Tugboat" mural was completed in 2019 through the efforts of the DFA Design Committee and funds they secured for the program.
- ❖ In 2019 we had 25 new businesses opened, 4 closed, and 7 relocated out of the Downtown District. This resulted in a net gain of 28 new jobs in our Downtown District.
- ❖ Our banner event, We Be Jammin, had a good year even though weather caused several cancellations or early closings, thanks to sponsorships, volunteers and patrons. We successfully held 11 events that averaged 510 people attending and averaged 22 volunteers per event, with many visitors coming to our downtown to enjoy live music, food and drawings for prizes.
- ❖ We had a successful façade/security grant matching program in 2019. Sixteen businesses were awarded \$12,072 from the Downtown Franklin Association for grants combined with \$22,067 invested by the business and property owners for a total investment of \$34,139 in our downtown.
- ❖ Christmas Open House was a big success with our traditional carriage rides.
- ❖ We started new a 'Saturday Works' program to encourage Saturday Business Hours.

What was provided above is a summary of the major accomplishments by each of the City Departments. As evidenced, the City continued its history of (1) seeking grant funds for public safety and community improvements, (2) utilizing resources to provide quality governmental services to Franklin Citizens, (3) expanding technology to improve operational efficiencies and control costs, (4) promoting safety and wellness throughout all City departments, (5) improving activities and programs to enhance overall quality of life.

Updated: April 2020

## City Council



Frank M. Rabil, Mayor (At Large)



Barry W. Cheatham, Vice-Mayor, Ward 1



Benny Burgess, Ward 2



Greg McLemore, Ward 3



Linwood W. Johnson, Ward 4



Wyndolyn H. Copeland, Ward 5

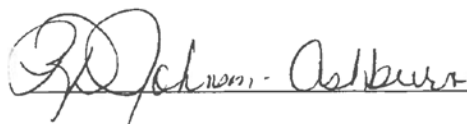


Robert L. Cutchins, Ward 6

## Vision Statement

By the year 2030, the City of Franklin, Virginia will maintain our small city identity, heritage, and beauty while being a regional hub for economic opportunities, top-class education, a job-ready workforce, and balanced housing options.

Adopted by Franklin City Council this 8<sup>th</sup> day of June, 2015



Mayor

## **Six Year Goals and Objectives**

### **January 2015**

During a retreat in January of 2015, Council Members were asked to identify Priorities that would be most critical to achieving the Vision and Target Areas over the next four years. Council used a process of discussion and consensus to arrive at the priorities. Staff was charged with the responsibility to develop a Strategic Plan to address the priorities including timetable and responsibility and regularly update Council on progress. Priorities have been number consecutively for reference only and do not indicate priority order.

### **Economic Development**

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- 1 Develop a plan with the Downtown Franklin Association (DFA) to aggressively market Franklin's Downtown
    - Examine/pursue strategies that will enable us to become more marketable
    - Use best management practices in assisting businesses that may locate here
    - Consider work session with DFA after Council develops its priorities; have a unified strategy and work together with DFA on relevant priorities

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  - 2 Develop a strategy for making Franklin a retail center for northeast North Carolina and western Tidewater Virginia
    - Consider new types of businesses as target businesses
    - Confer/have dialogue with FSEDI on how to market the area as a regional economic center and to address obstacles for new retail
    - Solidify our shared service agreements and expand those (will need to collaborate with a broader set of localities)

---

  - 3 Prepare the Route 58 corridor including enhancements and industrial site readiness
    - Consider and adopt Comprehensive Plan recommendations to enhance the corridor
    - Continue to find funding strategies for deficiencies identified by FSEDI to ensure site readiness at Pretlow Industrial Park
    - Consider and adopt zoning ordinance changes and additional utility extensions and road extensions as required

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  - 4 Work with Southampton Memorial Hospital to improve the quality of health care and to make Franklin a specialty health care option for the region

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  - 5 Develop a brand that epitomizes what Franklin has to offer and conduct a targeted marketing effort that will attract people to our city
-



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## Education

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- 6 Develop a strategy to improve communication and rapport with the School Board and school officials to achieve greater agreement and trust regarding 1.) desired results (i.e. academic performance) and 2.) Accountability for results and funding
    - Consider a joint retreat to initiate this priority
    - Ongoing strategies to maintain a positive working relationship

---

  - 7 Develop and implement a plan to work with public school leaders on a strategic plan for top class public education (i.e. vision, facilities, programs, alternative education, how we enhance the value for education within the community, parental involvement)

---

  - 8 Develop and implement a well-structured strategy with the public schools and PDCCC for achieving a trained workforce for our community
    - Implement a strategy to develop a common workforce development vision
    - Clarify our needs
    - Meet with the School Superintendent and President of PDCCC to learn their vision/plans for workforce development in order to find common themes and plans
    - Develop a curriculum for career/technical dual enrollment at FHS and PDCCC
    - Improve coordination of all resources
- 

## Housing

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- 9 Implement the rental inspection program (to include all components)
    - Housing stock assessment
    - Funding strategies
    - Ordinance revision
    - Adopt and implement regulatory tools

---

  - 10 Develop a balanced housing plan and strategy that matches needs and demands
    - Define “balanced” and issues to be explored prior to planning
    - Investigate alternatives for millennial housing
    - Encourage more one- and two-bedroom apartments
    - Modify zoning to enable mixed uses (i.e. residential with commercial, upper floor housing)
    - Maintain preservation of historic areas
    - Consider redevelopment needs and potential throughout Franklin
    - Support the Housing Authority’s efforts to continue moving forward with “In, Up, and Out” to promote self-sufficiency and home ownership
-

## Regionalism and Partnerships

- 
- 12 Develop a relationship with Isle of Wight to work on joint projects
- Consider an incentive package to present to Isle of Wight to assist in filling the Airway Shopping Center
- 
- 13 Conduct research on already identified areas in which the City collaborates with Southampton County in order to expand opportunities
- 
- 14 Identify regional opportunities in the Hampton Roads area of which the City may not be currently taking advantage and explore new partnerships
- Pursue stronger efforts to acquire foundation funding on a regional basis
- 
- 15 Lead and develop a regional transportation planning strategy for the Route 58 Corridor to enhance economic development and improve linkages to the Hampton Roads area
- 
- 16 Continue to pursue regional long-range plans for solid waste management
- 
- 17 Pursue stronger initiatives in the medical services area to promote them on a regional basis (i.e. hospital, health department, health care services)
- 

## Citywide Infrastructure

- 
- 18 Develop and commit to a water and wastewater long range utility plan
- Improve water quality and availability
  - Enhance program to address aging water and wastewater systems
- 
- 19 Continue City beautification initiatives
- Clean up South Street Corridor and beautify it
- 
- 20 Continue updating of public buildings, including schools
- 
- 21 Update our IT capabilities and maintain state of the art media (i.e. PEG, website, telephones)
-

## Public Services

- 
- 22 Determine need, feasibility, and alternatives for a grant writer and pursue this strategy (consider whether to serve Franklin City only or to have a regional focus)
- 
- 23 Implement training to enhance customer service and diversity awareness for all City personnel
- 
- 24 Develop and implement a strategy to have appropriate staffing and succession for key positions
- 
- 25 Develop and implement a manpower plan for public safety (i.e. preparedness, training, diverse work force reflective of the community, response)
- 
- 26 Update our personnel policies
- 
- 27 Update the plan for emergency management response (i.e. to include preparedness for disasters, public health concerns, and haz-mat situations)
- 
- 28 Update the City's transportation project priorities list, including those that have regional significance
- 
- 29 Consider new options to enhance public transportation (i.e. Uber, LIFT, I-Ride)
-

## OVERVIEW

As directed by Council, City Management with input from staff “will continue to develop a strategic work plan to address Council’s priorities to include a timetable and responsibility and provide for Council’s endorsement”. Attached are administrative planning principles aimed at complimenting and supporting the Council’s approved Vision and Priorities. These administrative support comments are grouped by service area or related departmental activities. To assist in developing these administrative planning principles, management solicited input from each City department. The list is not intended to be all inclusive. Rather, it is a summation of specific areas of responsibility for which City resources should be prioritized and focused on achieving the Council established priorities while meeting all administrative responsibilities for governmental operations. Next steps for administrative staff will be further refinement of the draft plan then development of an administrative responsibility assignment plan and refined timetable for action as applicable.

- ❖ Communicate and interact with citizens and customers utilizing available technology and other more traditional cost-effective means focused on being as citizen, customer and business friendly as possible – continue efforts to evaluate and improve information technology capabilities and resources to further City interests in all service areas.
- ❖ As a governmental entity, implement legally compliant policies that ensure fairness in the treatment of citizens and customers in as professional and business-like an environment as is practical; update and maintain legally compliant personnel policies that ensure fairness in the treatment of city employees while adequately protecting the City’s fiduciary responsibilities and interests.
- ❖ Evaluate municipal operations with a balanced approach aimed at providing as high a quality of designated services as possible while minimizing the costs necessary to provide priority services – pursue initiatives to illicit and promote volunteerism as a citizen engagement and cost reduction technique.
- ❖ When evaluating and developing service priorities, apply as a “litmus test” the impact and potential to preserve or improve on all aspects of the community’s quality-of-life.
- ❖ Maintain a financial management system with established Council benchmarks and performance standards which ensure the long-term financial well-being of the City and its essential funding obligations.
- ❖ Promote intergovernmental and interagency cooperation with neighboring counties and through regional partnerships – pursue cost-effective “win-win” opportunities to promote optimum service levels at minimal cost.
- ❖ Support Community Organizations that promote the City through their sponsorship of major public events which showcase the community and provide services that enhance the general quality-of-life of residents and visitors or otherwise accomplish a city goal.
- ❖ Maintain a qualified and capable municipal work force focused on the efficient delivery of services – promote a safe working environment where the well-being of employees is valued – implement a

locally competitive compensation package that attracts and retains employees dedicated to public service.

- ❖ Implement adopted Comprehensive Plan particularly components on regional collaboration within designated revenue sharing zones outside the City in cooperation with neighboring counties.
- ❖ Enhance economic development efforts and community readiness to promote private investment and job creation (e.g. regulatory streamlining, utility infrastructure readiness, educational achievement, other key competitiveness criteria).
- ❖ Broaden economic development focus to ensure inclusion of not only diversified industrial development, but also commercial business recruitment and retention efforts as a regional center; governmental & service industry investment; health care industry expansion interests; tourism opportunities; and, cultural/heritage possibilities.
- ❖ Streamline services of the City-County Consolidated Community Development Planning & Inspections departments to meet needs as cost efficiently as possible while maintaining quality customer service and regulatory compliance at all levels; plan and consider implementation of rental housing inspection program efforts as directed by Council.
- ❖ Develop and maintain a comprehensive Capital Improvements Program (CIP) to meet and finance capital outlay needs of the City in all service responsibility areas for at least five years into the future.
- ❖ Provide as well-trained and professional a police agency as possible that is adequately equipped and staffed to reasonably ensure the delivery of high quality and reliable community policing services to meet the City's public health, welfare and safety responsibilities and needs as determined by the City Council
- ❖ Provide as well-trained and professional a Fire & Emergency Medical Services (EMS) response agency as possible that is adequately equipped and staffed to reasonably ensure the delivery of high quality and reliable emergency services to meet the City and service response area's public health, welfare and safety responsibilities and needs as determined by the City Council-position resources strategically to optimize emergency response times
- ❖ Ensure the safety of citizens and public safety providers by maintaining an efficient and reliable emergency communications system
- ❖ Protect citizens and property through development and maintenance of a well-organized Emergency Operations Plan (EOP) outlining resources, procedures, mutual aid arrangements and designating responsibilities for emergency preparedness and response
- ❖ Provide a safe, reliable, cost-effective and efficient electric utility power supply system to ensure the provision of essential regulatory compliant electric service to all customers served within and outside the city limits – evaluate the long-term value of the system and its service obligations including an independent evaluation of equipment and technology to ensure accuracy in utility usage and customer billing components.

- ❖ Provide a cost-effective and efficient public water supply system to ensure the provision of essential, safe, reliable and regulatory compliant potable water for customer consumption and to meet fire protection and economic development needs – assess capabilities, feasibility and needs for regional water supply approaches as outlined in recently renewed State Groundwater Withdrawal permit to ensure a long term adequate water supply.
- ❖ Provide an efficient and reliable public wastewater collection and treatment system to ensure the public health and safety while protecting environmental quality of the receiving stream through regulatory compliance efforts – assess long term alternatives for meeting wastewater needs including regional treatment options in cooperation with County partners.
- ❖ Provide for and regulate the efficient and cost-effective collection and disposal of solid waste within the City in an effort to protect the public health and welfare – manage the volume of waste disposal to minimize the flow of waste to the landfill including promotion of recycling and reuse opportunities – emphasizing the benefits and opportunities of continued regional collaboration for solid waste disposal options – study privatization alternatives for solid waste collection services.
- ❖ Develop and manage a safe and efficient multi-modal system of highways, streets and associated appurtenances for vehicles, non-motorized transportation alternatives and pedestrians.
- ❖ Implement and maintain a safe and reliable stormwater utility management system for collecting stormwater runoff to protect public health, welfare and safety.
- ❖ Pursue federal/state assistance to study (i.e. required cost-benefit analysis criteria evaluation) viable alternatives which might mitigate impacts of flooding and related natural disasters on public and private property or otherwise pose a threat to citizens – pursue as a priority efforts to improve city flood insurance ratings to lower flood insurance premiums.
- ❖ Evaluate prioritize and provide for comprehensive parks, recreational and leisure opportunities in terms of facilities and programs for all segments of the population; adequately maintain facilities to ensure safe and reliable continuation of leisure services to citizens and visitors.
- ❖ Provide safe and FAA regulatory compliant municipal airport facilities and services to customers utilizing the service – update the City’s Master Plan for Airport facilities.
- ❖ Maintain a system of public infrastructure and buildings, as well as, a fleet of vehicles and equipment to facilitate the safety of employees and others and the provision of services to citizens in as cost-efficient a manner as possible – manage resources by promoting and pursuing energy efficiency opportunities in the provision of City services when determined to be cost- effective alternatives.
- ❖ Provide support for City Constitutional Officers (i.e. Commissioner of Revenue, Treasurer) and Election Registrar responsibilities and functions to meet City obligations and the needs of the citizenry.
- ❖ Cooperatively provide for shared Constitutional Office Support functions with Southampton County including: Judicial System, Sheriff, Commonwealth’s Attorney and Clerk of the Court to meet the City’s obligations and the needs of the citizens – cooperate with Southampton County to provide adequate and safe court facilities.

- ❖ Provide City funding, as determined by the City Council, to satisfy local responsibilities to provide the City share of essential School System funding to meet operating and capital needs – assist the Council in efforts to identify and appoint School Board members committed to high caliber student achievement and educational system accountability.
- ❖ Provide sufficient resources, as determined by the Council, to satisfy local responsibilities for the City's share of Department of Social Services funding to meet operating and capital requirements and community assistance needs while optimizing the leverage of federal and state resources for the benefit of citizen beneficiaries.
- ❖ Provide the City share of funding, as determined by the Council and contractual obligations, for other important services and agencies including: Blackwater Regional Library, Western Tidewater Regional Jail, CSA, Senior Services, Boys & Girls Club, Smart Beginnings, Paul D. Camp Community College, Franklin- Southampton Economic Development, Inc., Hampton Roads Planning District Commission, Western Tidewater Community Services Board, etc. Excluding obligations for juvenile and adult detention care, the City contributes nearly \$950,000 annually to community agencies and organizations.

October, 2015  
(Updated April 2020)

## Adjustments to City Manager's Proposed Budget

### GENERAL FUND

#### Expenditure Adjustments

Page #	Budget Item	Amount
	<b>Total Expenditure Adjustments</b>	<b>\$ -</b>

#### Revenue Adjustments

Page #	Budget Item	Amount
	<b>Total Revenue Adjustments</b>	<b>\$ -</b>

#### Revised General Fund Budget

<b>Revised General Fund Budget</b>	<b>\$ -</b>





## SECTION ONE

### **INFORMATION ON ALL BUDGETED FUNDS**

1. Description of Budgeted Funds
2. Fund Structure
3. Summary of Budgeted Funds
4. Proposed Budget by Fund (Prior Year Comparison)
5. Total Budgeted Funds Graph

This section includes a brief description of each fund and explains its purpose. Following the schedule is a summary of the budgeted funds including revenues and expenditures for each Fund.

## Description of Budgeted Funds

The descriptions below explain the purpose of each of the funds listed in the “Summary of Budgeted Funds” pages.

### GOVERNMENTAL-TYPE FUNDS

The City’s adopted budget contains appropriations for four major and three non-major governmental fund types. The General Fund, Debt Service Fund, School Fund, and Social Services Fund are considered the major governmental funds. Non-major funds presented in the budget are the Economic Development Fund, the Comprehensive Services Act Fund and the Capital Improvement Fund.

- ❖ **General Fund** - The General Fund accounts for all revenues and expenditures that are not required to be accounted for in a special purpose fund. The sources of revenue for the General Fund are taxes and fees generated at the local level, such as real estate, personal property, utility taxes, fiduciary taxes, permits, charges for services, etc. The General Fund finances most of the regular day-to-day operations of the City. The following descriptions refer to the individual General appropriations and transfers to other funds within the City.
- ❖ **Debt Service Fund** is a fund that accounts for the accumulation of resources for and the payment of general long-term debt principal and interest of the City. Primary resources of the Debt Service fund are derived from transfers from the General Fund and the proceeds from refinancing of existing bonds. The City maintains a separate debt service fund inclusive of principal and interest payments for School related projects. General and school debt is considered tax supported.
- ❖ **Social Services Fund** (Virginia Public Assistance (VPA) accounts for revenues and expenditures related to services provided by the Department of Social Services. Most revenues are derived from the Commonwealth of Virginia and the federal government. A State required local contribution is provided by the City for administration of certain services.

### COMPONENT UNIT FUND

- ❖ **Education** – The City’s School Fund is reported in financial statements as a discretely presented component unit. The City’s total budget includes the funds of the Franklin City Public Schools. The primary sources of revenues, exclusive of the transfer from the City’s General Fund, are basic school aid, sales tax revenue, grants and federal revenues that fund certain programs. The **School Operating Fund** is the General Fund of the School Board. It includes the City’s local appropriation to the schools referred to as an annual base appropriation. Additional appropriations, in the form of prior year carryover as identified in audited financial statements, are funded at City Council’s discretion. The Cafeteria Fund of the Schools supports the school breakfast and lunch program. It is a self-funded operation supported through cafeteria sales and federal and state reimbursements.

### NON-MAJOR FUNDS

- ❖ **Economic Development Fund** was created in 2004 to support activities of the Franklin Business Incubator.

- ❖ **Comprehensive Services Act Fund (CSA)** was established in response to legislation enacted in 1993 that establishes a single state pool of funds to purchase services for at-risk youth and their families. The City pays a required local match rate on all eligible expenditures.
- ❖ **Capital Improvement Fund** accounts for financial resources to be used for the acquisition or major construction and/or maintenance of capital assets such as building renovations and improvements, major equipment, technology improvements, etc. In order for expenditures to be eligible for inclusion in the capital budget, they must cost over \$30,000 and have a life expectancy of five or more years. Projects funded in the current budget year are included in the general operating budget, “the capital improvement budget”, as capital outlay.

## **BUSINESS TYPE ACTIVITIES FUNDS**

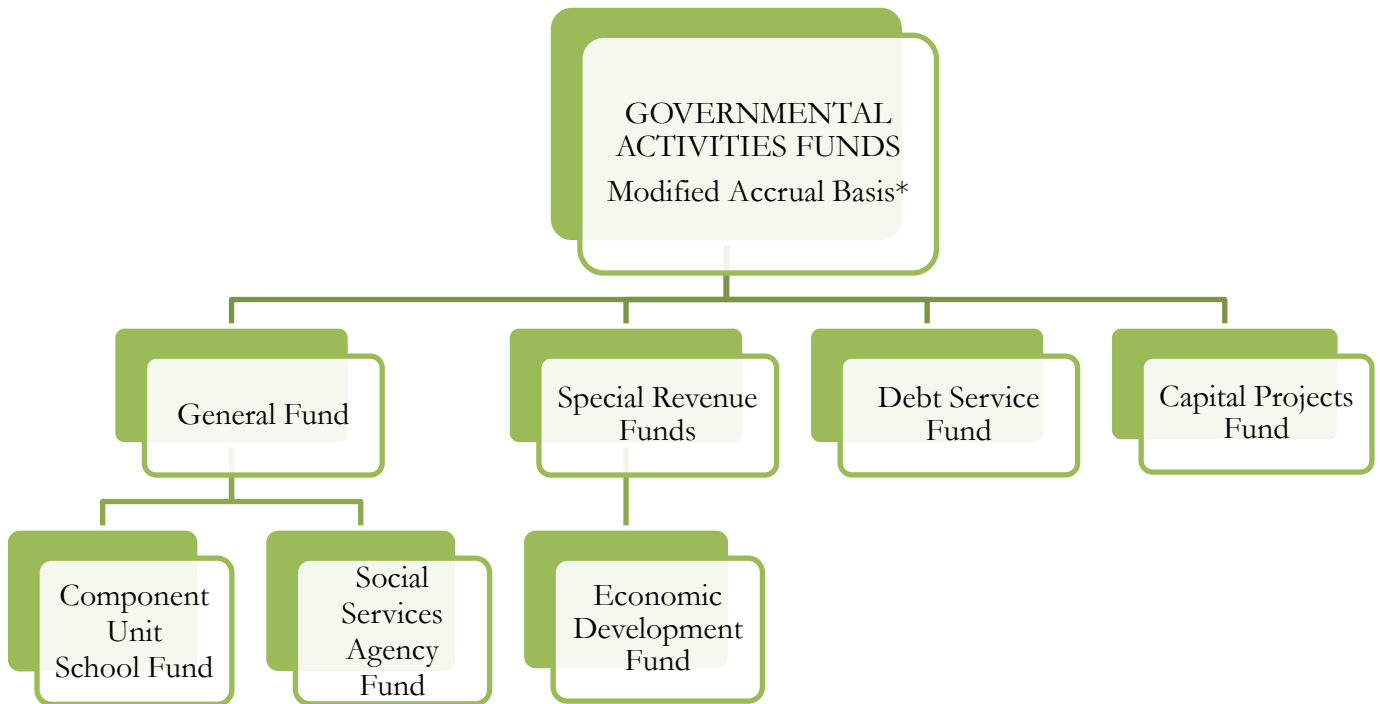
The departments within these Funds are accounted for on a similar basis as a private business in which operating expenses are completely or partially covered from income collected from user fees charged to the general public. The City maintains a Proprietary Fund type known as the Enterprise Funds which are as follows: Solid Waste, Water & Sewer, Electric and Airport. They are presented under the Enterprise Fund section of this document.

**Solid Waste Fund**, created in 2013, is an enterprise fund which pays for such services as refuse collection, disposal and recycling. Revenue for this fund is derived from predominantly residential customers and a limited number of commercial customer user fees.

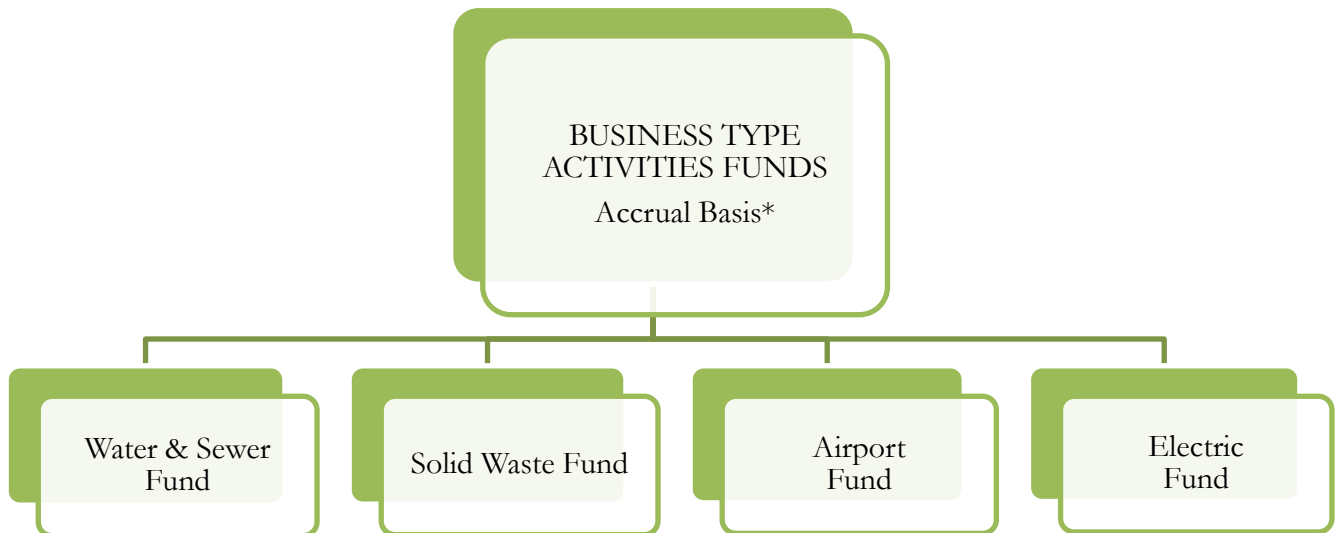
**Water & Sewer Fund** is an enterprise fund where revenues derived from user fees and connection fees are earmarked for water and sewer improvements and management of the City’s wastewater treatment facilities.

**Electric Fund** - Franklin Municipal Power and Light is the electricity provider in the City of Franklin and parts of the City of Suffolk, Southampton and Isle of Wight Counties. Established in 1892, Franklin Municipal Power and Light provides reliable and efficient energy and energy-related services for Franklin and the surrounding service area with funding entirely from user fees.

**Airport Fund** – The Franklin Municipal Airport is a vital component of economic development in the City. The Fund receives revenue from tie down fees, sale of gasoline and jet fuel and support from General Fund revenues.



**\*Modified Accrual Basis:** the method under which revenues and other financial resource increments are recognized when they become both “measurable” and “available to finance expenditures in the current period.” “Available” means collectable in the current period or soon enough thereafter to be used to pay the liabilities of the current period.



**\*Accrual Basis:** indicates revenues are recorded when they are earned (whether or not cash is received at the time) and expenditures are recorded when goods and services are received (whether cash disbursements are made at the time or not).

## SUMMARY OF ALL BUDGETED FUNDS

### TOTAL BUDGET SUMMARY

REVENUE	2020-21 PROPOSED	EXPENDITURES	2020-21 PROPOSED
General Property Tax	\$ 7,368,834	Legislative	\$ 143,336
Other Local Taxes	\$ 4,880,100	General Gov't	\$ 2,665,599
Permits, Fees, Licenses, Etc.	\$ 162,095	Judicial	\$ 1,438,230
Fines and Forfeitures	\$ 25,300	Public Safety	\$ 8,902,741
Use of Money and Property	\$ 240,311	Public Works	\$ 2,560,035
Charges for Services	\$ 1,889,003	Health & Welfare	\$ 777,505
Miscellaneous Revenue	\$ 1,591,242	Recreation & Culture	\$ 720,313
Recovered Costs	\$ 2,634,153	Community Develop.	\$ 343,442
Shared Expenses	\$ 206,704	Misc.-Non Departmental	\$ 642,503
Non-Categorical Aid: State	\$ 1,578,297		
Categorical Aid: State	\$ 2,543,947		<u>\$ 18,193,704</u>
Categorical Aid: Federal	\$ 186,244		
Transfers From Electric Fund	\$ 1,644,393	Transfer To Funds	\$ 6,969,141
Transfer from Solid Waste Fund	\$ -		
Transfer from Airport Fund	\$ 17,222		
Transfer from Water & Sewer Fund	\$ 195,000		
Use of Restricted Fund Balance	\$ -		
Use of Unassigned Fund Balance	\$ -		
	\$ -		
<b>TOTAL GENERAL FUND</b>	<b><u>\$ 25,162,845</u></b>	<b>TOTAL GENERAL FUND</b>	<b><u>\$ 25,162,845</u></b>
Schools - Operations -Local Funds	\$ 212,314		
Schools - Operations -Local Appropriation -Base	\$ 4,830,237		
Schools - Operations -Use of Restricted Fund Balance	\$ 252,158		
Schools - Operations -State & Federal Aid	\$ 10,696,384	Education Fund	\$ 15,991,093
Subtotal - School Operating Fund	<b><u>\$ 15,991,093</u></b>	Cafeteria	\$ 1,023,119
Schools- Cafeteria & Textbook Fund - State, Federal & Local	\$ 1,098,655	Textbook	\$ 75,536
<b>SCHOOL OPERATIONS</b>	<b><u>\$ 17,089,748</u></b>	<b>SCHOOL OPERATIONS</b>	<b><u>\$ 17,089,748</u></b>
Social Services Fund - State & Federal Aid	\$ 1,545,366	Administrative, Foster Care, Eligibility and Other Social	
Transfer from General Fund	\$ 552,266	Services Functions	\$ 2,097,602
<b>SOCIAL SERVICES</b>	<b><u>\$ 2,097,632</u></b>	<b>SOCIAL SERVICES</b>	<b><u>\$ 2,097,602</u></b>

## SUMMARY OF ALL BUDGETED FUNDS

REVENUE	2020-2021 PROPOSED	EXPENDITURES	2020-2021 PROPOSED
		Water Operations	\$ 888,699
Sale of Water	\$ 1,300,000	Sewer Operations	\$ 300,529
Sewer Service Fees	\$ 1,800,000	Wastewater Treatment Operations	\$ 733,211
Sewage Treatment Fees	\$ 83,000	Transfer to General Fund-Admin Services	\$ 407,055
Miscellaneous	\$ 55,000	Transfer to General Fund-Lieu of Taxes	\$ 26,460
Use of Fund Balance	\$ 195,000	Transfer to General Fund-Operational Subsidy	\$ 195,000
		Transfer to Capital Fund	\$ 515,833
		Debt Service	\$ 366,213
<b>TOTAL WATER &amp; SEWER FUND</b>	<b>\$ 3,433,000</b>	<b>TOTAL WATER &amp; SEWER FUND</b>	<b>\$ 3,433,000</b>
		Waste Collection & Disposal	\$ 378,100
Waste & Collection Disposal Fees	\$ 1,296,000	Other Operating Expense	\$ 494,028
Miscellaneous Revenue	\$ 4,000	Transfer to General Fund-Admin Services	\$ 287,391
		Reserve	\$ 128,793
		Debt Service	\$ 11,688
<b>TOTAL SOLID WASTE FUND</b>	<b>\$ 1,300,000</b>	<b>TOTAL SOLID WASTE FUND</b>	<b>\$ 1,300,000</b>
Local Revenue	\$ 54,700	Operating Expenses	\$ 16,866
Federal & State Revenue	\$ -	Transfer to General Fund-Admin Services	\$ 20,612
Transfer from General Fund	\$ -	Transfer to General Fund-Operational Subsidy	\$ 17,222
<b>TOTAL AIRPORT FUND</b>	<b>\$ 54,700</b>	<b>TOTAL AIRPORT FUND</b>	<b>\$ 54,700</b>
		Operating Expenses	\$ 1,839,539
Sale of Energy Fuel Adjustment	\$ 848,337	Cost of Energy	\$ 11,447,465
Sale of Electric Energy	\$ 14,151,316	Capital Outlay	\$ 244,500
Miscellaneous Revenue	\$ 426,308	Transfer to General Fund-Admin Services	\$ 651,295
Use of Unrestricted Fund Balance	\$ 868,167	Transfer to General Fund-Lieu of Taxes	\$ 59,282
<b>TOTAL ELECTRIC FUND</b>	<b>\$ 16,294,128</b>	Transfer to General Fund-Operational Subsidy	\$ 1,644,393
		Debt Service	\$ 407,654
		<b>TOTAL ELECTRIC FUND</b>	<b>\$ 16,294,128</b>
		School Fund Debt Principal	\$ 503,640
Transfers from General Fund - School	\$ 471,388	School Fund Debt Interest	\$ 95,793
Transfers from General Fund - General	\$ 318,618	School Fund Debt Administrative Fee	\$ 3,700
Interest Income	\$ 42,000	General Fund Debt Principal	\$ 110,000
Debt Service Reserves	\$ 287,367	General Fund Debt Interest	\$ 402,240
<b>TOTAL DEBT SERVICE FUND</b>	<b>\$ 1,119,373</b>	General Fund Debt Administrative Fee	\$ 4,000
		<b>TOTAL DEBT SERVICE FUND</b>	<b>\$ 1,119,373</b>
Rents & Program Fees	\$ 136,000	Operating Expenses	\$ 195,351
Transfer from General Fund Operations	\$ 59,351	Payments to Economic Develop	\$ 100,000
Transfer from GF-Joint Economic Develop	\$ 100,000		
<b>TOTAL ECONOMIC DEVELOP</b>	<b>\$ 295,351</b>		<b>\$ 295,351</b>

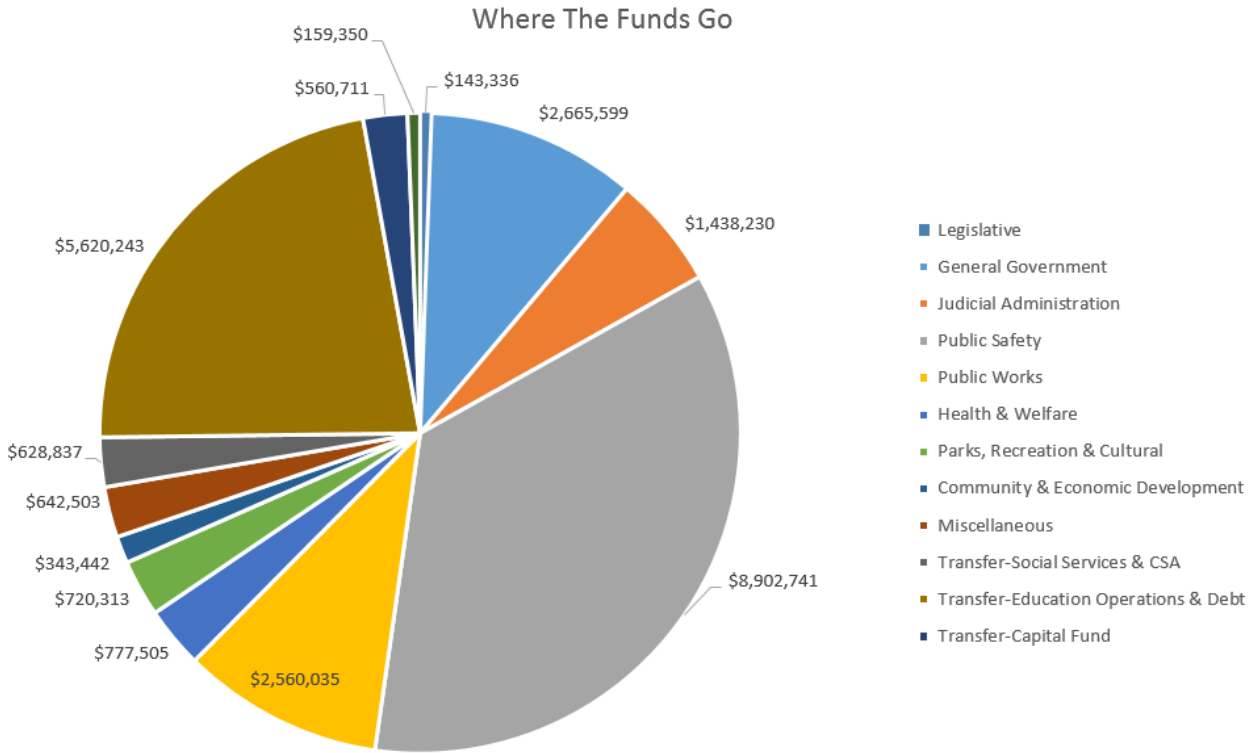
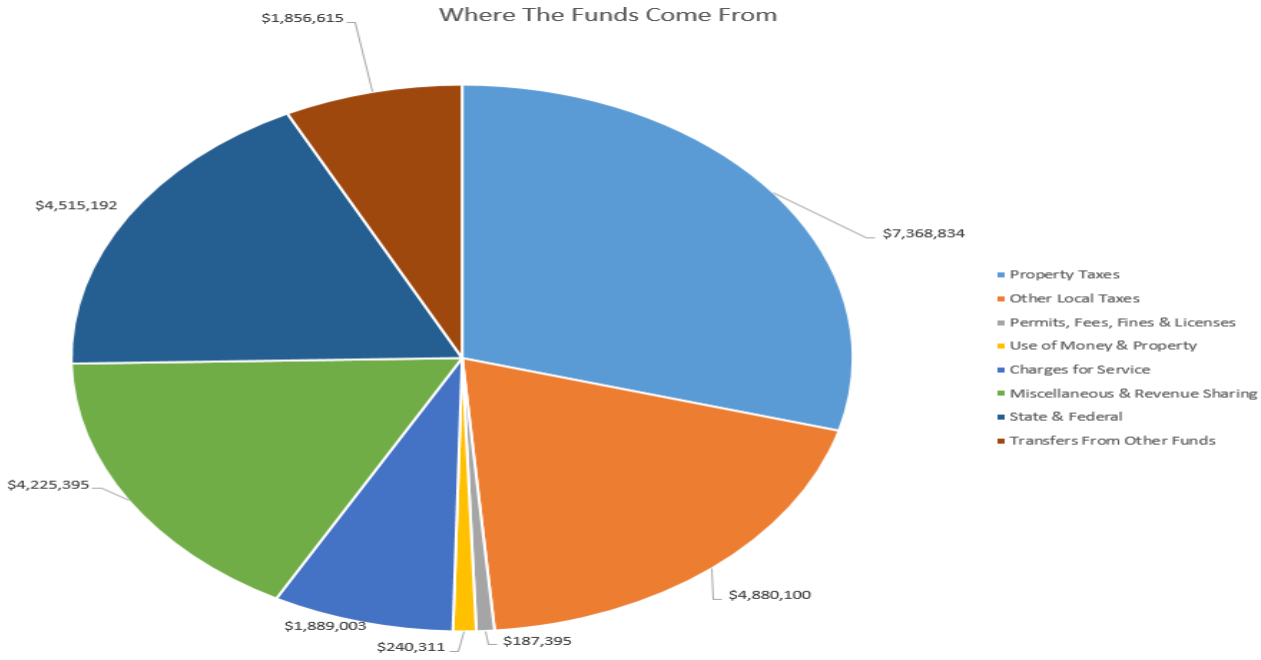
**FY 2020-21 BUDGET BY FUND  
PRIOR YEAR COMPARISON**

<b>AS OF 3/1/20</b>	<b>FY 19-20 ADOPTED</b>	<b>FY 19-20 AMENDED</b>	<b>City Manager Recommended FY 20-21</b>	<b>Variance over FY 19-20 Amended</b>	<b>Variance (%)</b>	<b>Variance Over FY 19-20 Adopted</b>	<b>Variance (%)</b>
General Fund	\$ 23,657,716	\$ 26,121,593	\$ 25,162,845	\$ (958,748)	-3.67%	\$ 1,505,129	6.36%
Water & Sewer Fund	\$ 3,488,000	\$ 3,514,270	\$ 3,433,000	\$ (81,270)	-2.31%	\$ (55,000)	-1.58%
Airport Fund	\$ 249,234	\$ 316,734	\$ 54,700	\$ (262,034)	-82.73%	\$ (194,534)	-78.05%
Electric Fund	\$ 15,723,203	\$ 15,740,667	\$ 16,294,128	\$ 553,461	3.52%	\$ 570,925	3.63%
Solid Waste Fund	\$ 1,283,481	\$ 1,283,481	\$ 1,300,000	\$ 16,519	1.29%	\$ 16,519	1.29%
Economic Dev. Fund	\$ 347,005	\$ 347,005	\$ 295,351	\$ (51,654)	-14.89%	\$ (51,654)	-14.89%
School Fund	\$ 15,889,944	\$ 16,233,022	\$ 15,991,093	\$ (241,929)	-1.49%	\$ 101,149	0.64%
School Cafeteria Fund	\$ 856,133	\$ 856,133	\$ 1,023,119	\$ 166,986	19.50%	\$ 166,986	19.50%
School Textbook Fund	\$ 94,941	\$ 94,941	\$ 75,536	\$ (19,405)	-20.44%	\$ (19,405)	-20.44%
Social Services	\$ 2,006,122	\$ 2,006,122	\$ 2,097,602	\$ 91,480	4.56%	\$ 91,480	4.56%
Comprehensive Services	\$ 198,270	\$ 198,270	\$ 198,270	\$ -	0.00%	\$ -	0.00%
School Debt Service	\$ 718,651	\$ 718,541	\$ 603,133	\$ (115,408)	-16.06%	\$ (115,518)	-16.07%
General Fund Debt Service	\$ 415,717	\$ 415,717	\$ 516,240	\$ 100,523	24.18%	\$ 100,523	24.18%
<b>TOTAL</b>	<b>\$ 64,928,417</b>	<b>\$ 67,846,496</b>	<b>\$ 67,045,017</b>	<b>\$ (801,479)</b>	<b>-1.18%</b>	<b>\$ 2,116,600</b>	<b>3.26%</b>

<b>2020-21 Primary Budget Major Amendments – General Fund</b>	<b>Amount</b>
EMS Southampton Contract	1,100,000
Children’s Center Funds	634,243
Grant Funds	327,620
Prior Year’s Carryover Funds	167,615
State Street Improvement Funds	119,355
Isle of Wight Revenue Sharing Funds	54,563
Contractual Services Appropriation	39,705
Other	20,776
<b>TOTAL</b>	<b>2,463,877</b>



# General Fund Summary



## SECTION TWO

### **FINANCIAL POLICIES & POSITION SUMMARY**

1. General Fund Financial Policies (Fund Balance, Revenue, Budget and Debt Administration)
2. Table of Authorized Positions
3. Analysis of Personnel Changes

## Financial Policies

The City of Franklin has a responsibility to its citizens to account for public funds, to manage finances wisely, and to allocate resources efficiently and effectively in order to provide the services desired by the public. The primary objective of establishing Financial Management Policies is to provide a framework within which sound financial decisions may be made for the long-term betterment and stability of the City.

### OVERALL GOALS

- ❖ To ensure the City's sound financial condition at all times in:
  - Cash Solvency – the ability to pay bills
  - Budgetary Solvency – the ability to annually balance the budget
  - Long Term Solvency – The ability to pay future costs
  - Service Level Solvency – The ability to provide needed and desired services
- ❖ Adherence to City Charter and Code and the Code of the Commonwealth of Virginia.
- ❖ Adherence to the best accounting and management practices in conformity with generally accepted accounting procedures as applied to governmental units.

### DEFINITIONS

**Assigned Fund Balance:** amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. Fund Balance may be assigned either through the encumbrance process as a result of normal purchasing activity (which includes the issuance of a purchase order), or by the City Manager or his/her designee.

**Capital Project Fund:** Accounts for capital improvements financed from bond issues, special assessments and certain grants.

**Cash Balance:** The sum of cash and investments of an accounting fund.

**Committed Fund Balance:** amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of City Council. Formal Council action includes designations of funds to be held for a specific purpose in future fiscal years and budget amendments to carry forward appropriations that were unexpended at fiscal yearend.

**Debt Service Fund:** Accounts for repayment of debt.

**Enterprise Funds:** Account for activities for which a fee is charged to external users for goods and services. The Solid Waste Fund, Water & Sewer Fund, Airport Fund, and the Electric Fund are enterprise funds.

**General Fund:** The City's primary operating fund that accounts for City services not otherwise accounted for in a separate fund.

**Non-spendable Fund Balance:** Non-spendable Fund Balance includes amounts that cannot be spent because they are either not in spendable form such as inventories, pre-pays, or receivables that are reasonably expected to not be collected in the next year; or they are legally or contractually required to be maintained intact.

**Restricted Fund Balance:** Restricted fund balance includes amounts that have constraints placed on their use by external sources such as creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

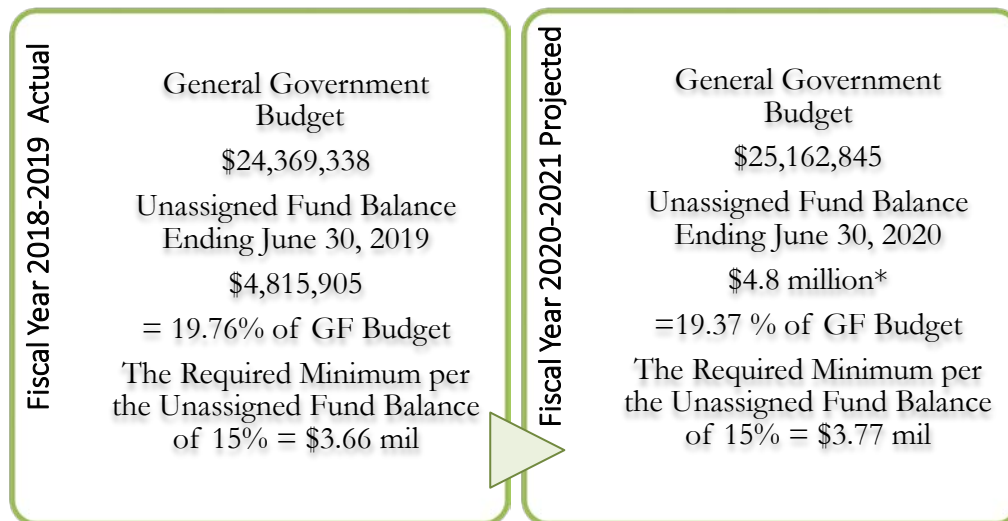
**Special Revenue Funds:** Account for proceeds of designated revenue sources used to finance specific activities.

**Temporary Borrowing:** Loan from one fund to another fund due to temporary cash shortage with the expectation of repayment within 12 months. Not considered legal debt.

**Unassigned Fund Balance:** The portion of fund balance, calculated in accordance with generally accepted accounting principles that is not in another category.

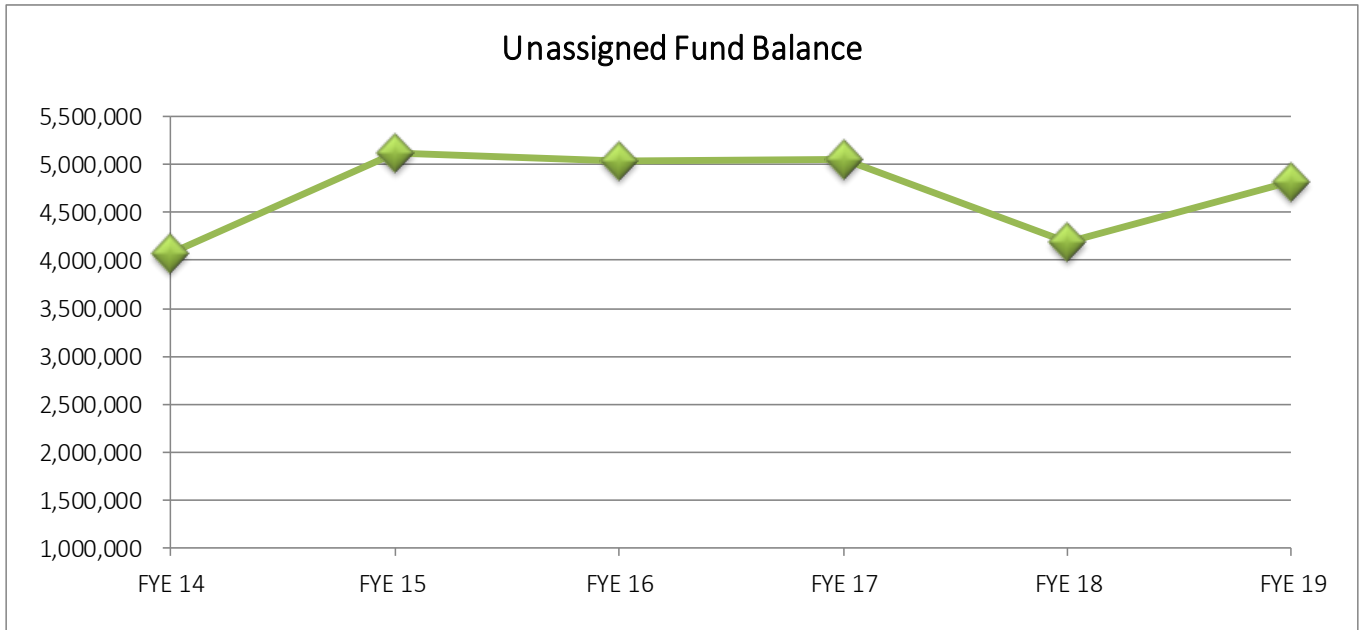
### MINIMUM UNASSIGNED FUND BALANCE (NET ASSETS) POLICY

In order to avoid service disruptions that otherwise could arise from revenue shortfalls or unanticipated expenditures, the following range for unassigned fund balances (or unrestricted net assets) should be maintained at the end of each quarter. For the purpose of policy compliance evaluation, the below is shown as of the end of the fiscal year:



\*Policy Evaluation: The FY 2020-2021 projected unassigned fund balance at June 30, 2020 is yet to be determined.

Below is a history of the City's Unassigned Fund Balance from June 30, 2014 through June 30, 2019.



**RESTORATION OF MINIMUM CASH OR UNASSIGNED FUND BALANCES**

Should the cash balance or the unassigned fund balance fall below the target levels, the City Manager will prepare and present a plan for restoration to the targeted levels. If a target level is not met or anticipated not to be met, a line item will be included in the fund’s expense section to budget a minimum of 2% of the upcoming projected budget revenues until the targeted levels are met.

**EXCESS UNASSIGNED FUND BALANCES (NET ASSETS)**

In the event the unassigned fund balance exceeds any established maximum balance requirements in the General Fund or Enterprise Funds at the end of a fiscal year, the excess may be used in one or a combination of the following ways: (a) Retirement of existing debt; (b) One-time expenditures that do not increase recurring operation costs that cannot be funded through current revenues; [An example would be replacement of capital equipment or payment to a capital improvements project that would reduce the future debt of the City. Another example of a one-time expenditure would be refunds of a portion of specific revenue collected]; and, (c) Establishment of reserves for risk management, equipment replacement, capital projects, emergencies or disaster recovery.

**POLICY ON THE ORDER OF SPENDING RESOURCES**

The City considers restricted fund balance to be spent when an expenditure is incurred for purposes for which restricted and unrestricted fund balance are available unless prohibited by legal documents or contracts. When an expenditure is incurred for purposes for which committed, assigned or unassigned amounts are available, the City considers committed fund balance to be spent first, then assigned fund balance, and lastly unassigned fund balance.

## **REVENUE POLICIES**

- ❖ Reassessment of real property will be made every two years.
- ❖ The City will monitor all taxes to ensure they are equitably administered and are collected in a timely manner.
- ❖ User Fees and Charges will be reviewed and updated on an ongoing basis to ensure that they keep pace with changes in the cost-of-living as well as changes in the method and levels of service delivery.
  1. Rental of City properties will be reviewed annually and compared to market rates.
  2. Building permit and inspection fees will be reviewed annually.
  3. Recreation program charges will be reviewed annually.
- ❖ Where possible the City will institute user fees and charges for specialized programs and services based on the cost of a particular service. Rates will be established to recover operational as well as capital or debt service costs.
- ❖ Revenue shortfalls: In the event it is determined that revenues for the fiscal year will fall short of anticipated amounts, the City Manager shall provide Council with a plan for expenditure reductions and/or revenue enhancements in the current year to mitigate the anticipated shortfall.
- ❖ Revenues from fees and charges will be reviewed annually and compared with surrounding localities to determine whether they are fair and equitable and in-line with services provided.

## **DEBT MANAGEMENT POLICIES**

The Commonwealth of Virginia imposes a legal limit of 10 percent of the assessed valuation of taxed real property as a ceiling on the amount of general obligation borrowings a municipality may incur. While this is the legal limitation, the City is well aware it cannot take on expenditures beyond its fiscal means of affordability.

- ❖ General debt service expense should not exceed 10% of the General Fund expenses.
- ❖ Net general debt as a percent of taxable real estate valuations should not exceed 5%.
- ❖ Debt service for Enterprise Funds should not exceed 20% of the funds' annual expenses.

In determining general obligation debt limitations, certain classes of indebtedness may be excluded, including revenue anticipation notes maturing in one year or less, general obligation bonds payable from a specified revenue producing undertaking [as long as the undertaking is self-supporting], and capital leases and revenue bonds. The City's enterprise operations for Electric Fund and Water and Sewer Fund bonded debt are a combination of self-supporting, general obligation and revenue bonds.

When the City finances capital improvements or other projects through bonds or capital leases, it will repay the debt within a period not to exceed the expected useful life of the projects.

**2019 General Debt Service as a Percentage of**

**\*General Fund Expenses = 4.19%**

\*calculation represents payment of annual principal and interest obligation

**2020 Projected General Debt Service as a Percentage of**

**\*General Fund Expenses = 4.34%**

\*calculation represents payment of annual principal and interest obligation

**2019 Net Bonded Debt as a Percentage of Taxable Real Estate – 2.92%**

**Enterprise Funds**

Debt Service as a percentage of annual expenses for the Water & Sewer, Electric and Solid Waste Funds is less than 4.0%, well below the minimum policy guideline.

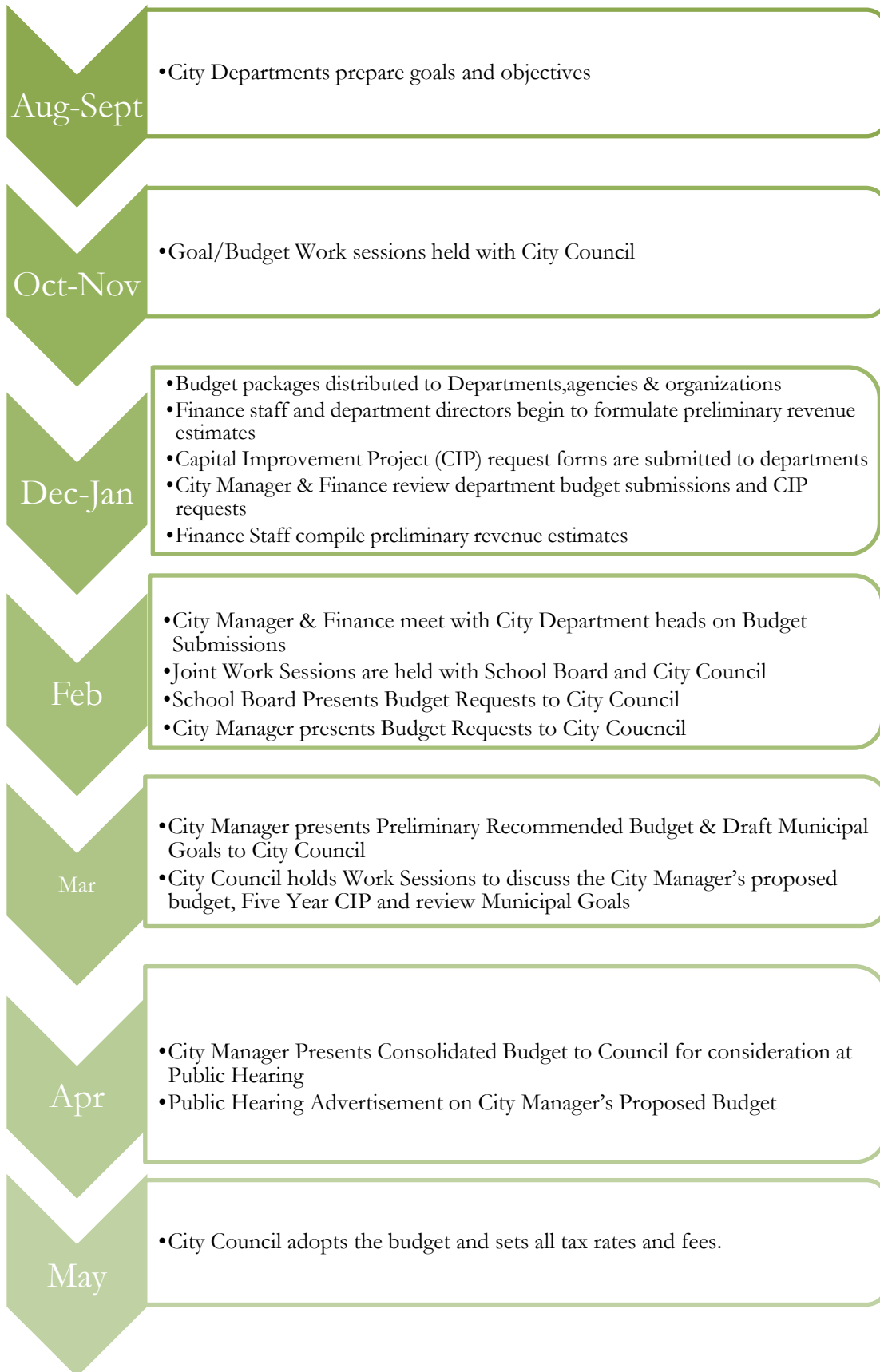
**Policy Evaluation:** The City is in compliance with its debt management policy guidelines for all debt funds.

## Budget Development and Budgetary Controls

The City utilizes the following procedures in establishing the budgetary data reflected:

- ❖ The budget is formulated from estimates of revenues and expected expenditures from various departments. Line item detail of the various local, state and federal revenue sources is used to project current year estimated actual revenue, and anticipated revenue for the following year. Trend analysis, evaluation of current economic conditions and actions by the State legislature serve as the basis for projecting the ensuing year budget.
- ❖ The City also develops a Five-Year Capital Improvement Plan to adequately address capital needs in the City and a proposed plan for financing projects. A recommended CIP is presented to City Council during presentation of the Operating Budget and adopted simultaneously. The first year of the CIP is incorporated into the City Manager's proposed operating and capital budget.
- ❖ At least 60 days prior to June 30, the City Manager submits to City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. The budget submitted to Council must be in balance, meaning expenditures recommended by the City Manager must not exceed the estimated revenue.
- ❖ Budget work sessions are held in which the various departmental proposed budgets are presented to City Council. This is a process which enables Council to make informed budgetary and financial planning decisions.
- ❖ City Council then holds a public hearing(s) on the proposed budget. Notice of such public hearing is advertised in the local newspaper not less than seven days prior to the hearing.
- ❖ The budget must be approved by a majority vote of City Council and legally adopted before July 1. A budget resolution is approved by City Council that formally adopts the budget by the various funds, levies the tax rates for the new fiscal year and sets various fees for City services.
- ❖ Additional appropriations may be made by City Council only if there is an unassigned fund balance or additional funding becomes available.
- ❖ Department Heads are responsible for managing departmental budgets within the total appropriated budget. Department heads shall prepare budget amendments for expenditures over a budgeted line item by more than \$20,000. The City Manager is authorized to transfer budgeted amounts within departments up to \$20,000. Expenditures over the original budget of any department must be approved by City Council. Transfers over \$20,000 must also be approved by City Council. The School Board is authorized to transfer budgeted amounts within the school system's categories. However, amendments to the School System budget (additional appropriations) require approval of City Council.
- ❖ Appropriations lapse on June 30 for all City units with the exception of the Capital funds.





Function/Program	FY 2019-2020 Adopted	FY 2020-2021 Proposed	Net FTE Change
<b>GENERAL FUND</b>			
City Manager	2	2	0
City Attorney	1	1	0
Human Resources	2	2	0
Treasurer	5	5	0
Commissioner of Revenue	5	5	0
Finance	4.5	4.5	0
Finance-Utility Billing	5	5	0
Registrar	1.5	1.5	0
Information Technology	1	1	0
<b>Total General Government Administration</b>	<b>27</b>	<b>27</b>	<b>0</b>
Police	32	32	0
E-911 Communications	10.5	10.5	0
Animal Control	1.5	1.5	0
Fire & Rescue - EMS	27	27	0
Inspections	7	7	0
<b>Total Public Safety Administration</b>	<b>78</b>	<b>78</b>	<b>0</b>
Public Works-Streets	16	15.5	-0.5
Public Works - Garage	3	3	0
Public Works - Refuse collection	0	0	0
Public Works-Bldgs & Grounds	9.5	9.5	0
<b>Total Public Works Administration</b>	<b>28.5</b>	<b>28</b>	<b>-0.5</b>
Park and Recreation	4	4	0
Senior Program	1	1	0
Library	0	0	0
<b>Total Parks &amp; Recreation</b>	<b>5</b>	<b>5</b>	<b>0</b>
Community Development & Stormwater Mgt.	2	2	0
Downtown Development	1	1	0
<b>Total Community Development</b>	<b>3</b>	<b>3</b>	<b>0</b>
<b>TOTAL GENERAL FUND</b>	<b>141.5</b>	<b>141</b>	<b>-0.5</b>
Social Services	23	25	2
Economic Development - Incubator	0.5	0.5	0
Water & Sewer	13	13	0
Solid Waste	8	8	0
Electric Fund	16	16	0
Airport	1	1	0
<b>TOTAL NON GENERAL FUND</b>	<b>61.5</b>	<b>63.5</b>	<b>2</b>
<b>TOTAL POSITIONS - ALL FUNDS</b>	<b>203</b>	<b>204.5</b>	<b>1.5</b>

## Personnel Change Analysis

The Fiscal Year 2020-2021 Proposed Budget calls for a net increase in total net full time equivalent positions. A 14-year history of the City's budgeted full-time equivalent positions is shown below in Table 1.

### HISTORY OF FULL TIME EQUIVALENT POSITIONS AS OF JUNE 30

*Table 1.*

<b>FUND</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
General	140	140.5	142.5	142.5	141	141	144	142	145	139	132	129	130	134
Social Services	25	23	23	23	23	23	22	22	20	20	19	19	20	18
Electric	16	16	16	16	16	16	16	16	16	14	14	16	15	20
Water & Sewer	13	13	13	13	13	13	13	16	13	13	16	14	14	16
Airport	1	1	2	2	2	2	2	2	2	2	2	2	2	2
Solid Waste	8	8	8	8	8	8	8	8	0	0	0	0	0	0
Economic Development	.5	.5	.5	.5	.5	.5	1	1	1	1	Na	Na	Na	Na
<b>TOTAL</b>	<b>204.5</b>	<b>203</b>	<b>205.5</b>	<b>205</b>	<b>203.5</b>	<b>203.5</b>	<b>206</b>	<b>207</b>	<b>197</b>	<b>188</b>	<b>183</b>	<b>178</b>	<b>182</b>	<b>185</b>

## SECTION THREE

### **ANALYSIS OF THE GENERAL FUND**

1. Revenue Assumptions, Analysis & Descriptions
2. Summary of Revenue Changes from Prior Year
3. Expenditure Assumptions, Analysis & Descriptions
4. Summary of Expenditure Changes from Prior Year
5. General Fund Highlights by Function
  - Legislative, General & Financial Administration
  - Judicial Administration
  - Public Safety
  - Public Works
  - Health & Welfare
  - Parks & Recreation
  - Community Development
  - Non-Departmental

## General Fund Analysis FY 2020-21 Annual Operating Budget Revenue Analysis

### INTRODUCTION

There are numerous revenue items in the General Fund Budget. This section summarizes the revenue categories and offers insight on the items that are the major producers of City resources. There are many economic and structural factors that determine the amounts of revenue that the City can expect to receive in any fiscal year. Economic variables that drive many of the revenues include short- and long-term interest rates, consumer confidence, retail sales, housing demands, and fuel prices. Other determinants include policies and formulas developed by the State to distribute educational, public safety, social service, and other funds as well as regulations on the establishment and administration of local taxes and fees.

Several factors were considered as part of the revenue projections for the upcoming fiscal year. Economic conditions are projected to show moderate recovery in select areas of the local economy. The City has been in a conservative mode in budgeting for revenues indicative of the economy such as meals, lodging and sales taxes and business license fees. Some of these revenue sources are showing signs of growth that are consistent with the performance of the current fiscal year.

While the State in large part recognizes its obligation to reimburse localities for State responsible functions, it does not provide the necessary funding nor reduce the service requirements. Even though the State eliminated the “Reduction in State Aid to Localities” beginning in FY 2015-2016, funding required by localities to adequately fund state supported operations continue to grow without a corresponding equivalent increase in state funding. The City receives little funding from the Federal Government outside of general government grant related activities and support for Social Services and Education programs (non-General Fund).

	FY 2019-2020 Amended	FY 20-21 Proposed	Change	FY 20-21 Variance Percent of Budget
Property Taxes	\$ 7,713,119	\$ 7,368,834	\$ (344,285)	-4.5%
Other Local Taxes	\$ 5,999,063	\$ 4,880,100	\$ (1,118,963)	-18.7%
Permits, Fees, Fines & Licenses	\$ 193,120	\$ 187,395	\$ (5,725)	-3.0%
Use of Money & Property	\$ 263,201	\$ 240,311	\$ (22,890)	-8.7%
Charges for Service	\$ 1,754,453	\$ 1,889,003	\$ 134,550	7.7%
Miscellaneous & Revenue Sharing	\$ 3,222,122	\$ 4,225,395	\$ 1,003,273	31.1%
State & Federal	\$ 4,739,619	\$ 4,515,192	\$ (224,427)	-4.7%
Transfers From Other Funds	\$ 1,949,926	\$ 1,856,615	\$ (93,311)	-4.8%
Use of Unassigned Fund Balance	\$ 286,970	\$ -	\$ (286,970)	-100.0%
<b>TOTAL REVENUE</b>	<b>\$ 26,121,593</b>	<b>\$ 25,162,845</b>	<b>\$ (958,748)</b>	<b>-3.67%</b>

Approximately 48% of General Fund revenues are derived from taxes; 29% from real estate and personal property taxes and 19% from other local taxes such as meals, sales, cigarette, lodging and license taxes. The next largest source is revenue from the State (both categorical and non-categorical

aid such as state reimbursement for shared expenses, HB 599 funds for police, street and highway maintenance funds and the state PPTRA reimbursement). A complete analysis of all revenue sources is included in the following section (Revenue Analysis and Descriptions).

The General Fund provides for the basic services extended to all residents and businesses in the City, including public safety, streets, recreation, library, court services, community development and general administration. It also includes significant contributions to the operation of the Franklin City Public School System, constitutional offices and other community organizations. Most General Fund Services are non-revenue producing, thereby requiring the use of ad valorem property taxes and other General Fund related revenue sources to provide funding. The Electric Fund provides significant support of General Fund operations through an inter-fund transfer in lieu of taxes and a City Council established appropriation of \$1.439 million annually which reduces pressure on the property tax. In FY21, this annual appropriation was increased to \$1.645 million.

The General Fund revenues are divided into the following categories: property taxes, other local taxes, licenses, permits and fees, fines and forfeitures, revenue from use of money & property, charges for services, transfers from other funds, miscellaneous revenue and recovered costs, non-categorical state aid, and categorical aid (shared expenses), other state and federal grants and prior year surplus and transfers.

**General Property Taxes** are one of the major revenue sources for the General Fund and include *real estate, public service, personal and business property taxes, and taxes on machinery & tools*. Analyzing the cumulative tax values of all types of property on which the City levies a tax, the total City tax base for 2020 is projected to be \$635,427,162. A history of total property values by type is shown in Table 1.

**PROJECTION OF TAXABLE PROPERTY VALUES**

2019-2020 Valuation Real Estate Per Assessor	2019 Valuation Personal Property	2019 Valuation Machinery & Tools	2019-2020 Valuation Public Service Real Estate	2019 Valuation Public Service Personal Property	Total
\$ 558,101,600	\$ 67,729,504	\$ 1,205,332	\$ 8,387,464	\$ 3,262	\$ 635,427,162

*Assessed Value of Taxable Property  
Last Ten Fiscal Years Ended June 30th*

Year	Real Estate	Personal Property	Machinery and Tools	Public Service Corporations		Total
				Real Estate	Personal Property	
2019	558,830,605	67,602,891	973,154	8,003,166	3,190	635,413,006
2018	550,853,846	62,891,034	1,000,717	7,535,131	3,262	622,283,990
2017	551,169,536	64,088,674	994,840	6,885,844	9,872	623,148,766
2016	550,548,631	61,007,684	970,081	6,771,272	14,362	619,312,030
2015	546,840,453	60,195,857	928,666	6,551,183	43,818	614,559,977
2014	571,544,231	59,269,598	3,136,696	6,588,695	77,003	640,616,223
2013	550,495,439	55,575,941	2,993,303	6,927,392	13,914	616,005,989
2012	606,470,410	55,398,273	3,032,569	7,371,365	16,575	672,289,192
2011	629,410,310	57,061,332	3,018,957	7,761,879	42,224	697,294,702
2010	671,857,100	59,307,993	2,909,231	7,646,642	27,151	741,749,017

Source: Franklin City Audit Report 6/30/19 and 2020 Projections from the Commissioner of the Revenue

Table 1

FY 2020-2021 TAX RATE RECOMMENDATION			
Tax (per \$100 of assessed value)	FY 19-20	FY 20-21 Proposed	Prior Year Change
Real Estate	\$1.03	\$1.03	\$0.00
Real Estate (Downtown Tax District)	\$1.27	\$1.27	\$0.00
Personal Property	\$4.50	\$4.50	\$0.00
Machinery & Tools	\$2.00	\$2.00	\$0.00
Public Service(Real Estate & Personal Property)	\$1.00/\$4.50	\$1.00/\$4.50	\$0.00 (Real Estate)
Personal Property Tax Relief Percentage	50%	50%	(0.00%)

Table 2

**PROPOSED TAX RATE:**

The current real estate tax rate is \$1.03 per \$100 of assessed value. The FY 2020-2021 budget proposes no increase in the real estate tax rate. The City's ten-year tax rate history is depicted on the table that follows:

10 Year Tax Rate History (per \$100 of assessed value)					
Fiscal Year	Real Estate	Downtown District*	Personal Property	Machinery & Tools	Public Service (RE/PP)
2019-20	\$1.03	\$1.27	\$4.50	\$2.00	\$1.03/\$4.50
2018-19	\$0.99	\$1.24	\$4.50	\$2.00	\$0.99/\$4.50
2017-18	\$0.99	\$1.24	\$4.50	\$2.00	\$0.99/\$4.50
2016-17	\$0.99	\$1.24	\$4.50	\$2.00	\$0.99/\$4.50

2015-16	\$0.99	\$1.24	\$4.50	\$2.00	\$0.99/\$4.50
2014-15	\$0.96	\$1.20	\$4.50	\$2.00	\$0.96/\$4.50
2013-14	\$0.90	\$1.14	\$4.50	\$2.00	\$0.90/\$4.50
2012-13	\$0.77	\$1.01	\$4.50	\$2.00	\$0.77/\$4.50
2011-12	\$0.77	\$1.01	\$4.50	\$2.00	\$0.77/\$4.50
2010-11	\$0.77	\$1.01	\$4.50	\$2.00	\$0.77/\$4.50

*Table 3.\*The Real Estate Tax Rate for the Downtown District is \$0.24 in addition to the City's tax rate.*

**Real Estate Tax Relief Program for the Elderly or Disabled** - To counter the cost of real estate taxes for eligible citizens with fixed incomes, the City has established a program to fully or partially exempt elderly or disabled homeowners in Franklin based upon income limits and age. In Tax Year 2018, the tax relief amount for the elderly was \$23,483 and \$37,007 for qualifying disabled veterans.

**Personal property tax** revenue is budgeted at \$1,433,200, a decrease of \$144,000 from FY 2019-2020 budget based on the current tax rate of \$4.50 per \$100 of assessed value. Since 1999, the Commonwealth of Virginia has reimbursed localities in Virginia for a portion of the levy included in the personal property tax on vehicles as authorized by the Personal Property Tax Relief Act (PPTRA). Beginning in 2006, the State began to reimburse localities a fixed amount based on the 2004 level of State. In essence, since the City receives a set value from the State for the Personal Property Tax Relief reimbursement, the City must annually adjust the relief percentage to maintain revenue neutrality.

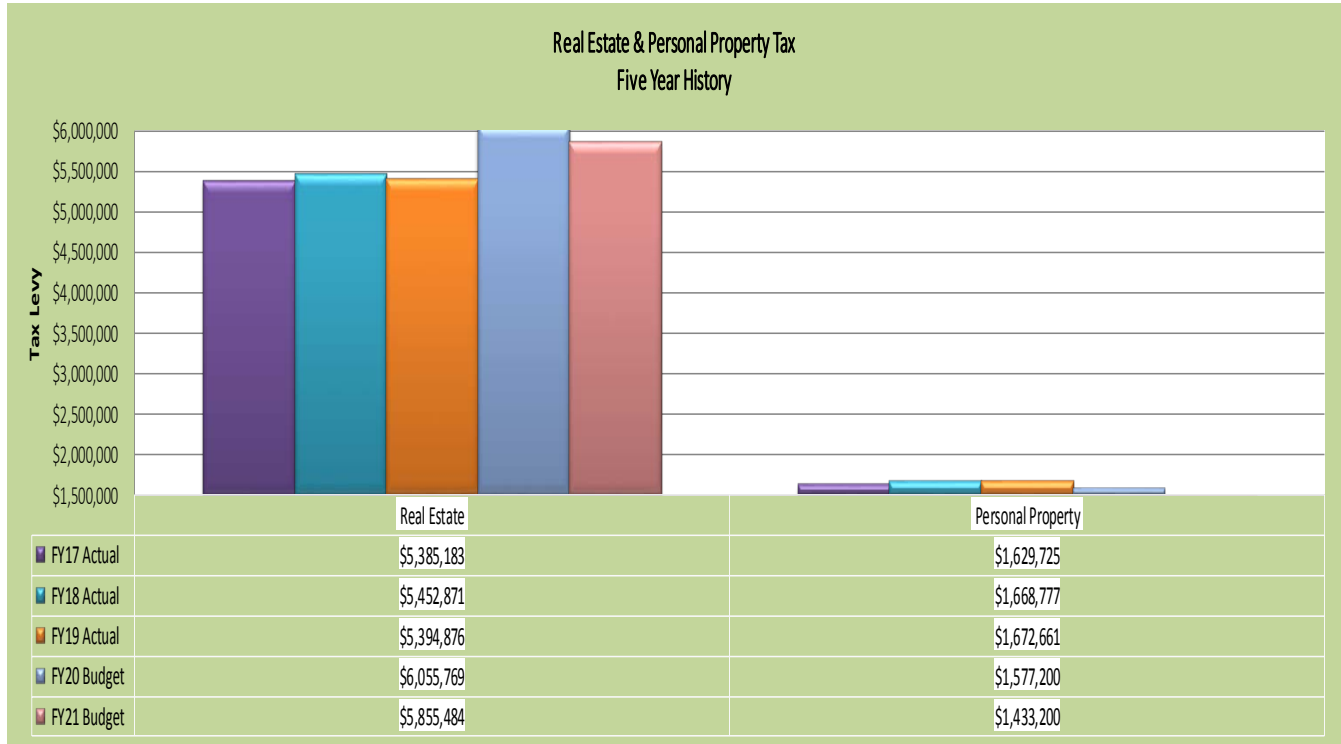
**Disabled Veteran Personal Property Tax Exemption** - The City exempts qualified disabled veterans from tax on one vehicle.

**Public Service Corporation Taxes** constitute the assessment value for all property owned by Public Service Corporations in the City and subject to local taxation. Revenue for FY 2021 is budgeted at \$80,150, the same as the current year budget.

**Machinery & Tools** tax is assessed to machinery and equipment used in manufacturing and processing. The City currently receives a marginal amount of revenue from this tax type. The FY 2020-2021 budget of \$20,600, the same as the current year budget.

**Penalties & Interest – Property Taxes** revenue is budgeted at \$117,000, \$22,000 lower than the prior fiscal year.





**Other Local Taxes** -This category consists of consumer utility taxes, sales and use taxes, business license fees, cigarette taxes, meals taxes, and lodging taxes.

Every person or business in the City that sells or furnishes a utility service must collect a *consumer utility tax* from the purchaser of the service. Utility tax is based on residential and commercial usage and is budgeted at \$613,000 for FY 2020-2021. However, of this amount, \$80,000 is remitted to Southampton County, City of Suffolk and Isle of Wight County for the utility taxes paid by utility customers located in these jurisdictions but serviced by Franklin City’s electrical utility company.

*Sales & Use Tax* is the retail sales and use tax charged and collected by certain businesses on behalf of the Commonwealth of Virginia. The City collects one percent of the 5.0% imposed by the Commonwealth on gross receipts from retail merchants in the City. Sales are indicative of consumer confidence and spending. Collections are estimated at \$1.45 million, a \$533,000 decrease compared to the current budgeted amount.

*Business license* revenue is projected at \$791,000, a \$149,000 decrease compared to the current fiscal year budget. This tax is generally assessed on the gross receipts of businesses in the City depending on the category of the business. A new business must obtain a business license from the Commissioner of Revenue before conducting business in Franklin.

*Lodging tax* is imposed and levied by the City in the amount of 8% of the total paid for lodging, by or for any transient, to any hotel. The budget for FY 2020-2021 is \$128,000, a \$32,000 decrease compared to the current budgeted amount.

Restaurant/Meal Tax is assessed on the sales price of prepared food and beverages sold at food establishments in the City. The City imposes a tax of 7.0%. Revenue from meals tax is budgeted at \$1,233,500 for FY 2020-2021, a decrease of \$289,000 from budgeted revenue in FY 2019-2020.

Cigarette Tax – The Code of Virginia, Section 58.3830 allows for local taxation on the sale or use of cigarettes. The City of Franklin charges \$0.70 per pack of cigarettes. The FY 2020-2021 budget of \$292,000 is a \$64,263 decrease compared to current budgeted amount.

Other local tax collected is the remaining local taxes not previously mentioned including bank stock, motor vehicle licenses, local electric consumption tax, right of way use, local probate and recordation taxes. The combined total for these revenues is \$314,500 which is in line with the current year budget. The table below provides a history of revenue received from various local taxes.

Local Tax	FY 16-17 Actual	FY 17-18 Actual	FY 18-19 Budget	FY 19-20 Actual	FY 20-21 Projected	Percent Growth since FY 16-17
Sales	1,799,419	1,854,694	1,870,000	1,896,306	1,450,000	-19%
Meals	1,498,567	1,522,481	1,480,000	1,478,018	1,233,500	-18%
Lodging	141,317	170,060	160,000	148,234	128,000	-9%
Cigarette	316,662	298,773	280,000	300,133	292,000	-8%
Business License	959,132	973,005	918,500	959,312	791,000	-18%
Motor Vehicles	185,505	187,023	192,000	184,638	185,000	0%
Utility Tax (Net)	499,791	534,835	463,000	526,662	533,000	7%

### License, Permit & Privilege Fee

These revenues are generated from various activities within the City primarily from the issuance of building, electrical and plumbing permits for the City and Southampton County. Other fees are collected for animal licenses, zoning and land use activities and charges. The projected revenue for this category totals \$187,395 a \$5,275 decrease from the previous year budget. The City collects all fees under the Shared Services agreement with Southampton County and a portion of the fees are remitted to the County for their applicable share of expenses less fees collected for services provided in the County. The shared percentage of these revenues varies depending on the use of the services.

### Fines and Forfeitures

These collections are the result of charges ordered by the courts for violations of City ordinances, and is projected at \$25,300 for FY 2020-2021, which is comparable to the current year's budget.

### Revenues from Use of Money & Property

Interest earned on investments and revenue received from the rental of City property comprises the category of revenue generated from the use of money and property (agency rental of M. L. King, Jr. Center). However, the majority of this revenue is received from the Department of Social Services under the current Memorandum of Understanding for the reimbursement of building rental and facility operations. The City also receives annual rental payments from the use of City owned land and a cell tower. The FY 2020-2021 proposed budget is \$240,311, a \$22,890 decrease from the current year's budget.

## Charges for Services

This category consists of revenues from fees charged by ambulance services, fire and EMS fees charged to Southampton County, recreation fees, charges for general administrative services provided on the behalf of the City's Enterprise Funds (Water & Sewer, Electric, Airport, and Solid Waste), and other miscellaneous charges. Charges for services will see a \$119,000 increase in FY 2020-2021 based on the City's most recent Cost Allocation calculation.

The City's Emergency Medical Services (EMS) Cost Recovery program is designed to obtain reimbursement for the cost of emergency medical services associated with transporting citizens to the hospital by ambulance. Charges for Ambulance Service Fees are based on premiums paid by Medicare, Medicaid and other private insurance for ambulance transport. Charges vary based on the type of service provided and the distance traveled to the hospital. Franklin uses AMB to administer the EMS Recovery Program. FY 2020-2021 projected revenue from this source is \$400,000.

As discussed previously, management recommends a review in the new fiscal year of policies on collection efforts for pursuing and improving outstanding billed but unpaid ambulance service fees. Given the cost of providing emergency medical services, this is one means of lowering the taxpayer burden necessary to provide this important service. User fees are a more fair and equitable means of distributing costs in the fire and emergency services arena. Management also is committed to further pursuing potential jurisdictional partnerships with neighboring localities to also positively impact on city costs without compromising service obligations.

### FEES FOR AMBULANCE BILLING SERVICES

Type of Service	Current Year	Proposed Rates	Change
Treatment Without Transport (A0998)	\$ 380.00	\$ 380.00	\$ -
Basic Life Support (BLS) (A0428)	\$ 450.00	\$ 450.00	\$ -
Basic Life Support Emergent (A0429)	\$ 550.00	\$ 550.00	\$ -
Advanced Life Support (ALS1) (A0426)	\$ 650.00	\$ 650.00	\$ -
Advanced Life Support Emergent (A04)	\$ 725.00	\$ 725.00	\$ -
Advanced Life Support (ALS2) (A0433)	\$ 900.00	\$ 900.00	\$ -
Mileage Rate to Hospital	\$ 13.00	\$ 13.00	\$ -

### Miscellaneous Revenue and Recovered Cost

This category includes revenue sharing received under the City's Revenue Sharing Agreement with Isle of Wight County. It also includes donations, proceeds from the sale of property, and other unanticipated miscellaneous revenue. Reflected in recovered cost are proposed payments received from Southampton County under the consolidated shared services agreement. The City is slated to receive \$411,096 for all services (personnel and operating) provided to the County as administered by the City net of fees collected from services strictly provided to County residents and businesses. In addition, the City's FY 2020-2021 budget includes \$2,090,423 of revenue providing 24-hour emergency medical and ambulance transport services for all emergency medical 911 calls originating from within Southampton County. The FY 2020-2021 budget also includes a projected \$315,000 in utility billing fees associated with late payments in accordance with billing and collection policies established in February 2014.

Under a revenue sharing (annexation) agreement, the City receives a percentage of the taxes, primarily machinery & tools, from operations at the International Paper, S.T. Tissue, Franklin Lumber, and M&M Milling located in Isle of Wight County. Prior to the closure of the mill in 2009, the City consistently received revenue sharing benefits in excess of \$1.0 million annually. This amount was significantly reduced beginning in FY 2010-2011 as a result of the closure. In 2012, a portion of the mill was repurposed, and other business interests have located on the campus which results in partial revenue recovery as evidenced the projected payment for FY 2020-2021 of \$1,080,000.

### History of Revenue Sharing Payments from Isle of Wight County

Fiscal Year	Payment
2009-2010	\$ 1,283,291
2010-2011(1)	\$ 409,232
2011-2012	\$ 1,193,025
2012-2013	\$ 227,529
2013-2014	\$ 540,850
2014-2015	\$ 699,141
2015-2016	\$ 709,170
2016-2017	\$ 717,304
2017-2018	\$ 720,000
2018-2019	\$ 720,000
2019-2020	\$ 1,164,549

*(1) The City took a hit in FY 2010-2011 to correct the accounting for the receipt of the revenue sharing payment to agree with Isle of Wight distribution period; this helped the City to realize revenue in the year subsequent to the plant closing in which a significant reduction of revenue occurred.*

### Shared Expenses

This category consists of reimbursement for shared expenses in which the State provides funding assistance for salaries as determined by the State Compensation Board on an annual basis for specified local officials. The affected offices in this category are the Commissioner of Revenue, Treasurer and Voter Registrar. In FY 2020-2021 the City is expected to receive reimbursements of \$81,100, \$71,100, and \$54,504 respectively for the Commissioner, Treasurer and Registrar offices for a total of \$206,704 in categorical aid. This is a slight increase over FY 2020-2021. State support for constitutional officers overall continues to fall short of adequately funding their fair share of operating expenses for FY 2020-2021. The City must fund the remainder of these operating expenses with local resources.

The following table shows the estimated reimbursement along with the FY 2020-2021 recommended budget amount for each office, and the City cost for each:

Department	FY 2020-2021			
	FY 2020-21 State Revenue	Total Expense Budget	City Share of Cost	City Cost as a % of Budget
Comm of Revenue	\$ 81,100	\$ 297,126	\$ 216,026	73%
Treasurer	\$ 71,100	\$ 367,013	\$ 295,913	81%
Registrar	\$ 54,504	\$ 146,132	\$ 91,628	63%
<b>Total</b>	<b>\$ 206,704</b>	<b>\$ 810,271</b>	<b>\$ 603,567</b>	<b>74%</b>

## **State Revenues (Non-Categorical Aid)**

This category includes funding for PPTRA tax reimbursement, communication taxes, recordation taxes, stock taxes, and auto rental taxes. The FY 2020-2021 budget is \$1,578,297, a decrease of \$13,500 compared to the current year budget.

## **State Revenues (Categorical Aid)**

This section includes funding for a variety of city functions and state grants, the largest being *street and highway maintenance funds* followed by *599 funds for Law Enforcement*. Revenue for street & highway maintenance is received from the Virginia Department of Transportation for the City's maintenance of primary and secondary roads based on a formula including reimbursement rate and locally maintained lane miles. The street and highway maintenance budget for FY 2020-2021 is \$1,621,456, consistent with the current year budget. The City's police department recovers some of its costs from the "599 funds" distributed by the Commonwealth of Virginia. The budget for these funds for FY 2020-2021 is \$432,992, consistent with the current year budget.

## **Federal Revenue**

Federal revenue represents monies received by the City from various federal grant programs. Grants associated with the General Fund are normally appropriated upon notification and/or receipt of the grant award.

## **Use of Restricted & Unassigned Fund Balance**

A fund balance is created when revenue exceeds expenditures in prior fiscal years and should not be considered a continuing income source and particularly not for recurring operating expenditures. A portion of fund balance may be appropriated in subsequent years to meet expenditure requirements. Due to reductions in unassigned fund balances or reserves experienced in prior years, management has consistently recommended that the City refrain from significant appropriation of unassigned fund balance except for debt reserve funds created for that purpose, restricted revenues and capital expenditures particularly until reserve levels comfortably exceed minimum policy requirements. In uncertain or difficult times, the value of adequate reserve funds to either meet unexpected needs or take advantage of opportunities cannot be overstated. These funds can also be utilized when balances exceed minimum policy requirements to reduce costs by funding major items on a "pay-as-you-go" basis rather than relying entirely upon borrowing funds in the case of capital projects. This is also a good source for matching funds when grant opportunities are identified. This spending plan is consistent with the long-term goal of maintaining an acceptable minimum reserve while avoiding fluctuations in rates and charges. The budget proposal for FY2020-2021 does not recommend any transfer from the General Fund Unassigned Fund Balance.

# General Fund Analysis

## FY 2020-2021 Annual Operating Budget

### Expenditure Analysis

#### Introduction

The General Fund is comprised of the following categories: Legislative & General Government Administration, Judicial Administration, Public Safety, Public Works, Health & Welfare, Parks, Recreation & Cultural, Planning & Community Development and Non-Departmental.

Provided below are brief highlights of major expenditure adjustments incorporated into the FY 2020-2021 Recommended Operating Budget. Preceding the categorical highlights are “items of interest” that affect the entire General Fund budget and may not be necessarily mentioned in the highlights sections:

- ❖ **Virginia Retirement System (VRS)** - The City currently provides equitable deductions to all groups of employees since the VRS phase in on longer term employees was completed in a prior year.

*Approximately 81% of the City's full time employees participate in the City's Health Insurance Plan*

- ❖ **Health Care Insurance** – The City currently participates in the State’s Local Choice Program for health insurance. The Local Choice is a pooled program whereby localities similar in size are grouped together. This is intended to increase purchasing power, which reduces cost while shared claims experience offers some protection in years when jurisdictions experience high claims. Trend estimates tend to track lower than the commercial health care market. The City will experience a 4.9% decrease in health insurance costs effective July 1, 2020.

Given the amount of the premium decrease for FY 2020-2021, management recommended, and Council has approved that employees will benefit from 50% of the decrease and the City will retain 50% of the savings.

<b>General Fund Decrease in City Share of Health Insurance Cost (Includes Early Retirees)</b>	<b>\$41,940</b>
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- ❖ **Worker’s Compensation** - The City participates in the Virginia Municipal League Insurance Program (VMLIP) for its worker’s compensation coverage. VMLIP is a self-insurance pool in the Commonwealth of Virginia and provides auto, property, liability, and workers’ compensation coverage to political subdivisions across Virginia. The FY2020-2021 budget for Worker’s Compensation reflects updated premium amounts based on the most recent evaluation of rates for each class of worker by VML. The City experienced a high claims year in terms of its worker’s compensation claims experience. The proposal from VML resulted in a \$10,000 increase in worker’s compensation expense for the General Fund.
- ❖ **Salary Adjustments** – The proposed budget does include freezing of positions. No salary increase in the form of a COLA is proposed for FY 2020-2021 in the General Fund. The chart that follows provides a history of salary adjustments for the past fourteen years.

## History of Salary Adjustments

	COLA	COLA Effective Date	Bonus	Bonus Effective Date	VRS Effective July 1st
FY 07-08	4.0%	7/1/2007			
FY 08-09	2.0%	7/1/2008			
FY 09-10	0.00%				
FY 10-11	0.00%				
FY 11-12	1.5%	8/1/2011			
FY 12-13	0.0%		\$500	12/18/2012	1.1%
FY 13-14	2.0%	7/1/2013			1.1%
FY 14-15	0.0%		\$500	12/16/2014	1.1%
FY 15-16	2.0%	9/1/2015			1.1%
FY 16-17	2.0%	12/1/2016			1.1%
FY 17-18	2.0%	12/1/2016			1.1%
FY 18-19 (Non-Exempt)	2.0%				
FY 18-19 (Exempt)	1.0%				
FY 19-20	0.0%				
FY 20-21	0.0%				

Excludes Any Additional State Raises for Applicable Employees

## Legislative & General Government Administration

FUND - GENERAL	ACTUAL FY 18-19	BUDGET FY 19-20	PROPOSED FY 20-21	Variance \$	Variance %
CITY COUNCIL	148,330	150,218	143,336	(6,882)	-5%
CITY MANAGER	235,647	243,822	224,515	(19,307)	-8%
CITY ATTORNEY	151,789	148,372	150,600	2,228	2%
MANAGEMENT SERVICES & HR	88,628	209,102	212,863	3,761	2%
COMMISSIONER OF REVENUE	276,706	288,874	291,324	2,450	1%
REAL ESTATE ASSESSOR	58,379	124,264	77,254	(47,010)	-38%
TREASURER	316,326	345,218	362,192	16,974	5%
FINANCE	733,141	807,031	729,526	(77,505)	-10%
INSURANCE	188,439	226,171	218,314	(7,857)	-3%
ELECTIONS	124,487	153,122	144,813	(8,309)	-5%
INFORMATION TECHNOLOGY	173,961	277,935	254,198	(23,737)	-9%
<b>TOTAL</b>	<b>2,495,833</b>	<b>2,974,129</b>	<b>2,808,935</b>	<b>(165,194)</b>	<b>-6%</b>

### FY 2020-2021 Highlights

**City Council** – The FY2020-2021 budget for contributions to various agencies and organizations in the City is \$48,211.

**City Manager** - The FY 2020-2021 budget reflects no significant highlights.

**City Attorney** – The FY 2020-2021 budget reflects no significant highlights.

**Human Resources** – The FY 2020-2021 budget reflects no significant highlights.

**Commissioner of the Revenue** – The FY 2020-2021 budget reflects no significant highlights.

**Real Estate Assessor** – The 2020-2021 budget reflects a decrease in professional services for the bi-annual property reassessment that was completed in FY 2019-2020.

**City Treasurer** - The FY 2020-2021 budget reflects an increase in professional services for a contracted position funded by the Enterprise Funds to collect on utility related bad debt accounts.

**Finance** – The FY 2020-2021 budget reflects a decrease primarily attributable to a reduction in software maintenance costs and health insurance costs.

**Insurance** –Currently, 18 early retirees are enrolled in the City’s health insurance plan. The estimated annual cost to the City is \$185,714.

**Elections** – The FY 2020-2021 budget reflects a \$6,580 reduction in payments to election officers.

**Information Technology** – The FY 2020-2021 budget includes a decrease associated with lower costs as a result of the completion of the software conversion.



## Judicial Services

FUND - GENERAL	ACTUAL FY 18-19	BUDGET FY 19-20	PROPOSED FY 20-21	Variance \$	Variance %
GENERAL DISTRICT COURT	16,155	25,100	14,425	(10,675)	-43%
JOINT OPERATIONS	333,055	317,069	298,465	(18,604)	-6%
DISTRICT COURT/JUVENILE	68,034	106,408	104,288	(2,120)	-2%
WESTERN TIDEWATER REGIONAL	948,013	948,013	1,021,052	73,039	8%
<b>TOTAL</b>	<b>1,365,257</b>	<b>1,396,590</b>	<b>1,438,230</b>	<b>41,640</b>	<b>3%</b>

### FY 2020-2021 Highlights

**Joint Services** – The City shares the cost of court services with Southampton County based on an agreed upon distribution formula of 30% of the total cost. FY 2020-2021 cost associated with the Courthouse have decreased slightly due to lower maintenance costs.

**District Court-Juvenile** - Includes cost incurred for juvenile detention. A decrease is projected for FY 20-21. Actual costs can fluctuate dramatically from year to year based upon services rendered.

**Western Tidewater Regional Jail** – The City’s budget for FY 2020-2021 for adult prisoner is \$1,021,052, an increase of \$73,039 compared to the current budget year. Participating localities of Franklin, Isle of Wight and Suffolk proportionately absorb their applicable share of jail administration costs.

## Public Safety Administration

FUND - GENERAL	ACTUAL FY 18-19	BUDGET FY 19-20	PROPOSED FY 20-21	Variance \$	Variance %
POLICE	2,997,544	3,028,179	2,964,498	(63,681)	-2%
E911 COMMUNICATIONS	826,132	875,597	661,062	(214,535)	-25%
ANIMAL CONTROL	72,519	86,638	107,540	20,902	24%
FIRE & EMERGENCY SERVICE	2,363,563	3,641,053	4,627,453	986,400	27%
BUILDING INSPECTIONS	490,013	561,794	542,188	(19,606)	-3%
<b>TOTAL</b>	<b>6,749,771</b>	<b>8,193,261</b>	<b>8,902,741</b>	<b>709,480</b>	<b>9%</b>

### FY 2020-2021 Highlights

**Police Department** - The FY 2020-2021 budget includes freezing three vacant positions.

**E911 Communications** – The FY2020-2021 budget includes freezing two vacant positions. The reduction is also associated with a reduction of a \$198,877 grant.

**Animal Control** – The FY2020-2021 budget includes funding a part time position that was frozen in current budget.

**Fire & Emergency Services** – The FY 2020-2021 budget includes freezing one vacant position. The increase in the budget is primarily attributable to the new EMS contract with Southampton County.

**Building Inspections** – The budget includes full staffing levels in the Franklin Southampton Community Development Department. Costs associated with this department are shared between the City of Franklin and Southampton County based on the actual level of service provided.

## Public Works Administration

FUND - GENERAL	ACTUAL FY 18-19	BUDGET FY 19-20	PROPOSED FY 20-21	Variance \$	Variance %
PUBLIC WORKS - STREETS	1,146,881	1,308,621	1,197,195	(111,426)	-9%
PUBLIC WORKS - SNOW REMOVAL	5,632	15,000	15,000	-	0%
PUBLIC WORKS - GARAGE	242,716	215,478	217,181	1,703	1%
BUILDING & GROUNDS	1,106,066	1,180,454	1,031,899	(148,555)	-13%
CEMETERY MAINTENANCE	46,956	61,000	98,760	37,760	62%
<b>TOTAL</b>	<b>2,548,251</b>	<b>2,780,553</b>	<b>2,560,035</b>	<b>(220,518)</b>	<b>-8%</b>

### FY 2020-2021 HIGHLIGHTS

**Public Works Streets** – The FY 2020-2021 budget includes freezing various positions to include one maintenance equipment operator, one construction maintenance worker and one grounds maintenance technician.

**Public Works Garage** – The FY 2020-2021 budget reflects no significant highlights.

**Building & Grounds** - The FY2020-2021 budget includes \$69,000 decreased costs related to reduced costs associated with new HVAC units and \$77,000 reduced costs due to new grounds maintenance contract.

## Health and Welfare

FUND - GENERAL	ACTUAL FY 18-19	BUDGET FY 19-20	PROPOSED FY 20-21	Variance \$	Variance %
HEALTH DEPARTMENT	110,000	110,000	110,000	-	0%
MENTAL HEALTH DISTRICT	35,958	36,958	33,262	(3,696)	-10%
CHILDREN'S CENTER	592,177	634,243	634,243	-	0%
<b>TOTAL</b>	<b>738,135</b>	<b>781,201</b>	<b>777,505</b>	<b>(3,696)</b>	<b>0%</b>

### FY 2020-2021 Highlights

**Health Department** – The City’s contribution to the Franklin City Health Department remains at \$110,000 for various environmental, family health & nutrition and disease prevention services.

**Mental Health District** – The proposed expenditures reflect the contribution to the Western Tidewater Community Services Board for community mental health services provided to Franklin citizens.

**Children’s Center**- The City of Franklin serves as the fiscal agent for the Children’s Center.

## Parks and Recreation

FUND - GENERAL	ACTUAL FY 18-19	BUDGET FY 19-20	PROPOSED FY 20-21	Variance \$	Variance %
PARKS & RECREATION	366,491	409,357	442,429	33,072	8%
SENIOR CITIZENS PROGRAM	33,367	45,201	5,993	(39,208)	-87%
LIBRARY	333,489	318,880	271,891	(46,989)	-15%
<b>TOTAL</b>	<b>733,347</b>	<b>773,438</b>	<b>720,313</b>	<b>(53,125)</b>	<b>-7%</b>

### FY 2020-2021 Highlights

**Parks & Recreation** – The Parks and Recreation budget includes the full funding of all positions.

**Senior Citizens Program** – The FY2020-2021 budget was reduced due to the move of the Senior Services program to the Hayden Village.

**Blackwater Regional Library** – There is a \$46,989 decrease primarily as a result of a decrease in the City contribution to the library.

### Parks & Recreation Facilities:

Armory Drive Recreational Park  
 Barrett's Landing Park  
 Bruce Street Park  
 Hayden Sports Complex

Martin Luther King, Jr. Center  
 Memorial Park  
 Paul D. Camp Field  
 High Street Park College Drive Park

## Community Development

FUND - GENERAL	ACTUAL FY 18-19	BUDGET FY 19-20	PROPOSED FY 20-21	Variance \$	Variance %
PLANNING	274,021	319,340	267,802	(51,538)	-16%
BEAUTIFICATION	6,989	18,519	1,250	(17,269)	-93%
DOWNTOWN DEVELOPMENT	105,931	74,887	74,390	(497)	-1%
<b>TOTAL</b>	<b>386,941</b>	<b>412,746</b>	<b>343,442</b>	<b>(69,304)</b>	<b>-17%</b>

### FY 2020-2021 Highlights

**Planning** – The FY 2020-2021 budget reflects a decrease of \$41,123 in Professional Services. The cost of this department is shared with Southampton County.

**Beautification** –Funds related to any replacement of dead trees and bushes was removed in the draft budget. Funds are amended to the budget each year for a Litter Control Grant awarded by the State Department of Environmental Quality for litter control activities and programs in the City. Funds have been used in the past to purchase trash receptacles which are strategically placed throughout various areas of the City. The City annually participates in Arbor Day activities as a long standing designated “Tree City USA” community.

**Downtown Development** –A portion of the funding for this budget comes from the collection of the \$.024 real estate tax rate charged in the downtown tax district. The amount anticipated from the tax levy to fund the Downtown Development office is \$55,000. The remainder is the City’s contribution of \$20,000.

## Non-Departmental

FUND - GENERAL	ACTUAL FY 18-19	BUDGET FY 19-20	PROPOSED FY 20-21	Variance \$	Variance %
REVENUE SHARING PAYMEN	673,930	702,875	500,000	(202,875)	-29%
MERCHANT CARD FEES	72,850	5,000	750	(4,250)	-85%
RESERVE-GENERAL FUND	-	345,096	141,753	(203,343)	0%
<b>TOTAL</b>	<b>746,780</b>	<b>1,052,971</b>	<b>642,503</b>	<b>(410,468)</b>	<b>-39%</b>

### FY 2020-2021 Highlights

**Revenue Sharing Payment** – The revenue sharing payment is based on a series of tax and utility calculations that reflects the City’s share to Southampton County for revenue received along the Industrial Corridor (namely a section of Armory Drive). The City remits the shared portion to Southampton County in the following fiscal year. The amount is \$202,875 lower than the current budget based on projected shared expenditures.

**Merchant Card Fees** – The FY 2020-2021 budget reflects no significant highlights.

**Reserve- General Fund** – The FY 2020-2021 budget has \$141,753 for the General Fund Reserve.

## SECTION FOUR

### **ENTERPRISE FUNDS**

1. Water & Sewer
2. Solid Waste
3. Airport
4. Electric



## Water and Sewer Fund

The Department of Public Utilities is responsible for the operation, maintenance, and expansion of the City of Franklin's public water and sanitary sewer systems. Water and wastewater services are provided to the residents and businesses in the City as well as portions of the surrounding localities of Isle of Wight and Southampton Counties. The department's primary mission is to ensure the delivery of potable water and the collection and treatment of wastewater that meets all State and Federal regulations. The Department of Public Utilities operates as a self-sustaining enterprise fund (Water & Sewer Fund) utilizing the revenues (charges for services) generated from the City's water and sanitary sewer system operations without the support of General Fund revenues. The fund consists of the following divisions: Water Services, Sewer Operations and Wastewater Treatment Plant. The Fund's revenues support both the department's capital improvements and operating budget.

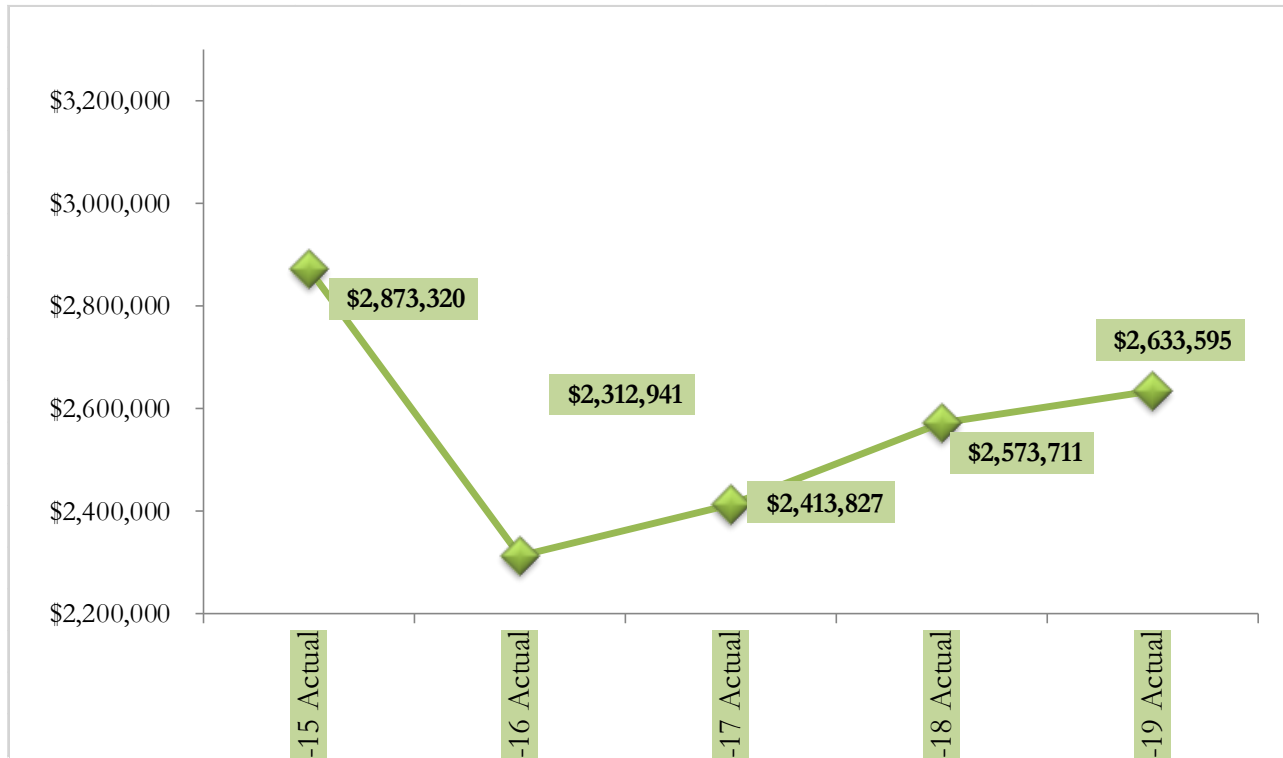
As verified by a 2018 statewide rate analysis annual report completed by Draper Aden Associates, the City Water and Sewer rates currently remain below median statewide utility system rates and do not generate revenues sufficient to adequately address longer term capital needs of an aging utility system or qualify the City for various federal and state revenue assistance programs which require a minimum rate to income ratio.

The City has wisely invested over \$2 million to address the maintenance needs of the aging wastewater collection system over the last eight years utilizing available reserve funds, which is not sustainable without depleting reserve levels below policy minimums. Additional revenue is needed in the immediate future to expand efforts to rehab the City's aging wastewater and water collection, treatment and distribution systems. Wastewater collection system improvements needed total \$8.67 million alone. Without future increases in the current rates, needed expenditures will take decades to complete.

Considering water resources to meet the City's water distribution system needs, the City successfully negotiated a Groundwater Withdrawal renewal permit with DEQ. The new permit has been renewed for up to 15 years, but it has specific requirements for the City to evaluate and pursue within the permit term. Funds are included to begin pursuing the necessary study and analysis now to meet future requirements.

Graph 1 shows a five-year trend of actual expenditures in the Water & Sewer Fund.

Graph 1. - Water & Sewer Fund Expenditure History



FY 2020-2021 revenues of \$3,433,000 are allocated among Water, Sewer and Wastewater Operations as noted in Table 1 that follows. The transfer to the General Fund includes transfers for administrative services (\$407,055), payments in lieu of taxes (\$26,460), and operational General Fund support (\$195,000).

**Proposed Budget**

Table 1.

	Water	Sewer	Wastewater	All Operations	Total	Percent of Budget
Personnel	376,605	97,841	267,066		741,512	21.60%
Operating Expenses	426,094	202,688	458,145		1,086,927	31.66%
Capital Outlay	86,000	-	8,000		94,000	2.74%
General Fund Transfers-Services/Lieu Taxes	-	-	-	433,515	433,515	12.63%
General Fund Transfers-Operational Subsidy				195,000	195,000	5.68%
Capital Fund Transfer				515,833	515,833	15.03%
Debt Service	-	-	-	366,213	366,213	10.67%
<b>Total</b>	<b>888,699</b>	<b>300,529</b>	<b>733,211</b>	<b>1,510,561</b>	<b>3,433,000</b>	<b>100.00%</b>

**FY 2020-2021 Highlights:**

- ❖ The transfer to the General Fund for administrative services increased from \$381,819 to \$407,055 based on a recent cost allocation analysis of services provided by the General Fund.

**History of Expenditures in the Water & Sewer Fund by Category**  
**Table 2.**

<b>Fiscal Year</b>	<b>Personnel</b>	<b>Operating(1)</b>	<b>Capital Outlay</b>	<b>GF Transfer</b>	<b>Debt(2)</b>	<b>Total</b>
2014-15 Actual	726,972	798,993	907,085	312,380	127,890	2,873,320
2015-16 Actual	690,091	941,257	208,727	366,682	106,183	2,312,941
2016-17 Actual	718,612	1,021,568	146,932	428,828	97,887	2,413,827
2017-18 Actual	701,664	982,198	354,981	462,435	72,433	2,573,711
2018-19 Actual	725,481	983,245	466,990	395,049	62,830	2,633,595

(1) Excludes depreciation and amortization expense.

(2) Excludes payment of principal per financial statements where interest only is expensed.

## Solid Waste Fund

The City provides waste collection and disposal services to approximately 2729 residential customers and 99 commercial customers. The City formally structured the budget for solid waste as an “Enterprise Fund” effective July 1, 2013 which better enables the City to plan for future needs.

An analysis of the Fiscal Year 2020-2021 Budget for the Solid Waste Fund (revenues and expenditures) follows:

### Revenue Analysis

No Rate Change – The proposed budget includes the current residential rate of \$38.00 per month. Since FY 2011-2012, cumulative reductions in solid waste fees total \$8.36 or a decrease of 18%. Table 1 below shows the history of monthly residential solid waste collection rates.

#### FY 2020 – 2021 Highlights

- ❖ The budget reflects no change to the residential fee. While SPSA has significantly reduced the tipping fee for the municipalities, as a result of the transfer to the General Fund over and above the costs for services the fund balance cannot support a reduction in the rate. Adopted City Policy requires a minimum balance of 25%-40%. Until the fund balance is over the 25% minimum no rate reduction can occur.

Table 1

Fiscal Year	Residential Rate	Net Change
07-08	\$31.00	\$4.55
08-09	\$32.00	\$1.00
09-10 (SPSA increase)	\$46.36	\$14.36
10-11	\$46.36	\$ -0-
11-12	\$43.41	\$2.95
12-13	\$42.24	\$1.17
13-14	\$39.74	\$2.50
14-15	\$39.74	\$ -0-
15-16	\$38.00	\$1.74
16-17	\$38.00	\$ -0-
17-18	\$38.00	\$ -0-
18-19	\$38.00	\$ -0-
19-20	\$38.00	\$ -0-
20-21 Proposed	\$38.00	\$ -0-
Net Change Since 10-11		(48.36) or 18% reduction
Net Change Since 06-07		\$11.55 or 43.6% increase

Waste collection and disposal fees account for the revenues for solid waste services. Revenue projected in fiscal year 2020-2021 based on the recommended rate is \$1,296,000. Total revenues for the fund are projected at \$1,300,000.

### **Minimum Cash Balance Policy**

In order to provide liquidity adequate to address future unexpected revenue reductions and anticipated capital expenditures or unanticipated expenditures, the minimum cash balance in the Solid Waste Fund, by Council policy, was approved at 25%. The suggested range between minimum and maximum is 25%-40% due to the expensive nature of replacement equipment purchases and the size of the fund. Adherence to this policy will realistically allow the City to avoid debt into the future in this fund.

### **Restoration of Minimum Cash Fund Balances**

As a result of the cash balance being below target levels, the City Manager is required by policy to prepare and present a plan for restoration to the targeted level. If a target level is not met or anticipated not to be met, a line item will be included in the fund's expense section to budget a minimum of 5% of the upcoming solid waste operations fund in the projected budget revenues until the targeted levels are met.

**Table 2**

#### **Policy Evaluation**

**Annual Revenue (Net of Reserves) = \$1,300,000**

**Minimum of 25% = \$325,000**

**Maximum of 40% = \$520,000**

Cash in the Fund for FY 2020-2021 is expected to improve by \$128,793 from the beginning of the fiscal year. The recommendation for no change to the rate is not anticipated to adversely impact the City's Solid Waste Cash Balance Policy going forward as additional capital equipment replacement needs remain necessary.

### **Cash Balance History**

**Table 3**

<b>Month</b>	<b>FY18-19 Cash Balance</b>	<b>FY19-20 Cash Balance</b>
July	\$226,627	\$399,753
August	\$238,139	\$426,513
September	\$250,455	\$396,737
October	\$240,796	\$439,368
November	\$255,153	\$491,141
December	\$282,542	\$497,577
January	\$292,126	\$537,559
February	\$311,695	\$554,955
March	\$319,666	
April	\$336,760	
May	\$353,560	
June	\$347,629	

## History of Expenditures in Solid Waste Fund

Table 4

	FY 2017-2018 Actual	FY 2018-2019 Actual	FY 2019-2020 Budget	FY 2020-2021 Proposed
Personnel Expense	245,298	349,973	384,050	344,971
Operating Expense (1)	108,205	93,114	114,167	114,057
Waste Collection & Disposal Cost	405,705	329,276	348,200	378,100
Capital Outlay	35,937	9,892	94,464	35,000
General Fund Transfer-Services	212,962	282,153	270,245	287,391
General Fund Transfer-Operational Su	112,345	-	-	
Capital Fund Transfer	-		-	
Debt Service	6,448	11,688	6,448	11,688
Reserves	-	-	65,907	128,793
<b>Total</b>	<b>1,126,900</b>	<b>1,076,096</b>	<b>1,283,481</b>	<b>1,300,000</b>

(1) Excludes depreciation and amortization expense.

## Franklin Municipal Airport

Franklin Municipal Airport situated in Isle of Wight County and owned by the City of Franklin is located two nautical miles from the City's central business district.

The Airport Fund is an Enterprise Fund. Beginning in FY 2020-2021, the revenue supporting the fund is derived from hanger rentals.

City Council decided that the airport will become an unmanned airport beginning July 1, 2020.

- ❖ Table 1 provides a breakdown of the revenue for the Airport Fund by the various sources and the expenditures by area.

**Table 1**

	<b>Proposed Budget</b>
Airport Rentals	54,700
<b>Total Revenue</b>	<b>54,700</b>
Operating Cost	16,866
Transfer to General Fund-Services	20,612
Transfer to Capital Fund-Operations	17,222
<b>Total Expenses</b>	<b>54,700</b>

- ❖ Table 2 provides a history of the Airport Fund by area of expenditure.

### History of Expenditures in Airport Fund

Table 2

<b>Fiscal Year</b>	<b>Personnel</b>	<b>Operating (1)</b>	<b>Capital Outlay</b>	<b>GF Transfer</b>	<b>Debt</b>	<b>Total</b>
2011-12 Actual	106,921	167,309	42,728	2,020	309	319,287
2012-13 Actual	102,372	123,563	180,033	2,222	20,000	428,190
2013-14 Actual	105,840	118,595	101,824	17,833	-	344,092
2014-15 Actual	103,998	95,309	1,147,792	18,864	-	1,365,963
2015-16 Actual	108,762	82,403	7,738	20,749	-	219,652
2016-17 Actual	114,002	78,662	31,838	36,511	-	261,013
2017-18 Actual	107,256	108,526	0	27,235	-	243,017
2018-19 Actual	78,962	98,170	11,277	25,515	-	213,924
2019-20 Budget	68,266	122,953	100,000	25,515	-	316,734

(1) Excludes depreciation and amortization expense.

## Electric Fund

The City of Franklin purchases wholesale electric power from the Virginia Municipal Electric Association (VMEA), who in turn, purchases power from Dominion Virginia Power (DVP). The complexity of the Electric Fund necessitates an understanding of the Fund's rate history, the impact on Cash balance and City Council actions taken regarding rates over time. Historical data is included herein to assist in developing such an understanding among all interested parties.

### **FY 2020-2021 BUDGET RECOMMENDATION**

Based upon information provided to VMEA by DVP to date, the wholesale power costs for Franklin Power & Light (FP&L) are projected to increase 11.1%. Actual wholesale power costs will be presented by DVP in June 2020. The proposed budget is based upon no increase to the FP&L retail rates and a projected reduction in the fuel adjustment charge. Though the wholesale power cost is dramatically increasing, the retail rates are being held flat by freezing four positions within FP&L as well as utilizing unassigned fund balance. This is the fourth year in a row that the retail rates have not changed.

### **Fuel Factor Charge**

The fuel adjustment charge by DVP is a direct pass thru from the City to FP&L customers. DVP makes rate announcements on the fuel charge usually on an annual basis. This fuel adjustment charge is effective April 1<sup>st</sup> each year. DVP has projected a decrease in the fuel adjustment rate for FY21 power purchases. The change in the fuel adjustment charge will be reflected in the May billing for April usage.



**Table 1**

Table 1 below provides a history of the fuel charges that are a direct pass through from DVP to FP&L residential customers using an average of 1000 kwh per month. An increase in the fuel rate charge negatively impacts customers' electric bills causing an increase in the charges for use of electricity. Conversely, a decrease positively affects customers' total bills.

**HISTORICAL FUEL ADJUSTMENT CHARGES**

	<b>YEAR</b>	<b>PER kWh</b>	<b>CHANGE</b>
	2006	\$ 0.01330	
	2007	\$ 0.01216	-9%
	2008	\$ 0.02279	87%
	2009	\$ 0.01096	-52%
	April	\$ 0.00556	-49%
	November	\$ 0.01241	123%
	2010	\$ 0.01723	39%
	2011	\$ 0.00931	-46%
	2012	\$ 0.01177	26%
	2013	\$ 0.01604	36%
	2014	\$ 0.00927	-42%
	2015	\$ 0.00225	-76%
	2016	\$ 0.00826	267%
	2017	\$ 0.01190	44%
Projected	2018	\$ 0.00890	-25%
Projected	2019	\$ 0.00620	-24%

## Rate History

The following table (Table 2) provides a history of the wholesale power cost increases experienced by the City from DVP between January 2011 to July 2019 compared to the rate changes passed onto the customers by the City and the average dollar impact to a residential customer.

*Table 2*

<b>TOTAL WHOLESALE COST OF POWER</b>			Retail Rate Increases
Actual Cost per kWh	FY12	\$ 0.07652	7.00%
Actual Cost per kWh	FY13	\$ 0.07019	10.00%
Actual Cost per kWh	FY14	\$ 0.07444	2.80%
Actual Cost per kWh	FY15	\$ 0.08301	2.00%
Actual Cost per kWh	FY16	\$ 0.07615	4.00%
Actual Cost per kWh	FY17	\$ 0.07309	8.00%
Actual Cost per kWh	FY18	\$ 0.07234	NONE
Actual Cost per kWh	FY19	\$ 0.075769	NONE
<i>Projected</i> Final Cost	FY20	\$0.07668	NONE

## Cash Balance Analysis

### Minimum Cash Balance Policy

In order to provide liquidity adequate to address future unexpected revenue reductions or unanticipated expenditures, the minimum cash balance in the Electric Fund, by Council policy, should be 10% of annual revenue net of the fuel adjustment at the end of each quarter.

### Restoration of Minimum Cash Fund Balances

Should the cash balance fall below the target levels, the City Manager is required by policy to prepare and present a plan for restoration to the targeted level. If a target level is not met or anticipated not to be met, a line item will be included in the fund's expense section to budget a minimum of 2% of the upcoming projected budget revenues until the targeted levels are met. The recommendation for FY2020-2021 meets this requirement as further detailed in this budget proposal.

**FY 2018-2019 Cash Balance as a Percentage of Annual Revenues (excluding fuel adjustment) at 6/30/19  
= \$4,430,050 or 31.2%.**

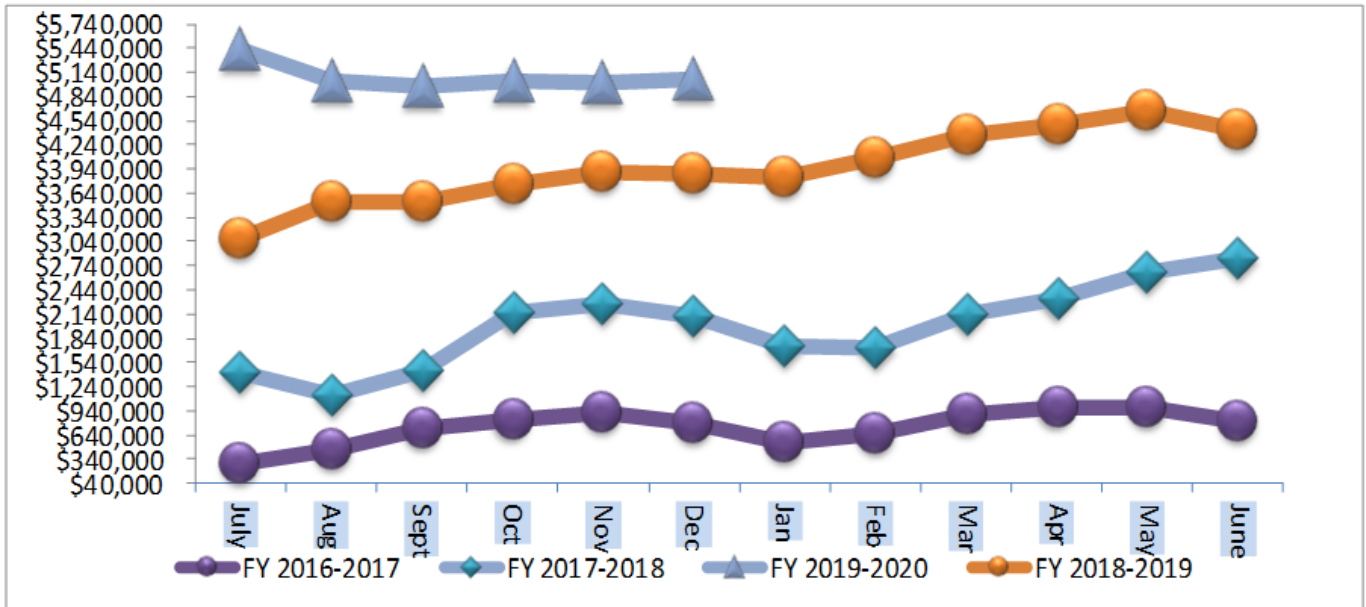
<b>FUND - ELECTRIC</b>	<b>BUDGET FY 20-21</b>
<b>ELECTRIC FUND REVENUE</b>	
Sale of Energy Fuel Adjustment	\$ 848,337
Sale of Electric Energy	14,260,996
Cycle & Save	(109,680)
Meter Connection Fee	12,000
Pole Attachment Fees	70,196
Cut-On Fees and Penalties	150,000
Sale Of Electrical Items	10,112
Miscellaneous Revenue	10,000
<b>TOTAL REVENUE</b>	<b>\$ 15,251,961</b>
Less Fuel Adjustment	(848,337)
Budget Basis for Policy	\$ 14,403,624
<b>10% of Annual Revenue</b>	<b>\$ 1,440,362</b>

Table 3

**FY 2019-2020 Projected Cash Balance as a Percentage of Annual Revenues (excluding fuel adjustment)  
at 2/29/20 = \$5,084,727 or 35.6%.**

Table 4

# ELECTRIC FUND CASH ANALYSIS

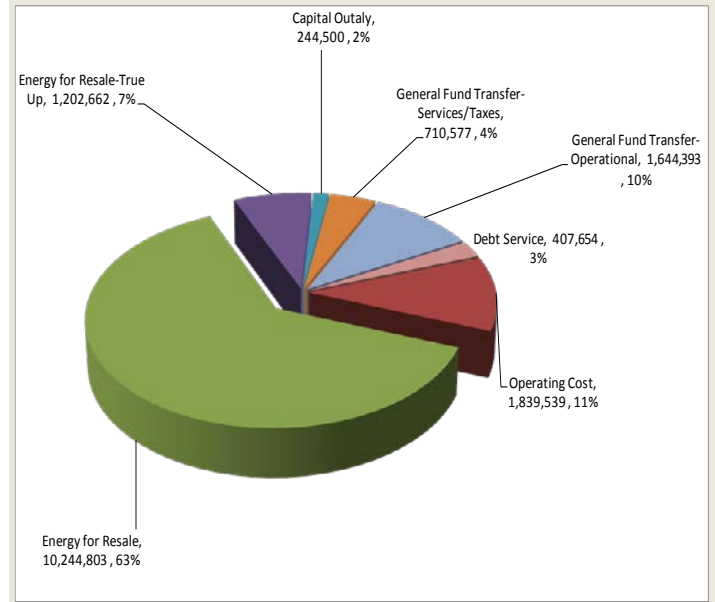
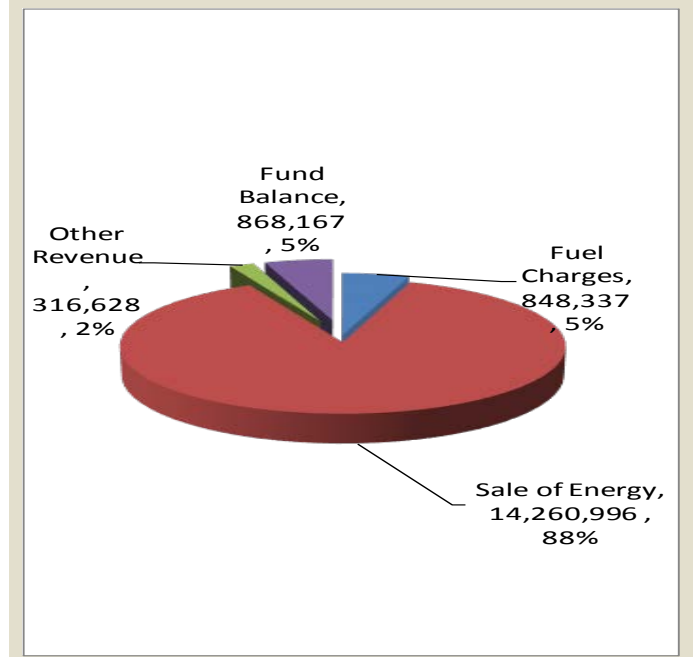


ELECTRIC FUND CASH TREND ANALYSIS  
COMPARES FY 2016-2017 TO FY 2020-2021 (through February 29, 2020)

## Electric Fund Proposed Budget

The Proposed budget for the Electric Fund is \$16,294,128 comprised of the following revenue sources and expenditures:

<b>FY 2020-2021 Proposed Budget</b>	
Revenue from Sale of Energy	14,260,996
Revenue from Fuel Charges	848,337
Other Revenue*	316,628
Use of Fund Balance	<u>868,167</u>
<b>Total Revenue</b>	<b>16,294,128</b>
Operating Expenses	1,839,539
Energy for Resale	10,244,803
Energy for Resale – True Up	1,202,662
Capital Expenses	244,500
General Fund Transfer-Services/Taxes	710,577
General Fund Transfer-Operational	1,644,393
Debt Service	<u>407,654</u>
<b>Total Expenses</b>	<b>16,294,128</b>
*Other revenue consists of pole attachment fees, cut on fees and penalties, sale of supplies (all net of cycle and save reductions)	
Revenue Less Fuel Adjustment, Charges for Street Lights & Use of Fund Balance	14,403,624
Cash Balance Minimum Policy Level (10%)	\$1,440,362



**Budget Highlights:** The FY 2020-2021 budget includes a \$675,473 decrease in fuel for resale and fuel adjustment costs, \$1.2m true-up expense payable to Dominion Power, \$209,342 decrease in capital outlay, \$81,521 increase in transfer to general fund for services, and \$118,275 increase in debt service payments.

## SECTION FIVE

### **OTHER CITY FUNDS**

1. Debt Service Fund
2. School Fund
3. Social Services Fund
4. Comprehensive Services Act Fund
5. Economic Development Fund
6. Capital Projects Fund

## Debt Service Fund

**The Debt Service Fund** is used to account for the payment of general long-term debt (principal and interest) used to finance capital needs of the City. General fund debt is comprised of debt related to general government activity and school projects. Business activity related debt stems from Water & Sewer, Solid Waste and Electric Fund activity.

**Debt Administration.** Per the audit statement, the City’s total outstanding general obligation debt at June 30, 2019 was \$15,879,584 down from \$17,936,676 at the end of June 30, 2018. This includes \$6,772,000 in general government debt and \$6,451,584 in School related debt. Of the total outstanding, the general and school debt combined total of \$13,223,584 is tax supported debt. The balance of the total debt amount is \$2,656,000 and is related to Enterprise Fund (water & sewer, solid waste and electric debt), which is directly supported by revenues generated from enterprise operations and not supported by taxes (see chart below).

State statutes limit the amount of general obligation debt a government may issue to 10% of its total assessed valuation of real property and public service corporations. The ratio of the City’s net bonded debt to assessed value totals 2.92%.

### Audited Financial Statement Comparison of Outstanding Debt at June 30<sup>th</sup>\*

	FY 2019	FY 2018
<b>General Government Activities:</b>		
<b>Bonds Payable - General</b>	\$ 6,772,000	6,925,000
<b>School Related Bonds &amp; Notes</b>	6,451,584	7,833,676
<b>Total Tax Supported Debt(*)</b>	\$ 13,223,584	14,758,676
<b>Business-type Activities:</b>	\$ 2,656,000	3,178,000
<b>Total Long -Term Debt</b>	\$ 15,879,584	17,936,676
<b>Total Per Capita Debt</b>	\$ 2,055	2,286

### Activity Impacting the FY 2020-2021 Debt Service Fund

- ❖ During FY2019-2020, the City restructured certain portions of its tax supported debt in conjunction with issuing new debt to absorb unfunded capital needs. The result was minimal impact over the life of the existing debt portfolio. This strategy mitigated the need for an increase on the tax rate.
- ❖ During FY2019-2020, the Electric Fund incurred \$3,000,000 additional debt related to a new substation.
- ❖ The FY 2020-2021 net debt service requirement for the General Fund will be \$100,523 more than FY 2019-2020. The net debt service requirement for school related debt will decrease by \$115,408.

The following tables outline the City’s debt outstanding at the end of FY 2019 and through final maturity for the Governmental and Business type activities. Information is also included on specific debt instruments, interest rates and projects funded with the use of debt proceeds.

<b>General Fund Totals</b>				
<b>FY</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Outstanding</b>
	\$6,772,000	\$2,288,526	\$9,060,526	
2020	170,000	242,217	412,217	6,602,000
2021	222,000	235,443	457,443	6,380,000
2022	313,400	227,657	541,057	6,066,600
2023	318,000	216,820	534,820	5,748,600
2024	333,200	205,123	538,323	5,415,400
2025	364,800	193,063	557,863	5,050,600
2026	434,200	180,220	614,420	4,616,400
2027	587,600	164,823	752,423	4,028,800
2028	608,600	143,970	752,570	3,420,200
2029	645,200	122,377	767,577	2,775,000
2030	669,600	99,378	768,978	2,105,400
2031	659,800	75,591	735,391	1,445,600
2032	640,600	51,619	692,219	805,000
2033	100,000	32,941	132,941	705,000
2034	105,000	28,408	133,408	600,000
2035	110,000	23,843	133,843	490,000
2036	115,000	19,068	134,068	375,000
2037	120,000	14,069	134,069	255,000
2038	125,000	8,828	133,828	130,000
2039	130,000	3,069	133,069	-

Source: City Financials, City Finance Office, Bond Documents.



**Debt Service**  
**(includes funding of QZAB Escrows)**

School Fund Totals				
FY	Principal	Interest	Total	Outstanding
	\$4,554,605	\$755,138	\$5,309,743	
2020	601,965	112,986	714,951	3,755,000
2021	565,640	103,922	669,562	3,387,000
2022	487,000	97,969	584,969	2,900,000
2023	496,000	86,499	582,499	2,404,000
2024	502,000	75,669	577,669	1,902,000
2025	487,000	64,516	551,516	1,415,000
2026	279,000	53,549	332,549	1,136,000
2027	154,000	41,421	195,421	982,000
2028	161,000	34,262	195,262	821,000
2029	155,000	27,296	182,296	666,000
2030	158,000	21,736	179,736	508,000
2031	153,000	16,232	169,232	355,000
2032	115,000	10,561	125,561	240,000
2033	120,000	6,390	126,390	120,000
2034	120,000	2,130	122,130	-

Source: City Financials, City Finance Office, Bond Documents.

## Debt Service Enterprise Funds

### Water & Sewer Fund Totals

FY	Principal	Interest	Total	Outstanding
	\$1,618,000	\$168,334	\$1,786,334	
2020	311,000	55,614	366,614	1,307,000
2021	321,000	45,213	366,213	986,000
2022	333,000	34,055	367,055	653,000
2023	343,000	22,490	365,490	310,000
2024	310,000	10,962	320,962	-

Source: City Financials, City Finance Office, Bond Documents.

### Electric Fund

FY	Principal	Interest	Total	Outstanding
	\$790,000	\$61,305	\$851,305	
2020	222,000	28,026	250,026	568,000
2021	234,000	19,854	253,854	334,000
2022	241,000	11,184	252,184	93,000
2023	93,000	2,241	95,241	-

Source: City Financials, City Finance Office, Bond Documents.

### Solid Waste Fund

FY	Principal	Interest	Total	Outstanding
	\$ 248,000	\$ 72,472	\$ 320,472	
2020	-	6,448	6,448	248,000
2021	-	6,448	6,448	248,000
2022	600	6,448	7,048	247,400
2023	9,000	6,432	15,432	238,400
2024	9,800	6,198	15,998	228,600
2025	14,200	5,944	20,144	214,400
2026	6,800	5,574	12,374	207,600
2027	6,400	5,398	11,798	201,200
2028	6,400	5,231	11,631	194,800
2029	4,800	5,065	9,865	190,000
2030	5,400	4,940	10,340	184,600
2031	48,200	4,800	53,000	136,400
2032	136,400	3,546	139,946	-

Source: City Financials, City Finance Office, Bond Documents.

General obligation debt of the governmental activities at June 30, 2019 is comprised of the following:

<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Authorized and Issued</u>	<u>Outstanding June 30, 2019</u>
<b>Primary Government</b>					
<b>Governmental Obligations</b>					
<i>General Obligation Bonds</i>					
Public Improvement Series 1999A Virginia General Obligation Qualified Zone	05/28/99	07/15/19	3.97	\$2,041,330	\$ 103,155
Academy Bond, Series 2005	12/29/05	12/20/20	-	2,214,429	2,214,429
Public Improvement and Refunding Series 2010	04/27/10	01/15/26	2.00-4.50	5,235,000	680,000
General Obligation Refunding Bond, Series 2013	04/04/13	10/01/38	3.65	2,075,000	1,770,000
General Obligation School Bonds, Series 2013A	04/12/13	07/15/33	3.05-5.05	1,695,000	1,405,000
Virginia General Obligation Qualified Zone					
Academy Bond, Series 2014	12/30/14	12/01/24	0.0	1,816,000	1,416,000
Tax-Exempt GO Bond Refunding Series 2015A	10/09/15	10/09/30	2.60	2,568,000	2,387,000
Tax-Exempt GO Bond Refunding Series 2015B	10/09/15	10/09/31	3.90	3,549,000	3,248,000
<b>Total General Obligation Bonds</b>					<b>13,223,584</b>
<i>Capital Lease Obligations</i>					
Fire truck	06/13/11	08/20/20	3.74	217,020	48,725
Telephone system	07/01/15	07/01/20	0.0	461,417	92,284
<b>Total Capital Lease Obligations</b>					<b>141,009</b>
Premium on bond issuance					399,766
Compensated absences					696,216
<b>Total General Long-Term Obligations</b>					<b>14,460,575</b>

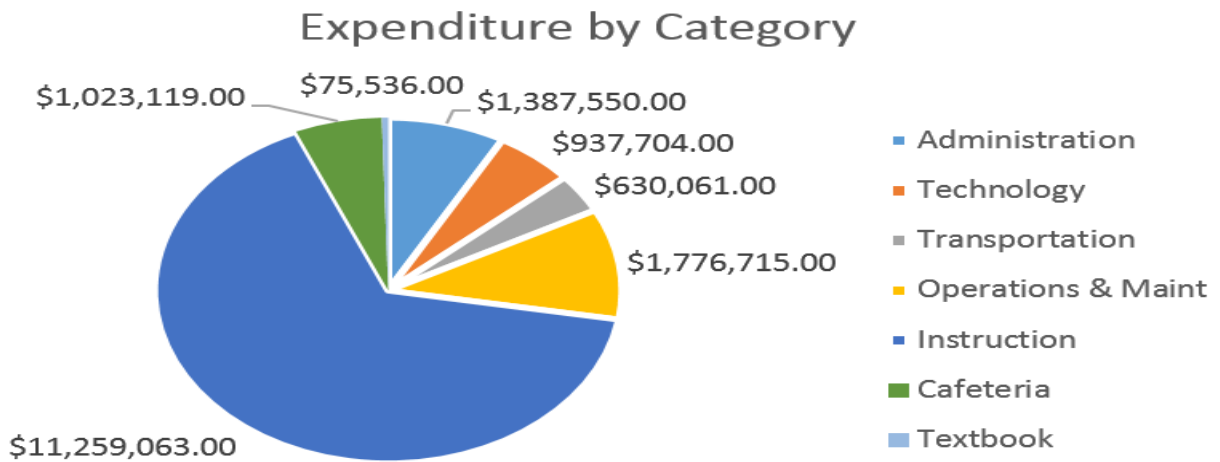
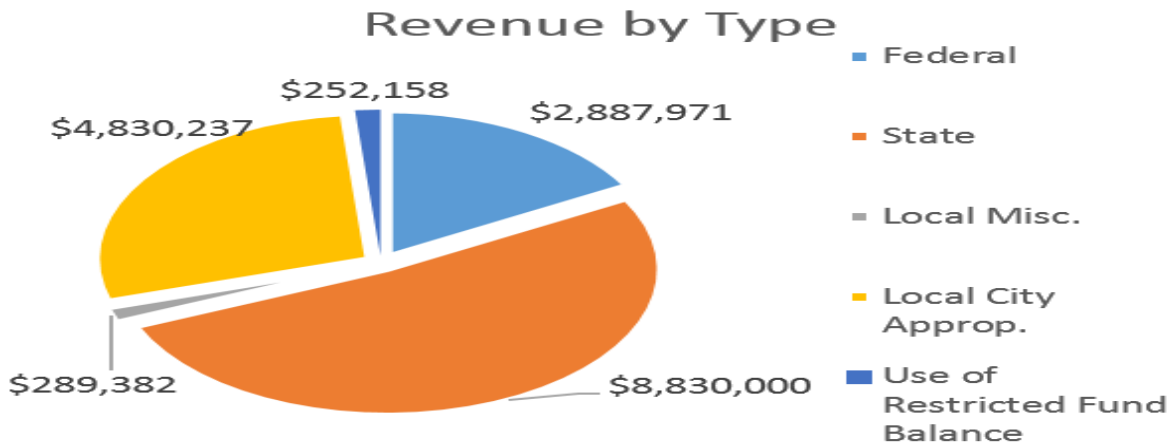
This above information represents the various debt instruments for the City's Tax Supported General Obligation Debt. Projects associated with the debt acquisition include both are not limited to the following for both general government and school improvements: City Hall & Other governmental facility improvements, Cemetery improvements, School Roof, Gym, and Bleacher Repairs/Replacement, Oven Replacements, General Government & School Technology Improvements (to include mobile classroom initiative), School Buses, HVAC upgrades, General Government Roof Repairs, public works equipment, police vehicles, and the High School Breezeway enclosure.

## School Fund

The Franklin City Council appropriates funds for the operation of the City’s Public School System. It is the responsibility of the Superintendent and the School Board to develop an annual budget request reflecting the needs of the school division. The budget is transmitted to the City Manager for consideration with the City’s Operating Budget. Details of the FY 2020-2021 School System Budget are available in a separate document maintained by the School Board. The School’s budget for the School System Operating, Cafeteria & Textbook Fund for FY 2020-2021 is \$17,089,748. The graphs below depict the revenue by source and the expenditure plan by category.

### FY 2020-2021 Budget Highlights

- ❖ The recommended local appropriation to the School Division is \$4,830,237 and additional \$252,158 use of restricted fund balance has been approved to be used for operations which yields a \$45,000 increase in total funding compared to FY2019-2020.
- ❖ The School Division operating category of expenditures and budget sources of revenue are depicted on the following charts:



## Social Services Fund

The Franklin City Department of Social Services is responsible for administering a variety of services to meet the needs of Franklin citizens. Services include but are not limited to: Supplemental Nutrition Assistance Program (SNAP), Medicaid, Temporary Assistance to Needy Families (TANF), energy assistance and other benefits, Virginia Initiative for Employment not Welfare (VIEW), child protective services, foster care and adoption, adult protective services and other adult services. The agency is funded by revenue received from the state and federal government and an annual appropriation from the City.

### FY 2020-2021 Budget Highlights

- ❖ The proposed City appropriation for FY 2020-2021 is \$552,266, an increase of \$67,870 from the FY 2019-2020 budgeted appropriation and represents 26.3% of the total revenue needed to fund the various programs administered by the department.
- ❖ While the budget for the City DSS is \$2.1 million (See Table 1), Franklin City residents were provided benefits from the State and Federal government of over \$35.5 million via pass through funding from Medicaid, Family Access to Medical Insurance Security (FAMIS), SNAP, Energy Assistance, Foster Care & Adoption and TANF in SFY 2019. (See Table 2) This is a \$1.2 million increase over actual benefits distributed in SFY2018.

*Table 1. Revenue by Source*

Revenue by Source		
Federal & State	1,545,337	73.7%
City Appropriation	552,266	26.3%
<b>TOTAL</b>	<b>2,097,603</b>	<b>100.0%</b>

Table 2. 2019 DSS Spending Profile (Source: Virginia Department of Social Services)

<b>Social Services Spending, SFY 2019 Franklin City</b>	<b>Federal</b>	<b>State</b>	<b>Local</b>	<b>NER</b>	<b>All Sources</b>
<b>Administrative costs</b>	<b>\$794,363</b>	<b>\$339,320</b>	<b>\$383,543</b>	<b>\$32,615</b>	<b>\$1,549,841</b>
Staff and operations <sup>1</sup>	\$773,138	\$339,320	\$362,318	\$4,204	\$1,478,980
Other expenses <sup>2</sup>	\$21,225	\$0	\$21,225	\$28,410	\$70,861
<i>Admin costs - % by Funding Source</i>	51%	22%	25%	2%	100%
<i>Admin costs - % Total SS spending</i>	4%	2%	81%	100%	4%
<b>Services purchased for clients<sup>3</sup></b>	<b>\$16,302</b>	<b>\$19,212</b>	<b>\$6,704</b>	<b>\$0</b>	<b>\$42,218</b>
<i>Services - % by Funding Source</i>	38.6%	45.5%	15.9%	0.0%	100%
<i>Services - % Total SS spending</i>	0.1%	0.1%	1.4%	0%	0%
<b>Client Benefits Spending<sup>4</sup></b>	<b>\$18,929,577</b>	<b>\$14,922,661</b>	<b>\$81,897</b>	<b>\$0</b>	<b>\$33,934,135</b>
Medicaid & FAMIS <sup>5</sup>	\$14,977,392	\$14,583,562	\$13,643	N/A	\$29,574,597
SNAP	\$3,334,176	N/A	N/A	N/A	\$3,334,176
TANF	\$71,826	\$99,469	\$0	\$0	\$171,295
Energy Assistance	\$332,003	N/A	N/A	N/A	\$332,003
Foster care/adoption <sup>6</sup>	\$36,945	\$46,275	\$0	\$0	\$83,220
Children's Services Act <sup>7</sup>	\$0	\$87,798	\$52,539	\$0	\$140,337
Child Care <sup>8</sup>	\$177,235	\$42,697	N/A	N/A	\$219,932
Other Benefits <sup>9</sup>	\$0	\$62,861	\$15,715	\$0	\$78,576
<i>Benefits - % by Funding Source</i>	56%	44%	0.2%	0.0%	100%
<i>Benefits - % Total SS spending</i>	96%	98%	17%	0%	96%
<b>Total SS Spending</b>	<b>\$19,740,241</b>	<b>\$15,281,194</b>	<b>\$472,144</b>	<b>\$32,615</b>	<b>\$35,526,194</b>
<b>SS Funding - % by Funding Source</b>	56%	43%	1%	0%	100%

Source: LASER, Statewide Summary. NER = Local non-reimbursable costs. Costs rounded to whole dollars.

## Comprehensive Services Act

The Comprehensive Services Act for At-Risk Youth and Families (CSA) is a law enacted in 1993 that establishes a single state pool of funds to purchase services for at-risk youth and their families. The state funds, combined with local community funds, are managed by local interagency teams who plan and oversee services to youth. “The mission of the CSA is to create a collaborative system of services and funding that is child-centered, family-focused and community-based when addressing the strengths and needs of troubled and at-risk youth and their families in the Commonwealth” ([www.csa.virginia.gov](http://www.csa.virginia.gov)). The CSA coordinator for the City of Franklin also services Isle of Wight and the City of Suffolk. The City pays a portion of the salary for the CSA coordinator. Representatives from social services, court services, the health department, school division and community services boards serve as members on the Community Policy Management Team (CPMT). The team is responsible for recommending the proper level of treatment and services needed by children and their families and determines eligibility for funding for services through the state pool of funds. CSA also requires the establishment of a Family Assessment and Planning Team (FAPT) to address the needs of communities. CPMT makes referrals to FAPT to handle disciplinary cases involving troubled youth and families.

### **FY 2020-2021 BUDGET & FUNDING**

Funding for the Comprehensive Service Act Fund is provided by a state pool of resources combined with a local match requirement based on a state formula. The City submits quarterly financial reports to the State CSA office requesting reimbursement of the state funds.

The CSA budget for FY 2020-2021 is \$198,270 of which \$76,571 is the City’s local funding requirement. Overall, this is a \$26,885 increase from FY 2019-2020. State aid is projected to be the same as current year. Expenditures for the program are largely based on anticipated community need per the State Comprehensive Services Act Department projections. The City also reviews historical trends of CSA expenditures to determine budget estimates. FY 2020-2021 proposed administrative cost, shared by Franklin City, Isle of Wight and Suffolk are 25%, 25% and 50% respectively.

<b>COMPREHENSIVE SERVICES ACT FUND</b>	<b>ACTUAL FY 18-19</b>	<b>BUDGET FY 19-20</b>	<b>City Manager's Recommended 20-21</b>	<b>Variance 19-20 to 20-21</b>
<b>REVENUE</b>				
State Aid	107,519	121,699	121,699	-
Patient Income	1,743	-	-	-
Transfers from General Fund	76,571	49,686	76,571	26,885
Use of Unassigned Fund Balance	-	26,885	-	(26,885)
<b>Total Revenue</b>	<b>185,833</b>	<b>198,270</b>	<b>198,270</b>	<b>-</b>
<b>EXPENDITURES</b>				
Mandated Services	128,892	145,303	145,303	-
Administrative Services	48,270	52,967	52,967	-
Local Medicaid Match				-
<b>Total Expenses</b>	<b>177,162</b>	<b>198,270</b>	<b>198,270</b>	<b>-</b>

## Economic Development Fund

The City of Franklin, along with Southampton County the Camp Family Foundations and the Franklin Southampton Charities, supports the mission of Franklin Southampton Economic Development, Inc. (FSEDI) aimed at “diversification of the economy and job creation through partnerships with existing businesses, attraction of new businesses, and promotion of entrepreneurship and tourism” (www.visitfranklinsouthampton.com). The City, County and Charities equitably share the total budget for FSEDI which is independent of the City. The FY 2020-2021 Budget includes a City contribution, as a portion of the jointly funded total budget, to support the initiatives of FSEDI in the amount of \$100,000, a \$25,000 decrease from the current fiscal year’s budget.

FSEDI manages, as a service to the City, the rental of spaces in the Franklin Business Center which is owned by the City. In addition to the joint contribution, the City’s general fund provides for the maintenance and upkeep of the facility (i.e. janitorial services, utilities, insurance, etc.). A portion of the cost is derived from rental income paid by the business tenants that occupy the facility and other fees.

FSEDI has done an exceptional job in marketing the facility to new tenants thus preventing a major decline in revenue which would increase the transfer.

### Franklin Business Center 2018 Economic Impact

# of Full Time Employees	106
# of Part Time Employees	114
Average Salary FT Employees	\$83,683.66
Taxes paid to Franklin	\$39,386.41
Rents Paid to City	\$122,801.48
Total Business Profits	\$1,768,622.80

### FY 2020-2021 Revenue

Rental Income	134,000
Misc. Fees	2,000
Transfer from General Fund	59,351
City Contribution to FSEDI	<u>100,000</u>
<b>Total Revenue</b>	<b>295,351</b>

### FY 2020-2021 EXPENSES

Personnel	19,375
Operating Expenses	175,976
Payment to FSEDI	<u>100,000</u>
<b>Total Expenses</b>	<b>295,351</b>



# Capital Improvement Program

## Introduction

Capital Improvement Programming is a method of planning for the effective and efficient provision of public facilities, infrastructure improvements, road improvements, major maintenance requirements, and acquisition of property and equipment. Preserving and upgrading these investments, along with planning for future infrastructure needs of the City represents an ongoing challenge, given existing revenue streams and the growth in demand for City services. In past years, the City Council, through its actions, has demonstrated a firm commitment to, and investment in the City's Capital Improvement Plan.

The purpose of this document is not to present a complete and detailed financial plan for each individual project listed on the CIP project list, but rather to outline the estimated cost, timing and anticipated revenue sources available for each of the projects.

A five-year CIP allows the City Council and citizens an opportunity to view both the five-year capital construction and infrastructure maintenance needs of the City and the Franklin Public Schools. The CIP is not a static document which fixes the community improvement projects which the City "must" complete during the next five years. Instead, it should be viewed as a planning document or guide to what the City "believes" it will be able to accomplish in the future. As time passes, changes beyond the City's control may affect the timing and magnitude of the projects listed in the CIP. Therefore, the CIP will be reviewed annually during the budget process and updated as necessary to reflect the changed circumstances that may occur over time. Viewing these needs enables the City to better plan a financing strategy for capital improvements and annual operating requirements. A five-year CIP also allows for programming of multi-year projects. The first year of the *Capital Improvement Program (CIP)* represents the City Manager's proposal to the City Council as the Capital Improvement Budget.

## Definition of a Capital Improvement

A capital improvement results in a permanent addition to the City's assets resulting from the nonrecurring expenditure of public funds. This is accomplished through: 1) acquisition of property or easement; 2) construction; 3) renovation or replacement of physical assets of the city which extends the useful life or increases the usefulness or capacity, and 4) studies which are an integral part thereof. Capital improvements are large-scale endeavors in cost, size, and benefit to the community and typically have a service life in excess of five years and cost in excess of \$30,000. This definition differs from capital expenditures, which are requested as part of the operating budget. A capital expenditure is a fixed asset, which will benefit current and future budget years, is of a tangible nature, has a value between \$5,000 and \$30,000, and typically has a service life of 5 years or less. All projects included in the General Fund CIP are classified in six categories: General Government Administration, Public Works, Public Safety, Street Maintenance, Facility Improvements, and Parks & Recreation Improvements. Other funds include: Solid Waste, Water & Sewer, Electric Utility, Airport and Education.

## Guiding Principles

Basic principles are used to help shape the Capital Improvement Program. These principles include but are not limited to developing a balanced capital plan that funds projects in a variety of program areas which meet the highest priority needs; ensuring the CIP will be the platform for development in the City and business community and preserving the existing tax base. To further guide the CIP decision-making process, projects to be included in the CIP are evaluated on the degree to which they meet the following objectives:

- ✓ Meet a legal obligation or federal or state mandate
- ✓ Outside funding is available through a match of federal or state funding
- ✓ Address health concerns, safety or emergency needs

- ✓ Produce positive community impact and garner broad community support
- ✓ Meet prior commitments
- ✓ Can be funded within the parameters of established debt financial policies

### **Benefits of Capital Improvement Programming**

The principal benefit of Capital Improvement Programming is that it requires the City to plan its capital needs in concert with available financing over a five-year period. This process contributes to a responsible fiscal policy. Other benefits of Capital Improvement Programming include:

- ✓ Fostering a sound and stable financial program over a five-year period given a set of revenue and expenditure assumptions based on current economic trends;
- ✓ Coordinating various City improvements so that informed decisions can be made, and joint programs initiated among City departments to avoid duplication;
- ✓ Enabling private businesses and citizens to have some assurances as to when certain public improvements will be undertaken so they can plan more efficiently and effectively;
- ✓ Focusing on the goals and needs of the community through the provision of new facilities and infrastructure improvements;
- ✓ Evaluating annually the infrastructure needs of the City to provide for the public health and safety of the citizens of the City; and
- ✓ Providing a logical process for assigning priorities to the various projects based on their overall importance to the City in concert with the Comprehensive Plan.

### **CIP Process & Discussions**

The annual CIP process commences during the normal budget proceedings. City departments identify potential CIP projects on a Capital Project Budget Requests form. The Finance Department compiles a listing of all the capital project requests submitted by the various City departments. The list is reviewed by the City staff and projects are prioritized for inclusion in the five-year plan. The City conducts a public hearing on the budget, at which time the recommended CIP is presented. After all public comments have been received and discussion satisfied, the CIP is then adopted. This is normally done in conjunction with the hearing and adoption of the annual operating budget. The first year of the CIP is incorporated into the City Manager's Recommended Budget as the Capital Improvement Budget for the upcoming fiscal year.

This CIP is a document dedicated to a process designed to identify both the capital improvement needs and priorities of the City over a five-year period in conjunction with projected funding levels and the City's vision and principles, largely in concert with the City's Comprehensive Plan. Actual programming of projects is dependent upon the financial resources available. Funding constraints may preempt the actual inclusion of projects in the current CIP but may be listed as priorities for funding should resources become available. While every need is not addressed, the CIP intends to serve as a critical planning tool and a good foundation for future decision making.

## Funding Sources

**FISCAL YEAR 2020-2021  
Capital Improvement Budget  
\$1,276,544**

**FISCAL YEAR 2021-2025  
Capital Improvement Plan  
\$24,710,194**

A distinction must be made between the revenue sources available for a CIP project and the method of financing used to provide some of those revenues. For this CIP, the primary revenue sources are proceeds from general obligation bonds, general fund reserves, federal and state government grants and proceeds from short term lease financing agreements. The term “Unfunded” is used to identify projects that have been placed on the City’s radar for possible future funding, but no source has been considered.

### ***General Obligation Bonds***

The issuance of bonds is a method used by many localities to fund capital projects. Bond issuances are governed by state laws and regulations. A loan is issued to the City on the basis of credit worthiness by demonstrating the current level of debt, revenue and savings or City reserves in exchange for the promise to repay the loan with interest. The repayment of the bond is usually long-term, 15 or 20 years. Typically, government regulations require that the proceeds from bond issues be expended on one-time capital projects within a certain time frame after the issuance. Bond proceeds have been used to finance numerous City and School projects. The level of debt that the City incurs is governed by City Council approved financial policies.

### ***Contributions from the General Fund (Assigned Fund Balance)***

The General Fund receives taxes and fees including real estate and personal property taxes which are collected to support the general operation of the City. Where current financial policies do not dictate a certain percentage of use of estimated General Fund revenues each year for the Capital Budget, a certain amount of funds are allotted based on the availability of prior year unassigned fund balance. In other words, funds that remain unspent from the operating budget from year to year may be used to finance certain capital projects on a “pay as you go” basis. This has enabled the City to pay for certain projects such as annual street paving and maintenance.

### **Federal and State Government**

The federal and state governments provide funding primarily in the arena of state and federal supported grants. In Franklin’s case, for example, federal funds (USDA) have been used for the purchase of police vehicles and the Federal Aviation Administration to support vast improvements to the City’s Airport. It is important to note that funding received from these sources *may* require a local match from the City. State and federal funds support certain highway maintenance and road improvement projects and are utilized to help the City provide the required match for airport improvement projects.

### **Lease Financing Agreements**

Lease financing is a solution that is used when cost effective financing is sought for equipment and other fixed assets. This alternative allows the lessee, in this case, the City of Franklin, to preserve capital and reduce borrowing capacity because it offers (1) 100% financing, (2) favorable tax treatment, (3) low to no closing costs and (4) lower monthly payments than traditional borrowing. This financing alternative is subject to all the local and state laws and regulations. The City has, in past years, utilized lease financing agreements to acquire funding for public safety equipment (fire engine), electric department equipment (bucket truck) and public works equipment (garbage trucks).

Other: User fees generated from various Enterprise Funds are intended to pay for the majority of capital projects within the Electric, Solid Waste and Water & Sewer Funds. Pay as you go (PAYGO) has become a more preferable option than lease arrangements for equipment purchases particularly for Enterprise Fund operations when adequate reserve funds are available

## Capital Improvement Budget for Fiscal Year 2020-2021

The first year of the Capital Improvement Plan is identified as the Capital Improvement Budget. The projects outlined herein have been programmed in year 2020-2021. The total amount of \$1,234,696 is comprised of capital improvements in the following funds:

<b>FY 20-21 Capital Improvement Budget by Fund</b>	
General Fund	\$ 760,711
Water & Sewer Fund	515,833
<b>Total CIP Budget</b>	<b>\$ 1,276,544</b>

<b>Funding Source - FY20-21</b>	
<b>Capital Improvement Budget</b>	
<b>Cash:</b>	
General Fund Operating Revenue	\$ 560,711
Water & Sewer Operating Revenue	515,833
Subtotal - City Cash	\$ 1,076,544
<b>Debt Financing:</b>	
2019B Available Proceeds	\$ 200,000
Subtotal - Debt Financing	\$ 200,000
<b>Total CIP Funding</b>	<b>\$ 1,276,544</b>

- **General Administration**

There are no funds budgeted for General Administration Capital items in the FY 20-21 budget.

- **Public Safety**

Projects are related to the safety of Franklin citizens in the areas of fire and rescue, police and E911 Communications. Projects for FY 20-21 include E911 Communication monopole tower, vehicle replacement for adequate emergency response, emergency generator and radio systems replacement.

- **Drainage System Improvements**

Improvements, lining and replacement of the City stormwater conveyance systems.

- **Street Improvement Projects**

Projects dedicated to public transportation through the widening, re-grading and upgrading of the City's streets, sidewalks and other infrastructure projects.

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- **Parks, Recreation & Cultural Projects**

Replacement and construction of recreational and cultural projects that enrich the quality of life for citizens and visitors to the community.

- **Solid Waste**

Replacement of aging equipment used in solid waste collection.

- **Electric Utility**

Projects identified that will significantly improve the electrical infrastructure City wide and provide the necessary electrical services for major industrial and commercial business in the City.

- **Water & Sewer Utility**

Replacement and rehabilitation of water and sewer lines in various locations throughout the City and to maintain compliance with DEQ on the City's water quality and wastewater treatment plant operations.

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- **Education**

Dedicated to providing upgrades to City schools and facilities and transportation needs. For FY 20-21, no capital projects are funded with the focus on the operating fund. We are awaiting an updated CIP Plan from Franklin City Public Schools.

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## ***GENERAL FUND CAPITAL PROJECTS***

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- ❖ **E911 Communications Monopole (\$200,000)** A monopole tower will be constructed to be used by Fire, EMS, and Franklin Power and Light.
- ❖ **Vehicle Replacement (Patrol Vehicles) (\$23,905) – Funded by General Fund Operating Revenue)**  
The FY 20-21 operating budget includes \$23,905 to lease three police patrol vehicles.
- ❖ **Drainage System Improvements (\$200,000)**  
Improvements and replacements of the City Storm Water Conveyance Systems - The City contracted to perform a citywide drainage study which was completed with recommendations for system improvements. The monies allotted will allow for system upgrades and replacement of defective appurtenances in accordance with the study. Funds expended on these projects are credited towards the money received from VDOT for maintenance of streets.
- ❖ **Street Improvements (\$286,806)**  
Provides for maintenance of the City's transportation system - These funds are primarily used to resurface city streets. These funds are expended for maintenance only and cannot be used for new construction. Funds expended on these projects are credited towards the money the City receives from VDOT for maintenance of streets.
- ❖ **Intersection Signal Upgrades (\$50,000)**  
Provides for the upgrade of controls and signal head upgrades to traffic signals located in the city. Some of the traffic signal controllers located in the city are 20 years old. This technology is outdated, and parts are not available. These funds will allow for controllers to be replaced with current technology and help keep the signals from malfunctioning.

## ***WATER & SEWER FUND CAPITAL PROJECTS***

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- ❖ **Sewer System Improvements (\$365,833)**  
Funds for sewer system improvements will be utilized to rehabilitate failing system appurtenances by means of slip lining sewer mains and recoating of sanitary manholes in order to reduce the amount of inflow/infiltration entering the system. Also engineering services for project design will be accomplished using these funds.
- ❖ **Wastewater Treatment Plant Upgrades (\$100,000)**  
Needed maintenance, compliance and upgraded technology improvements at the Wastewater Treatment to remain compliant with regulatory requirements are included.
- Water System Rehabilitation (\$50,000)**
- ❖ Rehabilitation and upgrades to the City Potable Water System. Funds for water system improvements will be utilized to rehabilitate failing system appurtenances by means of replacing old water mains and upgrading existing infrastructure. Also engineering services for project design will be accomplished using these funds.

## ***SCHOOL FUND CAPITAL PROJECTS (PAY AS YOU GO) – Capital Improvement Budget***

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- ❖ **School Capital Projects (\$-0-)**  
To date we have not received a CIP from Franklin City Public Schools.

CITY OF FRANKLIN, VA – PROPOSED  
CAPITAL IMPROVEMENT PROGRAM  
FY 2020-21 TO FY 2024-25

Project Description		Anticipated Revenue Source	FY 20/21 Request	FY 21/22 Request	FY 22/23 Request	FY 23/24 Request	FY 24/25 Request	Unfunded	5-Year CIP Cost
									FY 20/21-24/25
1	Voting Machines	Local	0	40,000	20,000	20,000	20,000	0	100,000
<b>TOTAL GENERAL GOVERNMENT</b>			<b>0</b>	<b>40,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>0</b>	<b>100,000</b>
<b>PUBLIC SAFETY</b>									
2	Emergency Services Door Front Entrance Doors	Local		35,000					35,000
3	E911 Communications Radio Systems Replacement	Local		371,382					371,382
4	E911 Communications Monopole Tower	2019B Proceeds \$200k	200,000						200,000
5	Emergency Shelter Generator (@ Franklin High School)	Local \$10k Grant \$190k		200,000					200,000
6	Police Vehicle Replacement	Lease	23,905	180,067	180,067	180,067	180,067	0	744,173
7	<b>TOTAL PUBLIC SAFETY</b>		<b>223,905</b>	<b>751,449</b>	<b>180,067</b>	<b>180,067</b>	<b>180,067</b>	<b>0</b>	<b>1,515,555</b>
<b>PUBLIC WORKS</b>									
8	Drainage System Improvements	State	200,000	300,000	300,000	300,000	300,000	1,500,000	1,400,000
9	Street Improvements	State	286,806	500,000	500,000	500,000	500,000	2,500,000	2,286,806
10	Traffic Signal Upgrades	State	50,000	50,000	50,000	50,000	50,000	250,000	250,000
12	Ceiling Tile Replacement & Painting	Local		182,000					182,000
<b>Transportation Safety/Street Projects</b>									
13	Intersection Improvements Per Comp Plan	Local & State		220,000	220,000	220,000	220,000		880,000
14	North High Street Widening	Local & State					3,200,000		3,200,000
15	Hunterdale Road Widening	Local & State					3,600,000		3,600,000
16	Fairview Drive Widening	Local & State					1,200,000		1,200,000
17	Bobwhite Lane Connector to High Street	Local & State					1,600,000		1,600,000

CITY OF FRANKLIN, VA – PROPOSED  
CAPITAL IMPROVEMENT PROGRAM  
FY 2020-21 TO FY 2024-25

Project Description		Anticipated Revenue Source	FY 20/21 Request	FY 21/22 Request	FY 22/23 Request	FY 23/24 Request	FY 24/25 Request	Unfunded	5-Year CIP Cost FY 20/21-24/25
<b>TOTAL PUBLIC WORKS</b>			536,806	1,252,000	1,070,000	1,070,000	10,670,000	4,250,000	14,598,806
<b>COMMUNITY DEVELOPMENT</b>									
18	Riverview Walk Park	Local -\$5,000; Grants -\$275k; Donations -IPS20k Donations- Garden Club -\$30k		330,000					330,000
<b>TOTAL COMMUNITY DEVELOPMENT</b>			0	330,000	0	0	0	0	330,000
<b>PARKS &amp; RECREATION</b>									
19	Playground Equipment at College Drive, MLK, Jr. Community Center, Bruce Street & Riverwalk Parks	Local			50,000	50,000			100,000
20	Community Hall/Recreation Facility	Grant & Donations		200,000	500,000				700,000
21	Resurface Basketball Courts – College Park	Local				100,000			100,000
22	Hayden Sports Complex Lighting	Local				150,000			150,000
23	MLK Jr. Center Improvements	Local		90,000					90,000
24	Paul D. Camp Community College Athletic Complex	Local		100,000	500,000	400,000			1,000,000
<b>TOTAL PARKS &amp; RECREATION</b>			0	390,000	1,050,000	700,000	0	0	2,140,000
<b>SOLID WASTE FUND</b>									
25	Collection Truck Replacements	Local		165,000		165,000		1,000,000	330,000
<b>TOTAL SOLID WASTE FUND</b>			0	165,000	0	165,000	0	1,000,000	330,000
<b>ELECTRIC FUND</b>									
37	Miscellaneous System Improvements	User Fees		300,000	300,000	250,000			850,000
38	Automated Meter Infrastructure	2019A Line of Credit		1,500,000					1,500,000
39	Building Repair	User Fees		100,000					100,000
40	Gate Operators & Door Locks	User Fees		50,000					50,000
41	SCADA Replacement	2019A Line of Credit		280,000					280,000
<b>TOTAL ELECTRIC FUND</b>			0	2,230,000	300,000	250,000	0	0	2,780,000
<b>WATER &amp; SEWER FUND</b>									
42	Sewer System Rehabilitation	User Fees	365,833	250,000	250,000	250,000	250,000	1,250,000	1,365,833



CITY OF FRANKLIN, VA – PROPOSED  
CAPITAL IMPROVEMENT PROGRAM  
FY 2020-21 TO FY 2024-25

	<i>Project Description</i>	<i>Anticipated Revenue Source</i>						<i>5-Year CIP Cost</i>	
			<i>FY 20/21 Request</i>	<i>FY 21/22 Request</i>	<i>FY 22/23 Request</i>	<i>FY 23/24 Request</i>	<i>FY 24/25 Request</i>	<i>Unfunded</i>	<i>FY 20/21-24/25</i>
43	Water System Improvements	User Fees	50,000	150,000	150,000	150,000	150,000	750,000	650,000
44	Hunterdale Generator	User Fees		150,000					150,000
45	Pretlow Generator	User Fees		150,000					150,000
46	SCADA Replacement WWTP	User Fees		130,000					130,000
47	Wastewater Treatment Plant Upgrades	User Fees	100,000	100,000	100,000	90,000	80,000	400,000	470,000
	<b>TOTAL WATER &amp; SEWER FUND</b>		<b>515,833</b>	<b>930,000</b>	<b>500,000</b>	<b>490,000</b>	<b>480,000</b>	<b>2,400,000</b>	<b>2,915,833</b>
	<b>EDUCATION FUND</b>								
	<i>Not Received From School Board As Of April 8, 2020</i>								0
	<b>TOTAL EDUCATION</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>TOTAL ALL FUNDS</b>		<b>1,276,544</b>	<b>6,088,449</b>	<b>3,120,067</b>	<b>2,875,067</b>	<b>11,350,067</b>	<b>7,650,000</b>	<b>24,710,194</b>

## SECTION SIX

### **SUPPLEMENTAL DOCUMENTS**

1. Budget Resolution
2. Electric Rate Ordinance

**FY 2020 – 2021 Budget Resolution**  
**Proposed Budget Resolution**  
**Setting the Tax Rates, Adopting the Budget and**  
**Appropriating Funds for FY 2020 – 2021**

WHEREAS, it is mandated by law that the governing body of this City adopt a City budget for fiscal planning purposes and fix the respective local tax rates each year and;

WHEREAS, the Franklin City Council has complied with the law by preparing a proposed budget, holding the required public hearings on April 27, 2020 after proper and legal notice and having deliberated;

Section I.

*Council does hereby propose to set and adopt, pursuant to Virginia Code Section 58.1-3524, the rate of tax relief at such a level that is anticipated to fully exhaust PPTRA relief funds provided to the City by the Commonwealth as follows:*

Personal Use vehicles valued at \$1,000 or less	Eligible for 100% tax relief
Personal Use vehicles valued at \$1,001 to \$20,000	Eligible for tax relief at 50%
Personal Use vehicles valued at \$20,000 or more	Eligible for tax relief at 50% on the first \$20,000 of value and taxed fully on the balance (down from 52%)

**THE FOLLOWING TAXES AND FEES ARE PROPOSED TO REMAIN UNCHANGED**

Real Estate Tax Rate	\$1.03/\$100 of assessed value
Personal Property & Business Property	\$4.50/\$100 of assessed value
Downtown District Tax Rate	\$0.24/\$100 of assessed value
Machinery & Tools	\$2.00/\$100 of assessed value
Meals Tax	7.0%
Lodging Tax	8.0%
Cigarette Tax	\$0.70 per pack
Ambulance Service Fee:	
Treatment- Without Transport (A0998)	\$380.00
Basic Life Support (BLS) (A0428)	\$450.00
Basic Life Support Emergent (A0429)	\$550.00
Advanced Life Support 1 (ALS1) (A0426)	\$650.00
Advanced Life Emergent (A0427)	\$725.00
Advanced Life Support 2 (ALS2) (A0433)	\$900.00
Mileage Rate to Hospital	\$13.00

Water Service Fees

\$14.22 base rate plus \$3.20 per 1,000 gallons per month (metered usage – inside city)
\$17.98 base rate plus \$3.96 per 1,000 gallons per month (metered usage – outside city)
\$30.25 base rate per month – (unmetered usage – inside city)
\$37.57 base rate per month – (unmetered usage – outside city)

Sewer Service Fees

\$19.01 base rate plus \$4.43 per 1,000 gallons per month (metered usage – inside city)
\$22.94 base rate plus \$5.67 per 1,000 gallons per month (metered usage – outside city)
\$41.00 base rate per month – (unmetered usage – inside city)
\$50.95 base rate per month – (unmetered usage – outside city)

Trash Collection Fees

\$38.00 per month – (residential – inside city)
\$76.00 per month – (residential – outside city)
\$52.61 per month – commercial 1 box
\$61.90 per month – commercial 2 box

Section II: The following amounts as stated are hereby appropriated in the General Fund for the operation of the City Government and its activities for and during the fiscal year beginning July 1, 2020 and ending June 30, 2021:

### REVENUE SUMMARY – GENERAL FUND

Local	\$18,791,038
State	4,328,948
Federal	186,244
Subtotal-Operating Revenue	<b>\$23,306,230</b>
Other Financial Sources	1,856,615
Total General Fund Revenues	<b>\$25,162,845</b>

### EXPENDITURE SUMMARY – GENERAL FUND

City Council	\$143,336
City Manager	224,515
City Attorney	150,600
Management Services & HR	212,863
Commissioner of the Revenue	291,324
Real Estate Assessor	77,254
Treasurer	362,192
Finance	729,526
Insurance	218,314
Information Technology	254,198
Elections	144,813
Judicial Administration	1,438,230
Public Safety	3,625,560
Emergency Management Services	4,627,453
Inspections	542,188
Animal Control	107,540
Public Works- Streets & Snow Removal	1,212,195
Public Works - Garage	217,181
Maintenance of Buildings & Grounds	1,031,899
Cemetery Maintenance	98,760
Health & Welfare	777,505
Recreation	442,429
Senior Citizens Programs	5,993
Library	271,891
Planning/Zoning	267,802
Beautification	1,250
Downtown	74,390
Non-Dept.: Rev Sharing/Merchant Fees	642,503
<b>Total</b>	<b>\$18,193,704</b>
Transfer to Capital Project Fund	560,711
Transfer to Other Funds	6,408,430
<b>Total General Fund Expenditures</b>	<b>\$25,162,845</b>

Section III: The following amounts as stated as hereby appropriated in the Water and Sewer Fund for the operation of the Enterprise and its activities for and during the fiscal year beginning July 1, 2020 and ending June 30, 2021:

**REVENUE SUMMARY – WATER & SEWER FUND**

Sale of Water	\$1,300,000
Sale of Sewer	1,800,000
Miscellaneous	138,000
Use of Unassigned Fund Balance	195,000
<b>Total Water &amp; Sewer Fund Revenue</b>	<b>\$3,433,000</b>

**EXPENDITURE SUMMARY – WATER & SEWER FUND**

Operating Expense	\$1,922,439
Debt Service	366,213
Transfer to General Fund – Admin Services & Lieu of Taxes	433,515
Transfer to General Fund – Operational Subsidy	195,000
Transfer to Water & Sewer Capital Fund	515,833
<b>Total Water &amp; Sewer Fund Expenditures</b>	<b>\$3,433,000</b>

Section IV: The following amounts as stated are hereby appropriated in the Solid Waste Fund for the operation of the Enterprise and its activities for and during the fiscal year beginning July 1, 2020 and ending June 30, 2021:

**REVENUE SUMMARY – SOLID WASTE FUND**

Solid Waste Collection Fees	\$1,296,000
Miscellaneous	4,000
<b>Total Solid Waste Revenue</b>	<b>\$1,300,000</b>

**EXPENDITURE SUMMARY – SOLID WASTE FUND**

Operating Expense	\$1,000,921
Debt Service	11,688
Transfer to General Fund	287,391
<b>Total Solid Waste Fund Expenditures</b>	<b>\$1,300,000</b>

Section V: The following amounts as stated are hereby appropriated in the Airport Fund for the operation of the Enterprise and its activities for and during the fiscal year beginning July 1, 2020 and ending June 30, 2021:

**REVENUE SUMMARY – AIRPORT FUND**

Airport Rental Fees	\$54,700
Total Airport Fund Revenue	<b>\$54,700</b>

**EXPENDITURE SUMMARY – AIRPORT FUND**

Operating Expenses	\$16,866
Transfer to General Fund	20,612
Transfer to General Fund – Operational Subsidy	17,222
Total Airport Fund Expenses	<b>\$54,700</b>

Section VI: The following amounts as stated are hereby appropriated in the Electric Fund for the operation of the Enterprise and its activities for and during the fiscal year beginning July 1, 2020 and ending June 30, 2021:

**REVENUE SUMMARY – ELECTRIC FUND**

Revenue from Sale of Energy	\$14,151,316
Revenue from Fuel Charges	848,337
Other Revenue	426,308
Transfer from Fund Balance	868,167
Total Electric Fund Revenue	<b>\$16,294,128</b>

**EXPENDITURE SUMMARY – ELECTRIC FUND**

Fuel Adjustment	\$847,785
Energy for Resale	9,397,018
Energy True Up Expense	1,202,662
Operating Expenses	1,839,539
Capital Improvements	244,500
Debt Service	359,654
Capital Reserve Lease	48,000
Transfer to Electric Capital Project Fund	-
Transfer to General Fund – Admin Services & Lieu of Taxes	710,577
Transfer to General Fund – Operational Subsidy	1,644,393
Total Electric Fund Expenses	<b>\$16,294,128</b>

Section VII: The following amounts as stated are hereby appropriated in the Social Services Fund for the operation of the fund and its activities for and during the fiscal year beginning July 1, 2020 and ending June 30, 2021:

**REVENUE SUMMARY – SOCIAL SERVICES FUND**

State & Federal Revenue	\$1,545,366
Transfer from General Fund	552,266
Total Social Services Fund Revenue	<b>\$2,097,602</b>

**EXPENDITURE SUMMARY – SOCIAL SERVICES FUND**

Social Services Expenses	\$2,097,602
Total Social Services Expenses	<b>\$2,097,602</b>

Section VIII: The following amounts as stated are hereby appropriated in the Comprehensive Services Act Fund for the operation of the fund and its activities for and during the fiscal year beginning July 1, 2020 and ending June 30, 2021:

**REVENUE SUMMARY – COMPREHENSIVE SERVICES ACT FUND**

State Revenue	\$121,699
Transfer from General Fund	76,571
Total Comprehensive Services Revenue	<b>\$198,270</b>

**EXPENDITURE SUMMARY – COMPREHENSIVE SERVICES ACT FUND**

Mandated Services	\$145,303
Administrative Services	52,967
Total Comprehensive Services Expenses	<b>\$198,270</b>



Section XI: The following amounts as stated hereby appropriated in the Education Fund (Schools, Cafeteria, & Textbook) for the operation of the funds and its activities for and during the fiscal year beginning July 1, 2020 and ending June 30, 2021:

**REVENUE SUMMARY – EDUCATION FUNDS**

Local Revenue	\$212,314
Cafeteria Fund (State, Federal, & Local)	1,023,119
Textbook Fund (State, Federal, & Local)	75,536
State	8,723,399
Federal	1,972,985
Transfer from General Fund (Base)	4,830,237
Use of Restricted Fund Balance	252,158
<b>Total School, Cafeteria, &amp; Textbook Revenue</b>	<b>\$17,089,748</b>

**EXPENDITURE SUMMARY – EDUCATION FUNDS**

Cafeteria Fund Expenses	\$1,023,119
Textbook Fund Expenses	75,536
School Operating Fund Expenses	15,991,093
<b>Total School, Cafeteria, &amp; Textbook Expenses</b>	<b>\$17,089,748</b>

Section X: The following amounts as stated are hereby appropriated in the Debt Service Fund for the operation of the fund and its activities for and during the fiscal year beginning July 1, 2020 and ending June 30, 2021:

**REVENUE SUMMARY – DEBT SERVICE FUND**

Transfer from General Fund – General Debt	\$318,618
Transfer from General Fund – School Debt	471,388
Interest Income – School Debt	42,000
Use of Restricted Fund Balance–General Debt	197,622
Use of Restricted Fund Balance–School Debt	89,745
<b>Total General &amp; School Debt Revenue</b>	<b>\$1,119,373</b>

**EXPENDITURE SUMMARY – DEBT SERVICE FUND**

General Fund Debt Service	\$516,240
School Debt Fund	603,133
<b>Total General &amp; School Debt Expenses</b>	<b>\$1,119,373</b>

Section XI: The following amounts as stated are hereby appropriated in the Economic Development Fund for the operation of the fund and its activities for and during the fiscal year beginning July 1, 2020 and ending June 30, 2021:

**REVENUE SUMMARY – ECONOMIC DEVELOPMENT FUND**

Program Fees & Rental Income	\$136,000
Transfer from General Fund – Joint Activity	100,000
Transfer from General Fund – Operating Appropriation	59,351
<b>Total Economic Development Fund</b>	<b>\$295,351</b>

**EXPENDITURE SUMMARY- ECONOMIC DEVELOPMENT FUND**

General Operating Cost	\$195,351
Payment to Joint Economic Development	100,000
<b>Total Economic Development Fund</b>	<b>\$295,351</b>

Section XII: The following amounts as stated are hereby appropriated for the FY 2020-2021 Capital Budget as presented in the City Capital Improvement Plan:

**CAPITAL IMPROVEMENT PLAN FUNDING SOURCES**

<b>CASH</b>	
General Fund Transfer	\$560,711
Water & Sewer Fund Transfer	515,833
<b><i>Subtotal – City Cash</i></b>	<b>\$1,076,544</b>
<b><i>Debt Financing</i></b>	
2019B Available Proceeds	200,000
<b><i>Subtotal – Debt Financing</i></b>	<b>\$200,000</b>
<b><i>Total CIP Funding</i></b>	<b>\$1,276,544</b>

**CAPITAL IMPROVEMENT PLAN BY FUND**

General Fund	\$760,711
Water & Sewer Fund	515,833
<b>Total CIP Expenditures</b>	<b>\$1,276,544</b>

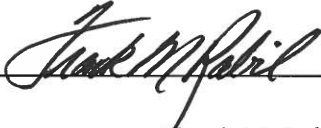
Section XIII: AUTHORIZATION & LIMITATIONS

A. The City Manager is authorized to transfer budgeted amounts within departments up to \$20,000. Expenditures over the original budget of any department or transfers over \$20,000 must be approved by City Council.

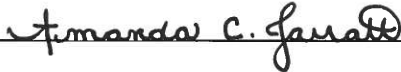
B. No amount between funds nor any contingency appropriation may be transferred within any fund without approval from the City Council. In addition, no appropriation for the Reserve-General Fund can be spent nor transferred without the express authority of Council.

EFFECTIVE DATE: The budget hereby adopted and the respective tax rates and fees so fixed shall be effective July 1, 2020.

DONE THIS 26<sup>th</sup> day of May, 2020, in the CITY OF FRANKLIN, VIRGINIA



Frank M. Rabil, Mayor

ATTEST: 

Amanda C. Jarratt, City Manager

# City Ordinance 8-14(a) Has No Proposed Increase for Electrical Rates

## Proposed Motion

The Council of the City of Franklin does ordain that the Franklin City Code 8-14 (a) shall maintain the current monthly electrical rates (FY 19-20 rates) for the non-fuel charge component for the kWh energy charge and the kW demand charge for all billings after July 1, 2020 in the following categories of users:

Sec. 8-14. Electrical rates and deposits.

(a) The following monthly electrical rates are hereby established for the following category of users:  
Residential Rate – “Schedule RS-401”:

	<u>July 1, 2019</u>	<u>July 1, 2020</u>
A. Basic Customer Charge:	\$7.98	\$7.98
B. Plus kWh Charge	\$0.10851	\$0.10851

C. Fuel Adjustment: Each kilowatt hour used is subject to adjustment for charges in fuel costs, provided such fuel costs are charged to the City by its supplier.

### Small General Service Rate – “Schedule SGS 405”:

	<u>July 1, 2019</u>	<u>July 1, 2020</u>
A. Basic Customer Charge:		
Single Phase	\$12.61	\$12.61
B. Plus kWh Charge:	\$0.08939 per kWh	\$0.08939 per kWh

C. Fuel Adjustment: Each kilowatt hour used is subject to adjustment for charges in fuel costs, provided such fuel costs are charged to the City by its supplier.

### Small General Service Rate – “Schedule SGS 406”:

	<u>July 1, 2019</u>	<u>July 1, 2020</u>
A. Basic Customer Charge:		
Three Phase	\$22.42	\$22.42
B. Plus kWh charge:	\$0.08939 per kWh	\$0.08939 per kWh

C. Fuel Adjustment: Each kilowatt hour used is subject to adjustment for charges in fuel costs, provided such fuel costs are charged to the City by its supplier.

**Medium General Service-I Rate– “Schedule MGS-I 451/551”:**

A.	Basic Customer Charge: Single Phase	<b><u>July 1, 2019</u></b> \$49.50	<b><u>July 1, 2020</u></b> \$49.50
B.	Plus kWh Charge:	\$0.07320 per kWh	\$0.07320 per kWh
C.	Plus kW Demand Charge:	\$6.80 per kW	\$6.80 per kW

D. Fuel Adjustment: Each kilowatt hour used is subject to adjustment for charges in fuel costs, provided such fuel costs are charged to the City by its supplier.

**Medium General Service-I Rate – “Schedule MGS-I 453/553”:**

A.	Basic Customer Charge: Three Phase	<b><u>July 1, 2019</u></b> \$99.00	<b><u>July 1, 2020</u></b> \$99.00
B.	Plus kWh Charge:	\$0.07320 per kWh	\$0.07320 per kWh
C.	Plus kW Demand Charge:	\$6.80 per kW	\$6.80 per kW

D. Fuel Adjustment: Each kilowatt hour used is subject to adjustment for charges in fuel costs, provided such fuel costs are charged to the City by its supplier.

**Medium General Service-D Rate – “Schedule MGS-D 404/504”:**

A.	Basic Customer Charge: Single Phase	<b><u>July 1, 2019</u></b> \$45.00	<b><u>July 1, 2020</u></b> \$45.00
B.	Plus kWh Charge:	\$0.04846 per kWh	\$0.04846 per kWh
C.	Plus kW Demand Charge:	\$14.97 per kW	\$14.97 per kW

D. Fuel Adjustment: Each kilowatt hour used is subject to adjustment for charges in fuel costs, provided such fuel costs are charged to the City by its supplier.

**Medium General Service-D Rate – “Schedule MGS-D 407/507”:**

A.	Basic Customer Charge: Three Phase	<b><u>July 1, 2019</u></b> \$90.00	<b><u>July 1, 2020</u></b> \$90.00
B.	Plus kWh Charge:	\$0.04846 per kWh	\$0.04846 per kWh

C. Plus kW Demand Charge: \$14.97 per kW \$14.97 per kW

D. Fuel Adjustment: Each kilowatt hour used is subject to adjustment for charges in fuel costs, provided such fuel costs are charged to the City by its supplier.

**Large General Service Rate – “Schedule LGS 403/503”:**

	<u>July 1, 2019</u>	<u>July 1, 2020</u>
A. Basic Customer Charge	\$247.50	\$247.50
B. Plus kWh Charge:	\$0.04417 per kWh	\$0.04417 per kWh
C. Plus kW Demand Charge:	\$16.39 per kW	\$16.39 per kW

D. Fuel Adjustment: Each kilowatt hour used is subject to adjustment for charges in fuel costs, provided such fuel costs are charged to the City by its supplier.

**Municipal Service Rate – “Schedule MS 408”:**

A. Basic Customer Charge:	<u>July 1, 2019</u>	<u>July 1, 2020</u>
Single Phase	\$16.50	\$16.50
B. Plus kWh Charge:	\$0.09833 per kWh	\$0.09833 per kWh

C. Fuel Adjustment: Each kilowatt hour used is subject to adjustment for charges in fuel costs, provided such fuel costs are charged to the City by its supplier.

**Municipal Service Rate – “Schedule MS 409”:**

A. Basic Customer Charge:	<u>July 1, 2019</u>	<u>July 1, 2020</u>
Three Phase	\$26.13	\$26.13
B. Plus kWh Charge:	\$0.09833 per kWh	\$0.09833 per kWh

C. Fuel Adjustment: Each kilowatt hour used is subject to adjustment for charges in fuel costs, provided such fuel costs are charged to the City by its supplier.

**Church and Synagogue Rate – “Schedule CS 418”:**

A. Basic Customer Charge:	<u>July 1, 2019</u>	<u>July 1, 2020</u>
Single Phase	\$12.38	\$12.38
B. Plus KWH Charge:		
First 3000 kWh	\$0.10367 per kWh	\$0.10367 kWh
Excess over 3000 kWh	\$0.15355 per kWh	\$0.15355 per kWh

C. Fuel Adjustment: Each kilowatt hour used is subject to adjustment for charges in fuel costs, provided such fuel costs are charged to the City by its supplier.

**Church and Synagogue Rate – “Schedule CS 419, 429, 440” :**

A.	Basic Customer Charge:	<b><u>July 1, 2019</u></b>	<b><u>July 1, 2020</u></b>
	Three Phase	\$22.00	\$22.00
B.	Plus KWH Charge:		
	First 3000 kWh	\$0.10367 per kWh	\$0.10367 per kWh
	Excess over 3000 kWh	\$0.15355 per kWh	\$0.15355 per kWh

B. Fuel Adjustment: Each kilowatt hour used is subject to adjustment for charges in fuel costs, provided such fuel costs are charged to the City by its supplier.

**OUTDOOR LIGHTING SERVICE**

**Rate Schedule: OLS**

<b>High Pressure Sodium</b>	<b><u>July 1, 2019</u></b>	<b><u>July 1, 2020</u></b>
100 Watt	\$11.00 per month	\$11.00 per month
150 Watt	\$13.50 per month	\$13.50 per month
250 Watt	\$18.75 per month	\$18.75 per month
400 Watt	\$28.00 per month	\$28.00 per month
1,000 Watt	\$44.00 per month	\$44.00 per month

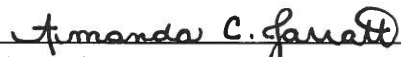
**Metal Halide**

1,000 Watt	\$39.25 per month	\$39.25 per month
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GIVEN under our hands this 26th day of May 2020.



Frank M. Rabil, Mayor

Attest:   
Amanda C. Jarratt, City Manager