



City of Martinsville

FY 2011-2012 PRE-BUDGET INFORMATION

During Budget Season...

“While talking budget, it is easy to be distracted and only focus on money. Budgets can be balanced. Let’s reflect on the positives that we have going for us in this great community.”

Clarence Monday, City Manager

FY 10 AUDITED GF Expenditures



Schools
20.5%

Judicial
5.7%

Public
Works
13.0%

Health/
Welfare
3.9%

Law
Enforcement
& Public
Safety 28.6%

Parks/
Culture
3.5%

Non-
Dept
1.2%

Gen. Admin/
Comm Dev
23.6

FY 11 BUDGETED GF Expenditures



Schools
20.9%

Judicial
7%

Public
Works
14.2%

Health/
Welfare
0.6%

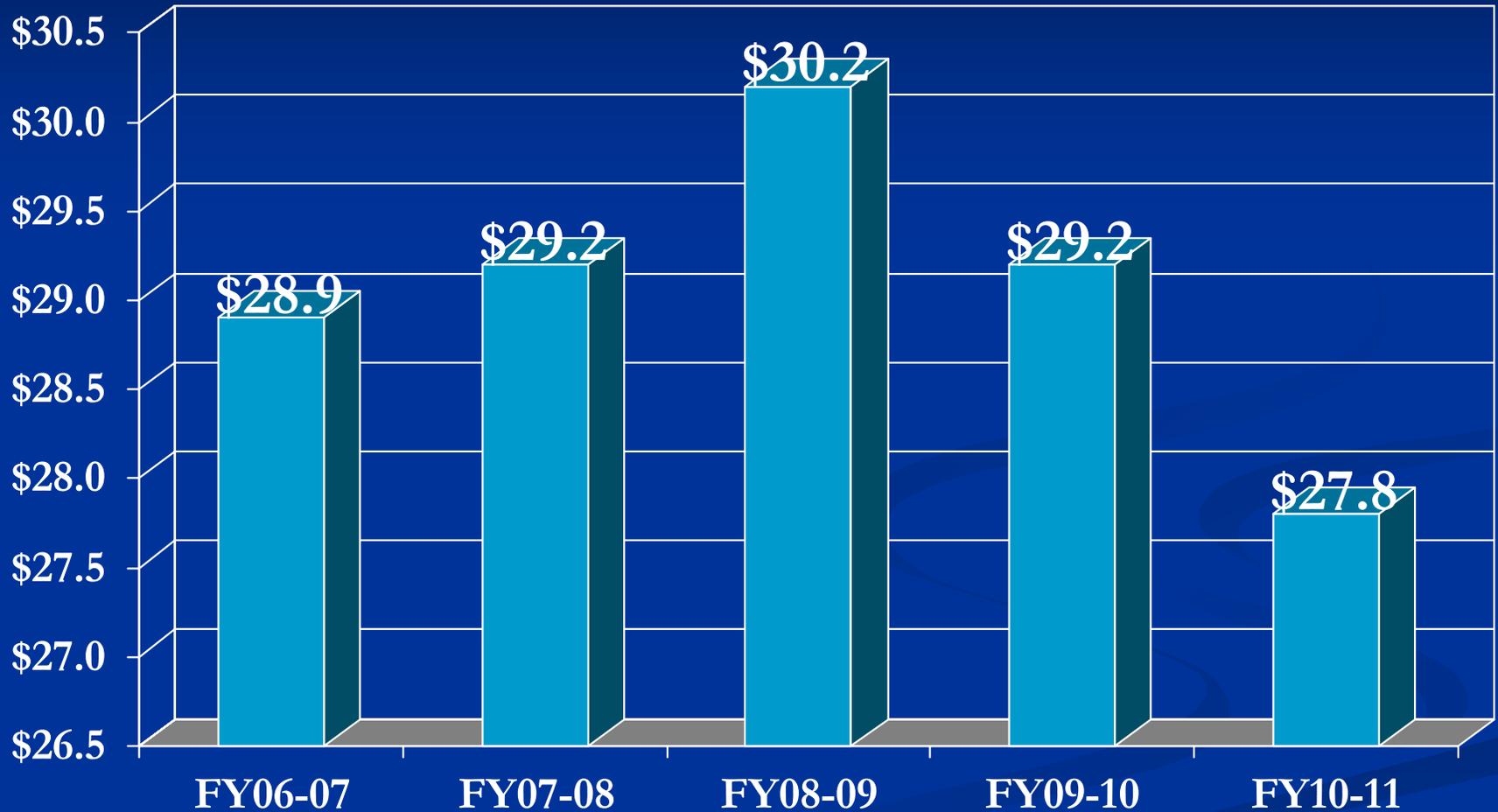
Law
Enforcement
/Public
Safety
32.1%

Parks/
Culture
4.7%

Non-
Dept
1.4%

Gen.
Admin &
Comm
Dev
19.1%

General Fund Trend

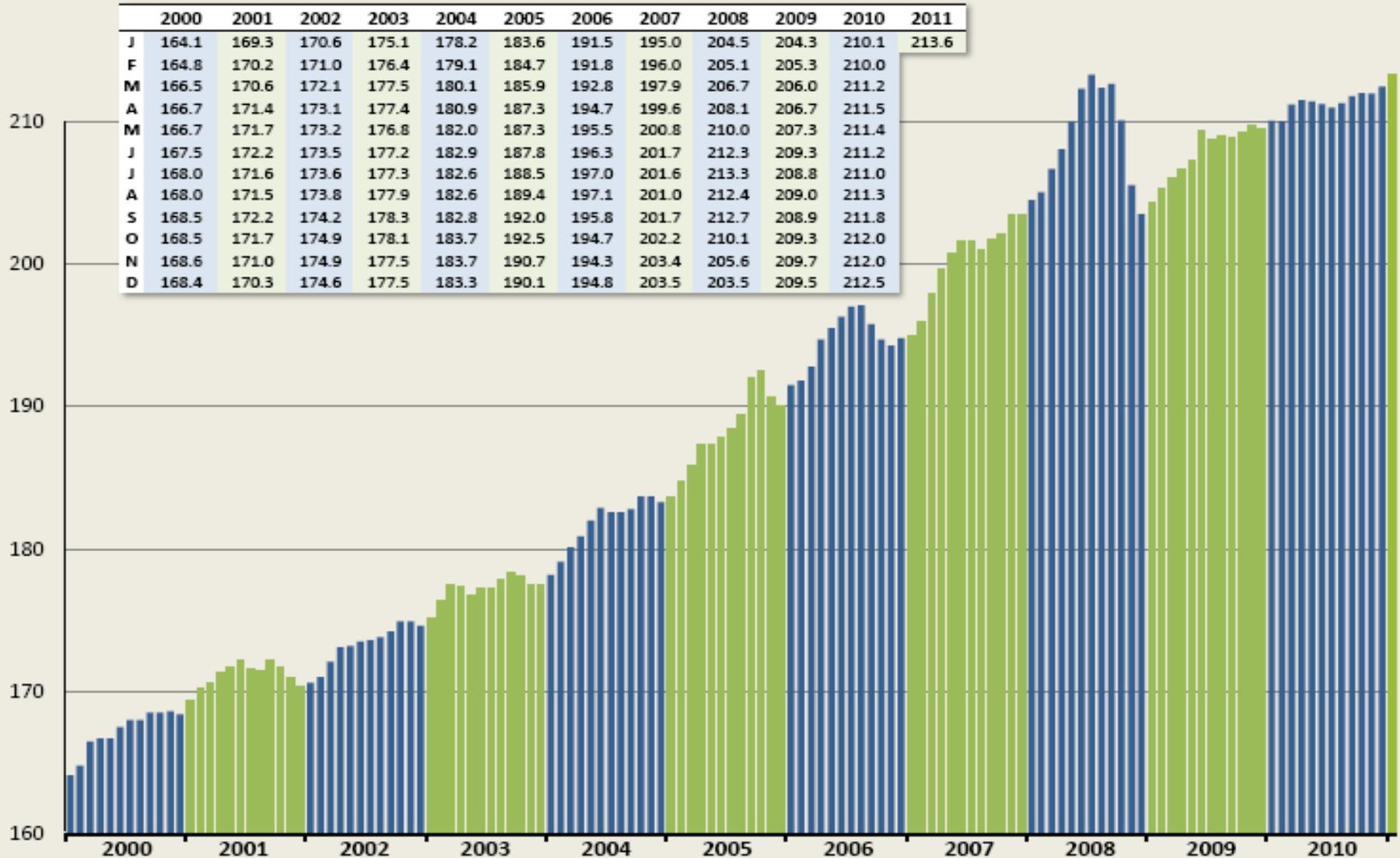


Consumer Price Index (CPI)

CONSUMER PRICE INDEX: 2000 to 2011

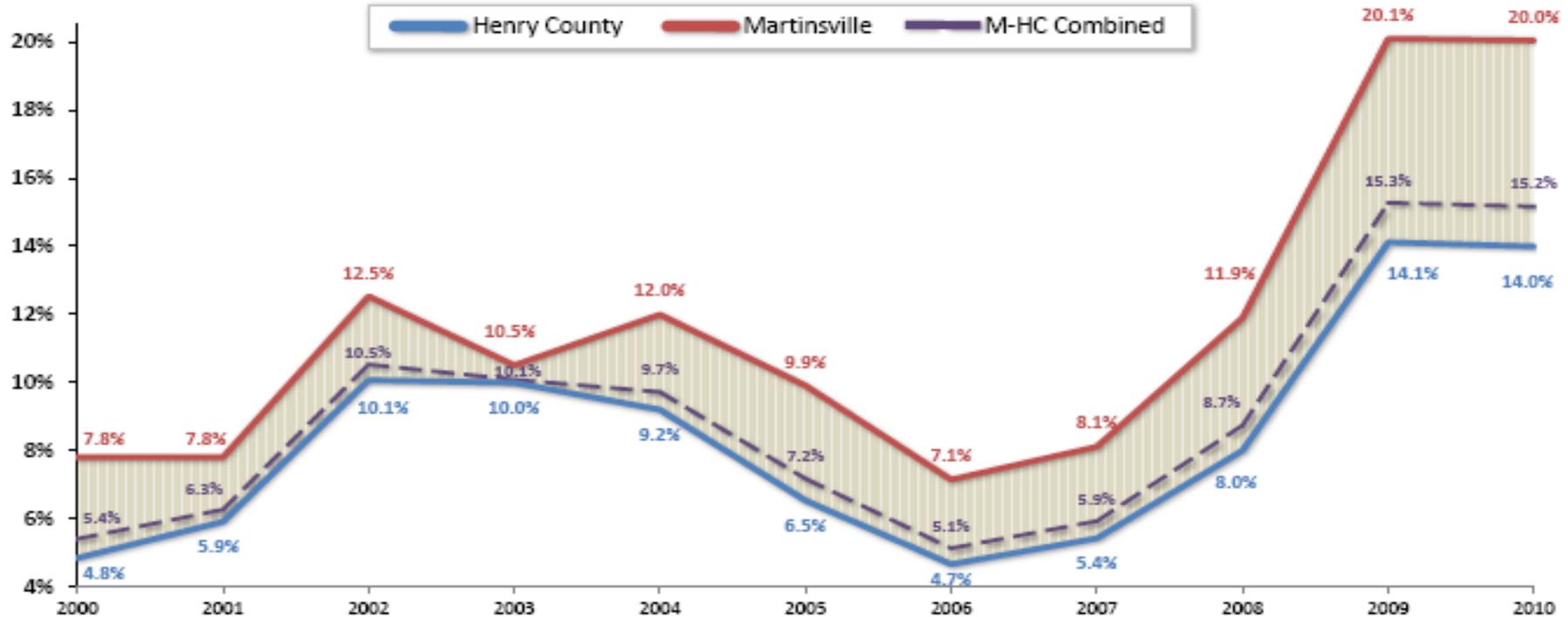
All Urban Consumers, South Urban, All Items, Not Seasonally Adjusted

Base Period 1982-1984 = 100



Area Unemployment Trend

MARTINSVILLE-HENRY COUNTY ANNUAL UNEMPLOYMENT RATES



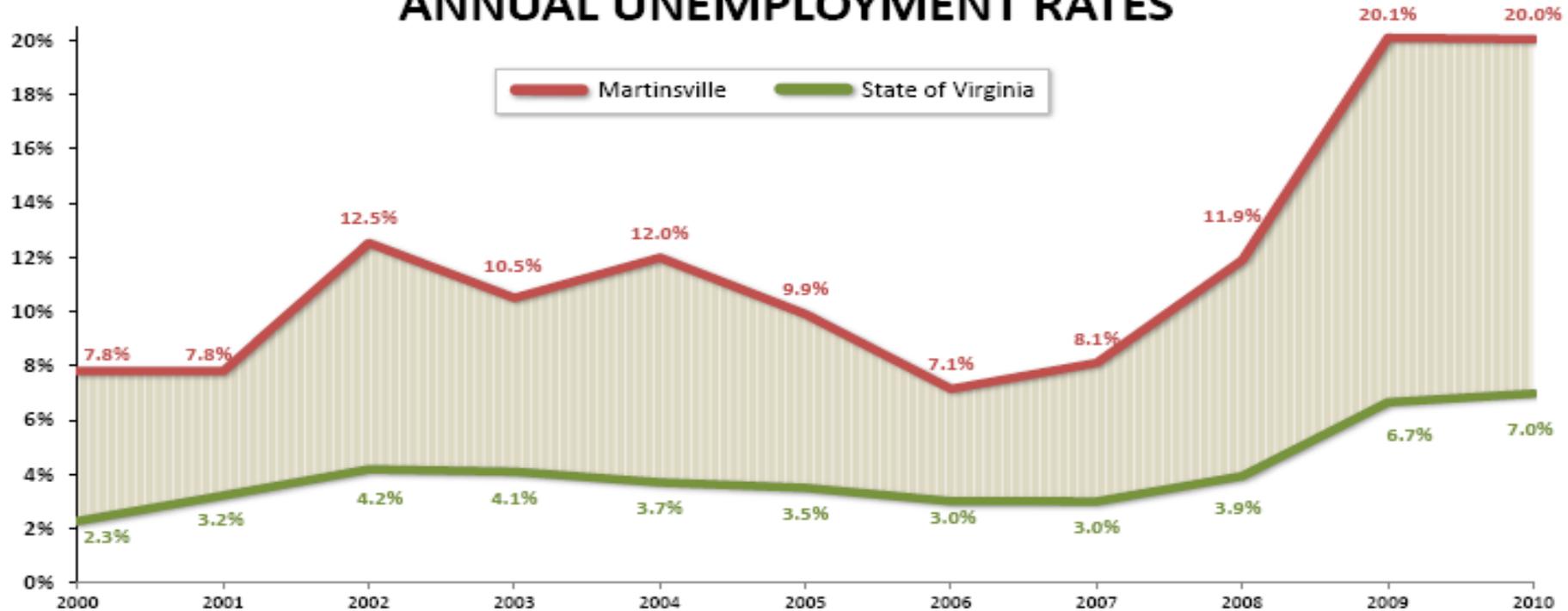
HENRY COUNTY			
Period	Employed	Unemployed	UE %
2000	27,289	1,389	4.8%
2001	26,742	1,680	5.9%
2002	25,512	2,856	10.1%
2003	25,522	2,832	10.0%
2004	24,080	2,439	9.2%
2005	24,024	1,679	6.5%
2006	24,117	1,179	4.7%
2007	24,517	1,406	5.4%
2008	23,347	2,030	8.0%
2009	21,632	3,555	14.1%
2010	21,376	3,478	14.0%

CITY OF MARTINSVILLE			
Period	Employed	Unemployed	UE %
2000	6,175	523	7.8%
2001	6,074	514	7.8%
2002	5,718	819	12.5%
2003	5,726	672	10.5%
2004	5,373	732	12.0%
2005	5,402	594	9.9%
2006	5,458	420	7.1%
2007	5,473	483	8.1%
2008	5,219	705	11.9%
2009	4,836	1,216	20.1%
2010	4,779	1,198	20.0%

MARTINSVILLE-HENRY CO. COMBINED			
Period	Employed	Unemployed	UE %
2000	33,464	1,912	5.4%
2001	32,816	2,194	6.3%
2002	31,230	3,675	10.5%
2003	31,248	3,504	10.1%
2004	29,453	3,171	9.7%
2005	29,426	2,273	7.2%
2006	29,575	1,599	5.1%
2007	29,990	1,889	5.9%
2008	28,566	2,735	8.7%
2009	26,468	4,771	15.3%
2010	26,155	4,676	15.2%

Unemployment Trend City & State

CITY OF MARTINSVILLE AND STATE OF VIRGINIA ANNUAL UNEMPLOYMENT RATES



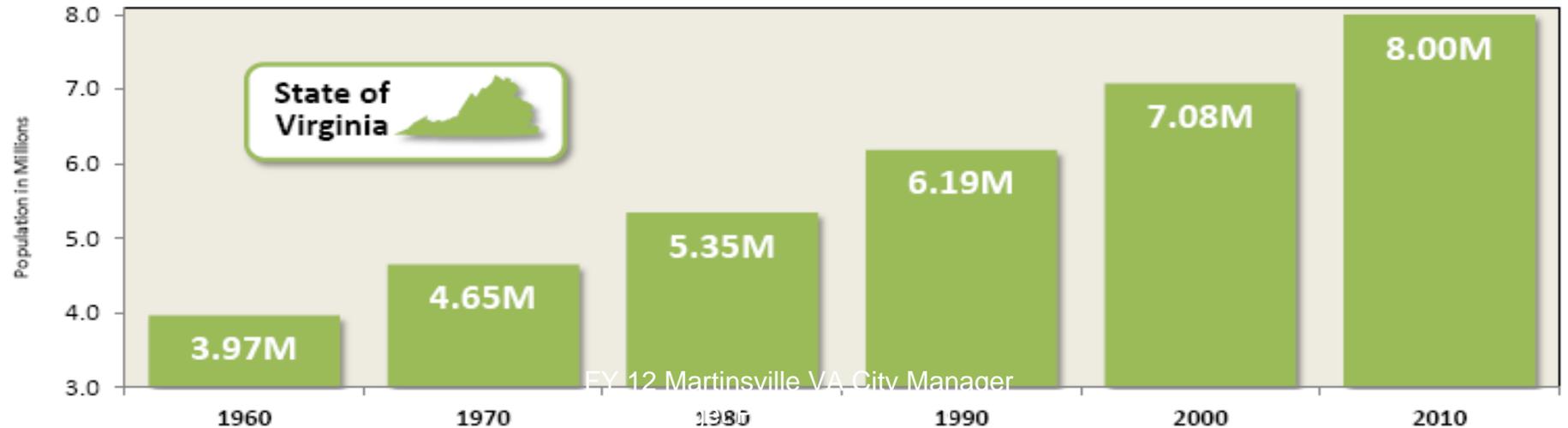
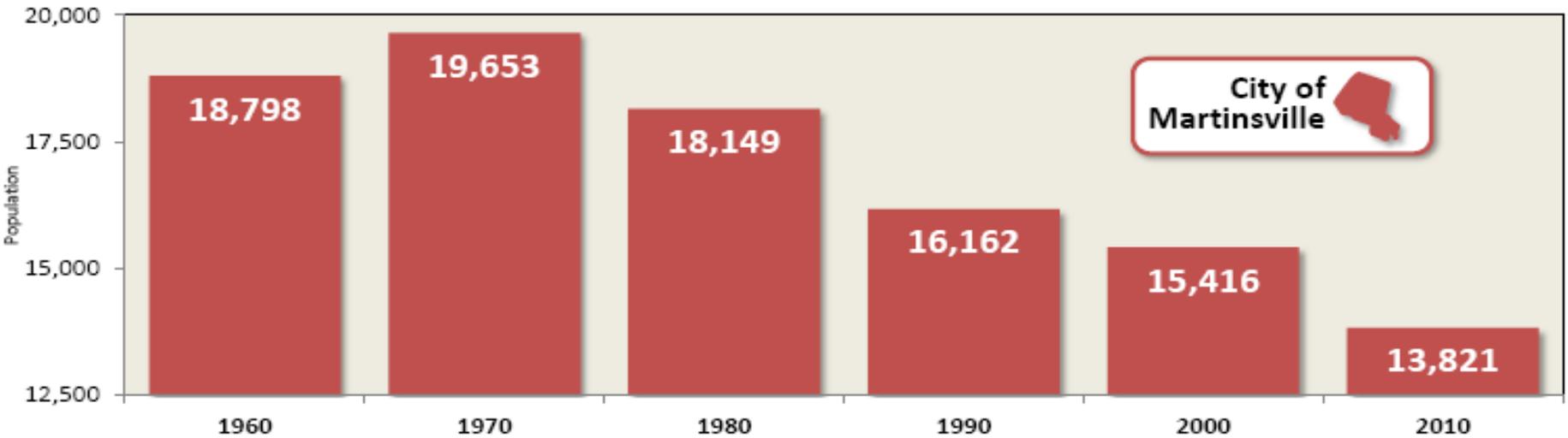
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2010	4,779	1,198	20.0%

STATE OF VIRGINIA			
Period	Employed	Unemployed	% Unemployed
2000	3,502,524	81,513	2.3%
2001	3,537,719	117,652	3.2%
2002	3,588,079	156,557	4.2%
2003	3,647,095	155,724	4.1%
2004	3,715,272	142,678	3.7%
2005	3,797,488	137,762	3.5%
2006	3,890,060	120,505	3.0%
2007	3,943,262	121,831	3.0%
2008	3,968,410	162,304	3.9%
2009	3,896,161	277,562	6.7%
2010	3,886,090	291,270	7.0%

POPULATION City and State

POPULATION: 1960 to 2010

(City of Martinsville vs. the State of Virginia)

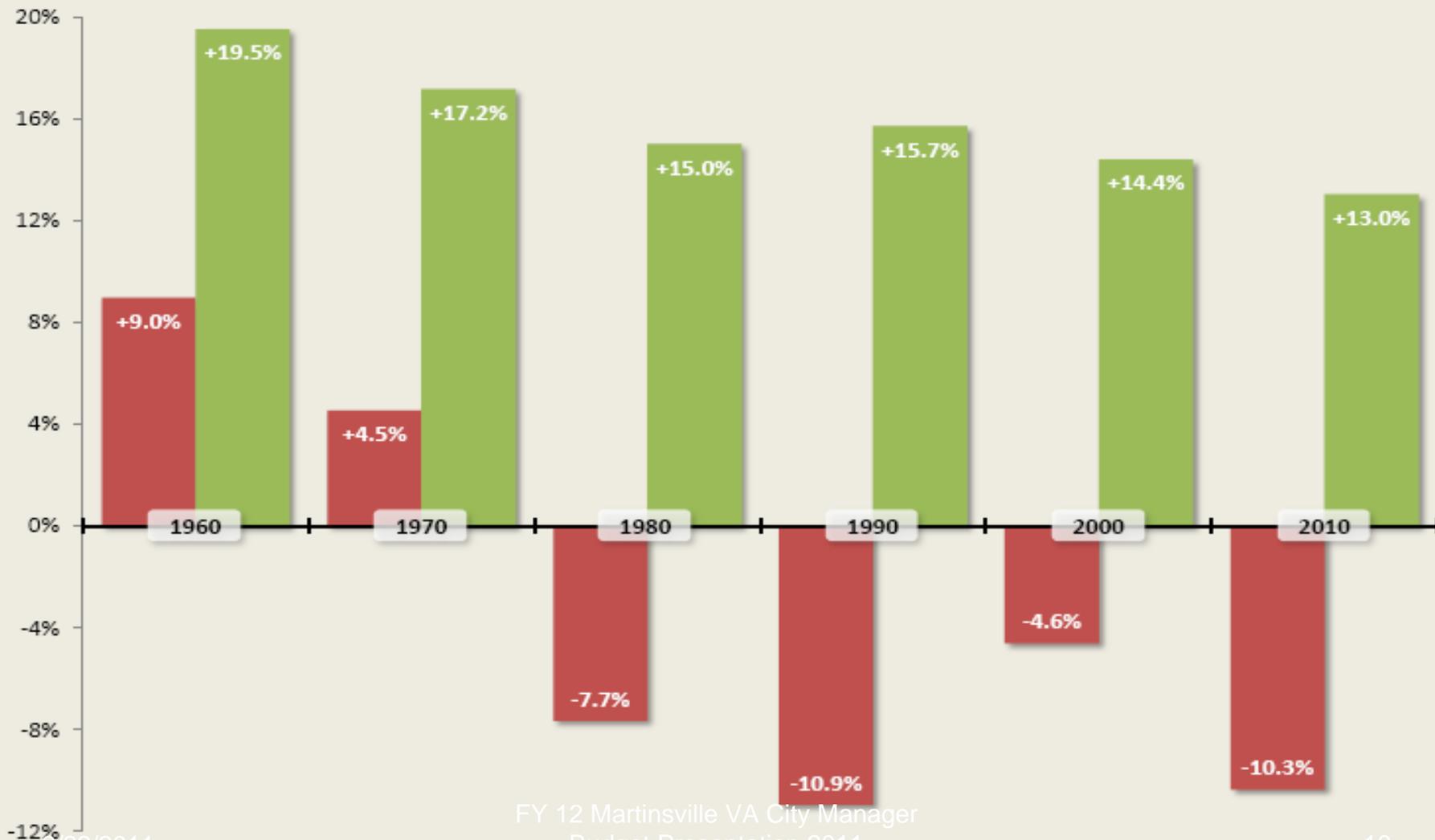


FY 12 Martinsville VA City Manager

% Population Change City and State

DECENNIAL POPULATION CHANGE BY PERCENTAGE

Martinsville State of Virginia

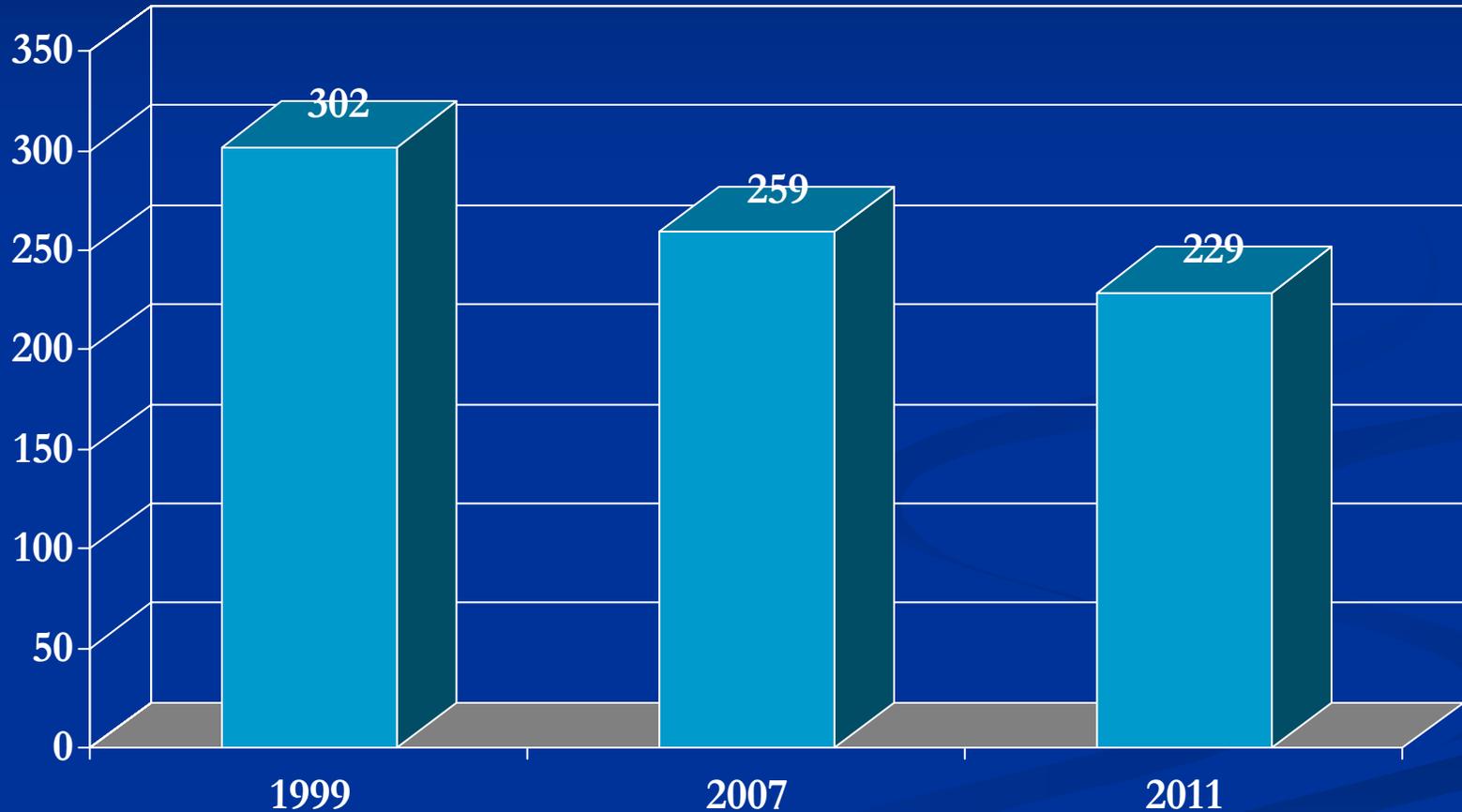


Top 10 Virginia Localities in Percent of Population Decline

*Source: Virginia Town & City,
February 2011 edition*

Locality	Percent Loss, 2000-2010
Accomack County	-13%
Danville	-11%
Buchanan County	-11%
Martinsville	-10%
Highland County	-8%
Grayson County	-8%
Henry County	-7%
Bath County	-6%
Hampton	-6%
Alleghany County	-6%

City Employee Trend, 24.1% Reduction in 13 Years



Although the Population Has Declined

- Utilities must be provided
 - Personnel reductions have occurred in Water, Sewer, Electric, and Refuse Departments.
 - Operational costs have been cut as much as possible.
- Public Safety must be maintained
 - Fire/EMS call volume increased 45% since 2004.
 - Police call volume increased 14% since 2000.
- Citizens demand and expect vital services.
 - Personnel eliminated in all City Departments.

Assessed Property Values

FY	RE	PP	M&T	PS RE	PS PP	Total
2010	693,122,800	103,067,671	6,124,366	23,411,431	242,044	825,968,312
2009	645,748,787	113,874,992	6,715,547	22,318,052	*	788,657,378
2008	639,192,692	108,609,168	11,452,777	26,072,969	*	785,327,606
2007	593,669,976	100,582,016	15,146,780	21,340,984	*	730,739,756
2006	588,988,194	98,478,170	12,831,665	25,709,402	*	726,007,431
2005	559,497,600	101,861,411	12,083,426	27,043,443	*	700,485,880
2004	556,169,600	94,124,537	13,754,159	29,719,298	*	693,767,594
2003	531,125,500	89,785,700	13,854,533	27,763,786	*	662,529,519
2002	500,132,200	91,886,053	17,253,822	27,821,178	*	637,093,253
2001	499,376,500	87,362,958	47,211,356	27,313,555	*	661,264,369

Real Estate Reassessment

- The purpose of a reassessment is NOT to raise revenue.
- Prior to the most recent reassessment, Real Estate Property Value \$694,312,500.
- These numbers are NOT final and will change!
 - After reassessment, City's Overall Taxable Value \$667,722,500.
 - Represents reduction of \$26,590,000 in assessed value, or a 3.83% reduction.

Real Estate Reassessment

- Potential Revenue loss of approximately \$270,000.
- To make the reassessment revenue neutral, tax rate must be increased from current rate of \$1.01816 per \$100 of assessed value to \$1.058705 at a 100% collection rate.
- One penny generates \$66,772.
- No tax increase has been recommended at this time....for information only!

Misc. Revenue History

Source	FY 07	FY 08	FY 09	FY 10	FY11 Budget/ Projected
Local Sales & Use Tax	2,279,517	2,054,228	2,015,151	1,759,239	1,900,000 1,900,000
E911 / Telecomm	794,015	1,031,174	968,924	937,786	1,000,000 908,964
Rental Tax	2,949	2,523	2,112	880	0
599 Funds	995,980	1,000,553	962,941	841,344	872,133 872,180
Mach & Tools Tax	249,222	210,024	115,193	112,242	99,931 103,814
Business Equipment	877,610	1,011,680	1,059,712	1,023,797	857,761 882,595

State Revenue for Constitutional Offices

YEAR	BUDGET	ACTUAL	% REC'D
2011	2,703,684	incomplete	N/A
2010	2,960,777	2,579,668	87.13%*
2009	3,083,104	2,428,796	78.78%*
2008	2,958,040	2,948,004	99.66%
Difference	(\$254,356)		(8.6%)

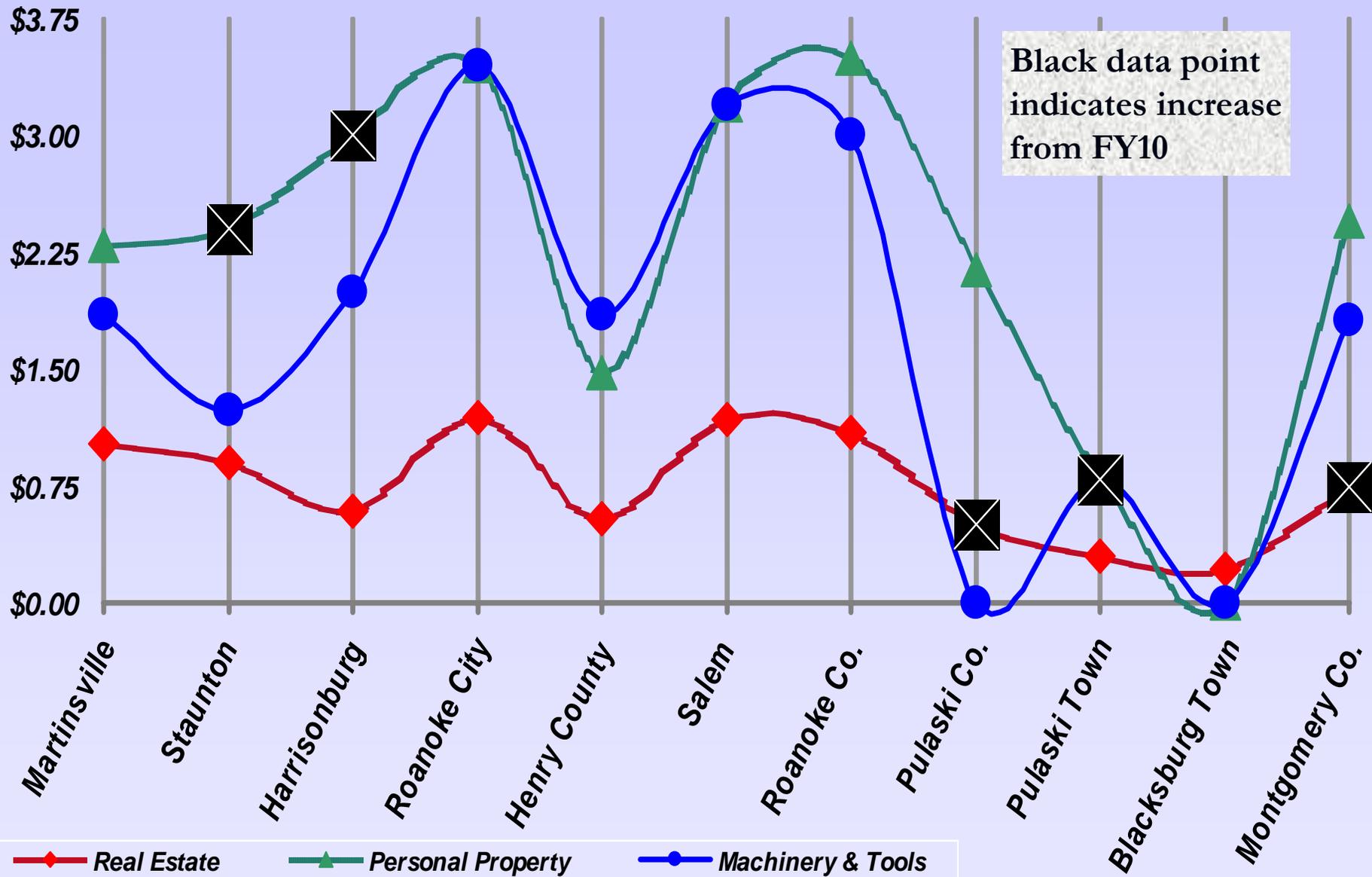
Utility Transfer History

Fund	FY99	FY09	FY10	FY11 as Budgeted	Difference
Refuse	\$2,085,944	\$46,995	\$339,027	\$341,574	(84%)
Water	\$462,396 *not a typical year	\$1,431,070	\$949,568	\$1,301,891	N/A
Sewer	N/A	1,149,780	936,401	989,990	(13.9%)
Electric	\$3,769,390	\$1,021,597	\$578,025	\$104,076	(97%)

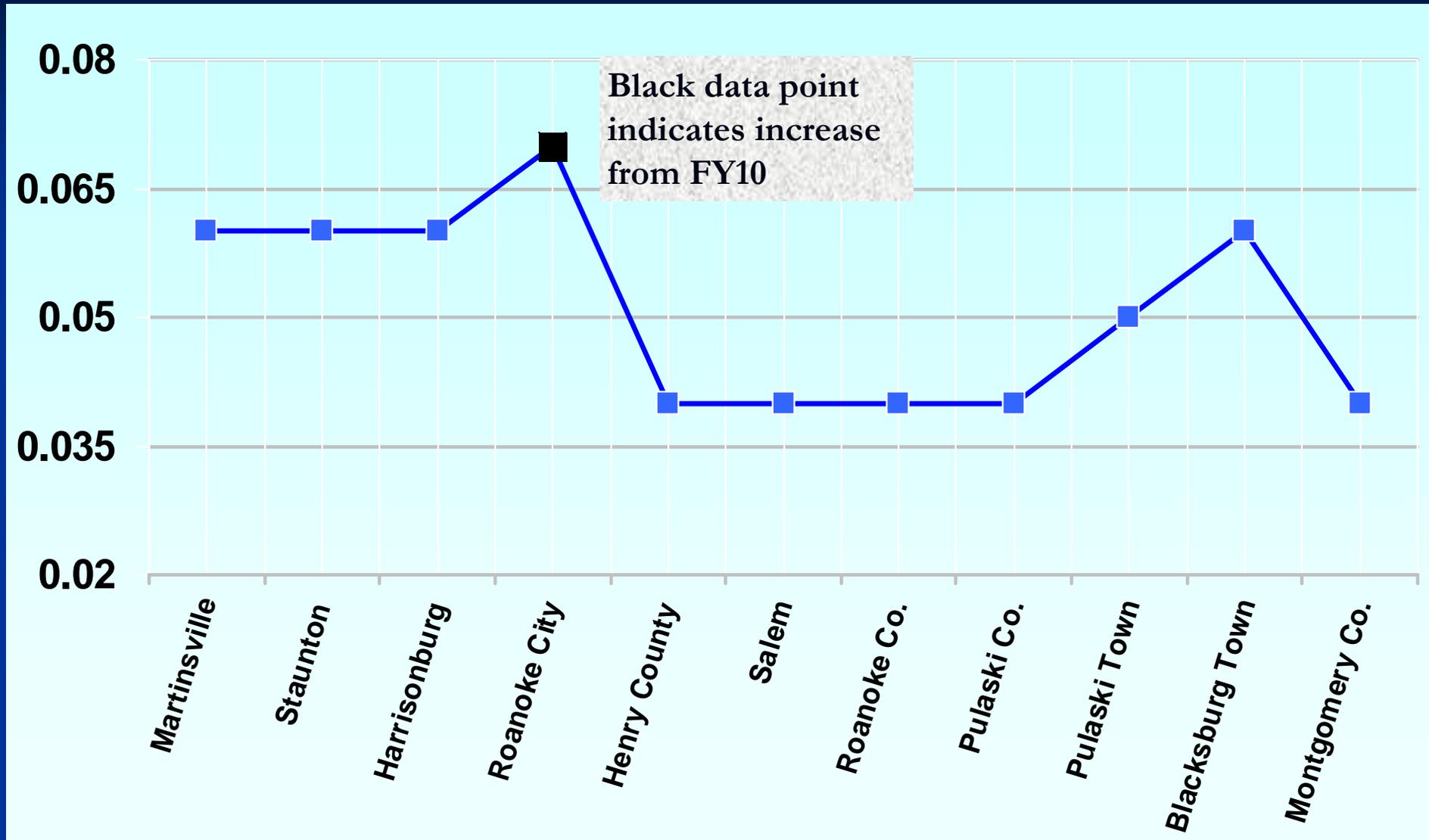
Impact on City Residential Taxpayer From FY11 Rate Increases

	Average Monthly Increase as Approved
Water Rate Increase	\$3.39
Power Cost Adjustment	\$6.80
Monthly Increase for Average Household in the City of Martinsville	<u>\$10.19</u>

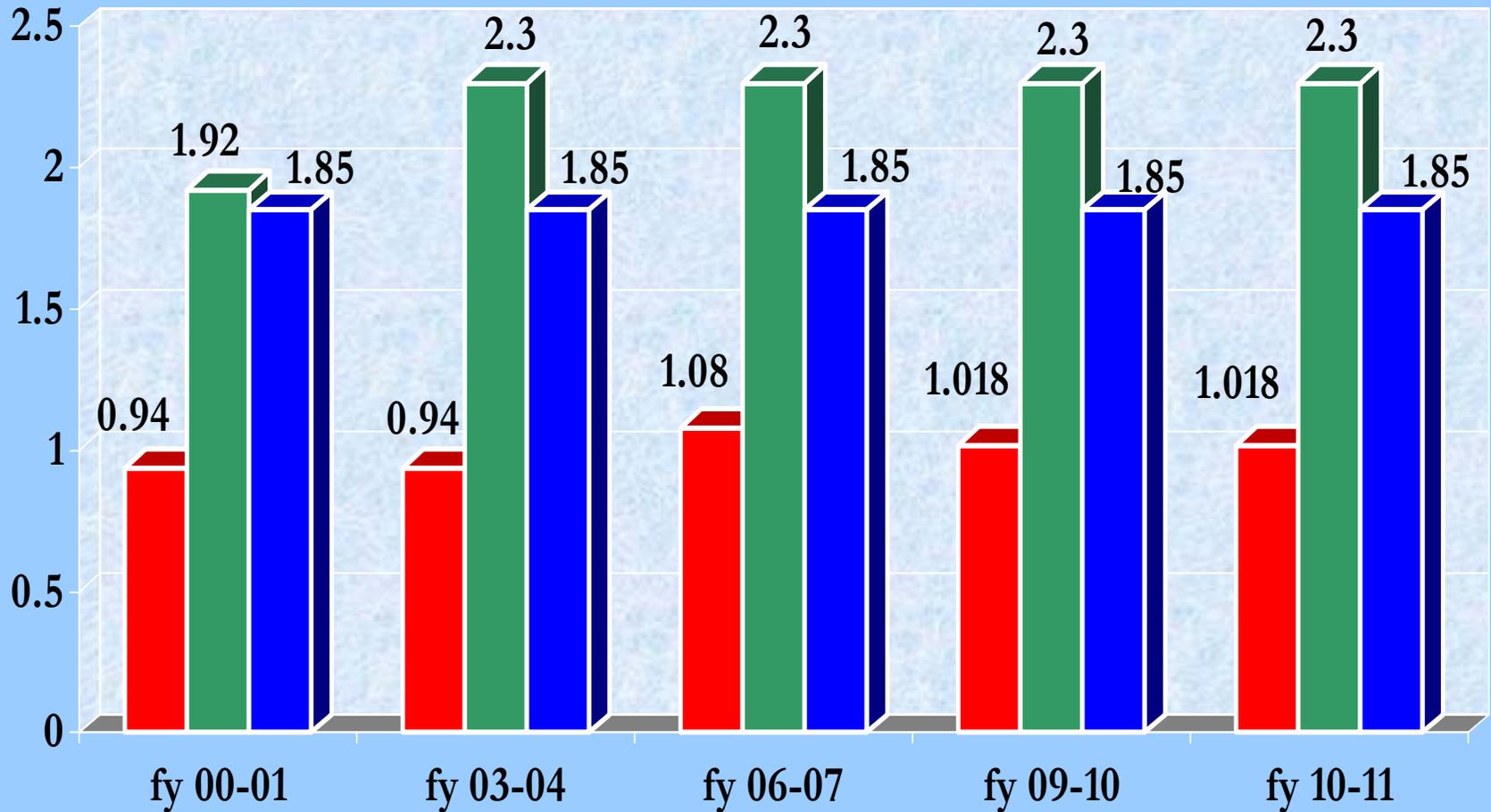
FY11 Taxes & Fees---Locality Comparison



FY11 Meals Tax—Locality Comparisons



Martinsville Tax Rate Trend by Category



Real Estate

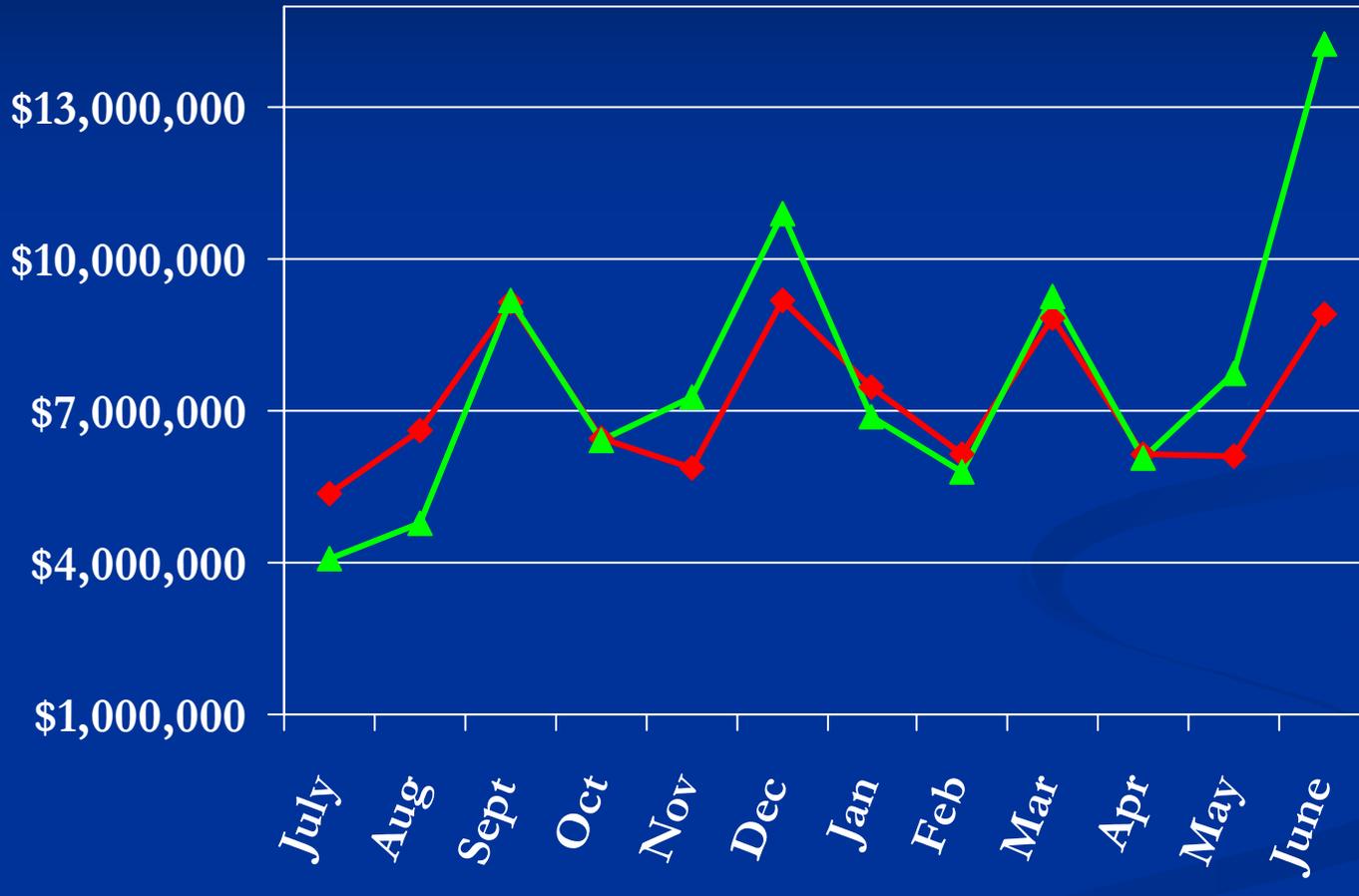
Personal Property

Machinery & Tools

Fund Balance

	Audited Fund Balance	Reappropriations
FY 2006	10,967,723	1,065,811
FY 2007	13,304,837	796,448
FY 2008	15,717,064	1,950,516
FY 2009	13,582,957	2,121,342
FY 2010	13,127,213	2,201,634

Fund Balance



On average, the City expenses are \$7 million per month, so a Fund Balance of \$13 million would be a 7 week reserve for a \$92 million business.

FY11 and Year-End FB

- FY11 Budget approved with the use of \$639,751 Fund Balance.
- Once all budgeted/reappropriated FY11 expenditures are incurred, not including unanticipated revenue and unexpended funds, the FY11 year-end combined Fund Balance is estimated to be \$10.5M, as of the January 2011 mid-year budget analysis.

Summary

- Population loss and continued high unemployment levels have caused loss of tax base.
- Inflation and increased fuel costs drive up operational costs.
- \$270,000 potential revenue loss as a result of most recent reassessment.
- State funding for constitutional offices has been reduced by nearly 9% in three years.

Summary

- Local revenue continues declining.
- Transfers from City Utilities down, especially Refuse and Electric.
- City's workforce has been reduced over 24% in the past 13 years.
- Staffing in every department reduced, especially Government Administration.

Summary

- Fund Balance remains strong but must be protected.
- Current City-wide expenditures exceed revenue by nearly \$640,000.
- FY12 starting out with a deficit, holding all else constant.
- Must align spending with available revenue.

Summary

- With declining revenue and increasing expenditures, cannot continue using fund balance on a regular basis.
- Impossible to continue offering full range of services without tax/fee increases.
- Tough choices must be made again!
- Open for suggestions.

**NOW LET'S REFLECT
ON SOME OF OUR MANY
POSITIVES...**



Harvest Grant

- \$654,957 for implementing Uptown Master Plan, Phase I.
- In concert with the CDBG funds.
- Physical improvements will be funded, in addition to site assessment for the Baldwin Block and the area behind the historic courthouse.
- All of these physical improvements will help make the Uptown more attractive, welcoming, and useable for residents, tourists, merchants, and potential investors.



TOSHIBA

New College Institute



*Photos courtesy of
Martinsville Bulletin
and Mike Wray*

The

City CDBG Project

- \$ 691,325 in DHCD funds
- Eliminate blight and create jobs
- Fayette Street and the Courthouse Square
- 27 properties will have façade upgrades
- Enhance pedestrian connections with new crosswalks, curb ramps, and landscaping
- Expansion of the Courthouse Square plaza
- Install wayfinding signage and install new streetlights

City and County Partnerships

- Economic development
- 9-1-1 Communications Center
- Health Department
- Social Services
- Blue Ridge Regional Library
- Magistrate
- Fund MANY “outside organizations” such as
 - Police Academy
 - Business incubator

DANVILLE 27

VIRGINIA BEACH 212

MADRID 3,988

ROME 4,698



NASHVILLE 385

LAS VEGAS 1,949

SAN FRANCISCO 2,321

TOKYO 6,826

VIRGINIA MUSEUM OF NATURAL HISTORY









During Budget Season...

“While talking budget, it is easy to be distracted and only focus on money. Budgets can be balanced. Let’s reflect on the positives that we have going for us in this great community.”

Clarence Monday, City Manager

City Budget Presented
to the Council on
April 28, 2011

Commonwealth Crossing Site

Grading Project Cost \$16.5M

Funding Partners

VTIC (new)	5,000,000
VTIC (previous)	1,500,000
Harvest Foundation	5,000,000
Henry County	3,300,000
Martinsville	<u>1,700,000</u>

Total **\$16,500,000**

Commonwealth Crossing Site

- County staff working to obtain permits for grading.
- Site aggressively marketed already.
- No City payment expected in FY12.
- City funds to be paid in FY13, on or after July 1 2012.

Option #1

\$500,000 from Fund Balance and Finance Remaining Portion

Project Cost	\$1,700,000
Fund Balance	<u>-500,000</u>
Finance	\$1,200,000

I = 3.5%

Ignores Closing Costs

Term 3 years = \$428,321

Total Cost \$1,784,963

Term 4 years = \$326,701

Total Cost \$1,806,804

Term 5 years = \$265,778

Total Cost \$1,828,890

Option #2

Total Financing

Project Cost \$1,700,000

I = 3.5%

Ignores Closing Costs

Term 3 years = \$606,788

Total Cost \$1,820,364

Term 4 years = \$462,827

Total Cost \$1,851,308

Term 5 years = \$376,518

Total Cost \$1,882,590

Option #3

\$500,000 from Fund Balance, Real Estate

Tax Increase, and Financing

Project Cost	\$1,700,000
Fund Balance	-500,000
RE Tax Increase \$0.05	-326,000
Finance	\$874,000

I = 3.5%

Ignores Closing Costs

Term 3 years = \$311,960

Term 4 years = \$237,948

Term 5 years = \$193,575

Total Cost to City \$1,435,880

Total Cost to City \$1,451,792

Total Cost to City \$1,467,875

Option #4

\$500,000 from Fund Balance,

Reduction in Services, and Financing

Project Cost	\$1,700,000
Fund Balance	-500,000
Reduction in Services	-250,000
Finance	\$950,000

I = 3.5%

Ignores Closing Costs

Term 3 years = \$339,087

Term 4 years = \$258,639

Term 5 years = \$210,407

Total Cost to City \$1,517,261

Total Cost to City \$1,534,556

Total Cost to City \$1,552,035

It is the Council's decision
on how to fund the City's
share of the grading work
for CCBC