



The *City of* *Charlottesville*



**Adopted Operating & Capital Budget
Fiscal Year 2006-2007**



July 1, 2006

Mayor and Members of City Council
City Hall
Charlottesville, VA 22902

Dear Mayor and Council:

I am pleased to present the Adopted Fiscal Year 2006-2007 City Budget, a total budget of **\$120,145,206**, a **7.51%** increase over the current year's budget. Of this total budget, **\$109,712,324** is supported by City taxes and fees (operating portion) and the remainder, **\$10,432,882**, is funded from dedicated revenue sources, such as school funding for school pupil transportation and building maintenance, City/County Revenue Sharing funds for the Capital Improvement Program and Facilities Repair Fund, and the dedicated portion of Meals Tax revenue (1-cent) to Debt Service.

This budget not only serves as a blueprint for the upcoming year, but also frames the City's future fiscal picture. This budget continues to be presented in a format that details City services and programs in terms of costs, in a manner that is easy to read and understand. City staff has worked hard over the past several years to show full cost allocation, and the addition of the City's new financial system (City Link) has enabled us to do that to the greatest extent in this budget. Actual cost allocations are shown in the individual departmental budgets. And, finally, this budget is a work plan of objectives to be accomplished over the coming year. The purpose of this Manager's Message is to outline and summarize the budget that has been adopted and approved by City Council.

This budget, like ones in the past, offers few surprises: needs for increased City services are far greater than available funds. And, since this community has come to expect a high level of city services, it is becoming increasingly difficult to meet all those needs with the existing revenue structure. This budget in particular illustrates the dilemma that we drew attention to several years ago in our long term financial projections: the City's non property tax base is not growing enough to fulfill service needs and requirements, and that a greater and greater reliance on the real estate property tax to support city programs is needed. And, that is exactly what has happened.

So, once again, the principal fiscal impact that faces this budget is the real estate assessment increases, as required by State law for equitable assessments to the local real estate market. This trend does not seem to be cooling in the near future, so this final budget includes in a **6-cent reduction** in the **real estate tax rate**, from **\$1.05** to **\$.99 per \$100 assessed value**. This is the fourth rate reduction in four fiscal years. This reduction still recognizes that assessments are going up on increasingly valuable properties, which means property taxes will go up depending upon the assessment increase, but the rate reduction helps to offset some of that increase.

At the same time, this budget implements a new tax relief program that targets low to moderate income homeowners, regardless of age. The, **Housing Affordability Tax Relief Program**, with a funding pool of **\$420,000**, will provide a grant in the amount of \$250 on the tax bill of eligible homeowners and relief for a rapidly growing real estate market to those who need it most.

The next portion of this message will outline significant revenue and expenditure issues, including a few enhanced or new services and areas of reductions, including the elimination of **6 FTEs** (full time equivalent positions) from the General Fund.

Revenue Highlights

The following outlines the major revenue trends included in the FY 2007 Adopted Budget.

- Provides for a real property tax rate reduction of 6-cents, from \$1.05 to \$.99, with total net new money for FY 2007 equaling \$3.825 million;
- Increases sales and use tax by \$775,000 due to the City's economic development efforts, which have led to strong performance in the past several years;
- Increases local share of personal property tax by \$886,744 due to a Council approved change in the valuation method, from average-loan to trade-in, and strong projected assessment growth;
- Increases fees and permits charged to developers, generating an additional \$120,000 in revenue;
- Increases Interest Earned by \$400,000 due to improved performance of the City's investments and higher interest rates;
- Decreases Public Service Corporation Tax by \$300,000 due to adjustments made to depreciation methods which have decreased the assessments over the previous year;

Expenditure Highlights

Adopted General Fund Budget Decreases Include:

- Eliminating a total of 6 Full Time Equivalent positions through reorganization, resulting in net savings of \$159,290;
- Reducing Parks and Recreation by \$93,660 as a result of reducing hours and programming at pools and moving cemetery mowing services partially in-house;
- Reducing the Computer Replacement Reserve account by \$21,625 due to the decreasing cost of replacement desktop computers and extended warranties which have allowed us to extend the replacement schedule;
- Reducing the Police Department's salaries budget by \$100,000 to take advantage of attrition savings (vacancies) up front. This department is not losing any positions;
- Budgeting \$300,000 in citywide attrition and vacancy savings that are projected to occur during the year;
- Requiring City departments to identify and carry out operational savings totaling \$154,455 during the fiscal year;
- Reducing the cost of life insurance by \$85,576 due to the rebidding of the City's contract.
- Reducing General Fund contribution to the Capital Improvement Fund by \$525,000.

Adopted General Fund Budget Increases Include:

- Providing the Schools an additional \$1,912,000, for a total contribution to the City Schools of over \$34 million, a 5.96% increase over this current years' contribution;
- Creating the Housing Affordability Tax Relief Program, a new program in this budget, at an initial cost of \$420,000, which will provide tax relief to eligible homeowners, regardless of age;
- Supporting a good work environment for our employees, and for attracting future employees, who in the end provide the quality City services to our residents through a 4% salary increase;

- Funding the full actuarial requirements of the retirement fund (increase of \$947,607) and funding a 10% increase in health care costs (increase of \$231,295);
- Increasing funding to account for the rising cost of utilities, estimated at a 30% to 40% increase, for a total dollar increase of \$569,414;
- Creating a Technology Infrastructure Reserve account, in the amount of \$134,836, in order to save funds for current and future purchase of the backbone systems of the City's information technology structure;
- Fully funding school bus replacement (increase of \$239,602) to be paid entirely by the Schools, and the first year of debt service for replacement of a fire apparatus (\$250,000 in new money);
- Fully funding the requests of the Regional Jail, the Blue Ridge Juvenile Detention Center and the Emergency Communications Center (\$726,577);
- Increasing funding to outside arts, educational and human service agencies in the amount of \$388,364;
- Funding an afternoon refuse pickup on the Downtown Mall (\$28,500) and increasing temporary salaries in the Department of Public Works by \$35,000 to assist with leaf collection in the fall and winter months. The afternoon refuse pickup on the Downtown Mall was piloted this past year and was seen as a service improvement of great value to the community.
- Budgeting for an additional position in Neighborhood Development Services, a Zoning Administrator/Erosion and Soil Administrator, which will be fully funded by the increase in building fees and permit charges to developers. This position is necessary in order to keep up with the pace of development and free neighborhood planners to devote additional time to their neighborhoods (\$73,201).

The City's Adopted Capital Improvement Program for FY 2007 includes:

- Increasing funding for streets and sidewalk paving by \$350,000 as proposed to City Council in the fall;
- Creating several new funding streams for new sidewalks (\$100,000), citywide and neighborhood drainage projects (\$275,000), housing trust fund (\$150,000) and \$1.5 million for major Downtown Mall reconstruction;
- Continuing the commitment to Jefferson School by proposing an additional \$2,000,000 in funding, for a total City commitment of over \$6,000,000 over the past several years.

Looking Ahead

The City's Leadership Team has made a major effort over the past year and through this budget to analyze carefully all city expenditures, and to rethink how to best provide city services. In addition, the City has taken careful attention to fully allocated out the true costs of City services in the various departments, which is contributing to some of the increases being experienced. And, future budgets will include as a major decision making tool the City's Strategic Plan, which is currently being developed.

The FY 2007 Adopted Budget, while it does not meet the complete needs of either our community and taxpayers, or our employees, it continues to reflect the fiscal realities we face. With the rising housing market, this budget attempts to positively impact that trend that has resulted in increases in property taxes, by the reduction in the real estate tax rate, and the proposal for targeted homeowner tax relief that could be of great benefit to many Charlottesville taxpayers. And, I do believe though that this budget will continue our commitment to quality city services that help keep Charlottesville one of the best places to live in America.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary O'Connell". The signature is stylized with a large, sweeping initial "G" and a long, horizontal flourish extending to the right.

Gary O'Connell
City Manager

City Council Amendments to the Manager's FY 2007 Proposed Budget

Manager's Recommended FY 07 Revenue Estimates \$ 121,195,206

Amendments to FY 07 Revenue Estimates

Decrease Revenues

Decrease Real Estate Tax Rate by 4 cents (Rate = \$.99/\$100 Assessed Value)	(1,680,000)
PPTRA (State Portion)	(41,744)

Increase Revenues

Revised Real Estate Tax Revenue Estimate	420,000
Reinstate Large Item Pickup Fee	50,000
Revised Personal Property Tax (Local Portion) Revenue Estimate	201,744

Total Revenue Amendments \$ (1,050,000)

Total Amended FY 07 Revenue Estimates \$ 120,145,206

Manager's Recommended FY 07 Expenditures \$ 121,195,206

Amendments to FY 07 Expenditures

Decrease Expenditures

Charlottesville Community Center for the Arts	(1,444)
Central Virginia Small Business Development Center	(10,000)
General Fund Contribution to Dept of Social Services	(94,131)
General Fund Contribution to Capital Improvement Program	(300,000)
General Fund Contribution to Debt Service	(200,000)
City Wide Attrition Savings	(300,000)
City Wide Departmental Operational Budget Savings	(154,455)
Fund Balance Target Adjustment	(121,843)
City Contribution to Schools	(88,000)
Council Reserve	(50,000)

Increase Expenditures

Virginia Municipal League Annual Dues	550
Virginia First Cities Annual Dues	1,563
Jefferson Area Board on Aging	31,143
Children, Youth and Family Services	7,555
Piedmont Housing Alliance	24,209
C'Ville Community Design Center	25,000
Reinstate Large Item Pickup Service	179,853

Total Expenditure Amendments \$ (1,050,000)

Total Amended FY 07 Expenditures \$ 120,145,206

FY 2007 Revenue Changes
(Budget FY 2006 to Budget FY 2007)

Adopted Revenue Increases

Real Estate Tax	6,345,000
Personal Property Tax (local portion)	886,744
Sales and Use Taxes	775,500
Transient Room Tax	87,065
Meals Tax	110,000
Utility Taxes	98,612
Business License Tax	134,338
Building Related Permits and Fees	141,110
State Revenue	577,391
Interest Earned	400,000
City/County Revenue Sharing	392,068
Rent Revenue	178,666
Parks and Recreation Income	80,468
Payment in Lieu of Taxes: Utilities Funds	482,302
Misc. Revenue, Taxes and Fees	235,012
Designated Revenue from Schools: School Pupil Transportation	414,474
Designated Revenue Schools: School Building Maintenance	339,849

<u>Total Increases</u>	11,678,599
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Adopted Revenue Reductions

Real Estate Tax (6-cent tax rate reduction)	(2,520,000)
Public Service Corporation Tax	(300,000)
PPTRA (State portion)	(191,744)
Waste Disposal Fees	(125,000)
E-911 Service Charge	(11,000)
Misc. Intergovernmental Revenue	(133,421)

<u>Total Reductions</u>	(3,281,165)
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<u>Net Revenue Increase</u>	8,397,434
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FY 2007 Expenditure Changes
(Budget FY 2006 to Budget FY 2007)

Adopted Expenditure Reductions

Fire Department - Eliminate 5 Fire Dispatchers	(355,042)
City Manager's Office - Eliminate 1 Project Communications Specialist	(45,613)
Parks and Recreation - Pool Hours and Programming Changes	(58,660)
Parks and Recreation - Cemetery Mowing Contract	(35,000)
Computer Replacement Pool	(21,625)
Contribution to Capital Improvement Program	(525,000)
Life Insurance Contribution	(85,576)
Police Department Attrition Savings	(100,000)
City Wide Attrition Savings	(300,000)
City Wide Departmental Operational Budget Savings	(154,455)
Transfer to Debt Service Fund	(33,500)

Total Reductions	(1,714,471)
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Adopted Expenditure Increases

Fixed Costs Increases

Technology Infrastructure Replacement Pool	134,836
Vehicle Fuel	207,993
Vehicle Maintenance	62,233
Fixed Costs: HVAC Fees, IT User Fees, Risk Insurance, Warehouse Charges	430,786
City Wide Utilities	569,414

Other Increases

City Contribution to Schools	1,912,000
City Council Reserve	10,373
Fund Balance Target Adjustment	78,157
Contributions to Outside Agencies and Organizations	304,293
Contributions to Newly Funded Outside Agencies and Organizations	84,071
Transfer to Department of Social Services, Community Attention and Comprehensive Services Act	483,025
Transfer to Transit (CTS) Fund	264,383
Contributions to Regional Jail, ECC and Juvenile Detention Center	726,577
Landfill Remediation	300,000
Transfer to Facilities Repair Fund	50,000
Other City Departmental Changes	607,296

Salary and Benefits Increases

4% Salary Increase and Associated Benefits	1,590,980
Health Insurance (City Contribution)	231,295
Public Safety Employee Retirement	773,375
General Government Employee Retirement	174,232
Public Safety Overtime and FLSA (legal) Requirements	47,898

New Initiatives

Housing Affordability Tax Grant Program	420,000
Downtown Mall Afternoon Refuse Pickup	28,500
Leaf Collection Service (Additional Temporary Workers)	35,000
Zoning Administrator/Erosion and Soil Administrator	73,201
Fire Department Medical Equipment (Defibrillators) - Grant Match	22,385
School Bus Replacement (100% School Funded)	239,602
Fire Truck Replacement (Transfer to Debt Service Fund)	250,000

Total Increases	10,111,905
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Net Expenditures Increase	8,397,434
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INTRODUCTION AND SUMMARY



Acknowledgements

As with many of the programs of the City of Charlottesville, the development of the budget is a team effort. The City Manager's Office develops the final budget with the assistance of many other individuals in the City government. This acknowledgment identifies a number of the key individuals who shared in the development of this budget. Many others who assisted are not individually identified. We thank all of you.

City Manager	Gary B. O'Connell
COO/CFO	Aubrey V. Watts, Jr.
Budget Manager	Leslie M. Beauregard
Budget and Utilities Analyst	Ryan Davidson
City Manager's Office	Terry Bentley, Linda Peacock, Rochelle Small-Toney, Stephanie Smith
CAC Visitor's Bureau	Mark Shore, Penny Johnson
Circuit Court	Paul Garrett, Pat Young
City Attorney	Craig Brown, Barbara Ronan
City Sheriff	Sheriff Cornelia Johnson, Kara Thomas
Clerk of Council	Jeanne Cox
Commissioner of the Revenue	Lee Richards, Rosalind Collins, Betty Graham
Communications Department	Ric Barrick
Community Agency Review	Saphira Baker, Robert Cox, III, Gretchen Ellis, Linda Peacock
Community Attention	Mike Murphy, Chip McElearnay
Economic Development	Blair Morris
Finance Department	Bernard Wray, Al Elias, Roosevelt Barbour, Judy, Barlow, Jim Halter, Krisy Hammill, Michael Heny, Richard Modie, Ann Murray, Beatrice Segal
Fire Department	Interim Chief Charles Werner, Britt Grimm
General District Court	Shirley Mayo
General Registrar	Sheri Iachetta
Human Resources	Galloway Beck
Information Technology	Rick Fore, Don Litton, Barbara Sites
Juvenile & Domestic Relations Court	Alice Waddy
Parks and Recreation	Mike Svetz, Brian Daly, Linda Daly, Rion Summers
Magistrate's Office	Cheryl Thompson
Neighborhood Development Services	Jim Tolbert, Sharon Patterson
Social Services	Robert Cox, III, Diane Kuknyo
Police	Chief Timothy Longo, David Shifflett
Public Works	Judith Mueller, Mary Kay Kotelec, Steve Lawson, Jim McClung, Mike Mollica, Jim Palmborg, Lance Stewart, Chad Thorne, Bill Watterson
Treasurer	Jennifer Brown

Introduction to the Budget

This **Fiscal Year 2006-2007** budget for the City of Charlottesville continues a presentation style that is user-friendly and easily explains the City's fund structure and budget allocations. An Introductory section is followed by sections detailing proposed expenditures for Management, Debt Service, Fund Balance Target Adjustment, Employee Compensation and Training, Internal Services, Financial Services, Healthy Families and Community, Infrastructure and Transportation, Public Safety and Justice, School Operations, the Capital Improvement Program, and Other Non General Funds.

In addition to these broad categories, an index is provided for quick and easy reference. We hope this document is easy to read, interpret, and use in understanding the City's budget for Fiscal Year 2006-2007. Our goal is to provide a straightforward document that provides the citizens of Charlottesville with a clear explanation of how their tax dollars are helping to support a variety of services and programs important to our World Class City.

Contact Information

City Council

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Kevin Lynch, Vice Mayor
Blake Caravati
Kendra Hamilton
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City Manager

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Clerk of Council

Jeanne Cox
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coxj@charlottesville.org

Mailing Address

P.O. Box 911
Charlottesville, VA 22902

Website

www.charlottesville.org

If you have questions or desire more information about the budget, please contact the City Manager's Office at (434)970-3101 between 8:00 a.m. and 5:00 p.m., Monday through Friday or via the e-mail address shown above.

Charlottesville City Council Vision Statement

Mindful of our responsibility to future generations, Charlottesville will build a distinctive, world class, small city by...

- ◆ Promoting a climate of excellence in public and private life,
- ◆ Providing quality, responsive, efficient and innovative citizen services,
- ◆ Creating opportunities for community members and future generations to reach their full economic, social, and cultural potential,
- ◆ Reaching across jurisdictional lines for regional progress,
- ◆ Sustaining our natural resources and enhancing the quality of our natural and built environment,
- ◆ Respecting the diversity of our population while building a unified community,
 - ◆ Recognizing the rights and responsibilities of its citizens, and
- ◆ Summoning the courage to embrace positive change for the common good.

Citizens have a critical role in shaping the public decisions that affect their lives. Our local government should be pro-active in mobilizing the diverse public and private resources needed to meet the priorities and challenges of the future.

FY 2006-2007 Budget Calendar

August 24, 2005.....	FY 2007 – 2011 Capital Improvement Program Submission Instructions Distributed
September 23, 2005	FY 2007 Outside Agency Applications Distributed
September 28, 2005	Capital Improvement Program Requests Due
October 10, 2005	FY 2007 Budget Submission Packages and Instructions Distributed to City Departments
November – December	FY 2007 – 2011 Capital Improvement Program Presented to Planning Commission
November – January.....	FY 2007 Revenue Projection Meetings
November 16, 2005	Agency Budgets Due to City and County
November 21, 2005	Financial Forecast/Budget Guidelines Presented to City Council
December 9, 2005	FY 2007 Budget Submissions Due from City Departments
December 5, 2005	Council formally adopts FY 2007 Budget Guidelines
December - January	Agency Budget Review with County and City Staff
January 26, 2006	Council Budget Work Session
March 6, 2006	Proposed City and School Operating and Capital Budget Formally Presented to City Council
March 9, 2006	Council Budget Work Session
March 18, 2006	Community Budget Forum
March 20, 2006	First Public Hearing on Proposed Budget
March 23, 2006	Council Budget Worksession
March 29, 2006	Council Budget Worksession
April 3, 2006.....	First Reading and Second Public Hearing on Proposed Budget
April 11, 2006.....	Second Reading and Council Adoption of Budget



The Purpose of Budgeting

Budgeting has several major purposes. First and foremost, budgeting is a formal way to convert the City's long-range plans and policies into services and programs for the citizens of the City of Charlottesville. The budget also details these services and programs in terms of costs. The City's budget informs the City Council and the public of the City government's plans for the coming fiscal year (July 1, 2006 - June 30, 2007), and provides the Council with the opportunity to review and decide the level of services to be provided to our citizens.

Budgeting also outlines the revenues (taxes, fees, and others) that are needed to support the City's services, including the rate of taxation to be adopted for the coming fiscal year. Finally, the budget adopted by City Council becomes a work plan of objectives to be accomplished over the coming year.

The City's Fund Structure

The City's financial management system is divided into a number of funds. A separate sum of money is set aside for each fund. Funds are established for special program groups which usually have specific revenue sources associated with their expenditures. The City's major funds are:

1. General Fund (operating)
2. Enterprise Funds (utilities)
3. Capital Improvement Program Fund
4. Other Non General Funds

The **General Fund** is usually referred to as the operating fund and is used to finance the day-to-day operations of the City. It is the largest part of the City's total financial operation. Revenues for this fund are obtained from taxes, licenses and permits, intergovernmental revenue, charges for services, fines, interest, and Albemarle County Revenue Sharing funds.

The **Enterprise Funds** consist of the operating and capital budgets of the Gas, Water and Wastewater programs in the City. These funds account for the utility operations as if they were each a separate, self-supporting business.

The **Capital Improvement Program Fund** is used to account for all financial resources that are needed in the acquisition or construction of capital facilities. Revenues for this fund are obtained from bond issues, a transfer from the General Fund, and PEG Fee revenue.

Other Non General Funds include the following:

- **Equipment Replacement Fund** – Provides funding for a scheduled replacement program for 685 vehicles and pieces of equipment.
- **Facilities Repair Fund** – Provides funding to preserve the City's investment of over \$60 million in non-school facilities, which have annual maintenance requirements.

- **Retirement Fund** – This is a trust fund supported by contributions paid by the City, based on actuarial calculations, that provides City employees with a pension to supplement social security benefits upon retirement.
- **Risk Management Fund** – Provides accounting for the City's risk management program.
- **Debt Service Fund** – Provides necessary funds to retire the City's general government outstanding bond indebtedness and related costs.
- **Health Care Fund** – The Health Care Fund is the funding source for the City's health related benefits provided to participants in the City's health care programs.

The Basis of Budgeting

All budgets are presented on the modified accrual basis of accounting, under which revenues and related assets are recorded when measurable and available to finance operations during the year, and expenditures, other than compensated absences and interest on debt, are recorded as the related fund liabilities are incurred. Revenues considered prone to accrual consist primarily of property taxes, certain grants, and sales and utility taxes. Any property taxes that are not due as of June 30th are recorded as deferred revenues. Budgets for City and School operations, Utilities and Debt Service are adopted on an annual basis. Budgets for the Capital Projects Fund and Other Funds are continuing appropriations beyond the fiscal year. It is the intention of the City Council that appropriations for capital projects continue until completion of the project.

Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

The Budget Process

Capital Improvement Program (CIP)

The City's five-year capital improvement process begins in the fall of each year, when City departments are asked to submit their ranked requests for the five-year capital plan. Once they are submitted, the requested capital improvement projects are evaluated by the CIP Committee. This Committee consists of staff members from Neighborhood Development Services, Public Works, Parks and Recreation, City Manager's Office, Budgeting, and Finance. This committee determines how much money is available for the projects and makes funding recommendations for each individual project. Once a proposal is agreed upon by the Committee, it is brought to the City Manager who then makes recommendations and changes. In November and December, the proposed CIP is submitted to the Planning Commission for review and feedback. In early March the Capital Improvement Program is brought forward to City Council as part of the entire Proposed City Operating and School Budget. The Operating Budget, along with the CIP, must be adopted no later than April 15th by the City Council.

Operating Budget

The City's operating budget process begins in the fall when departments start to prepare their budget requests and the City Manager presents the City's long-term financial forecast to City Council. Based upon this forecast, City Council adopts its budget priorities and assumptions for the upcoming fiscal year. From late November to mid December, departmental budget requests and agency budget requests are submitted to the City Manager's Office. In December and January, estimated revenue forecasts are prepared by a revenue team. The Manager's Proposed Budget, along with the School's Budget, is presented to City Council the beginning of March. A series of City Council work sessions and public hearings are held during the months of March and April. The City and Schools budget is formally adopted by City Council each year by April 15th.

Budget Adoption

An annual operating budget is adopted for the General Fund. Within the General Fund, budgets are legally adopted at the departmental level. The City Manager is authorized to transfer the budget for personnel cost (salaries and fringe benefits) if necessary between departments; however, any other revisions that alter the total expenditures of any department or agency must be approved by City Council with an appropriation. Unexpended appropriations lapse at the end of the fiscal year unless carried over by Council action. Budgets for City and School operations, Utilities and Debt Service are adopted on an annual basis. Budgets for the Capital Projects Fund and Other Funds are continuing appropriations beyond the fiscal year. It is the intent of the City Council that appropriations for capital projects continue until completion of the project and that funds accumulated in the Debt Service Fund be dedicated to future debt service.

Legal Budgeting Requirements

City Code Sec. 11-1

The City Manager shall keep the Council fully advised of the City's financial condition and shall, on or before March fifteenth in each year, prepare and submit to the council a tentative budget for the next fiscal year. Such budget shall be in conformity with the provisions of the Charter and of this Code and the general law, and shall contain estimates of the financial needs and resources of the city for such fiscal year and a program of activities which in the City Manager's judgment will best meet the needs of the City and its people, considering resources available.

City Code Sec. 11-2

The council shall cause to be prepared by the City Manager an annual budget containing all proposed expenditures and estimated revenues and borrowing for the ensuing year, and at least thirty (30) days thereafter shall order a city levy as provided for by state law and sections 14, 19 and 20 of the Charter. The Council shall adopt or approve the annual budget and shall make such city levy prior to April fifteenth in each year.

Budget Guidelines

1. Propose no increase to the current real estate or personal property tax rates.
2. Develop operational budgets within projected available revenues.
3. Evaluate the efficiency and effectiveness of all activities.
4. Continue the strong commitment to education by allocating up to 40% of new City real estate and property tax revenue to schools.
5. Invest strategically in employees by providing adequate pay, benefits, training, technology resources, support, and appreciation.
6. Annually review the living wage ordinance "so that every City contract for the provision of non-professional services will require that the contractor pay each employee assigned to perform services a living wage equal to no less than the lowest starting salary for City employees." In addition, annually review the lowest starting salary of City employees, taking into consideration any increase in CPI since the previous year.
7. Maintain a General Fund balance of 12% of operating expenditures and 60 days working capital in the utility and golf funds.
8. Fund no new programs or major expansion of existing programs without fully offsetting revenues or reductions in expenditures.
9. Focus on Council's priorities:
 - Education
 - Economic Development and Employment
 - Transportation
 - Housing
 - Leadership in Regional Cooperation
 - Get Smart on Crime: Safety/Justice
 - Creating Community
 - Natural Environment
10. Budget priorities shall focus on balancing reinvestment in the City's existing infrastructure and facilities and creation of new opportunities for investing in the future of the City.
11. Maintain a debt service to operating fund expenditure ratio of 8% or less.
12. Transfer any excess funds from parking fines above the amount budgeted in the General Fund to the Capital Fund for future parking projects.
13. Conduct an agency review jointly with Albemarle County, the Commission on Children and Families, and the United Way to scrutinize agency requests for program congruence with Council's priority areas.
14. Transfer at least 3% of General Fund expenditures to the Capital Fund.
15. Budget a Council Reserve.
16. Do not replace lost state revenues with local revenues, unless a critical service is being impacted.
17. Transfer 1-cent of the meals tax revenue to the Debt Service Fund to be reserved for debt service for future bond issues, with a priority on issuing bonds for school related projects.
18. Stabilize all non-general funds by ensuring they have a positive fund balance.
19. Reduce the real estate tax rate to compensate for the new revenues generated by changing the valuation method on personal property. This is equivalent to a 2-cent reduction in the real estate tax rate.

Major Expenditure Highlights of the Budget

Reductions to the Budget

- o Eliminates a total of **6 full time positions** in the General Fund, for total **net savings** of over **\$159,290**:
 - **City Managers Office** eliminates **one position** in the Communications Office, the Project/Communications Specialist, for a total net savings in salaries and benefits of **\$45,613**;
 - Eliminates five positions in the **Fire Department** as a result of transferring fire dispatch service to the Emergency Communications Center (ECC). This results in a reduction of approximately **\$355,042** in salaries and benefits, and five less positions in the Fire Department budget. Net savings to the City, after the ECC increase is taken into consideration for their additional five positions, is **\$113,677**.
- o Reduces **Parks and Recreation** by **\$58,660** as a result of reducing hours and programming at pools and reduces the cemetery mowing contract by **\$35,000** by moving a portion of this service in-house.
- o Reduces the **Police Department** budget by **\$100,000** in attrition savings, the equivalent of two entry level police officers. In addition, this budget captures attribution savings **citywide** in the amount of **\$300,000**. This budgeting method simply recognizes that vacancies will and do occur throughout the year and removes the savings that would accrue as a result of those vacant positions.
- o Mandates City departments to identify and realize **\$154,455** in operational savings during the course of the fiscal year.
- o Reduces departmental contributions to the **Computer Replacement Reserve** account by 20%, for savings of **\$21,625**, due to the decreasing cost of replacing desktop computers and extended warranties.
- o Reduces the contribution from the General Fund to the **Capital Improvement Program** (3% of General Fund expenditures) by **\$525,000**, for a total proposed contribution of **\$3.3 million**.
- o The City's contribution to employee **Life Insurance** is decreasing due to the rebidding of the City's existing contract, for savings totaling **\$85,576**;

Additions to the Budget

- o Provides the **Schools** with an additional **\$1,912,000**, for a total contribution of \$34,012,025, an increase of 5.96%;
- o Includes funds for a **4% across the board salary increase** starting July 1st and a pool of funds for market rate salary adjustments, a total of **\$1.6 million** budgeted;
- o Includes a **Council Reserve** budget of **\$25,000** for emergencies and contingencies that occur during the budget process and the fiscal year;

- o Proposes funding a new pool of money, **\$420,000**, for the **Housing Affordability Tax Grant Program**, which is a new tax relief initiative that will target the needs of eligible low to moderate income homeowners. With this new program in place, the City's tax relief programs total over \$1.3 million in FY 2007, the total of which **equates to over 3-cents on the real estate tax rate**;
- o Increases the local contribution to the **Comprehensive Services Act** by \$113,250, for a total budget of **\$1.9 million**. This is a State mandated program;
- o Reflects a **9.8%** increase in the City's contribution for general government employee retirement benefits, and a **17.8%** increase for public safety employees, as required by the City's retirement actuary and accounting standards, (a total increase of **\$947,607**); and a **10%** increase in the City contribution for employee **health care** costs (an increase of **\$231,295**);
- o Reflects health care restructuring that will result in long term savings to the City: 1) **Health Savings Account** to be offered to those employees enrolled in the Defined Contribution retirement plan (non-pension plan), which will allow the employee to create and contribute funds into an account for post retirement health care costs; and 2) **Health Reimbursement Account** will be offered to those employees in the high deductible health care plan, is City funded (built into the City's contribution), and funds can be used by the employee for qualified medical expenses.
- o Reflects an increase in departmental charges for **fuel and vehicle maintenance** for a total General Fund impact of **\$270,226**;
- o Reflects an increase in **utilities** (estimated 30%-40% increase in cost) for a total general fund impact of over **\$569,414**;
- o Reflects increases in several **fixed costs**, including IT User fees, telephone charges, general insurance, workers compensation, warehouse charges, and HVAC fees, in the amount of **\$430,786**;
- o Includes funds in **Public Works** for an afternoon Downtown Mall refuse pickup (**\$28,500**), which was piloted this past year and was seen as a service improvement of great value to the community.
- o Funds temporary workers to expedite the collection of leaves during the fall/winter months (**\$35,000**);
- o Budgets a **Technology Infrastructure Reserve** account, in the amount of **\$134,836** in the General Fund, the purpose of which is to "save" funds for current and future replacement of the backbone of the City's information technology structure, so that a future large budget increase is avoided, and a replacement schedule is developed before these servers extend their life;
- o Budgets a **\$5.45 million** General Fund contribution for debt service payments, a increase of **\$50,000** over FY 2006; in addition, 25% of the **Meals Tax** revenue will contribute an additional **\$1.5 million** to the debt service fund, and **\$264,000** is dedicated to debt service from the County Fire Service Fees.

- o Increases the contribution for the cleanup of the **Ivy Landfill** by **\$300,000**, for a total budget of **\$1,000,000**, a required mandate by the State Department of Environmental Quality;
- o Funds **school bus replacement** schedule (increase of **\$239,602**), which is being fully funded by the City Schools;
- o Funds the first debt service payment for replacement of a 17 year old **fire apparatus (\$250,000)**;
- o Budgets for an additional position in **Neighborhood Development Services**, a **Zoning /Erosion and Soil Administrator**, which will be fully funded by a proposed increase in building fees and permit charges to developers. This position is necessary in order to keep up with the pace of development and free neighborhood planners to devote additional time to their neighborhoods. The total proposed cost for these positions, including an operational budget, is **\$73,201**. The revenue to be generated to support this position is estimated at **\$120,000**.
- o Increases funding to the **Regional Jail**, the **Emergency Communications Center** and the **Blue Ridge Juvenile Detention Center** by **\$726,577**;
- o Increases funding for the **Charlottesville Transit System** by **\$264,383**; and
- o Increases funding to various **arts, educational and human services agencies** by **\$388,364**.

FY 2007-2011 Capital Improvement Program Highlights

The Adopted Capital Improvement Program (CIP) for FY 2007 provides \$1,406,886 million for education, \$2 million for the Jefferson School, \$236,153 for economic development initiatives, \$504,565 for public safety, \$950,000 for facilities capital projects, \$3,689,102 for transportation and access, \$962,065 for Parks and Recreation, \$1,750,101 million for neighborhood improvement projects, \$302,679 for General Infrastructure and Other Commitments, and \$819,520 in the Contingency account, for a total **FY 2007 CIP** of **\$12.62 million**.

The major theme of the FY 2007 CIP is **maintaining the City's current infrastructure**, which can be evidenced by some of the major funding increases and new pools of dollars for the following projects:

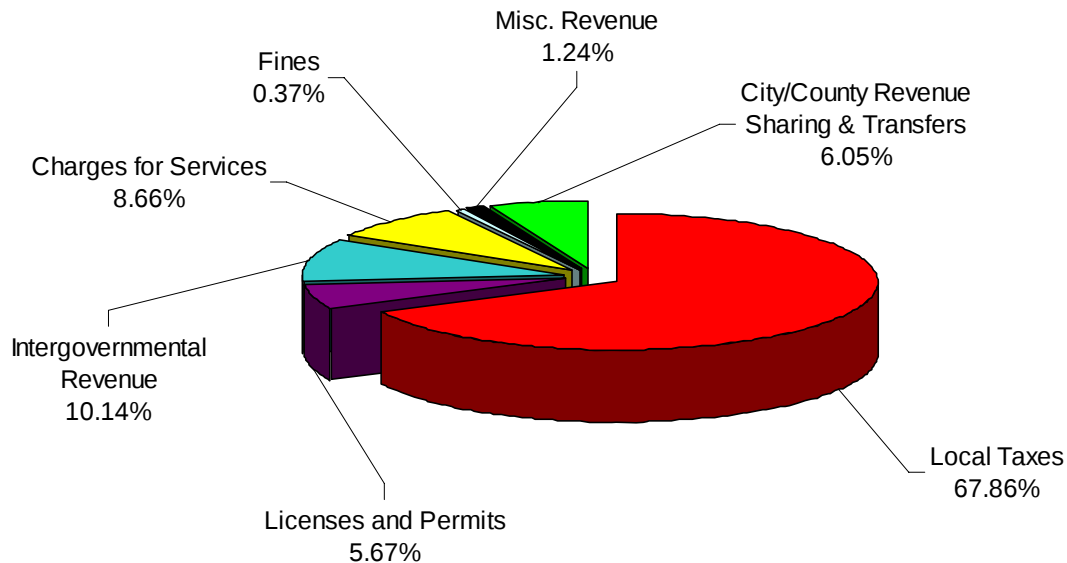
- Street paving and reconstruction - \$546,964
- New sidewalks and sidewalk repair – \$400,000
- Citywide and neighborhood drainage projects – \$275,000
- Downtown Mall major reconstruction - \$1.5 million
- City and School playground improvements - \$100,000
- City facilities capital projects - \$950,000
- Jefferson School -\$2,000,000 (Total dedicated funds, including FY 2007, to date are over \$6,000,000)



General Fund Revenue Summary

	FY 2004-2005 Actual	FY 2005-2006 Budget	FY 2006-2007 Budget	Increase/ (Decrease)	% Change
General Fund Revenue					
Local Taxes	\$67,072,422	\$68,938,107	\$74,453,607	\$5,515,500	8.00%
Licenses and Permits	6,075,416	5,949,682	6,225,130	275,448	4.63%
Intergovernmental Revenue	10,803,451	10,865,179	11,128,434	263,255	2.42%
Charges for Services	9,495,697	8,908,426	9,505,946	597,520	6.71%
Fines	541,283	405,000	405,000	0	0.00%
Misc. Revenue	1,038,132	677,571	1,360,391	682,820	100.77%
City/County Revenue Sharing & Transfers	4,620,461	5,877,748	6,633,816	756,068	12.86%
TOTAL OPERATING BUDGET	\$99,646,862	\$101,621,713	\$109,712,324	\$8,090,611	7.96%

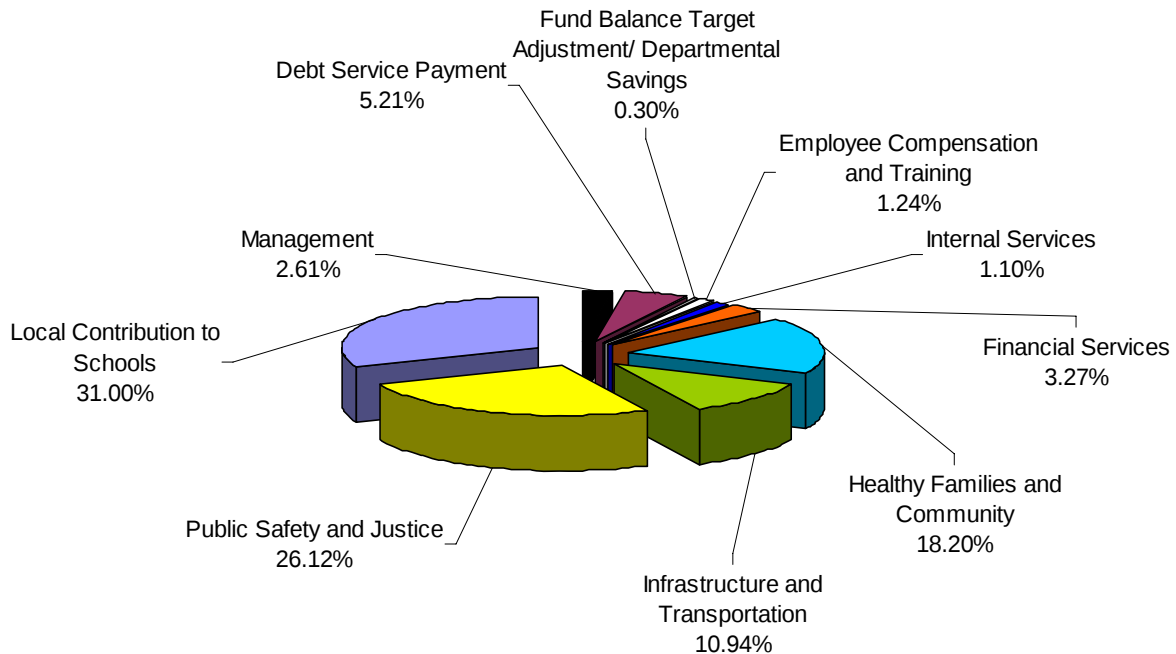
General Fund Revenues



General Fund Expenditure Summary

	FY2004-2005 Actual	FY2005-2006 Budget	FY2006-2007 Budget	Increase/ (Decrease)	% Change
Management	\$2,655,315	\$2,727,899	\$2,864,790	\$136,891	5.02%
Debt Service Payment	5,350,000	5,775,000	5,714,000	(61,000)	-1.06%
Fund Balance Target Adjustment/ Departmental Savings	0	400,000	323,702	(76,298)	-19.07%
Employee Compensation and Training	155,635	1,564,225	1,364,980	(199,245)	-12.74%
Internal Services	1,006,317	1,158,717	1,206,785	48,068	4.15%
Financial Services	3,142,938	3,378,875	3,591,651	212,776	6.30%
Healthy Families and Community	16,501,896	17,952,419	19,968,390	2,015,971	11.23%
Infrastructure and Transportation	9,664,752	10,461,678	12,004,928	1,543,250	14.75%
Public Safety and Justice	24,471,077	26,099,903	28,661,073	2,561,170	9.81%
Local Contribution to Schools	30,641,168	32,100,025	34,012,025	1,912,000	5.96%
TOTAL OPERATING BUDGET	\$93,589,098	\$101,618,741	\$109,712,324	\$8,093,583	7.96%

General Fund Expenditures



Explanation of Revenues

Services provided by the City of Charlottesville are funded by a variety of revenue sources: local, state, federal, and grant revenues. When preparing revenue estimates for the budget, a team of staff reviewed prior year revenue activity, current year to date activity, and future factors that will affect the City's economic vitality. City staff uses four different revenue projection techniques in order to insure the accuracy of the revenue projections.

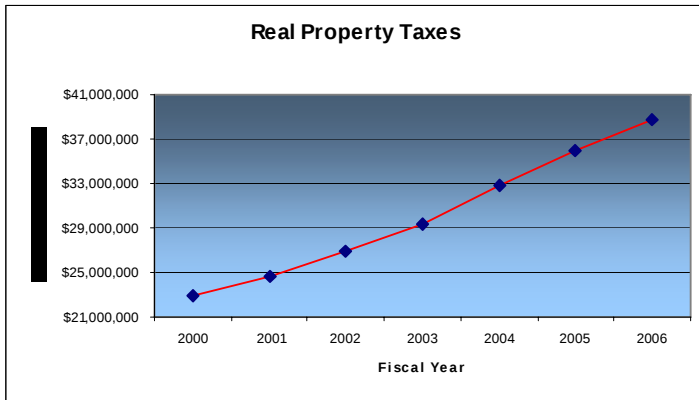
- Informed/Expert Judgment (e.g. the advice of a department head)
- Deterministic Techniques (e.g. formulaic revenues)
- Time Series Techniques (e.g. moving averages and predictive statistics)
- Estimates from the Commonwealth of Virginia (e.g. transfer payments)

In practice, most revenue projections combine two or more of these techniques. Generally the amount of revenue available to the City depends on current and future economic activity. Below is a listing of the major revenue sources for the City of Charlottesville, which make up 85.69% of the total General Fund revenues collected by the City of Charlottesville.

<u>Revenue Source</u>	<u>FY 2007 Projection</u>	<u>% of General Fund Total Revenues</u>
Real Estate Taxes	\$ 42,540,000	35.41%
City/County Revenue Sharing	10,134,816	8.44%
Sales & Use Taxes	9,200,000	7.66%
Utility Tax	7,000,000	5.83%
Other State Assistance	6,630,560	5.52%
Meals Tax	6,200,000	5.16%
Personal Property Taxes	5,401,744	4.50%
Business & Professional Licenses	4,800,000	4.00%
Payment in Lieu of Taxes: Utilities	4,349,865	3.62%
PPTRA	3,498,256	2.91%
Transient Room Tax	2,000,000	1.66%
Public Service Corporation Taxes	1,200,000	1.00%
TOTAL	\$ 96,324,681	85.69%

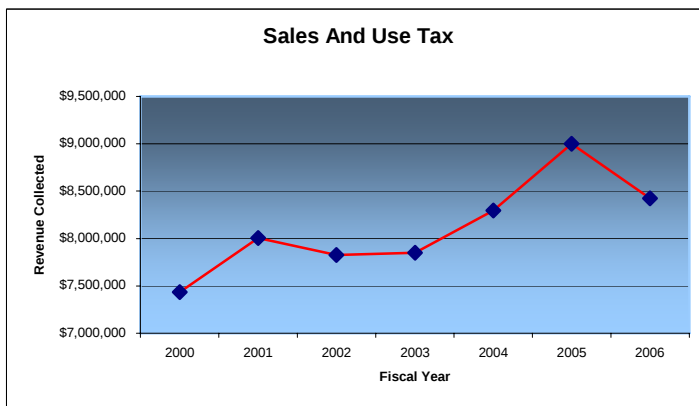
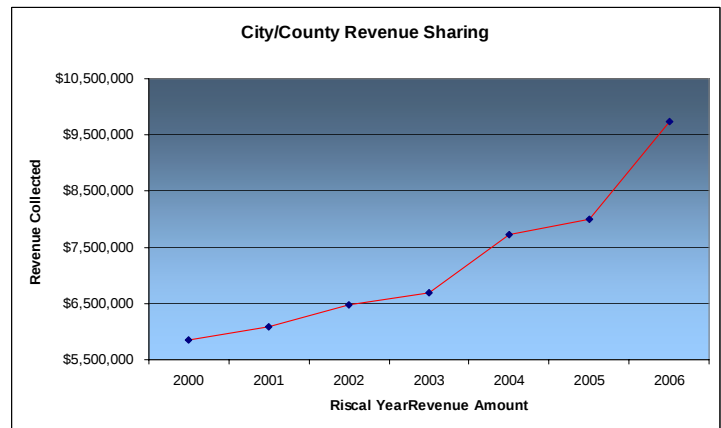
In the following section, a graph has been presented for each of the major revenues listed in the above chart. This provides a graphical representation of the trend data that was used when the revenue projections were made for Fiscal Year 2007. The data in the graphs represents the amount of actual revenue collected for Fiscal Years 2000 – 2005, and the appropriated amounts for Fiscal Year 2006, all of which were important factors in projecting the revenues for Fiscal Year 2007.

Major Local Revenue – Descriptions and Trend Data

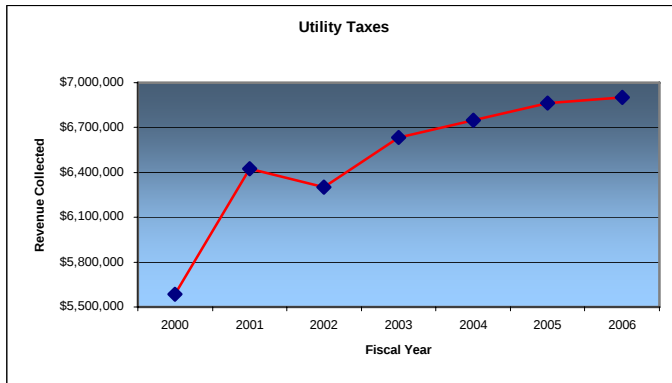


Real Property Taxes are the largest source of revenue for the City. They are *ad valorem* taxes based on the assessed value of real property owned by businesses, individuals, and corporations. They are assessed at 100% valuation, with tax rates being applied per \$100 of assessed value. **The adopted tax rate for FY 2007 is \$.99 per \$100 of assessed value, which is a 6-cent reduction from the FY 2006 tax rate.**

City/County Revenue Sharing is based on an agreement between the City of Charlottesville and the County of Albemarle dated February 17, 1982. The agreement requires the County to contribute a portion of its real property tax base to the City in exchange for the City's agreement to forgo annexation of any County property. The amount from the County is equal to 1/10 of 1% of the County's total assessed property values in the preceding fiscal year.

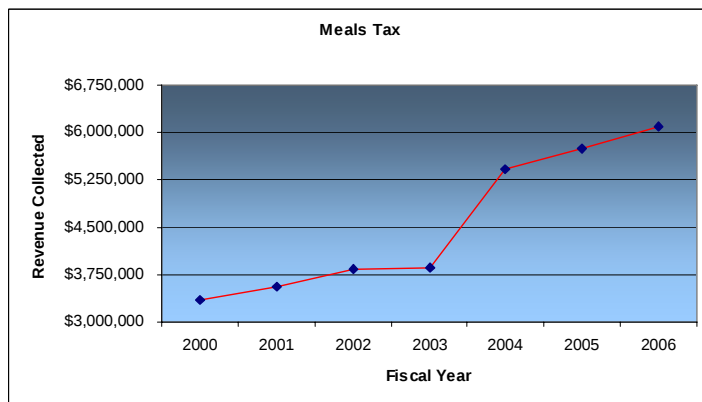
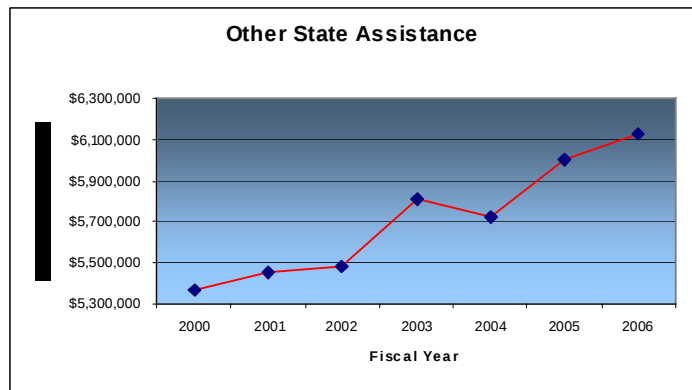


Sales and Use Taxes are revenues received by the City from 1 cent of the 5-cent State sales tax generated within the City. This revenue has been a very strong performer the past several years, resulting in the large increase projected for FY 2007 in the amount of \$775,000. **The current Sales Tax rate is 5%.**



Utility Taxes are collected by utility companies and remitted to the City from residential, industrial, and commercial users of telephone and cable TV services. Utility taxes are subject to a variety of external forces - most notably the weather. **The current rate is 10%.**

Other State Assistance consists of three major revenue items, which are: **Constitutional Officer Reimbursement** that is determined by the State Compensation Board on an annual basis as funds for the elected official offices, including the Treasurer, Commissioner of Revenue, Sheriff, Clerk of the Circuit Court, and Commonwealth's Attorney; **State Highway Assistance** which is highway maintenance funds received from the State are based on a formula approved by the General Assembly which includes road type, lane miles, and rate of pavement per lane mile; and **State Aide for Police Protection** where the amount of revenue received by the localities is based upon a proportional formula that uses the adjusted crime rate index for the locality as its base. Combined, these revenue items total \$6.63 million in FY 2007.

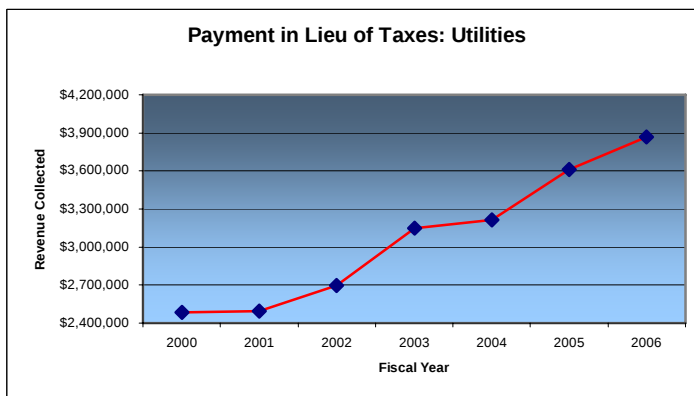
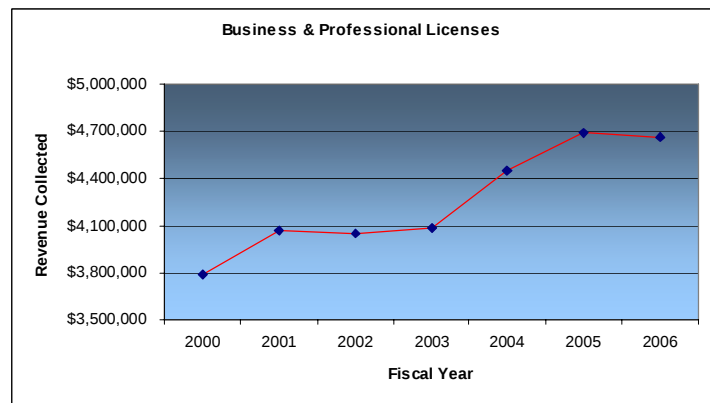


Meals Tax is assessed on the sales price of prepared food and beverages sold in the City. Twenty-five cents of each dollar collected is dedicated to the Debt Service Fund to pay off the future debt of bond issuances used to pay for capital projects. The remaining \$.75 of each dollar is dedicated to the General Fund. **The current rate is 4%.**

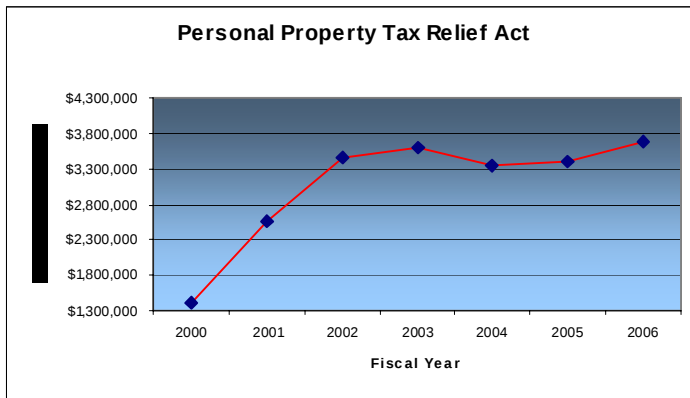


Personal Property Taxes are levied on vehicles owned by individuals and businesses, as well as tangible property owned by businesses. In the fall of 2005, City Council approved changing the valuation method of personal property from average loan to trade in value, resulting in an additional \$500,000 of revenue in FY 2007. In addition, assessments on personal property are expected to increase by 3% in FY 2007. **The proposed tax rate for FY 2007 is \$4.20 per \$100 of assessed value.**

Licenses and Permits are revenues collected from permits and privilege fees required by the City. The largest of these sources is the **Business and Professional Licenses**, which is estimated to bring in \$4.8 million in FY 2007.

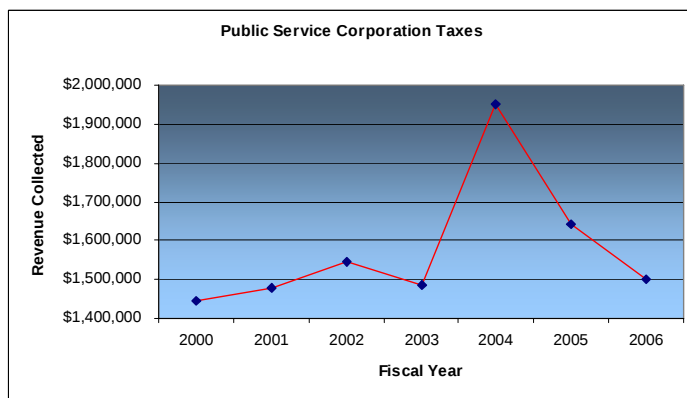
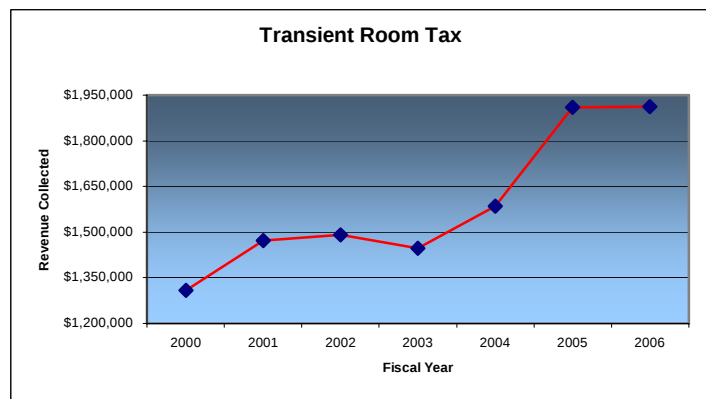


Payment in Lieu of Taxes: Utilities covers the property taxes and business licenses that water, sewer, and gas operations would pay if they were private businesses. The payment in lieu of taxes for the utilities is calculated by a predetermined formula. In FY 2007 this revenue item is estimated to bring in just over \$4.3 million.



PPTRA is the State reimbursement to the localities for those vehicles that qualify for reduced personal property tax rates under the Personal Property Tax Relief Act. New legislation, SB 5005, establishes what amounts to a fixed, annual block grant to localities, the proceeds of which must be used to provide relief to the owners of qualifying vehicles. The state's obligation is capped and made certain and localities are provided greater flexibility in determining how relief is to be distributed.

Transient Room Tax, often called the lodging tax, consists of taxes assessed on the use of rooms in hotels, motels, and boarding houses. This revenue has also seen strong performance, with some months having a 90% occupancy rate. **The current tax rate is 6%.**



Public Service Corporation Taxes are levied on the real estate and tangible property owned by railroads, utilities, pipelines, and other businesses required to register with the State Corporation Commission. These revenues are expected to decrease due to adjustments made to the depreciation method for computer equipment, furniture and office equipment, and central office equipment which then decreased the assessments over prior year.



Adopted Tax and Fee Rates

	Adopted Fiscal Year 2006-2007	Adopted Fiscal Year 2005-2006
Real Estate Tax	\$0.99/\$100 Assessed Value	\$1.05/\$100 Assessed Value
Personal Property Tax	\$4.20/\$100 Assessed Value	\$4.20/\$100 Assessed Value
Machinery and Tools Tax	\$4.20/\$100 Assessed Value	\$4.20/\$100 Assessed Value
Mobile Home Tax	\$0.99/\$100 Assessed Value	\$1.05/\$100 Assessed Value
Sales Tax (State rate)	5.0%	5.0%
Restaurant/Meals Tax	4.0%	4.0%
Lodging Tax	6%	6%
Cigarette Tax	\$.25 per pack	\$.25 per pack
E-911 Fee*	\$.75/phone line	\$1.50/phone line
Cable Franchise Fee	5%	5%
Utility Tax	10%	10%
PEG Fee (Cable)	\$.35/month	\$.35/month
Refuse Collection		
Trash Sticker Fee	13 Gallon - \$1.05 each 32 Gallon - \$2.10 each	13 Gallon - \$1.05 each 32 Gallon - \$2.10 each
Trash Decal Fee	\$94.50 (purchased 7/1-9/30) \$68.25 (purchased from 10/1-12/31) \$46.25 (purchased 1/1-3/31) \$23.25 (purchased 4/1-6/30)	\$94.50 (purchased 7/1-9/30) \$68.25 (purchased from 10/1-12/31) \$46.25 (purchased 1/1-3/31) \$23.25 (purchased 4/1-6/30)
Large Item Pickup Fee	\$25.00 per occurrence	\$25.00 per occurrence
Motor Vehicle License Fee	Up to 4,000 lbs. - \$28.50 4,000 - 6,500 lbs. - \$33.50 Over 6,500 lbs. - \$33.50 Motorcycles - \$8.50	Up to 4,000 lbs. - \$28.50 4,000 - 6,500 lbs. - \$33.50 Over 6,500 lbs. - \$33.50 Motorcycles - \$8.50
Courthouse Maintenance Fee	\$2.00 per court case	\$2.00 per court case
Courtroom Security Fee	\$5.00 per conviction	\$5.00 per conviction

* Starting in FY 2007, this is no longer a local tax, but rather one collected by the State in an effort to streamline telecommunications taxes and fees. The City should receive the same amount of revenue from the State that had been received when this was a local tax.

General Fund Revenue Detailed

	FY 2004-2005 Actual	FY 2005-2006 Budget	FY 2006-2007 Budget	Increase/ (Decrease)	% Change
LOCAL TAXES					
Real Estate Taxes	\$35,906,602	\$38,715,000	\$42,540,000	\$3,825,000	9.88%
Personal Property Tax	4,699,795	4,515,000	5,401,744	886,744	19.64%
Public Service Corporation Tax	1,644,018	1,500,000	1,200,000	(300,000)	-20.00%
Pen/Int on Delinquent Taxes	362,486	350,000	350,000	0	0.00%
Utility Taxes	6,863,039	6,901,388	7,000,000	98,612	1.43%
Franchise Taxes	403,127	378,000	378,000	0	0.00%
Tax on Bank Stock	489,668	400,000	400,000	0	0.00%
Tax on Wills & Deeds	507,188	360,000	450,000	90,000	25.00%
Sales & Use Tax	9,001,835	8,424,500	9,200,000	775,500	9.21%
Rolling Stock Tax	18,575	17,527	17,498	(29)	-0.17%
Transient Room Tax	1,909,540	1,912,935	2,000,000	87,065	4.55%
Meals Tax	4,309,424	4,567,500	4,650,000	82,500	1.81%
Short-Term Rental Tax	59,074	59,251	59,251	0	0.00%
Cigarette Tax	661,266	566,500	566,500	0	0.00%
Recordation Tax Receipts	135,844	140,414	140,414	0	0.00%
Vehicle Daily Rental Tax	100,941	130,092	100,200	(29,892)	-22.98%
Taxes Subtotal	\$67,072,422	\$68,938,107	\$74,453,607	\$5,515,500	8.00%
LICENSES AND PERMITS					
Business & Professional Licenses	\$4,695,807	\$4,665,662	\$4,800,000	\$134,338	2.88%
Vehicle Licenses	752,745	780,000	780,000	0	0.00%
Dog Licenses	4,661	5,500	4,500	(1,000)	-18.18%
Electrical, Heating and Mechanical Permits	148,914	133,900	140,000	6,100	4.56%
Building and Plumbing Permits	310,878	330,630	330,630	0	0.00%
Other Permits	162,411	33,990	170,000	136,010	400.15%
Licenses and Permits Subtotal	\$6,075,416	\$5,949,682	\$6,225,130	\$275,448	4.63%
INTERGOVERNMENTAL REVENUE					
PPTRA Revenue (State Personal Property Tax)	\$3,415,390	\$3,690,000	\$3,498,256	(191,744)	-5.20%
Community Development Block Grant (CDBG)	213,344	60,000	60,000	0	0.00%
Jefferson Area Drug Enforcement (JADE)	54,000	48,000	48,000	0	0.00%
Revenue from State Agencies					
State Highway Assistance	2,868,431	2,949,955	3,097,489	147,534	5.00%
Reimbursement/Constitutional Offices	1,156,014	1,096,278	1,151,092	54,814	5.00%
ABC Board	48,148	74,770	48,147	(26,623)	-35.61%
State Aid for Police Protection	1,973,704	2,080,284	2,381,979	301,695	14.50%
Trailer Title	1,920	2,000	2,000	0	0.00%
Other State Assistance: Misc Rev	157,740	40,000	40,000	0	0.00%
Revenue from Other Sources					
School Resource Officers	153,161	145,584	167,847	22,263	15.29%
School Communications Services	0	19,738	0	(19,738)	-100.00%
Regional Library Administrative Fee	95,546	104,000	108,644	4,644	4.47%
Fire Department Ops (Albemarle Co)	333,305	171,000	136,000	(35,000)	-20.47%
Fire Department Ops (UVa)	157,500	165,375	173,644	8,269	5.00%
Payments In Lieu Of Taxes - Housing Auth.	25,693	38,000	25,000	(13,000)	-34.21%
Juvenile & Domestic Relations Court	75,642	55,045	50,051	(4,994)	-9.07%
Reimbursement: Magistrate's Office	3,867	5,150	5,285	135	2.62%
UVA Service Charge	31,046	35,000	35,000	0	0.00%
UVA Trolley Assistance	39,000	45,000	50,000	5,000	11.11%
UVA Property Maintenance	0	40,000	50,000	10,000	25.00%
Intergovernmental Revenue Subtotal	\$10,803,451	\$10,865,179	\$11,128,434	\$263,255	2.42%

	FY 2004-2005 Actual	FY 2005-2006 Budget	FY 2006-2007 Budget	Increase/ (Decrease)	% Change
CHARGES FOR SERVICE					
Property Transfer Fees	\$1,314	\$1,100	\$1,100	\$0	0.00%
City Sheriff's Fees	6,224	6,200	6,200	0	0.00%
Zoning Appeal Fees	940	500	750	250	50.00%
Court Revenue (Circ/Genl Dist Cts)	860,269	650,000	750,000	100,000	15.38%
Parking Meter Receipts	97,948	80,000	80,000	0	0.00%
Parking Garage Revenue	776,210	500,000	500,000	0	0.00%
Shared Service Costs (restricted revs.)	511,085	862,031	918,531	56,500	6.55%
Utility Cut Permits	158,840	150,000	150,000	0	0.00%
Recreation Income	636,913	458,032	540,000	81,968	17.90%
E-911 Service Charge	417,889	360,000	349,000	(11,000)	-3.06%
Cemetery Income	3,880	5,000	3,500	(1,500)	-30.00%
Reimbursable Police Overtime	69,669	107,000	107,000	0	0.00%
Parking Permit Fees	68,099	36,000	50,000	14,000	38.89%
Payment in Lieu of Taxes: Utilities	3,577,940	3,867,563	4,349,865	482,302	12.47%
Indirect Cost Recovery	211,589	200,000	200,000	0	0.00%
Waste Disposal Fees	1,923,154	1,525,000	1,400,000	(125,000)	-8.20%
Other Charges for Services (Fees)	173,734	100,000	100,000	0	0.00%
Charges for Service Subtotal	\$9,495,697	\$8,908,426	\$9,505,946	\$597,520	6.71%
FINES					
Parking Fines	\$541,283	\$405,000	\$405,000	\$0	0.00%
Fines Subtotal	\$541,283	\$405,000	\$405,000	\$0	0.00%
MISCELLANEOUS REVENUE					
Interest Earned	\$434,225	\$200,000	\$600,000	\$400,000	200.00%
Rent	277,187	282,210	460,876	178,666	63.31%
Refund of Prior Years' Expenditures	16,936	30,000	30,000	0	0.00%
Other Miscellaneous Revenue	309,784	165,361	269,515	104,154	62.99%
Miscellaneous Revenue Subtotal	\$1,038,132	\$677,571	\$1,360,391	\$682,820	100.77%
TRANSFER TO DEBT SERVICE (COUNTY FIRE SERVICE FEES)	\$250,000	\$375,000	\$264,000	(\$111,000)	-29.60%
CITY/COUNTY REVENUE SHARING: OPERATING BUDGET	\$4,370,461	\$5,502,748	\$6,369,816	\$867,068	15.76%
OPERATING BUDGET TOTAL	\$99,646,862	\$101,621,713	\$109,712,324	\$8,090,611	7.96%
DESIGNATED REVENUE					
City/School Contracts: School Pupil Transportation	\$1,672,357	\$1,717,557	\$2,132,031	\$414,474	24.13%
City/School Contracts: School Building Maintenance	2,631,819	2,646,002	2,985,851	339,849	12.84%
City/County Revenue Sharing: Transfer to Capital Improvement Fund	3,634,000	3,840,000	3,315,000	(525,000)	-13.67%
City/County Revenue Sharing: Transfer to Facilities Repair Fund	0	400,000	450,000	50,000	12.50%
Transfer to Debt Service Fund: Meals Tax Revenue	1,436,475	1,522,500	1,550,000	27,500	1.81%
DESIGNATED REVENUE TOTAL	9,374,651	10,126,059	10,432,882	\$306,823	3.03%
TOTAL CITY BUDGET	\$109,021,513	\$111,747,772	\$120,145,206	\$8,397,434	7.51%
CITY SCHOOLS BUDGET					
	FY 2004-2005 Actual	FY 2005-2006 Budget	FY 2006-2007 Budget	Increase/ (Decrease)	% Change
SCHOOL OPERATIONS (SCHOOL GENERAL FUND)					
Local Contribution	\$30,641,168	\$32,100,025	\$34,012,025	\$1,912,000	5.96%
State Funds	14,906,309	15,727,735	16,406,488	678,753	4.32%
Federal Funds	49,774	59,020	59,020	0	0.00%
Misc. Revenue	1,081,729	1,253,444	1,247,805	(5,639)	-0.45%
TOTAL SCHOOL OPERATIONS BUDGET	\$46,678,980	\$49,140,224	\$51,725,338	\$2,585,114	5.26%

Non General Funds Revenue Detailed

	FY 2004-2005 Actual	FY 2005-2006 Budget	FY 2006-2007 Budget	Increase/ (Decrease)	% Change
GOLF COURSE FUND					
Sales and Concessions	\$68,174	\$109,000	\$110,808	\$1,808	1.66%
Greens Fees, Lessons, Etc.	522,728	598,955	670,997	72,042	12.03%
Cart Rentals	225,347	270,000	296,984	26,984	9.99%
Annual Memberships	69,270	90,000	90,039	39	0.04%
Misc. Revenue	111,155	2,369	2,369	0	0.00%
GOLF COURSE FUND REVENUE TOTAL	\$996,674	\$1,070,324	\$1,171,197	\$100,873	9.42%
DEPARTMENT OF SOCIAL SERVICES FUND					
Intergovernmental Revenue	\$9,861,376	\$10,655,476	\$10,475,688	(\$179,788)	-1.69%
Transfer from General Fund	2,124,695	2,634,686	2,970,468	335,782	12.74%
DEPARTMENT OF SOCIAL SERVICES FUND REVENUE SUBTOTAL	\$11,986,071	\$13,290,162	\$13,446,156	\$155,994	1.17%
COMMUNITY ATTENTION FUND					
Intergovernmental Revenue	\$1,970,924	\$2,040,849	\$2,119,690	\$78,841	3.86%
Misc. Revenue	34,058	0	0	0	N/A
Transfer from General Fund	93,626	93,346	127,339	33,993	36.42%
COMMUNITY ATTENTION FUND REVENUE SUBTOTAL	\$2,098,608	\$2,134,195	\$2,247,029	\$112,834	5.29%
COMMISSION ON CHILDREN & FAMILY (CCF)					
Intergovernmental Revenue	\$564,006	\$591,548	\$620,301	\$28,753	4.86%
Misc. Revenue	2,306	0	0	0	N/A
Transfer from Other Funds	249,934	256,679	272,474	15,795	6.15%
Transfer from Comprehensive Services Act Pool	0	0	13,250	13,250	N/A
CCF FUNDS REVENUE TOTAL	\$816,246	\$848,227	\$906,025	\$57,798	6.81%
WATER (OPERATIONS AND DEBT SERVICE FUNDS)					
Water Sales Revenue	\$7,184,287	\$7,425,513	\$7,892,613	\$467,100	6.29%
Water Connection Fees	0	117,000	129,000	12,000	10.26%
Other Fees	10,735	25,000	65,000	40,000	160.00%
Bond Proceeds	0	1,500,000	1,500,000	0	100.00%
Transfer from Other Funds	908,885	875,000	875,000	0	0.00%
WATER FUND REVENUE TOTAL	\$8,103,907	\$9,942,513	\$10,461,613	\$519,100	5.22%
WASTEWATER (OPERATIONS AND DEBT SERVICE FUNDS)					
Wastewater Sales Revenue	\$6,196,613	\$6,142,386	\$6,407,429	\$265,043	4.31%
Wastewater Connection Fees	115,371	62,000	75,000	13,000	20.97%
Wastewater Charge	0	48,000	48,000	0	0.00%
Other Fees	3,905	12,000	12,000	0	0.00%
Debt Proceeds	0	1,500,000	1,500,000	0	100.00%
Transfer from Other Funds	485,795	430,000	430,000	0	0.00%
WASTEWATER REVENUE TOTAL	\$6,801,684	\$8,194,386	\$8,472,429	\$278,043	3.39%
GAS (OPERATIONS AND DEBT SERVICE FUNDS)					
Gas Sales Revenue	\$31,647,507	\$31,050,942	\$34,058,259	\$3,007,317	9.69%
Other Fees	47,651	200,000	175,000	(25,000)	-12.50%
Transfer from Other Funds	1,290,873	940,000	940,000	0	0.00%
GAS REVENUE TOTAL	\$32,986,031	\$32,190,942	\$35,173,259	\$2,982,317	9.26%

	FY 2004-2005 Actual	FY 2005-2006 Budget	FY 2006-2007 Budget	Increase/ (Decrease)	% Change
TRANSIT FUND					
Intergovernmental Revenue (Transit Operations)	\$2,064,649	\$2,402,363	\$2,660,837	\$258,474	10.76%
Intergovernmental Revenue (Transit Bus Replacement)	0	0	2,546,483	2,546,483	100.00%
Transfer from Capital Improvement Program (Local Match)	0	0	383,203	383,203	100.00%
Charges for Services	932,945	579,199	622,599	43,400	7.49%
Transfer from General Fund	944,085	1,122,570	1,386,953	264,383	23.55%
Misc. Revenue	489,896	0	123,596	123,596	100.00%
TRANSIT FUND REVENUE TOTAL	\$4,431,575	\$4,104,132	\$7,723,671	\$3,619,539	88.19%
FLEET MANAGEMENT FUND					
Charges for Services	\$2,030,355	\$2,015,068	\$2,627,020	\$611,952	30.37%
FLEET MANAGEMENT FUND REVENUE TOTAL	\$2,030,355	\$2,015,068	\$2,627,020	\$611,952	30.37%
HVAC FUND					
Charges for Services	\$219,929	\$234,986	\$315,538	\$80,552	34.28%
HVAC FUND REVENUE TOTAL	\$219,929	\$234,986	\$315,538	\$80,552	34.28%
INFORMATION TECHNOLOGY FUND					
Charges for Services	\$1,565,866	\$1,872,159	\$2,106,801	\$234,642	12.53%
Transfer from Gas Fund (City Link Operations)	0	0	1,200,000	1,200,000	100.00%
Transfer from Other Funds (City Link Operations)	0	0	200,000	200,000	100.00%
INFORMATION TECHNOLOGY FUND REVENUE TOTAL	\$1,565,866	\$1,872,159	\$3,506,801	\$1,634,642	87.31%
WAREHOUSE FUND					
Charges for Services	\$624,743	\$301,878	\$263,039	(\$38,839)	-12.87%
WAREHOUSE FUND REVENUE TOTAL	\$624,743	\$301,878	\$263,039	(\$38,839)	-12.87%
C'VILLE/ALBEMARLE VISITOR'S CENTER FUND					
Intergovernmental Revenue	\$392,408	\$387,138	\$424,796	\$37,658	9.73%
Charges for Services	53,858	0	86,500	86,500	100.00%
Transfer from General Fund	434,176	475,592	477,385	1,793	0.38%
Misc. Revenue	1,926	82,931	6,000	(76,931)	-92.77%
VISITOR'S CENTER FUND REVENUE TOTAL	\$882,368	\$945,661	\$994,681	\$49,020	5.18%
CITY SCHOOLS BUDGET					
	FY 2004-2005 Actual	FY 2005-2006 Budget	FY 2006-2007 Budget	Increase/ (Decrease)	% Change
SCHOOL OPERATIONS (NON GENERAL FUNDS)					
State Revenue	\$2,927,216	\$2,954,315	\$3,432,296	\$477,981	16.18%
Federal Revenue	4,768,154	4,256,917	5,079,813	822,896	19.33%
Misc. Revenue	1,362,257	1,356,028	1,371,628	15,600	1.15%
SCHOOL OPERATIONS REVENUE TOTAL	\$9,057,627	\$8,567,260	\$9,883,737	\$1,316,477	15.37%

Expenditures Detailed

	FY2004-2005 General Fund Actual	FY2005-2006 General Fund Budget	FY2006-2007 General Fund Budget	FY2004-2005 Other Funds Actual	FY2005-2006 Other Funds Budget	FY2006-2007 Other Funds Budget
MANAGEMENT						
Council Reserve	\$0	\$14,627	\$25,000	\$0	\$0	\$0
Mayor and City Council	186,375	178,445	181,845	0	0	0
Office of the City Manager/Administration and Communications	1,033,789	1,112,180	1,107,958	0	0	0
Office of the City Manager/ Office of Economic Development	478,700	503,143	506,828	0	0	0
City Attorney	519,011	587,962	618,734	0	0	0
General Registrar	349,523	240,698	304,797	0	0	0
Organizational Memberships	87,917	90,844	119,628	0	0	0
MANAGEMENT SUBTOTAL	\$2,655,315	\$2,727,899	\$2,864,790	\$0	\$0	\$0
DEBT SERVICE PAYMENT						
General Fund Contribution	\$5,100,000	\$5,400,000	\$5,450,000	\$0	\$0	\$0
County Fire Service Fee Contribution	250,000	375,000	264,000	0	0	0
DEBT SERVICE PAYMENT SUBTOTAL	\$5,350,000	\$5,775,000	\$5,714,000	\$0	\$0	\$0
FUND BALANCE TARGET ADJUSTMENT/DEPARTMENTAL SAVINGS						
Fund Balance Target Adjustment	\$0	\$400,000	\$478,157	\$0	\$0	\$0
City Wide Departmental Savings	0	0	(154,455)	0	0	0
FUND BALANCE TARGET ADJUSTMENT/ DEPARTMENTAL SAVINGS SUBTOTAL	\$0	\$400,000	\$323,702	\$0	\$0	\$0
EMPLOYEE COMPENSATION AND TRAINING						
Compensation - 4% Salary Increase and Associated Benefits	\$67,288	\$1,402,225	\$1,590,980	\$0	\$0	\$0
City Wide Attrition Savings	0	0	(300,000)	0	0	0
Public Safety Reserve - Social Security Supplement	0	49,000	0	0	0	0
Public Safety Reserve - Disability	0	51,000	0	0	0	0
Unemployment Compensation	41,146	28,000	40,000	0	0	0
Corporate Training Fund	47,201	34,000	34,000	0	0	0
EMPLOYEE COMPENSATION AND TRAINING SUBTOTAL	\$155,635	\$1,564,225	\$1,364,980	\$0	\$0	\$0
INTERNAL SERVICES						
Business Services	\$239,847	\$239,800	\$239,800	\$0	\$0	\$0
Finance Department: Purchasing/Risk Management/Warehouse	84,374	84,943	74,344	2,527,123	2,070,029	2,370,526
Human Resources	682,096	833,974	892,641	0	0	0
Information Technology	0	0	0	1,587,535	1,872,159	3,506,801
INTERNAL SERVICES SUBTOTAL	\$1,006,317	\$1,158,717	\$1,206,785	\$4,114,658	\$3,942,188	\$5,877,327
FINANCIAL SERVICES						
Commissioner of the Revenue	\$778,673	\$836,405	\$870,321	\$0	\$0	\$0
Finance Department: Management/Real Estate Assessment/ Gas and Water Collections	1,476,733	1,547,884	1,660,475	1,371,489	1,260,741	1,220,464
Treasurer	887,532	994,586	1,060,855	0	0	0
FINANCIAL SERVICES SUBTOTAL	\$3,142,938	\$3,378,875	\$3,591,651	\$1,371,489	\$1,260,741	\$1,220,464
HEALTHY FAMILIES & COMMUNITY						
Charlottesville/Albemarle Convention and Visitors Bureau	\$434,177	\$475,592	\$477,385	\$437,865	\$470,069	\$517,296
Comprehensive Services Act	1,728,941	1,831,161	1,944,411	4,718,172	2,750,000	6,365,167
Community Attention	93,626	93,346	127,339	1,730,170	2,040,849	2,119,690
Community Events and Festivals	58,084	62,646	67,900	0	0	0
Contributions to Children, Youth and Family Programs	2,646,734	2,690,348	2,788,827	563,296	591,548	633,551
Contributions to Education and the Arts	1,240,921	1,352,776	1,485,367	0	0	0
Department of Social Services	2,124,695	2,634,686	2,970,468	9,861,376	10,655,476	10,475,688
Housing Programs and Tax Relief	799,704	1,109,740	1,577,438	0	0	0
Neighborhood Development Services	1,980,662	2,107,009	2,422,349	0	0	0
Parks and Recreation	5,394,352	5,595,115	6,106,906	1,046,534	1,070,324	1,171,197
HEALTHY FAMILIES & COMMUNITY SUBTOTAL	\$16,501,896	\$17,952,419	\$19,968,390	\$18,357,413	\$17,578,266	\$21,282,589

	FY2004-2005 General Fund Actual	FY2005-2006 General Fund Budget	FY2006-2007 General Fund Budget	FY2004-2005 Other Funds Actual	FY2005-2006 Other Funds Budget	FY2006-2007 Other Funds Budget
INFRASTRUCTURE AND TRANSPORTATION						
Public Works: Administration, Facilities Management & Maintenance	\$1,778,033	\$1,795,051	\$2,168,403	\$242,351	\$234,986	\$315,538
Public Works: Public Service	6,416,946	6,976,291	7,789,728	2,134,188	2,015,068	2,627,020
Public Works: Transit/JAUNT	1,469,773	1,690,336	2,046,797	3,487,489	2,981,562	6,336,718
Public Works: Utilities	0	0	0	44,855,263	49,154,678	52,782,157
INFRASTRUCTURE AND TRANSPORTATION SUBTOTAL	\$9,664,752	\$10,461,678	\$12,004,928	\$50,719,291	\$54,386,294	\$62,061,433
PUBLIC SAFETY AND JUSTICE						
City Sheriff	\$745,791	\$827,982	\$905,284	\$0	\$0	\$0
Commonwealth's Attorney	653,508	682,879	745,944	0	0	0
Contributions to Programs Supporting Public Safety & Justice	5,048,402	5,791,867	6,534,127	0	0	0
Courts and Other Support Services	937,645	876,660	950,194	0	0	0
Fire Department	6,725,308	7,038,989	7,741,471	0	0	0
Police Department	10,360,423	10,881,526	11,784,053	0	0	0
PUBLIC SAFETY SUBTOTAL	\$24,471,077	\$26,099,903	\$28,661,073	\$0	\$0	\$0
LOCAL CONTRIBUTION TO SCHOOLS						
Local Contribution to Schools	\$30,641,168	\$32,100,025	\$34,012,025	\$0	\$0	\$0
SCHOOLS SUBTOTAL	\$30,641,168	\$32,100,025	\$34,012,025	\$0	\$0	\$0
TOTAL CITY OPERATIONS	\$93,589,098	\$101,618,741	\$109,712,324	\$74,562,851	\$77,167,489	\$90,441,813
DESIGNATED EXPENDITURES						
City/School Contracts: School Pupil Transportation	\$1,840,844	\$1,719,324	\$2,132,031	\$0	\$0	\$0
City/School Contracts: School Building Maintenance	2,764,022	2,647,207	2,985,851	0	0	0
Transfer to Capital Improvements Fund	4,626,162	3,840,000	3,315,000	0	0	0
Transfer to Facilities Repair Fund	0	400,000	450,000	0	0	0
Transfer to Debt Service Fund - 1% of Meals Tax	1,436,547	1,522,500	1,550,000	0	0	0
Transfer to Misc. Funds	1,058,465	0	0	0	0	0
DESIGNATED EXPENDITURES TOTAL	\$11,726,040	\$10,129,031	\$10,432,882	\$0	\$0	\$0
TOTAL CITY BUDGET	\$105,315,138	\$111,747,772	\$120,145,206	\$74,562,851	\$77,167,489	\$90,441,813
CITY SCHOOLS BUDGET						
	FY2004-2005 General Fund Actual	FY2005-2006 General Fund Budget	FY2006-2007 General Fund Budget	FY2004-2005 Other Funds Actual	FY2005-2006 Other Funds Budget	FY2006-2007 Other Funds Budget
SCHOOL OPERATIONS						
School Operations	\$46,678,980	\$49,140,224	\$51,725,338	\$9,057,627	\$8,567,260	\$9,883,737
TOTAL SCHOOL OPERATIONS BUDGET	\$46,678,980	\$49,140,224	\$51,725,338	\$9,057,627	\$8,567,260	\$9,883,737



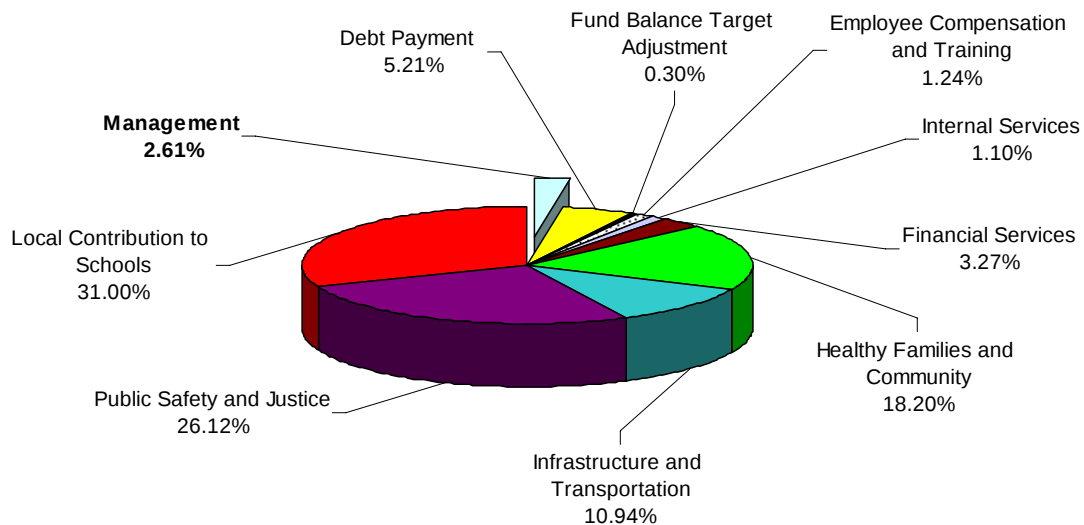
MANAGEMENT



Management Summary

	FY2004-2005 General Fund Actual	FY2005-2006 General Fund Budget	FY2006-2007 General Fund Budget	FY2004-2005 Other Funds Actual	FY2005-2006 Other Funds Budget	FY2006-2007 Other Funds Budget
MANAGEMENT						
Council Reserve	\$0	\$14,627	\$25,000	\$0	\$0	\$0
Mayor and City Council	186,375	178,445	181,845	0	0	0
City Manager's Office/Administration and Communications	1,033,789	1,112,180	1,107,958	0	0	0
City Manager/ Office of Economic Development	478,700	503,143	506,828	0	0	0
City Attorney	519,011	587,962	618,734	0	0	0
General Registrar	349,523	240,698	304,797	0	0	0
Organizational Memberships	87,917	90,844	119,628	0	0	0
MANAGEMENT SUBTOTAL	\$2,655,315	\$2,727,899	\$2,864,790	\$0	\$0	\$0
 2006-07 General Fund Budget	 \$2,864,790					
2005-06 General Fund Budget	\$2,727,899					
Increase/(Decrease)	\$136,891					
Percentage Change	5.02%					

Management
As a percentage of operating budget



MANAGEMENT

ACCOMPLISHMENTS OF THE PAST YEAR

- ❖ The City Manager's Office received the Government Finance Officers Association Distinguished Budget Presentation Award for the FY 2005-2006 budget.
- ❖ The City Manager's Office won the prestigious International City/County Management Association Award for Program Excellence.
- ❖ The City received the prestigious AAA Bond Rating in 2005, one of a small number of cities in the country to receive this rating.
- ❖ The City of Charlottesville's web site, designed and maintained by the Communications Department (along with the I.T. Department's technology efforts), was redeveloped to be more consistent, informative, readable, and interactive.
- ❖ Construction activity has increased to \$104 million in 2005 more than double the amount in 2000.
- ❖ In 2005, 599 new businesses were started in the City.
- ❖ The Office of Economic Development assisted in construction of the Pavilion amphitheater, World Market, Caspari, Paramount Theater, and completed RFP on the Water Street lot development.

GOALS AND OBJECTIVES FOR FY 2007

- ❖ Increase and improve communication between City departments and with the local and national media in order to help promote tourism, business, and living in Charlottesville.
- ❖ Apply for and receive the GFOA Distinguished Budget Presentation Award for the FY 2006-2007 Budget.
- ❖ Provide leadership on various planning and development issues, such as affordable housing, transportation, strategic planning and economic development initiatives.
- ❖ Market Charlottesville as a center for creativity and innovation where entrepreneurial people thrive in order to secure new business, jobs, and capital investment for the City.
- ❖ Continue to find ways to improve City services at less cost.
- ❖ Connect City government with our citizens by redesigning the City's website to allow services such as on-line citizen complaint reporting, utility bill payment and service initiation, citizen service and more.
- ❖ Continue work to develop citywide and departmental Strategic Business Plans and a program of performance measurement.
- ❖ Continue managerial leadership via the Council approved "City Manager's Strategic Work Plan" that sets formal annual work to be achieved.

Council Reserve

A reserve of \$25,000 is set aside for City Council to fund various unfunded budget requests and/or agency requests either during the budget process or the fiscal year.

Funding Summary	FY 04-05 Actual	FY 05-06 Budget	FY 06-07 Budget	Increase/ (Decrease)	% Change
General Fund Total	\$0	\$14,627	\$25,000	\$10,373	70.92%

Mayor and City Council

City Council establishes policies for the City government, including neighborhood planning and services, education funding, human services, economic development, utilities, transportation, public safety, and other community and service issues. The Council is responsible for adopting the annual budget and passes laws to ensure the public's safety and welfare. The Council appoints members to over 30 boards and commissions, including governing boards for many community agencies. The Mayor (or the Vice-Mayor in the Mayor's absence) presides over and sets the agenda for meetings, calls special meetings, and serves as the ceremonial head of government. Regular Council meetings are held twice a month. Councilors participate in joint public hearings with the Planning Commission once a month, meet with the School Board once a month, and hold special meetings and work sessions as needed.

The Clerk of Council serves as staff to the City Council, maintains official Council records, serves as a liaison between Council and the public, notifies citizens of Council action, and coordinates Council meetings and appointments to boards and commissions. The Clerk is involved in a variety of efforts to provide public information about City government to citizens and represents the City on certain boards and commissions.

Funding Summary	FY 04-05 Actual	FY 05-06 Budget	FY 06-07 Budget	Increase/ (Decrease)	% Change
Salaries and Benefits	\$124,074	\$132,331	\$135,656	\$3,325	2.51%
Other Expenditures	<u>62,301</u>	<u>46,114</u>	<u>46,189</u>	<u>75</u>	<u>0.16%</u>
General Fund Total	\$186,375	\$178,445	\$181,845	\$3,400	1.91%
General Fund FTEs	1.0	1.0	1.0	0.0	

Explanation of Changes: The increase in Salaries and Benefits can be attributed to increases to retirement and health insurance costs, and a 4% salary increase granted in FY 2006. The net increase in Other Expenses can be attributed to increases in operational fixed costs, such as HVAC fees, IT User fees, a contribution to the Technology Infrastructure Replacement Pool, risk insurance, and a decrease in Other Supplies and the contribution to the Computer Replacement Pool.

Office of the City Manager/Administration and Communications

The City Manager, appointed by the City Council, is the Chief Executive Officer for the City. This office is responsible for implementing the policies and directives of the City Council throughout the various City departments and agencies. The City Manager's office is also charged with recommending, implementing, and monitoring policies and procedures that maintain the financial well-being of City government. This office directs, monitors, reviews, and evaluates a wide array of programs and services conducted on behalf of the City, is responsible for the development of the City's operating and capital budgets, and citywide communications through the Office of Communications.

The Office of Communications serves as a liaison between the City and our citizens by coordinating media, public and community relations, and by encouraging citizen involvement in their government through a variety of informational sources including, but not limited to, the region's media outlets, the City's monthly newsletter "City Notes", the City's web site www.charlottesville.org, print advertisements, public appearances, and public service announcements.

In the coming year, the City Manager's Office will continue to place an emphasis on quality delivery of city services, while at the same time looking for efficiencies and cost reductions. Council priorities for education, affordable housing, economic development, transportation, regional cooperation, community involvement including a new comprehensive plan, and neighborhood initiatives will be emphasized.

Funding Summary	FY 04-05 Actual	FY 05-06 Budget	FY 06-07 Budget	Increase/ (Decrease)	% Change
Salaries and Benefits	\$899,685	\$990,965	\$963,477	(\$27,488)	-2.77%
Other Expenditures	<u>134,104</u>	<u>121,215</u>	<u>144,481</u>	<u>23,266</u>	<u>19.19%</u>
General Fund Total	\$1,033,789	\$1,112,180	\$1,107,958	(\$4,222)	-0.38%
General Fund FTEs	9.0	9.0	8.0	(1.0)	
Other Funded FTEs	1.0	1.0	1.0	0.0	

Explanation of Changes: This budget reflects the elimination of one position, which is currently vacant: Project Communications Specialist. This is a net reduction of \$46,000. The impact of this reduction will be the elimination of the City's talk show, *Talk of C'Ville* and the newsmagazine show, *Inside Charlottesville*. The City will focus instead on live taping and re-broadcasting Council meetings, community forums, commission meetings, and featuring special TV programming. An existing vacant position, the Web Content Manager, will be restructured in order to recruit someone with a strong editing and television background in addition to expertise of website development and management.

Salaries and Benefits also include increases in retirement and health care costs and it reflects the 4% salary increases granted in FY 2006. Other Expenditures is increasing as a result of higher fixed costs, such as HVAC fees, IT User fees, risk insurance, vehicle fuel and maintenance costs, and a contribution to the Technology Infrastructure Replacement pool. The contribution to the Computer Replacement pool is decreasing slightly.

Office of the City Manager/Office of Economic Development

The Office promotes the creation of small businesses and has an active retention and expansion program. Significant attention is provided to technology business creation and expansion. The Economic Development staff work with other departments at the City to coordinate development activities and services. Attention is provided to workforce development and entrepreneurial training. Partnerships are in place with TJPED, SBDC, VPTC, VPCC, DBAC, CVG, UVA, and other city and regional agencies.

Funding Summary	FY 04-05 Actual	FY 05-06 Budget	FY 06-07 Budget	Increase/ (Decrease)	% Change
Salaries and Benefits	\$397,096	\$434,054	\$426,191	(\$7,863)	-1.81%
Other Expenditures	<u>81,604</u>	<u>69,089</u>	<u>80,637</u>	<u>11,548</u>	<u>16.71%</u>
General Fund Total	\$478,700	\$503,143	\$506,828	\$3,685	0.73%
General Fund FTEs	5.0	4.0	4.0	0.0	

Explanation of Changes: The net reduction in Salaries and Benefits is a result of staffing reorganization within the department, and increases to retirement, health care costs and fully realizing the 4% salary increase granted in FY 2006. Other Expenditures increases can be attributed to higher fixed costs, such as HVAC fees, risk insurance, IT User fees, vehicle fuel costs, a contribution to the Technology Infrastructure Replacement Pool, and a slight decrease in the contribution to the Computer Replacement Pool.

City Attorney

The City Attorney's Office is staffed with four attorney and two paralegal positions. Formal and informal opinions, reports, ordinances, resolutions, and City contracts are drafted, reviewed, and negotiated by this office. Zoning, procurement, insurance, and Freedom of Information Act (FOIA) matters are handled by the office, and personnel issues (workers' compensation, terminations, and grievances) account for an increasing share of the workload. Social Services and other litigation continue to demand significant attorney time. The City Attorney's Office provides legal counsel to the City Council, Planning Commission, Airport Authority, Charlottesville Industrial Development Authority, and Charlottesville Redevelopment and Housing Authority, their managers and employees.

Funding Summary	FY 04-05 Actual	FY 05-06 Budget	FY 06-07 Budget	Increase/ (Decrease)	% Change
Salaries and Benefits	\$472,897	\$534,889	\$541,731	\$6,842	1.28%
Other Expenditures	<u>46,114</u>	<u>53,073</u>	<u>77,003</u>	<u>23,930</u>	<u>45.09%</u>
General Fund Total	\$519,011	\$587,962	\$618,734	\$30,772	5.23%
General Fund FTEs	6.0	6.0	6.0	0.0	

Explanation of Changes: The increase in Salaries and Benefits reflects the 4% salary increase granted in FY 2006, as well as increases in retirement and health care costs. Other Expenditures increased as well, including HVAC fees, risk insurance and IT User fees, and a new contribution to the Technology Infrastructure Replacement Pool; decreasing is the contribution to the Computer Replacement Pool. Also included in this budget is \$20,000 in additional funds that will be used to update the City Code, which has not been updated since 1990.

General Registrar

The Charlottesville Office of General Registration is responsible for matters pertaining to: voter registration and comprehensive list maintenance; certification of candidate declarations and campaign finance management; ballot development and administration of absentee voting; Officer of Election database management; maintenance and preparation of voting equipment and supplies; polling place management; public and media relations related to the electoral process; and effective implementation of legislative mandates and policy directives within the scope of operations. In addition, this office administers primary and special elections, as called. Officer of Election appointments, polling place recommendations, and certifications of election results are conducted by the Charlottesville Electoral Board, for which this office provides all administrative support. In order to conduct the required functions of this office in full accordance with federal, state and local laws, it is imperative that all staff receive comprehensive initial training and participate in on-going continuous education efforts to stay abreast of often changing legal dictates and policy requirements. Numerous training opportunities are provided through the State Board of Elections, the statewide professional associations of General Registrars and Electoral Boards, voting equipment user groups and other professional organizations within the industry.

The Office of the General Registrar has two full time employees located in the City Hall Annex and a part time employee at the Division of Motor Vehicles office on Pantops. Additionally, a number of assistant registrars, election officials and part time election workers are employed as required by the State Board of Elections.

Funding Summary	FY 04-05 Actual	FY 05-06 Budget	FY 06-07 Budget	Increase/ (Decrease)	% Change
Salaries and Benefits	\$209,873	\$164,731	\$202,390	\$37,659	22.86%
Other Expenditures	<u>139,650</u>	<u>75,967</u>	<u>102,407</u>	<u>26,440</u>	<u>34.80%</u>
General Fund Total	\$349,523	\$240,698	\$304,797	\$64,099	26.63%
General Fund FTEs	2.5	2.5	2.5	0.0	

Explanation of Changes: The adopted General Registrar's budget assumes two City-wide elections within the budget year: a Federal election in November 2006 and a primary in June 2007. This budget fully realizes the costs of these elections and more accurately reflects what the budget should be during the year. Most, if not all, of the increases are mandated by the State, including training for staff, advertising for elections, printing and duplicating, material purchases for elections, election staff overtime and salaries. Also included in this budget is an additional \$10,000 to cover the extended warranty of the voting machines, a contribution to the Technology Infrastructure Replacement account, and increases in fixed costs, such as HVAC fees, IT User fees and risk insurance.

Organizational Memberships

The **Virginia Municipal League** is an advocate for Virginia towns and cities. It represents the City's interests before the General Assembly and provides legal, technical, and management information.

The **Charlottesville Regional Chamber of Commerce** is the local organization that represents the business community on issues pertaining to relations between the public and businesses.

The **Thomas Jefferson Planning District Commission (TJPDC)** is the regional planning agency created by Charlottesville, and the counties of Albemarle, Fluvanna, Louisa, Greene, and Nelson under the Virginia Area Development Act that provides planning and technical assistance to member governments through planning on a regional level.

The **Thomas Jefferson Planning District Commission Workforce One Stop Center**, a newly funded program starting in FY 2007, offers various work training services to the unemployed and helps them find gainful employment.

The **Virginia Institute of Government**, established in 1994 by the Virginia General Assembly, provides programs that increase the training, technical services and information resources available to the Commonwealth's local governments.

The **Virginia Innovations Group** is a regional office of the Innovations Group, a non-profit organization with a membership base of 430 city, town and county governments from 28 states, that helps city and county governments find the tools and information to improve productivity, and save time and money.

The **Virginia First Cities Coalition** is a statewide coalition of 15 cities that provides lobbying services and fiscal analysis for its member cities.

The **Thomas Jefferson Regional Partnership for Economic Development** is a public/private organization committed to retaining business, expanding employment opportunities and "growing" the economy of the region in a manner consistent with local plans, policies, and needs.

The **Thomas Jefferson Soil and Water Conservation District** works in partnership with various local, state and federal agencies to provide comprehensive and efficient natural resource assistance.

The **International City/County Management Association Performance Measurement Consortium** helps local governments compare and improve the effectiveness and efficiency of public services through the collection, analysis and application of performance information. Over 160 local governments participate across the nation.

Funding Summary	FY04-05 Actual	FY05-06 Budget	FY06-07 Budget	Increase/ (Decrease)	% Change
Virginia Municipal League	\$11,148	\$11,592	\$12,142	\$550	4.74%
Chamber of Commerce	2,500	2,500	2,500	0	0.00%
Thomas Jefferson Planning District Commission	41,888	44,621	44,621	0	0.00%
TJPDC Workforce One Stop Center	0	0	15,771	15,771	100.00%
Virginia Institute of Government	2,500	2,500	2,500	0	0.00%
Virginia Innovations Group	1,750	1,500	2,500	1,000	66.67%
Virginia First Cities Coalition	15,631	15,631	17,194	1,563	10.00%
Thomas Jefferson Regional Partnership for Economic Dev.	12,500	12,500	12,500	0	0.00%
Thomas Jefferson Soil and Water Conservation District	0	0	1,000	1,000	100.00%
ICMA Performance Measurement Consortium	0	0	8,900	8,900	100.00%
General Fund Total	\$87,917	\$90,844	\$119,628	\$28,784	31.69%

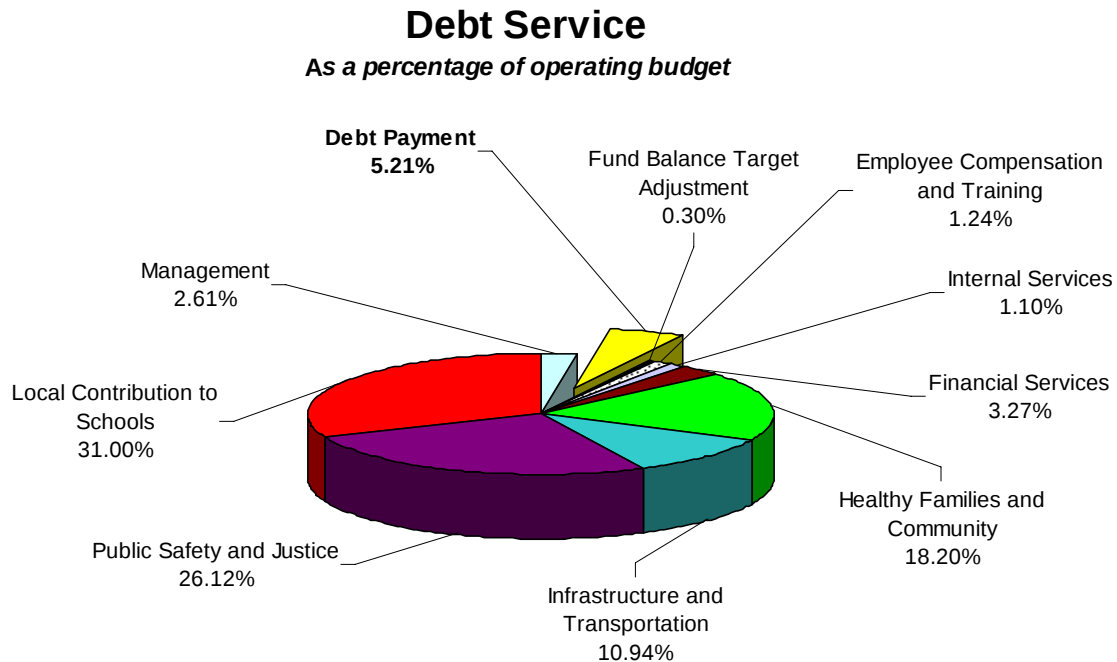


Debt Service Payment

The General Fund contribution to the City's annual debt service payments on general purpose, school, and literary bonds is shown in this part of the budget. The City has several major, long-term capital needs such as school maintenance, Downtown Mall and West Main Street improvements, and maintenance of City buildings, economic development, neighborhood improvements, and transportation. It is anticipated that in future years the amount of funds going to debt service will need to increase in order to finance the City's increasing capital needs (see Capital Improvement Program on page 85 and Debt Service Fund detail on page 95).

Funding Summary	FY 04-05 Actual	FY 05-06 Budget	FY 06-07 Budget	Increase/ (Decrease)	% Change
General Fund Contribution	\$5,100,000	\$5,400,000	\$5,450,000	\$50,000	0.93%
County Fire Service Fee	250,000	375,000	264,000	(111,000)	-29.60%
General Fund Total	\$5,350,000	\$5,775,000	\$5,714,000	(\$61,000)	-1.06%

In addition to the funding shown above, there is \$1.5 million in designated Meals Tax revenue that will be transferred to the fund, and the Fire Department has budgeted \$250,000 to cover the first debt service payment for future replacement of a fire truck. The County Fire Service Fee revenue is dedicated to debt service and is paying off loans for fire apparatus previously purchased.





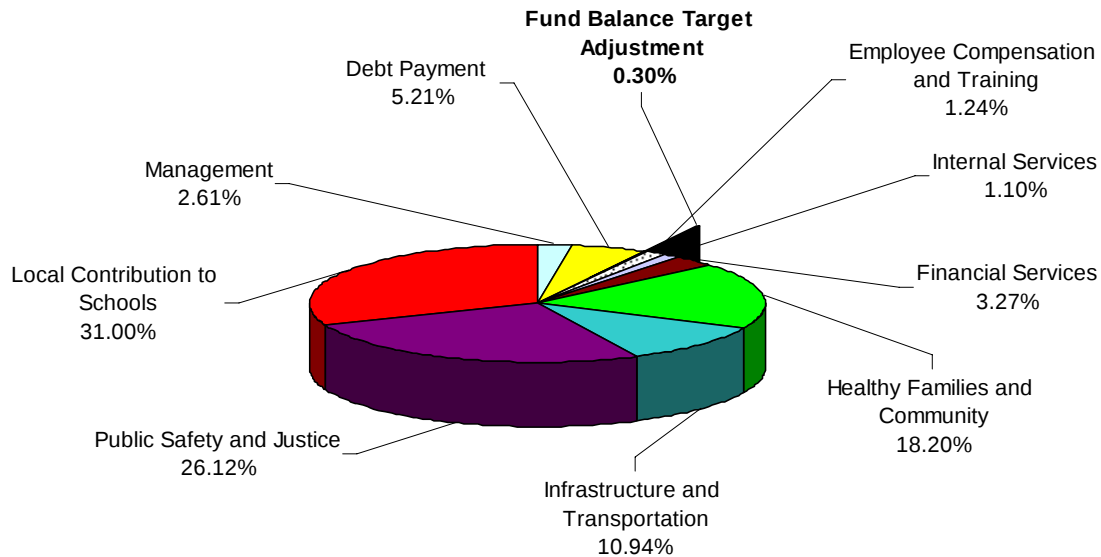
Fund Balance Target Adjustment

One of the key factors in retaining the City's AAA bond rating is the City's 12% fund balance policy. This policy states that the City will maintain an unappropriated fund balance in the General Fund equal to 12% of the City's operating budget. As the operating budget grows over time, this target fund balance must be adjusted. This account, created in FY 05, is increased this year to help ensure that the City continues to meet this important financial policy. During FY 2007, City Departments will be directed to identify and implement at least \$154,455 in operational budget savings to help meet this financial policy.

Funding Summary	FY 04-05 Actual	FY 05-06 Budget	FY 06-07 Budget	Increase/ (Decrease)	% Change
Fund Balance Target Adjustment	\$0	\$400,000	\$478,157	\$78,157	19.54%
City Wide Departmental Savings	0	0	(154,455)	(154,455)	-100.00%
General Fund Total	\$0	\$400,000	\$323,702	(\$76,298)	-19.07%

Fund Balance Target Adjustment

As a percentage of operating budget





Employee Compensation and Training

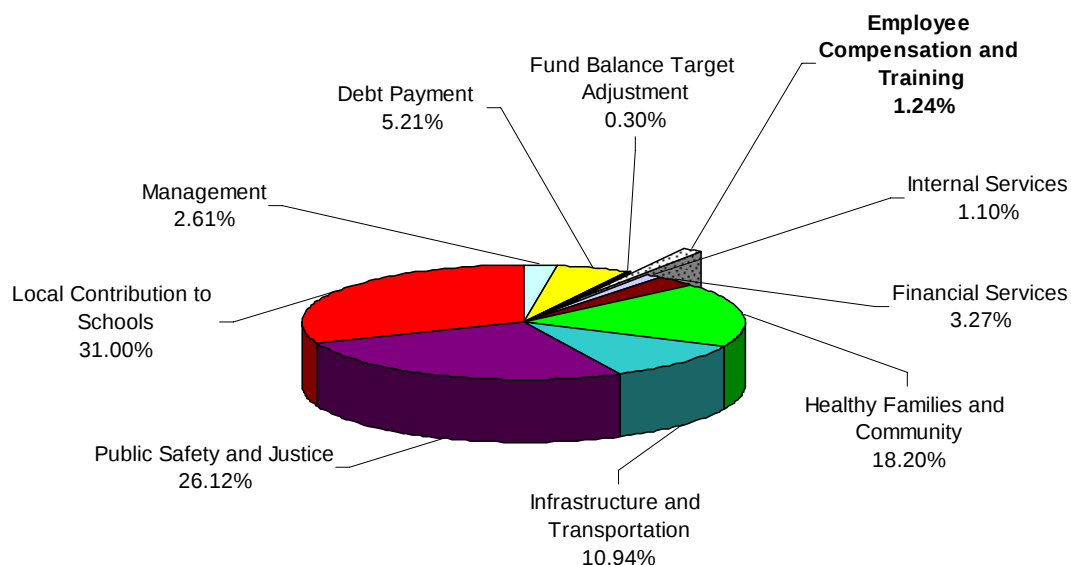
This budget provides funding for salary increases to city employees, various market rate adjustments, unemployment compensation and citywide training. The compensation and market rate adjustments are budgeted each year as a lump sum and then allocated to departments after July 1st.

In FY 2007, salary increases are funded at 4% across the board starting July 1st. In addition, the City has budgeted \$300,000 in citywide attrition savings, which simply demonstrates up front the savings associated with keeping vacancies open for a specified period of time. Unemployment Compensation is increasing to reflect the actual costs for the past several years. No change is proposed for the Corporate Training Fund, which funds citywide training opportunities.

Funding Summary	FY 04-05 Actual	FY 05-06 Budget	FY 06-07 Budget	Increase/ (Decrease)	% Change
Compensation - 4% salary increase	\$67,288	\$1,402,225	\$1,590,980	\$188,755	13.46%
City Wide Attrition Savings	0	0	(300,000)	(300,000)	100.00%
Public Safety Reserve - Social Security Supplement	0	49,000	0	(49,000)	-100.00%
Public Safety Reserve - Disability	0	51,000	0	(51,000)	-100.00%
Unemployment Compensation	41,146	28,000	40,000	12,000	42.86%
Corporate Training Fund	<u>47,201</u>	<u>34,000</u>	<u>34,000</u>	<u>0</u>	<u>0.00%</u>
General Fund Total	\$155,635	\$1,564,225	\$1,364,980	(\$199,245)	-12.74%

Employee Compensation and Training

As a percentage of operating budget





INTERNAL SERVICES

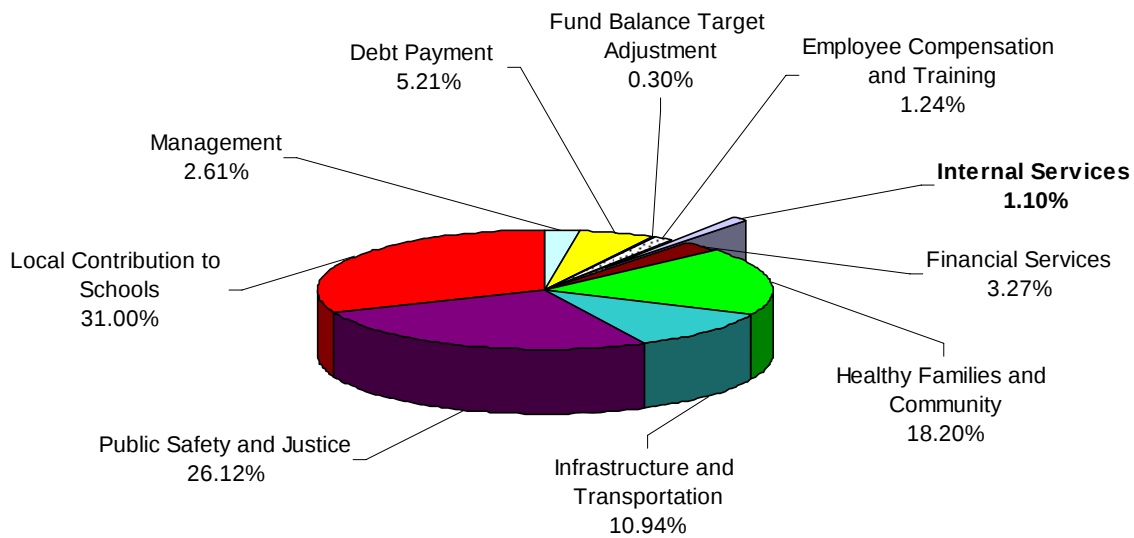


Internal Services Summary

	FY2004-2005 General Fund Actual	FY2005-2006 General Fund Budget	FY2006-2007 General Fund Budget	FY2004-2005 Other Funds Actual	FY2005-2006 Other Funds Budget	FY2006-2007 Other Funds Budget
INTERNAL SERVICES						
Business Services	\$239,847	\$239,800	\$239,800	\$0	\$0	\$0
Finance Department: Purchasing/Risk Management/Warehouse	84,374	84,943	74,344	2,527,123	2,070,029	2,370,526
Human Resources	682,096	833,974	892,641	0	0	0
Information Technology	0	0	0	1,587,535	1,872,159	3,506,801
INTERNAL SERVICES SUBTOTAL	\$1,006,317	\$1,158,717	\$1,206,785	\$4,114,658	\$3,942,188	\$5,877,327
 2006-07 General Fund Budget	 \$1,206,785					
2005-06 General Fund Budget	\$1,158,717					
Increase/(Decrease)	\$48,068					
Percentage Change	4.15%					

Internal Services

As a percentage of operating budget



INTERNAL SERVICES

ACCOMPLISHMENTS OF THE PAST YEAR

- ❖ The Human Resources Department contracted with MetLife as the City's new basic and supplemental life insurance provider, resulting in approximately \$165,000 in savings to the City, while obtaining enhanced insurance options for employees.
- ❖ The Finance Department's Purchasing division successfully implemented the Purchasing and EBP Modules of SAP and documented the new SAP procurement procedures.
- ❖ The Risk Management division of the Finance Department provided training on a wide variety of topics including fall protection, incident reporting, hearing protection, PPE, lifting techniques, avoiding slips/falls, ergonomics, driving training, fork lift training, which can help reduce workers compensation and general insurance costs.
- ❖ City Link was successfully implemented, including all financial modules, materials management, plant maintenance, utility billing, project systems modules, payroll and human resources.
- ❖ The Microsoft Enterprise Licensing Agreement was implemented to ensure software license compliance and standardize PC software platforms and reduced internal support costs and software costs by approximately \$150,000 per year.

GOALS AND OBJECTIVES FOR FY 2007

- ❖ Risk Management will pursue implementation of key safety and cost containment programs and continue focused safety training in loss-sensitive Departments.
- ❖ Continue to implement wellness and educational programs that minimize health care cost increases for both the employees and the City of Charlottesville as an employer.
- ❖ Continue work to be the first local government in Virginia to have a buy/pay process interfaced with the state's electronic procurement system, eVA and provide direct access to selected City decentralized buyers.
- ❖ The Human Resources Department will engage in diversity training which will incorporate the diversity module as part of new employee orientation; schedule all supervisors and managers for diversity and ethics training sessions during the year; and continue diversity/cultural awareness training as part of supervisory training classes.
- ❖ Information Technology will implement a new permitting system for Neighborhood Development Services, a new Parks and Recreation system as well as greater GIS integration for various departments.

Business Services

Business Services Strategy area is comprised of four City departments:

Office of the Commissioner of Revenue
 Department of Finance
 Department of Information Technology
 Treasurer's Office

This team is working together on ways to improve financial services to our "customers" - citizens, taxpayers, the business community, and City employees. Specifically:

- ◆ Offer citizens access to their own account information;
- ◆ Move toward "one stop shopping";
- ◆ Offer new options for interacting with City Hall via the Internet/e-government and City Link.

The \$239,800 budgeted here represents the collective computer usage charges for the year for all major City financial systems, including cash collections, payroll, bill-paying, accounting, personnel, warehouse, etc.

Funding Summary	FY 04-05 Actual	FY 05-06 Budget	FY 06-07 Budget	Increase/ (Decrease)	% Change
General Fund Total	\$239,847	\$239,800	\$239,800	\$0	0.00%

Finance Department

Purchasing

Risk Management

Warehouse

Purchasing has overall responsibility for the City's purchasing system, develops regulations to insure compliance with state and local laws, provides purchasing training to all City staff with procurement responsibilities, is responsible for the disposal of all City surplus property and manages the City's Disadvantaged Business Enterprises program.

Risk Management provides overall risk management services for the City including managing the City's casualty insurance programs and providing targeted safety training to all City employees.

The **Warehouse** provides inventory management and operates the Central Warehouse as well as providing a central shipping and receiving point for City agencies.

Funding Summary	FY 04-05 Actual	FY 05-06 Budget	FY 06-07 Budget	Increase/ (Decrease)	% Change
Salaries and Benefits	\$377,869	\$395,378	\$363,839	(\$31,539)	-7.98%
Other Expenditures	<u>2,233,627</u>	<u>1,759,594</u>	<u>2,081,031</u>	<u>321,437</u>	<u>18.27%</u>
Total	\$2,611,496	\$2,154,972	\$2,444,870	\$289,898	13.45%
General Fund Total	\$84,374	\$84,943	\$74,344	(\$10,599)	-12.48%
Non-General Fund Total	<u>2,527,123</u>	<u>2,070,029</u>	<u>2,370,526</u>	<u>300,497</u>	<u>14.52%</u>
Total	\$2,611,497	\$2,154,972	\$2,444,870	\$289,898	13.45%
General Fund FTEs	2.0	2.0	2.0	0.0	
Non-General Fund FTEs	4.0	4.0	4.0	0.0	

Explanation of Changes: The overall net decrease in Salaries and Benefits were realized in Purchasing due to departmental reorganization that offsets the salary and benefits increases. The net decrease in Other Expenses is due to increases in fixed costs, such as risk insurance, HVAC fees and IT User fees and decreases in technology related charges due to the decreasing cost in replacing desktop computers and the elimination of HP 3000 computer related costs. These budgets contain contributions to the Technology Infrastructure Replacement account as well and a slight decrease in the contribution to the Computer Replacement pool.

FY 07 Services	FY 07 Budget
Purchasing	\$74,344
Risk Management	2,107,487
Warehouse	<u>263,039</u>
Total	\$2,444,870

Human Resources

Human Resources functional service areas include recruitment, employee relations, training, organizational development, employee benefits, workers' compensation, human resources information systems, and human resources administration. The department's key goals for FY 2006-07 are to: (1) Increase training and development related to the City's strategic plan for diversity (2) Increase emphasis on wellness initiatives as part of the City's health care cost containment strategy, (3) Help ensure that an open, honest, posorking relationship exists between City employees and City management. This relationship is characterized by: trust, openness, honest communication, mutual respect, appreciation of the value of our diversity, and a work environment that encourages and rewards creativity and team work, as well as individual performance to enable the City to be an "Employer of Choice", and (4) Continue to evaluate and revise department business processes to maximize the utility of the new Human Resources/Payroll system with particular emphasis on improvement to customer service.

Funding Summary	FY 04-05 Actual	FY 05-06 Budget	FY 06-07 Budget	Increase/ (Decrease)	% Change
Salaries and Benefits	\$528,092	\$543,082	\$581,537	\$38,455	7.08%
Other Expenditures	<u>154,004</u>	<u>290,892</u>	<u>311,104</u>	<u>20,212</u>	<u>6.95%</u>
General Fund Total	\$682,096	\$833,974	\$892,641	\$58,667	7.03%
General Fund FTEs	8.0	8.0	8.5	0.5	

Explanation of Changes: The increase in Salaries and Benefits can be attributed to the 4% salary increase in salaries and promotions granted during FY 2006, and increases in retirement and health care costs. The increase of .5 FTE is due to a Payroll Clerk that is shared between Human Resources and Finance. Within Other Expenditures, fixed costs that increased include risk insurance, IT User fees, HVAC fees and a new contribution to the Technology Infrastructure Replacement account; in addition, there is a small decrease in the contribution to the Computer Replacement pool. There is also an increase associated with the College Tuition Reimbursement Program due to climbing tuition rates.

Information Technology

The Department of Information Technology (IT) is an internal services division of the City of Charlottesville. I.T.'s primary mission is to assist all other City departments and divisions by centrally supporting the city's computer and telecommunications systems and providing technical support to city employees. IT is responsible for evaluating, recommending, purchasing, installing, and supporting all of the City's computer systems and communications networks for both voice and data. We evaluate, integrate and support innovative technologies to help internal and external customers achieve their goals, while effectively maximizing return on resources and providing cost effective methods for citizens, businesses, vendors and others to easily access information and conduct business with the City.

Funding Summary	FY 04-05 Actual	FY 05-06 Budget	FY 06-07 Budget	Increase/ (Decrease)	% Change
Salaries and Benefits	\$1,165,514	\$1,218,753	\$1,444,878	\$226,125	18.55%
Other Expenditures	422,021	507,437	1,619,006	1,111,569	219.06%
Technology Capital Investments	<u>0</u>	<u>145,969</u>	<u>442,917</u>	<u>296,948</u>	203.43%
Non-General Fund Total	\$1,587,535	\$1,872,159	\$3,506,801	\$1,634,642	87.31%
Non-General Fund FTEs	18.00	18.00	18.00	0.0	

Explanation of Changes: Starting in FY 2007, this fund is reflecting the City Link recurring operational budget. In previous years, during planning and implementation phases, the City Link budget was reflected in the Technology Fund of the Capital Budget. The total budget for City Link is \$1,400,000, which is funded from contributions by the Gas Fund and all Non General fund departments that utilize the City Link system. This budget funds the salaries and benefits of two ABAP Programmers, an operational budget, a citywide City Link training budget, debt payment for the City Link loan to Utilities and capital funds for City Link servers scheduled to be replaced in FY 2007.

This budget includes a new capital account that will be dedicated to the future replacement of the "backbone" of the City's technology, which includes cabling, communications equipment, computer systems and network hardware. The account, set up similarly to the Computer Replacement pool, is perpetual (unexpended monies roll over into the next budget year) and will ensure sufficient budget exists on a yearly basis to replace servers and data systems prior to the expiration of their factory warranties.

The Information Technology operational budget is offset by revenues generated from IT User fees charged out to departments, and fees received from outside agencies, such as the library and jail, for IT service provided. Additionally, each department makes contributions, based on an allocation formula, to the Computer Replacement and the Technology Infrastructure Replacement pools.

<u>FY 07 Services</u>	<u>FY 07 Budget</u>
Information Technology Operations	\$1,789,301
City Link Operations	1,400,000
Computer Replacement Pool	129,751
Technology Infrastructure Replacement Pool	<u>187,749</u>
Total	\$3,506,801

FINANCIAL SERVICES



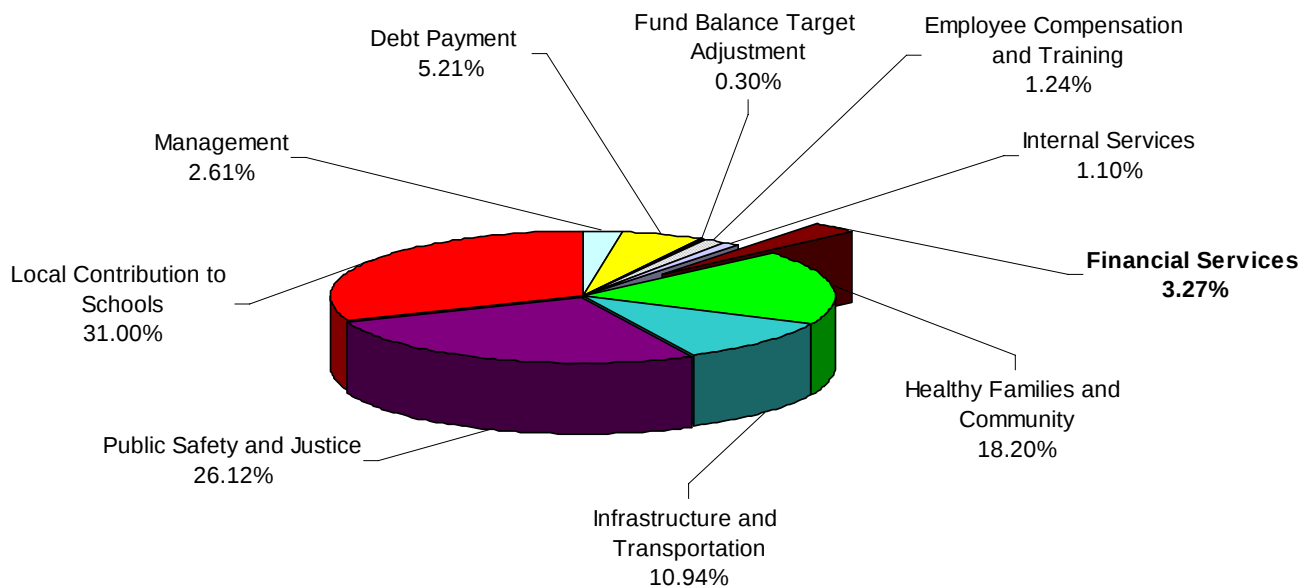
Financial Services Summary

	FY2004-2005	FY2005-2006	FY2006-2007	FY2004-2005	FY2005-2006	FY2006-2007
	General Fund	General Fund	General Fund	Other Funds	Other Funds	Other Funds
	Actual	Budget	Budget	Actual	Budget	Budget
FINANCIAL SERVICES						
Commissioner of the Revenue	\$778,673	\$836,405	\$870,321	\$0	\$0	\$0
Finance Department: Management/Real Estate						
Assessment/Gas and Water Collections	1,476,733	1,547,884	1,660,475	1,371,489	1,260,741	1,220,464
Treasurer	887,532	994,586	1,060,855	0	0	0
FINANCIAL SERVICES SUBTOTAL	\$3,142,938	\$3,378,875	\$3,591,651	\$1,371,489	\$1,260,741	\$1,220,464

2006-07 General Fund Budget	\$3,591,651
2005-06 General Fund Budget	\$3,378,875
Increase/(Decrease)	\$212,776
Percentage Change	6.30%

Financial Services

As a percentage of operating budget



FINANCIAL SERVICES

ACCOMPLISHMENTS OF THE PAST YEAR

- ❖ The Utility Billing Office produced on schedule and mailed over 250,000 utility bills utilizing the new City Link system in 2005-2006.
- ❖ The Treasurer's Office revamped the entire cashiering system for the City (CenCash) creating a payment hub for City Link. All monetary transactions for the City entering into City Link are interfaced from CenCash.
- ❖ The Commissioner of Revenue's Office used Schedule C's from the Virginia Income Tax process, and utilized data to audit existing licensed businesses and discover un-licensed businesses, thereby increasing tax revenue.
- ❖ The Real Estate Assessor's Office assumed the responsibility of processing ownership transfers for real properties in the real estate portion of Integrity.
- ❖ The Real Estate Assessor's Office completed a successful reassessment cycle and added the assessment of leasehold properties.
- ❖ The Finance Department received the GFOA Certificate of Achievement for Excellence in Financial Reporting for the FY 2005 CAFR for the 27th consecutive award year.
- ❖ The Finance Department helped to maintain the City of Charlottesville's AAA bond rating.

GOALS AND OBJECTIVES FOR FY 2007

- ❖ Maintain the City's AAA Bond rating and receive the GFOA Certificate of Achievement for Excellence in Financial Reporting for the FY 2006 CAFR for the 28th consecutive award year.
- ❖ Assess 100% of real property in a fair and equitable manner and meet new challenges of adding new housing subdivisions to the tax base.
- ❖ Successfully update the Real Estate database and keep the video images of City buildings updated/current.
- ❖ The Treasurer's Office will plan and begin the implementation of the new vehicle license Fee, which is a conversion of the old vehicle decal system into a format more in line to other localities throughout the State, and is more convenient for City residents.
- ❖ Improve security and internal controls via business process changes among department divisions through the continued implementation and usage of City Link.
- ❖ Further develop the customer service component of City Link for greater citizen responsiveness.
- ❖ Continue to improve the two tax systems within the Commissioner of Revenue's Office, Business Tax System (BTS) and Enhanced Government Tax Software (EGTS), adding greater reliability and increased customer service.
- ❖ Successfully implement the newly adopted Charlottesville Housing Affordability Program, a tax grant program for low to moderate income homeowners.

Commissioner of the Revenue

The Commissioner of the Revenue is responsible for the fair, accurate and legal assessment of tangible personal property, and for administering ordinances relating to Personal Property Tax Relief, Public Service Corporation Tax, Bank Stock Tax, Vehicle Daily Rental, Business, Professional and Occupational Licenses, Meals Tax, Transient Lodging Tax, Consumer Utility Tax, Consumption Tax and Short-term Daily Rental Tax. This office is authorized to facilitate dealer compliance with state sales tax laws by assisting with the completion of reports and accepting reports/payments of sales taxes collected. The Commissioner of the Revenue and staff assist those who require help with filing required Virginia Income Tax Returns, assist with refund requests for taxes paid in error for local or state taxes, and assist applicants with affidavits necessary for Real Estate Tax Relief and Rental Relief for the Elderly and Disabled programs. For such reasons, the City receives a portion of the Commissioner of Revenue's budget from the Commonwealth of Virginia.

Realizing that the first priority of this office is the public trust of the citizens of this city, the Commissioner of the Revenue and his employees strive to be fair and accurate in its administration of local tax laws. As a result, the City will receive only the revenue to which it is legally entitled. Furthermore, the assessment process is enhanced as a result of the close working relationship this office has with the City Treasurer's Office and its staff.

The Commissioner of the Revenue is committed to the importance of technology, teams, education and to using volunteer workforce to increase its productivity. In addition, the Commissioner of the Revenue is committed to successful implementation of new technology, such as the Enterprise GIS and the digital document storage project.

Funding Summary	FY 04-05 Actual	FY 05-06 Budget	FY 06-07 Budget	Increase/ (Decrease)	% Change
Salaries and Benefits	\$679,173	\$720,441	\$730,384	\$9,943	1.38%
Other Expenditures	<u>99,500</u>	<u>115,964</u>	<u>139,937</u>	<u>23,973</u>	<u>20.67%</u>
General Fund Total	\$778,673	\$836,405	\$870,321	\$33,916	4.05%
General Fund FTEs	13.0	13.0	13.0	0.0	

Explanation of Changes: The increase in Salaries and Benefits includes increases in retirement and health care costs and a 4% salary increase during FY 2006. The increase in Other Expenses can be attributed to fixed costs, such as HVAC fees, IT User fees, risk insurance, and a new contribution into the Technology Infrastructure Replacement pool; and there is a decrease in the contribution to the Computer Replacement pool. Also included in this budget is an additional \$13,400 for this office's share of the PPTRA software maintenance. The remainder of this cost has been budgeted in the City Treasurer's budget.

Finance Department
Management
Real Estate Assessor
Gas and Water Collections

The **Management** portion of Finance provides comprehensive financial management, accounting, and reporting services; pays all City employees and City bills; provides debt management services; is responsible for implementation of the Living Wage Ordinance; prepares a number of specialized technical reports including the annual utility rate study, official statements and prospectuses for bond issues, the City's annual reports, the state mandated comparative cost report transmittal forms, and a variety of grant reports.

Real Estate Assessment is responsible for assessing 14,258 parcels in the City annually; maintains assessments for tax purposes at fair market value; and provides various services to homeowners, prospective homebuyers/sellers, Realtors, title researchers, Attorneys, land surveyors, etc.

The **Gas and Water Collections** is responsible for maintaining, billing and collecting over \$40 million in utility payments each year for gas, water and sewer service. They also handle requests to stop and start services, answer customer inquiries concerning their accounts and handle all billing maintenance entries necessary to send accurate and timely bills. The office handles over 50,000 customer inquiries annually and administers the Gas Assistance Program.

Funding Summary	FY 04-05 Actual	FY 05-06 Budget	FY 06-07 Budget	Increase/ (Decrease)	% Change
Salaries and Benefits	\$2,065,972	\$2,041,655	\$2,104,242	\$62,587	3.07%
Other Expenditures	<u>782,250</u>	<u>766,970</u>	<u>776,697</u>	<u>9,727</u>	<u>1.27%</u>
Total	\$2,848,222	\$2,808,625	\$2,880,939	\$72,314	2.57%
General Fund Total	\$1,476,733	\$1,547,884	\$1,660,475	\$112,591	7.27%
Non General Fund Total	<u>1,371,489</u>	<u>1,260,741</u>	<u>1,220,464</u>	<u>(40,277)</u>	<u>-3.19%</u>
Total	\$2,848,222	\$2,808,625	\$2,880,939	\$72,314	2.57%
General Fund FTEs	19.5	19.0	19.5	0.5	
Non General Fund FTEs	16.0	13.0	13.0	0.0	

Explanation of Changes: The increase in Salaries and Benefits represents increases in retirement and health insurance costs and a 4% salary increase during FY 2006. The additional .5 FTE is a payroll clerk that is being split between Finance and Human Resources. In addition, these budgets reflect increases in fixed costs, such as IT User fees, HVAC fees, risk insurance and include contributions to the Technology Infrastructure Replacement pool. The Finance Administration budget includes an additional \$80,000 for additional costs related to the annual audit. The decrease in Gas and Water Collections (Non General Fund) can be attributed the elimination of funds previously required for the maintenance of HP 3000, and reorganization of staff that generated some savings.

<u>FY 07 Services</u>	<u>FY 07 Budget</u>
Management	\$1,193,778
Real Estate Assessment	466,697
Gas and Water Collections	<u>1,220,464</u>
Total	\$2,880,939

Treasurer

The Treasurer's Office serves Charlottesville citizens by collecting, investing and ensuring the safekeeping of all City revenues. The office is a major contact for citizens and serves as the first point of reference for many City services requested of other departments, and as the collection point for all fees and taxes generated by or within the City, including utility bills, personal property taxes, real estate taxes, state income taxes, parking tickets, zone, business licenses, meals tax, trash decals, dog licenses, etc. The office is responsible for preparing and mailing personal property and real estate bills semi-annually, for collecting all tax payments and for aggressively pursuing collection of delinquent revenues.

The Treasurer's Office is responsible for the administration and court process of parking tickets and the zone permit parking system, including the upkeep and maintenance of its applicable computer systems. The Treasurer invests all City reserve operational funds, bond funds and school funds to obtain the highest yield with minimal risk. The Treasurer's office ensures the safekeeping of City revenues by balancing all cash received on a daily basis and reconciling all bank accounts on a monthly basis. The Treasurer also serves as the fiscal agent for the Charlottesville Albemarle Vocational Technical Center, and as the custodian for the City Retirement Fund, including the responsibility for issuing retirement pension checks monthly, payments for the Fund's expenses and preparing monthly reports for the Retirement Commission.

Funding Summary	FY 04-05 Actual	FY 05-06 Budget	FY 06-07 Budget	Increase/ (Decrease)	% Change
Salaries and Benefits	\$665,977	\$713,863	\$761,945	\$48,082	6.74%
Other Expenditures	<u>221,555</u>	<u>280,723</u>	<u>298,910</u>	<u>18,187</u>	<u>6.48%</u>
General Fund Total	\$887,532	\$994,586	\$1,060,855	\$66,269	6.66%
General Fund FTEs	13.0	13.0	13.0	0.0	

Explanation of Changes: The increase in Salaries and Benefits can be attributed to increases in retirement and health care costs, and a 4% salary increase granted during FY 2066. Within Other Expenses, this budget contains \$13,400 for this office's share of the PPTRA software maintenance contract; the remainder of these funds is shown in the Commissioner of Revenue's budget. In addition, there are funds included to cover additional bank charges from the Easy Pay program and there is a reduction in postage due to City Council's approval to eliminate the vehicle decals, resulting in fewer mailings (savings of \$15,000). Finally, this budget includes a contribution to the Technology Infrastructure Replacement pool and reflects a slight decrease in the Computer Replacement pool contribution.



HEALTHY FAMILIES & COMMUNITY



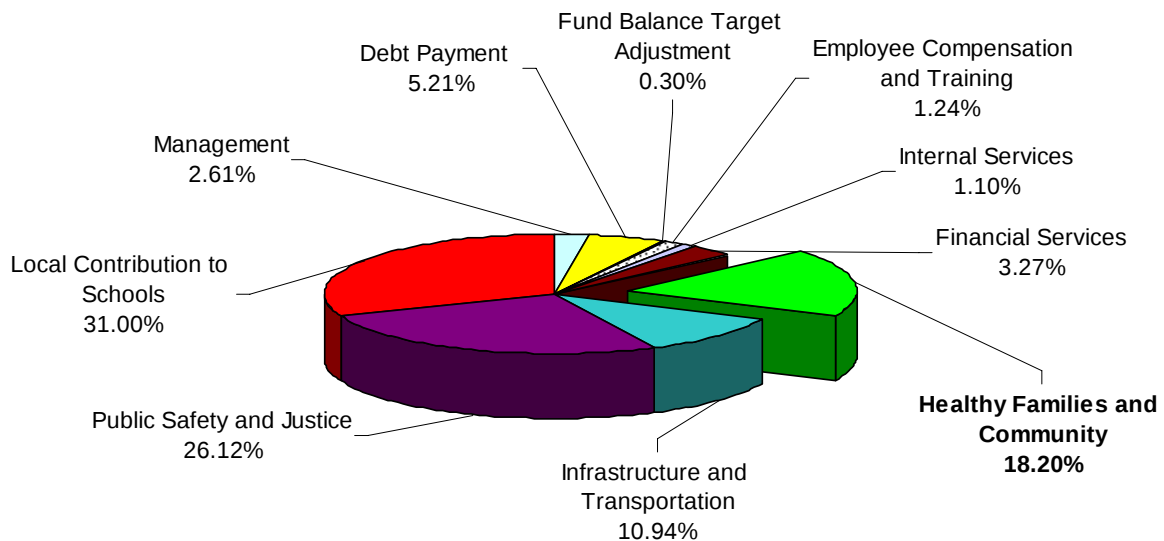
Healthy Families & Community Summary

	FY2004-2005	FY2005-2006	FY2006-2007	FY2004-2005	FY2005-2006	FY2006-2007
	General Fund	General Fund	General Fund	Other Funds	Other Funds	Other Funds
	Actual	Budget	Budget	Actual	Budget	Budget
HEALTHY FAMILIES & COMMUNITY						
Charlottesville/Albemarle Convention and Visitor's Bureau	\$434,177	\$475,592	\$477,385	\$437,865	\$470,069	\$517,296
Comprehensive Services Act	1,728,941	1,831,161	1,944,411	4,718,172	2,750,000	6,365,167
Community Attention	93,626	93,346	127,339	1,730,170	2,040,849	2,119,690
Community Events and Festivals	58,084	62,646	67,900	0	0	0
Contributions to Children, Youth and Family Programs	2,646,734	2,690,348	2,788,827	563,296	591,548	633,551
Contributions to Education and the Arts	1,240,921	1,352,776	1,485,367	0	0	0
Department of Social Services	2,124,695	2,634,686	2,970,468	9,861,376	10,655,476	10,475,688
Housing Programs and Tax Relief	799,704	1,109,740	1,577,438	0	0	0
Neighborhood Development Services	1,980,662	2,107,009	2,422,349	0	0	0
Parks and Recreation	5,394,352	5,595,115	6,106,906	1,046,534	1,070,324	1,171,197
HEALTHY FAMILIES & COMMUNITY SUBTOTAL	\$16,501,896	\$17,952,419	\$19,968,390	\$18,357,413	\$17,578,266	\$21,282,589

2006-07 General Fund Budget	\$19,968,390
2005-06 General Fund Budget	\$17,952,419
Increase/(Decrease)	\$2,015,971
Percentage Change	11.23%

Healthy Families and Community

As a percentage of operating budget



HEALTHY FAMILIES AND COMMUNITY**ACCOMPLISHMENTS OF THE PAST YEAR**

- ❖ 90% of all Community Attention Participants avoided any further adjudicated charges both during their enrollment in the program and for one year after their discharge from the program.
- ❖ The Department of Social Services Welfare-to-Work (VIEW) program achieved an average hourly wage of participants employed that exceeded the state target by 15%, and the percent of the caseloads that became employed exceeded the state target by 26%.
- ❖ The Department of Social Services had a success rate of 85% in keeping high risk children from entering Foster Care.
- ❖ Technical Assistance and data provided by the Commission on Children and Families staff was used to leverage approximately \$717,000 in external funds for children and family services (\$300,000 higher than target goal.)
- ❖ Neighborhood Development Services completed the Rivanna Greenway Trail grant project.
- ❖ Neighborhood Development Services processed approximately 2,100 building permits totaling over \$73 million in building permit value.
- ❖ Parks and Recreation completed successful transitions/reorganizations in all three divisions (Parks, Recreation and Leisure Services and Golf).
- ❖ Recreation increased the City Market gross revenue by 61% (\$250,000).
- ❖ The First Tee Chapter increased participation by 416% (260 kids).
- ❖ Parks partnered with the City Environmental Office on projects including stream and stormwater facility cleanups using volunteers and stormdrain placarding with elementary students.

GOALS AND OBJECTIVES FOR FY 2007

- ❖ Maintain at least 75% success rate in preventing high-risk children from entering Foster Care
- ❖ Increase the Food Stamp participation rate to reach more eligible individuals and families in need.
- ❖ Ensure that 90% of all Community Attention participants will avoid any further adjudicated charges during their enrollment in the program.
- ❖ Explore the development of new residential services to serve children with independent living goals.
- ❖ Provide technical assistance and data to local stakeholders to raise at least \$500,000 in external funds to meet child and family needs and address system improvements.
- ❖ Complete the Historic Survey process and designation and work to complete revisions to the departmental business plan for Neighborhood Development Services.
- ❖ Implement a recently completed Community Needs Assessment for Parks and Recreation.
- ❖ The Charlottesville/Albemarle Convention and Visitors Bureau will develop and introduce new brand strategies in response to its recent visitor research study, while aggressively seeking public/private cooperative partnership opportunities that increase marketing investments

Charlottesville/Albemarle Convention and Visitors Bureau

The Charlottesville/Albemarle Convention and Visitors Bureau (CACVB) is a regional program funded by the City, County, and by revenues generated from the private sector. The Bureau operates two visitor centers, one on Route 20 near Monticello and one on the Downtown Mall. The Bureau is also responsible for marketing the area tourism assets to leisure travelers, group tours and meeting planners.

Funding Summary	FY 04-05 Actual	FY 05-06 Budget	FY 06-07 Budget	Increase/ (Decrease)	% Change
Salaries and Benefits	\$363,416	\$478,856	\$486,506	\$7,650	1.60%
Other Expenditures	<u>508,626</u>	<u>466,805</u>	<u>508,175</u>	<u>41,370</u>	<u>8.86%</u>
Total	\$872,042	\$945,661	\$994,681	\$49,020	5.18%
General Fund Total	\$434,177	\$475,592	\$477,385	\$1,793	0.38%
Non General Fund Total	<u>437,865</u>	<u>470,069</u>	<u>517,296</u>	<u>47,227</u>	<u>10.05%</u>
Total	\$872,042	\$945,661	\$994,681	\$49,020	5.18%
Non General Fund FTEs	8.0	8.0	8.75	0.75	

Explanation of Changes: Salaries and benefits are increasing due to increases in retirement, health care costs, and a 4% salary increase in FY 2006. Other Expenses include increases in various fixed costs, such as HVAC fees, IT User fees, risk insurance and a contribution to the Technology Infrastructure Replacement pool. The increase in FTEs reflects the people who were transferred when the Downtown Visitor Center was merged with this budget and have not previously been reflected. In the fall of 2006, the Downtown Visitor Center will be moving to the newly constructed Downtown Transit Center.

Per agreements with the County and City, the CACVB receives a contribution from each equal to 30% of lodging tax revenues realized in FY 2005.

Comprehensive Services Act

The Comprehensive Services Act (CSA), established in 1992 by the General Assembly, is a state-mandated interagency program that serves children who are in foster care or at risk of going into foster care, have certain special education needs, are involved in the Juvenile Court system and have serious emotional or behavioral problems. The later two groups are not mandated by the State but can be served by CSA. The CSA created a state pool of funds, previously funded by several different funding streams that went to separate agencies, and established a formula for local matching funds. Charlottesville's CSA match rate is 31%. CSA funds and services are administered by local interagency boards.

Funding Summary	FY 04-05 Actual	FY 05-06 Budget	FY 06-07 Budget	Increase/ (Decrease)	% Change
General Fund Total	\$1,728,941	\$1,831,161	\$1,944,411	\$113,250	6.18%
Non General Fund Total	<u>4,718,172</u>	<u>2,750,000</u>	<u>6,365,167</u>	<u>3,615,167</u>	<u>131.46%</u>
Total	\$6,447,113	\$4,581,161	\$8,309,578	\$3,728,417	81.39%

The local contribution (General Fund) includes \$13,250 earmarked to the Commission on Children and Families for the City's share of the CSA Coordinator's salaries and benefits that is paid out of this pool of funds.

Community Attention

Community Attention provides residential and community-based services to at-risk youth and their families. The program is primarily funded by the Virginia Juvenile Community Crime Control Act (VJCCCA) and the Comprehensive Services Act (CSA). Referrals may begin with any service component and transition to alternative or supplementary services.

- The Attention Home is a co-ed group home located at 414 4th St. N.E. in Charlottesville serving boys and girls ages 12-18 for both crisis and long-term residential placement. The program provides 24-hour supervision, case management, educational support, recreational activities, specialized topic and life-skill groups, and an option for supplemental services.
- Family Group Homes is a treatment foster care system of foster families for boys and girls age 8-21 in Charlottesville, Albemarle, and surrounding counties with the ability to accept emergency placements and provide long term foster care leading to permanency.
- Teens GIVE is a Service-Learning, Character Education and Life Skills training program placing children ages 9–18 in relationship-based community agencies and volunteer projects. Supervised volunteer activities are supplemented with services that include mentoring, tutoring, character education, case management, counseling, reflection, and recreation activities.
- The Community Supervision Program provides case management, counseling, assessment, diversion, and supervisory services for community-based youth. Services include employment coaching and supervision, coordination of therapeutic services, transportation, and court-directed Electronic Monitoring. Community Attention also offers a series of skill building and life skill training groups for children ages 10-18. Topics include anger management, conflict resolution, job readiness, educational support, other relevant life skills and character education topics for at-risk youth.

Funding Summary	FY 04-05 Actual	FY 05-06 Budget	FY 06-07 Budget	Increase/ (Decrease)	% Change
Salaries and Benefits	\$1,323,569	\$1,562,125	\$1,629,624	\$67,499	4.32%
Other Expenditures	<u>500,227</u>	<u>572,070</u>	<u>617,405</u>	<u>45,335</u>	<u>7.92%</u>
Total	\$1,823,796	\$2,134,195	\$2,247,029	\$112,834	5.29%
General Fund Total	\$93,626	\$93,346	\$127,339	\$33,993	36.42%
Non General Fund Total	<u>1,730,170</u>	<u>2,040,849</u>	<u>2,119,690</u>	<u>78,841</u>	<u>3.86%</u>
Total	\$1,823,796	\$2,134,195	\$2,247,029	\$112,834	5.29%
Non General Fund FTEs	27.75	27.25	27.25	0.0	

Explanation of Changes: Increases in Salaries and Benefits are attributed to 4% salary increase during FY 2006, increases in retirement and health care costs. Several operating expenses are increasing as well, including HVAC fees, IT User fees, risk insurance, and vehicle fuel and maintenance charges. In addition, there is a new contribution into the Technology Infrastructure Replacement pool.

<u>FY 07 Services</u>	<u>FY 07 Budget</u>
Administration	\$264,172
Family and Juvenile Justice Services	<u>1,982,857</u>
Total	\$2,247,029

Community Events and Festivals

City Council appropriates funds to various **Community Events and Festivals** that contribute to the City's economic base and cultural quality of life.

Agency	FY04-05 Actual	FY05-06 Budget	FY06-07 Budget	Increase/ (Decrease)	% Change
Virginia Film Festival	\$10,875	\$11,109	\$14,500	\$3,391	30.52%
Virginia Festival of the Book	14,137	14,137	14,500	363	2.57%
Jefferson's Thanksgiving Festival	5,150	4,900	4,900	0	0.00%
First Night Virginia	2,500	2,500	2,500	0	0.00%
Historical Society Spirit Walk	5,000	5,000	5,000	0	0.00%
Lewis and Clark Festival	12,338	3,500	3,500	0	0.00%
Heritage Reporatory Theatre	3,500	3,500	3,500	0	0.00%
African American Festival	3,000	3,000	3,000	0	0.00%
Juneteenth Celebration	0	0	1,500	1,500	100.00%
City Supported Events	<u>1,584</u>	<u>15,000</u>	<u>15,000</u>	<u>0</u>	<u>0.00%</u>
General Fund Total Contributions	\$58,084	\$62,646	\$67,900	5,254	8.39%

Explanation of Changes: Recommended contributions to area festivals are shown above. Explanations behind each of the increases can be found in the FY 2007 Budget Supplement Book. **City Supported Events** represents funds needed for various City supported community events that have not been previously budgeted; for example, transit service during the 4th of July fireworks event, the Dogwood Festival and First Night Virginia. These funds will also be used for unanticipated events that are arise during the year.

Finally, there is a new festival being funded. The **Juneteenth Celebration** is an African American cultural festival that has its origins in Texas, which celebrates African American freedom while encouraging self-development and respect for all cultures. The celebration occurs in June of each year on the PVCC campus.

Contributions to Children, Youth and Family Oriented Programs

The City of Charlottesville provides funding for various agencies which contribute health and social service benefits to the community. Among these, the **Soccer Organization of Charlottesville and Albemarle** and the **Music Resource Center** reach young people through their interests in sports and music to attain higher goals. The **Virginia Extension Service** offers programs in agriculture and natural resources, 4-H, home economics, and community resource development. The **Charlottesville-Albemarle Health Department** provides services for protecting and promoting the health of the public. **Computers 4 Kids** provides computer training for students. **Monticello Area Community Action Agency (MACAA)** is the local anti-poverty agency created to serve low-income persons in Planning District Ten. **Madison House** recruits, trains and places University of Virginia student volunteers in 16 programs serving area residents. **Sexual Assault Resource Agency (SARA)** provides crisis intervention, confidential emotional support, information and referrals to sexual assault victims. **Shelter for Help in Emergency (SHE)** provides services to women and children who are victims/survivors of domestic violence within Planning District Ten. **Region Ten Community Services Board (CSB)** provides mental health, mental retardation, and substance abuse services. The **Jefferson Area Board for the Aging (JABA)** provides for the planning and coordination of services for the elderly. The **United Way Child Care and Teensight Scholarships** provide child care subsidies for children of low-income working parents. **Children, Youth and Family Services** encourages the positive growth and development of children. The **Charlottesville Commission on Children and Families (CCF)** provides oversight, coordination and evaluation of children and youth programs. The **Charlottesville Free Clinic** provides free primary medical and dental care services to the working poor. The **Partnership for Children** is a collaboration of 14 agencies that provide services to families with children age 0-6. Its mission is to build a supportive community where all children are nurtured in healthy families and arrive at school ready to learn. The **AIDS/ HIV Services Group (ASG)** provides comprehensive support services to persons with AIDS/HIV. **Abundant Life Ministries'** mission is to bring together members of the Prospect Ave neighborhood and the local Christian community in order to empower residents to flourish in all aspects of life. The **Boys and Girls Club** strives to inspire and enable all young people to realize their full potential as productive, responsible and caring citizens.

Agency	FY04-05 Actual	FY05-06 Budget	FY06-07 Budget	Increase/ (Decrease)	% Change
Soccer Org. of C'ville/Albemarle	\$9,940	\$9,939	\$9,939	\$0	0.00%
Music Resource Center	44,584	44,584	44,584	0	0.00%
Virginia Extension Service	41,033	40,687	40,936	249	0.61%
C'ville/Albemarle Health Department	392,800	412,440	437,186	24,746	6.00%
Computer's 4 Kids	18,711	10,000	10,600	600	6.00%
Monticello Area Community Action Agency	249,559	252,762	260,833	8,071	3.19%
Madison House	6,588	6,852	7,400	548	8.00%
Sexual Assault Resource Agency	22,866	23,781	24,494	713	3.00%
Shelter for Help in Emergency	83,761	86,609	91,502	4,893	5.65%
Region Ten Community Service Board	757,794	757,795	757,795	0	0.00%
Jefferson Area Board on Aging	249,349	240,868	253,340	12,472	5.18%
United Way Child Care	120,766	120,766	126,804	6,038	5.00%
Teensight Scholarships	21,622	22,054	22,716	662	3.00%
Children, Youth and Family Services	42,681	42,833	45,145	2,312	5.40%
Charlottesville Commission on Children and Families	251,522	256,679	272,474	15,795	6.15%
Free Clinic	12,709	13,217	14,274	1,057	8.00%
Partnership for Children	280,987	304,182	321,431	17,249	5.67%
AIDS/HIV Services Group	12,955	11,500	12,190	690	6.00%
Abundant Life Ministries	20,000	20,800	22,464	1,664	8.00%
Quality Community Council	6,507	0	0	0	0.00%
Boys and Girls Club	0	12,000	12,720	720	6.00%
General Fund Total Contributions	\$2,646,734	\$2,690,348	\$2,788,827	98,479	3.66%
Other Fund Total	\$563,296	\$591,548	\$633,551	42,003	7.10%

Contributions to Education and the Arts

The City of Charlottesville provides funding for organizations to support educational and/or artistic contributions to the community. **Jefferson-Madison Regional Library** serves residents by providing circulation of current material, offering reference and information services and allowing residents to access the Internet. The **Charlottesville Contemporary Center for the Arts** provides a home for three non-profit arts and educational groups: Live Arts, Second Street Gallery and Light House, each dedicated to providing the community with experiences and education in the arts. **Piedmont Virginia Community College** is a two-year, non-residential institution of higher learning that offers occupational-technical, college transfer, continuing adult education and general education programs. The **McGuffey Art Center**, housed in a converted City school, provides studio space to local artists and offers a variety of classes to area residents. The **Charlottesville Municipal Band** is a volunteer organization that performs 15-20 free concerts throughout the year, including a summer concert series on the Downtown Mall. **WVPT** and **WHTJ** are noncommercial television stations that broadcast a diverse schedule of informational, cultural, and educational programs. **Piedmont Council for the Arts** is dedicated to promoting, coordinating and serving the arts that enrich the lives of residents and visitors to Charlottesville. The **Virginia Discovery Museum** is a dynamic, educational museum, filled with interactive exhibits for young people and adults, which fosters cooperation and understanding among generations and encourages children and adults to learn together. **The Literacy Volunteers of America Charlottesville/Albemarle** promotes increased literacy for adult learners in the area through the effective use of volunteers, support services to volunteers and learners, and collaboration with others desiring to foster increased literacy. The **Ash-Lawn Highland Summer Festival** offers a cultural opportunity for outdoor theater. The **Historic Preservation Task Force** is a group of interested citizens appointed by the Mayor to promote, and help educate the community, about the City's historic resources. **Urban Vision**, is an educational advancement program directed at low income children between the ages of 5 and 14, which encourages the involvement of the parents while bringing educators and principals to the neighborhoods of the students that they teach.

Agency	FY04-05 Actual	FY05-06 Budget	FY06-07 Budget	Increase/ (Decrease)	% Change
Jefferson Madison Regional Library	\$1,068,110	\$1,155,139	\$1,236,424	\$81,285	7.04%
C'Ville Contemporary Center for the Arts	20,000	30,992	31,408	416	1.34%
Piedmont Virginia Community College	15,552	15,552	15,552	0	0.00%
McGuffey Art Center	34,251	36,609	55,875	19,266	52.63%
Municipal Band	41,132	46,866	49,678	2,812	6.00%
WVPT	2,060	2,122	2,249	127	5.98%
WHTJ	2,060	2,122	2,249	127	5.98%
Piedmont Council for the Arts	14,137	13,430	14,236	806	6.00%
Virginia Discovery Museum	5,217	5,374	5,535	161	3.00%
Literacy Volunteers of America	29,402	30,300	31,335	1,035	3.42%
Ash-Lawn Highland Summer Festival	9,000	9,270	9,826	556	6.00%
Historic Preservation Task Force	0	5,000	5,000	0	0.00%
Urban Vision	0	0	26,000	26,000	100.00%
General Fund Total Contributions	\$1,240,921	\$1,352,776	\$1,485,367	132,591	9.80%

Department of Social Services

Social Services provides state and federal income support, employment, and social work service programs that work to alleviate poverty and other social problems. Programs include Temporary Assistance to Needy Families (TANF), the Virginia Initiative for Employment Not Welfare (VIEW), Medicaid, Food Stamps, Auxiliary Grants, Low-Income Energy Assistance, Refugee Assistance, State and Local Hospitalization, and General Relief, Family Access to Medical Insurance Security (FAMIS), Child and Adult Protective Services, Foster Care and Adoption, Child Day Care, Family Services and Adult Services.

Funding Summary	FY 04-05 Actual	FY 05-06 Budget	FY 06-07 Budget	Increase/ (Decrease)	% Change
Salaries and Benefits	\$5,379,415	\$6,013,810	\$6,196,485	\$182,675	3.04%
Other Expenditures	<u>6,606,656</u>	<u>7,276,352</u>	<u>7,249,671</u>	<u>(26,681)</u>	<u>-0.37%</u>
Total	\$11,986,071	\$13,290,162	\$13,446,156	\$155,994	1.17%
General Fund total	\$2,124,695	\$2,634,686	\$2,970,468	\$335,782	12.74%
Non General Fund Total	<u>9,861,376</u>	<u>10,655,476</u>	<u>10,475,688</u>	<u>(179,788)</u>	<u>-1.69%</u>
Total	\$11,986,071	\$13,290,162	\$13,446,156	\$155,994	1.17%
Non General Fund FTE	105.625	106.675	105.675	(1.0)	

Explanation of Changes: The General Fund Transfer for FY 2007 in the proposed budget for Social Services is \$2,970,468, a 12.74% increase over the current year. The increase can be attributed to various fixed costs, such as HVAC fees, IT User fees and increases in mileage reimbursements. Also included are a 4% salary increase granted in July 1, 2006, and increases in retirement and health care costs. The increase in Salaries and Benefits is offset slightly by employee retirements and resignations with new employees being hired at lower salaries.

Three programs changes reflected in this budget were approved in mid year FY 2006 by City Council: the new State **PIP (Program Improvement Plan)**, which is 80% Federal/State, 20% Local Funding, and funded one new adoption social worker; **TAFF** Federal dollars declined in FY 2006 from 75% to 45%, increasing the Local match from 25% to 55%; and three **Foster Care Prevention** social workers formerly funded 100% by Federal funds, are now only 23% Federal and 77% Local.

Decreases in this budget can be attributed to the end of the three year Adoption Grant (\$51,763 - 100% Federal funds), and decreases in Education and Training (\$11,052) due to budget constraints.

<u>FY 07 Services</u>	<u>FY 07 Budget</u>
Administration	\$6,203,616
Direct Assistance	4,255,608
Day Care Purchased Services	1,587,393
Purchased Services	138,764
Grants	<u>1,260,775</u>
Total	\$13,446,156

Housing Programs and Tax Relief

The **Rent Relief Programs** for the elderly and the disabled are designed to provide relief from the expense of rent to those on fixed incomes. In order to qualify, applicants must meet eligibility requirements established by City ordinance.

The **Tax Relief Programs** for the elderly and disabled provide those qualifying individuals 65 or older, who own their own homes, with real estate tax assistance. Applicants must meet the eligibility requirements established by City ordinance in order to qualify.

The City is adopting a new tax relief initiative starting in FY 2007 called the **Charlottesville Housing Affordability Tax Grant Program**. It is modeled after a program currently used in the City of Alexandria and will be designed to target those homeowners, regardless of age, who need and qualify for assistance in paying their real estate taxes during the year. The relief will be in the form of a tax grant on the bill. The beginning pool of funds is \$420,000 with a tax grant of \$250 per homeowner.

The **Albemarle Housing Improvement Program (AHIP)** assists low-income City residents living in substandard housing to make necessary repairs and improvements to their homes as part of the rehabilitation process. AHIP provides counseling on home maintenance, taxes, credit and legal matters to insure that the improvements made will be long lasting.

Piedmont Housing Alliance (PHA) is a regional organization dedicated to improving the lives of low and moderate-income families and individuals by creating housing and community development opportunities.

The **Charlottesville Community Design Center** leads an interactive public design process for individuals, neighborhoods and public and private organizations to achieve the highest equitable, sustainable and aesthetic benefits to the community.

Funding Summary	FY04-05 Actual	FY05-06 Budget	FY06-07 Budget	Increase/ (Decrease)	% Change
Rent Relief for the Elderly	\$12,653	\$15,314	\$15,314	\$0	0.00%
Rent Relief for the Disabled	44,734	78,460	78,460	0	0.00%
Tax Relief for the Elderly	464,926	751,541	751,541	0	0.00%
Tax Relief for the Disabled	81,724	65,117	80,117	15,000	23.04%
Charlottesville Housing Affordability Tax Grant Program	0	0	420,000	420,000	100.00%
Albemarle Housing Improvement Program	85,449	85,783	86,669	886	1.03%
Piedmont Housing Alliance	110,218	113,525	120,337	6,812	6.00%
Charlottesville Community Design Center	0	0	25,000	25,000	100.00%
General Fund Total	\$799,704	\$1,109,740	\$1,577,438	467,698	42.14%

Explanation of Changes: This budget includes a pool of funds for a new tax relief program: **Charlottesville Housing Affordability Tax Grant Program**. This program is modeled after a program in the City of Alexandria, and is designed to target homeowners, regardless of age, who need and would be eligible for tax relief. The only other increase is reflected in **Tax Relief for the Disabled** to account for increasing participation.

All of the tax relief programs being offered by the City total \$1.3 million, which equates to over 3-cents on the real estate tax rate.

This budget does not change the eligibility requirements for the disabled and elderly tax relief programs that are set in place by Council: income limit of \$50,000 and no more than \$125,000 in assets.

Neighborhood Development Services

The Department of Neighborhood Development Services was created through the consolidation of related functions from several existing departments, in response to community and organizational feedback that the City needed to develop a better focus on neighborhood planning issues (including development of the Comprehensive Plan in 2000 and in 2006, and the new zoning ordinance in 2003) and streamline the development review process.

Functional areas within the department include neighborhood planning, zoning enforcement, housing code enforcement, engineering, surveying, GIS and mapping, building permits and inspections, bridge inspections, transportation planning, traffic engineering, traffic calming, storm water design, sidewalk design, water and wastewater design, contract and specification writing, construction management and inspection, VDOT projects technical liaison, historic preservation, neighborhood preservation, community development, development processes, urban design and site plan review and approvals. Additional duties include overseeing grants and federally funded programs, such as CDBG, as well as coordinating staffing for several commissions such as the City Planning Commission, Board of Architectural Review, and various other city boards and task forces.

Funding Summary	FY 04-05 Actual	FY 05-06 Budget	FY 06-07 Budget	Increase/ (Decrease)	% Change
Salaries and Benefits	\$1,638,618	\$1,771,785	\$2,027,441	\$255,656	14.43%
Other Expenditures	<u>342,044</u>	<u>335,224</u>	<u>394,908</u>	<u>59,684</u>	<u>17.80%</u>
General Fund Total	\$1,980,662	\$2,107,009	\$2,422,349	\$315,340	14.97%
General Fund FTEs	27.0	26.0	26.0	0.0	
Other Funded FTEs	2.0	3.0	4.0	1.0	

Explanation of Changes: This budget reflects two new positions that are offset by revenue sources: the **VDOT Project Coordinator**, approved by City Council during FY 2006, is fully funded by State revenue (VDOT funds); and, the **Zoning Inspector/Erosion and Soil Administrator** which will be fully funded by a proposed increase in building fees and charges to developers. This position is necessary in order to keep up with the pace of development and to free neighborhood planners who can devote additional time to their neighborhoods. The total cost for this position, including an operational budget, is **\$73,201**. The revenue to be generated to support this position is estimated at **\$120,000**.

Other factors that increase this budget include the annualization of the 4% salary increase given during FY 2006, increases in fringe benefits and fixed costs such as IT User fees, risk insurance, HVAC fees and a contribution for the Technology Infrastructure Replacement pool. Finally, the contribution to the Computer Replacement pool is decreasing slightly.

Parks and Recreation

Recreation is composed of the following units: Administration, Athletics, Aquatics, Therapeutic Programs, Youth Programs, Centers, Special Programs, and Parks Maintenance. The goal of Recreation and Leisure Services is to work as a team providing a wide variety of quality recreation services to the community, including youth athletics, therapeutic programs, and the City Market.

Parks & Grounds provides services to the citizens of Charlottesville for the management and maintenance of parks, the Downtown Mall, cemeteries, city and school grounds, major thorough-fares, and neighborhood rights-of-way, and entryways to neighborhoods.

Golf Fund is fully funded by its own fees and revenue and provides the administration and coordination of all services and maintenance at the 18 hole Meadowcreek Golf Course at Pen Park and the 9 hole McIntire Golf Course.

Funding Summary	FY 04-05 Actual	FY 05-06 Budget	FY 06-07 Budget	Increase/ (Decrease)	% Change
Salaries and Benefits	\$4,571,496	\$4,790,938	\$5,025,966	\$235,028	4.91%
Other Expenditures	<u>1,869,390</u>	<u>1,874,501</u>	<u>2,252,137</u>	<u>377,636</u>	<u>20.15%</u>
Total	\$6,440,886	\$6,665,439	\$7,278,103	\$612,664	9.19%
General Fund Total	\$5,394,352	\$5,595,115	\$6,106,906	\$511,791	9.15%
Non General Fund Total	<u>1,046,534</u>	<u>1,070,324</u>	<u>1,171,197</u>	<u>100,873</u>	<u>9.42%</u>
Total	\$6,440,886	\$6,665,439	\$7,278,103	\$612,664	9.19%
General Fund FTE	66.65	65.65	65.65	0.0	
Non General Fund FTE	11.0	9.0	9.0	0.0	

Explanation of Changes: The increase in Salaries and Benefits can be attributed to increases in retirement and health care costs, and the annualization of a 4% salary increase granted in FY 2006. There are reductions in temporary salaries due to programming and schedule changes at six pools. Some of these changes include closing the pools one day a week and reductions in hours and programming offerings (total savings of over \$58,660).

The increase in Other Expenditures can be attributed to HVAC fees, IT User fees, risk insurance and a contribution the Technology Infrastructure Replacement pool. In addition, utilities and fuel have increased. And, there is an increase to the Equipment Replacement Fund in order to better reflect the actual cost of vehicle and equipment needs for next and future years. This budget reflects also reflects a decrease in the contribution to the Computer Replacement pool. Finally, the cemetery mowing contract will be reduced which will result in City staff performing the work in spring 2007.

<u>FY 07 Services</u>	<u>FY 07 Budget</u>
Parks and Recreation Administration	\$552,461
Athletics	306,237
Youth Programs	90,425
Aquatics	833,540
Therapeutics and Seniors	351,547
Centers and Playgrounds	693,814
Special Programs	106,864
Parks Maintenance	3,081,716
Shared Parks Operations (Darden Towe Park)	90,302
Golf Course Operations	<u>1,171,197</u>
Total	\$7,278,103

INFRASTRUCTURE & TRANSPORTATION

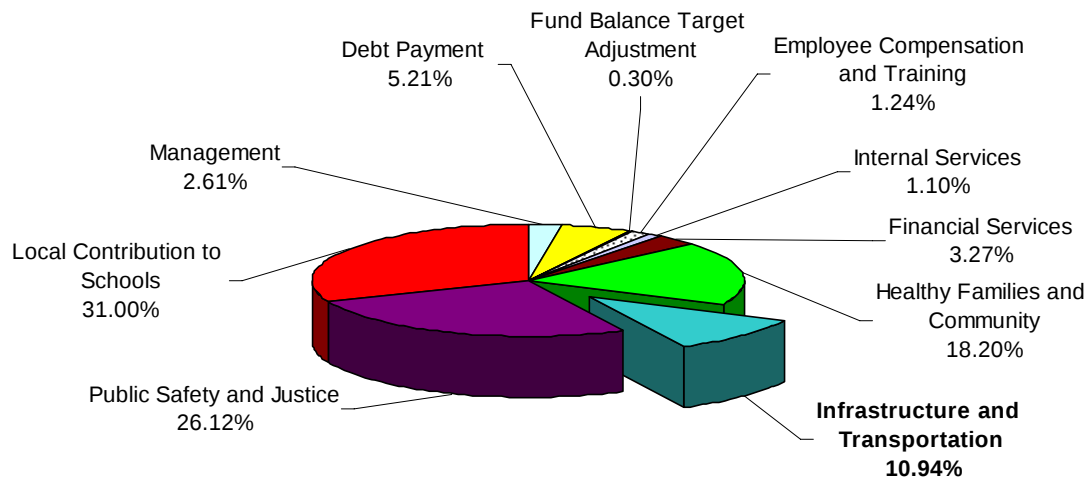


Infrastructure & Transportation Summary

	FY2004-2005 General Fund Actual	FY2005-2006 General Fund Budget	FY2006-2007 General Fund Budget	FY2004-2005 Other Funds Actual	FY2005-2006 Other Funds Budget	FY2006-2007 Other Funds Budget
INFRASTRUCTURE AND TRANSPORTATION						
Public Works: Administration/Facilities Management	\$1,778,033	\$1,795,051	\$2,168,403	\$242,351	\$234,986	\$315,538
Public Works: Public Service/Fleet	6,416,946	6,976,291	7,789,728	2,134,188	2,015,068	2,627,020
Public Works: Transit/School Pupil Transportation/JAUNT	1,469,773	1,690,336	2,046,797	3,487,489	2,981,562	6,336,718
Public Works: Utilities	0	0	0	44,855,263	49,154,678	52,782,157
INFRASTRUCTURE AND TRANSPORTATION SUBTOTAL	\$9,664,752	\$10,461,678	\$12,004,928	\$50,719,291	\$54,386,294	\$62,061,433
 2006-2007 General Fund Budget	 \$12,004,928					
2005-2006 General Fund Budget	\$10,461,678					
Increase/(Decrease)	\$1,543,250					
Percentage Change	14.75%					

Infrastructure and Transportation

As a percentage of operating budget



INFRASTRUCTURE AND TRANSPORTATION

ACCOMPLISHMENTS OF THE PAST YEAR

- ❖ Facilities Maintenance designed and implemented the Custodial Services Quality Assurance database, enabling establishment and tracking of a formal inspection program by building, department and employee.
- ❖ The Public Works Public Service Division successfully laid 15,000 tons of asphalt, poured 500 cubic yards of concrete, collected 26,000 tons of refuse, 2,500 tons of recyclables, and 2,000 tons of leaves.
- ❖ Public Works Fleet Division prepared and implemented a portion of the fleet study conducted on the City's fleet.
- ❖ Public Works Public Utilities (Water) continued upgrading the system by replacing undersized water mains and old corroded service lines.
- ❖ Public Works Public Utilities (Gas) successfully transitioned to State Corporation Commission oversight.
- ❖ Public Works Public Utilities (Wastewater) progress on the Inflow and Infiltration program resulted in a significant reduction in the Rivanna Water and Sewer Authority (RSWA) interceptor overflows.

GOALS AND OBJECTIVES FOR FY 2007

- ❖ Continue the Inflow and Infiltration (I & I) program, which rehabilitates the sanitary sewer system and improves it to meet the current and future needs of the City.
- ❖ Implement a uni-directional flushing program and jump start the cross connection/back flow prevention program.
- ❖ Continue the Mapping and Inventory program for gas lines, both those currently in use and those which have been abandoned, for the purposes of asset management, maintenance, and compliance with the State's Miss Utility program.
- ❖ Enhance transportation services offered by Charlottesville Transit Service by opening and operating the new Downtown Station.
- ❖ Evaluate all work activities Fleet Division performs and recommend any cost reduction benefits for privatization of special type services and reduce re-works on fleet vehicles by 25%.
- ❖ Continue to monitor inventory and keep non-accountability of parts in the 1% value or under range. Industry standards are 3-5% range.
- ❖ On-time, on-budget completion of multiple major and minor mechanical/electrical capital projects, and minor repair/renovation projects.
- ❖ Work closely with the Facilities Maintenance and Environmental staff, to increase and further develop usage of environmentally safe and energy saving initiatives on all capital improvement projects. By utilizing the L.E.E.D. program, films such as *Killowatt Hours* and industry experts as guidelines and sources of education, it is staff's intent to reduce costs while increasing the life and safety of the City and school buildings, grounds and the natural environment.

Public Works: Administration/Facilities Management & Maintenance

The Administration and Facilities Management group includes Public Works Administration, Capital Projects Coordination, and Facilities Maintenance/HVAC Services.

Public Works Administration is responsible for the planning, organization, direction, and budgetary/financial control of the six divisions of Public Works. The goal of the division is to foster the safe, reliable, responsive and cost-effective provision of services to both the citizens of Charlottesville and internal customers.

Capital Projects Coordination is directly responsible for the planning, procurement and construction of all facility-related capital projects undertaken by the City and the Public Schools. Building on the goal of the Public Works Administration group, the on-going goal of the Capital Projects Coordination division is to improve the quality of our service by employing effective management principles and practices, innovative technology, improved communications, teamwork and fiscal responsibility.

Facilities Maintenance/HVAC Services provides routine repair and preventive maintenance services to 39 buildings either owned or leased by the City. Custodial Services are also provided to 8 City-owned facilities. The goal of Facilities Maintenance is to provide clean, safe, and pleasing facilities for the enjoyment of Charlottesville's general citizenry and to protect the City's \$70m + infrastructure investment. This service area also provides contracted services to all City School buildings. The budget and narrative for these contracts are on page 84.

Funding Summary	FY 04-05 Actual	FY 05-06 Budget	FY 06-07 Budget	Increase/ (Decrease)	% Change
Salaries and Benefits	\$1,028,236	\$1,037,314	\$1,134,269	\$96,955	9.35%
Other Expenditures	<u>992,148</u>	<u>992,723</u>	<u>1,349,672</u>	<u>356,949</u>	<u>35.96%</u>
Total	\$2,020,384	\$2,030,037	\$2,483,941	\$453,904	22.36%
General Fund Total	\$1,778,033	\$1,795,051	\$2,168,403	\$373,352	20.80%
Non General Fund Total	<u>242,351</u>	<u>234,986</u>	<u>315,538</u>	<u>80,552</u>	<u>34.28%</u>
Total	\$2,020,384	\$2,030,037	\$2,483,941	\$453,904	22.36%
General Fund FTEs	17.0	17.0	17.0	0.0	
Non General Fund FTEs	2.0	2.0	2.0	0.0	

Explanation of Changes: The increase in this budget is attributed to a 4% salary increase during FY 06, increases in retirement and health care costs Other Expenses is increases due to fixed costs, such as HVAC fees, risk insurance, IT User fees and vehicle fuel and maintenance repair. In addition, this budget reflects a 5% increase to the Market St. Garage mostly due to the rising cost of utilities; a 52% increase in McGuffy also due to rising costs of utilities, which is fully covered by the rent and fees paid by the tenants; and a new maintenance budget for the Hedgerow/JDR property (\$160,957) which covers the cost of utilities, repair and maintenance, HVAC services and projects required by the lease agreement, such as painting, sidewalk and retaining wall repairs. This budget is fully covered by the revenue generated from leasing building and parking spaces. Finally, this budget contains \$20,000 for citywide carpet cleaning, which will extend the life of existing carpets by at least 50%.

	FY 07 Budget
<u>FY 07 Services</u>	
Public Works Administration	\$667,861
City Building Maintenance Services	1,500,542
HVAC Services	<u>315,538</u>
Total	\$2,483,941

Public Works: Public Service/Fleet

Public Service functions consist of Refuse Collection, Streets and Sidewalks, Traffic Operations and Fleet Maintenance. Refuse Collection is responsible for administering and monitoring the City's contract with a private firm for collection of domestic refuse/recyclables. Streets and Sidewalks is responsible for maintenance of City streets and sidewalks, City-owned parking lots, leaf collection, emergency snow response, stormwater infrastructure maintenance, and data collection that assures continued annual VDOT maintenance funding. Traffic Operations maintains signs, signals, publicly owned street lighting systems, parking meters, and pavement markings. It is also responsible for administering the Adopt-A-Street and residential on-street handicap parking programs, and for performing traffic surveys. Fleet Maintenance is responsible for repairs to City-owned vehicles and equipment, and for management of the fuel system and the vehicle wash facility. The City's contribution of \$1,000,000 to the Ivy Landfill clean up costs is also included.

Funding Summary	FY 04-05 Actual	FY 05-06 Budget	FY 06-07 Budget	Increase/ (Decrease)	% Change
Salaries and Benefits	\$2,952,405	\$3,354,699	\$3,466,116	\$111,417	3.32%
Operating Expenditures	<u>5,598,729</u>	<u>5,636,660</u>	<u>6,950,632</u>	<u>1,313,972</u>	<u>23.31%</u>
Total	\$8,551,134	\$8,991,359	\$10,416,748	\$1,425,389	15.85%
General Fund Total	\$6,416,946	\$6,976,291	\$7,789,728	\$813,437	11.66%
Non General Fund Total	<u>2,134,188</u>	<u>2,015,068</u>	<u>2,627,020</u>	<u>611,952</u>	<u>30.37%</u>
Total	\$8,551,134	\$8,991,359	\$10,416,748	\$1,425,389	15.85%
General Fund FTEs	53.5	51.0	49.0	(2.0)	
Non General Fund FTEs	12.0	12.0	12.0	0.0	

Explanation of Changes: There are two areas of service improvement: the funding of leaf collection temps to aid in better and more efficient collection of leaves during the fall/winter months (\$35,000), and the addition of a daily afternoon refuse pickup on the Downtown Mall (\$28,500). This will help improve the appearance of the Mall. The increase in Salaries and Benefits can be attributed to a 4% salary increase granted during FY 2006, and increase in retirement and health care costs. In addition to the service changes listed above, Other Expenditures are increasing due to increases in HVAC fees, risk insurance, IT User fees and vehicle fuel and maintenance charges and a contribution to the Technology Infrastructure Replacement pool. Fleet Maintenance, which is the Non General Fund portion of this budget, is increasing due to the higher cost of purchasing fuel, which is projected for FY 2007 at \$2.50 per gallon up from the budgeted \$1.50 per gallon in FY 2006, which represents an increase of \$606,000. Finally, this budget reflects a \$300,000 increase to fund major environmental cleanup at the Ivy Landfill.

<u>FY 07 Services</u>	<u>FY 07 Budget</u>
Administration	\$436,097
Streets and Sidewalk Services	2,986,533
Stormwater	359,282
Refuse Collection Services	1,716,615
Contribution to Ivy Landfill	1,000,000
Traffic Operations	584,863
Street Lighting Operations	706,338
Fleet Management Operations	1,185,985
Fuel and Wash Facility	<u>1,441,035</u>
Total	\$10,416,748

Public Works: Transit/JAUNT

Transit's goal is to provide dependable, efficient, convenient, and safe transportation alternatives to the single occupant vehicle for the citizens and visitors of the greater Charlottesville area. Functions include Charlottesville Transit Service (CTS), Greyhound Intercity Bus Terminal Operations and the Downtown Transit Center. School Pupil Transportation is also a function of Transit, but the budget and narrative is shown on page 83.

CTS provides fixed-route and demand response bus service Monday through Saturday from 6:00 a.m. to midnight throughout Charlottesville, free trolley service between Downtown and the University, and special event service such as First Night Virginia. Based on funding, CTS also provides fixed-route service in the urbanized areas of Albemarle County. In addition to City funds, CTS expenses are covered by federal and state subsidies and passenger fares. In FY07, the City's contribution to CTS is \$1,386,953.

The **Greyhound Intercity Bus Terminal** serves eleven buses daily, seven days a week, with express service to Richmond and service to Atlanta, Dallas, New York City, and points in between.

In FY 2007, the **Downtown Transit Center** will open for business. On the Water Street level, this facility will provide CTS passengers an indoor-waiting area, public restrooms, and a place for learning more about CTS services. In addition, on the Pedestrian Mall level, the Charlottesville/Albemarle County Convention and Visitors Bureau (CACVB) will lease office space in order to distribute visitor information, as well as having a coffee shop or similar enterprise lease café space.

JAUNT is a regional transit system that carries the general public, agency clients, the elderly, and people with disabilities throughout Central Virginia.

Funding Summary	FY 04-05 Actual	FY 05-06 Budget	FY 06-07 Budget	Increase/ (Decrease)	% Change
Salaries and Benefits	\$2,759,876	\$2,858,851	\$3,062,937	\$204,086	7.14%
Other Expenditures	1,680,123	1,245,281	1,731,048	485,767	39.01%
Transit Bus Replacement	0	0	2,929,686	2,929,686	100.00%
Contribution to JAUNT	<u>517,262</u>	<u>567,766</u>	<u>659,844</u>	<u>92,078</u>	<u>16.22%</u>
Total	\$4,957,262	\$4,671,898	\$8,383,515	\$3,711,617	79.45%
General Fund Total	\$1,469,773	\$1,690,336	\$2,046,797	\$356,461	21.09%
Non General Fund Total	<u>3,487,489</u>	<u>2,981,562</u>	<u>6,336,718</u>	<u>3,355,156</u>	<u>112.53%</u>
Total	\$4,957,262	\$4,671,898	\$8,383,515	\$3,711,617	79.45%
Non General Fund FTEs	68.5	66.0	66.0	0.0	

Explanation of Changes: The major driver in this budget is the 9 months of operational expenses for the **Downtown Transit Center**, scheduled to open in Fall 2006. These costs will cover the maintenance and operations of the building once it open to the public. There are revenues projected to be realized in the form of rental income as a result of the CACVB moving into the Transit Center, the rental of café and retail space. Staffing of the Transit Center will be accomplished by taking advantage of current vacancies and reorganization of current staff. Other increases in this budget include Salaries and Benefits (4% salary raise granted in FY 2006, retirement and health care costs increases); and in Other Expenditures, there are increases in HVAC fees, risk insurance, IT User fees, bus fuel and maintenance and a contribution to the Technology Infrastructure Replacement account. There are also funds for a new JAUNT shuttle to carry residents along a Prospect-Willoughby route. Finally, there are funds included to replace Transit Buses (\$2,929,686). These are funded 75% by the federal government, with a 25% local match required. This match is budgeted in the Proposed FY 2007 CIP in the amount of \$383,203.

<u>FY 07 Services</u>	<u>FY 07 Budget</u>
Transit System Operations	\$4,640,347
Greyhound Station Operations	153,638
Transit Bus Replacement	2,929,686
Contribution to JAUNT	<u>659,844</u>
Total	\$8,383,515

Public Works: Utilities

Public Utilities operates and maintains the water, wastewater, and natural gas distribution systems. The goal for the division is to provide authorized service in a safe, reliable, responsive, and cost effective manner.

The Gas, Water and Wastewater budgets are funded by the utility rates and includes funding for administration, operations, and maintenance of the three systems as well as funding for infrastructure improvements, technology advances, storm water, environmental, and debt payments. The billing/collection functions of the City's utilities are performed by the Finance Department Utility Billing Office. The utility budgets are separate from the General Fund and are not supported by taxes. These budgets and the respective rates are considered and adopted by the City Council in May of each year.

Funding Summary	FY 04-05 Actual	FY 05-06 Budget	FY 06-07 Budget	Increase/ (Decrease)	% Change
Salaries and Benefits	\$4,317,655	\$5,244,265	\$5,251,128	\$6,863	0.13%
Other Expenditures	39,773,163	38,334,623	41,946,089	3,611,466	9.42%
Capital Projects	0	3,305,000	3,314,150	9,150	0.28%
Debt Service	<u>764,445</u>	<u>2,270,790</u>	<u>2,270,790</u>	<u>0</u>	<u>0.00%</u>
Non General Fund Total	\$44,855,263	\$49,154,678	\$52,782,157	\$3,627,479	7.38%
Non General Fund FTEs	87.0	90.0	90.0	0.0	

Explanation of Changes: The net increase in Salaries and Benefits include 4% raises granted during FY 06, increases in retirement and health care costs and savings from staff reorganizations that have taken place during the year. Other Expenditures are increasing due to several fixed costs increases for HVAC fees, risk insurance, IT User fees and vehicle fuel and maintenance charges and contributions to the Technology Infrastructure Replacement account. There are some other newly funded items including the purchase of ERT's for gas and water meters that were not upgraded during AMR implementation and for failing ERT's; and, funding to comply with a DOT Pipeline Safety Final Rule to develop and implement a written continuing education program that follows the guidance provided in the American Petroleum Institute's (API) Recommended Practice (RP) 1162.

Included in this budget are authorized contributions to the City Link: \$1.2 million from the Gas Fund and smaller contributions from the Water and Wastewater Funds.

<u>FY 07 Services</u>	<u>FY 07 Budget</u>
Gas Operations	\$33,412,667
Wastewater Operations	7,777,258
Water Operations	9,321,442
Utilities Debt Service	<u>2,270,790</u>
Total	\$52,782,157

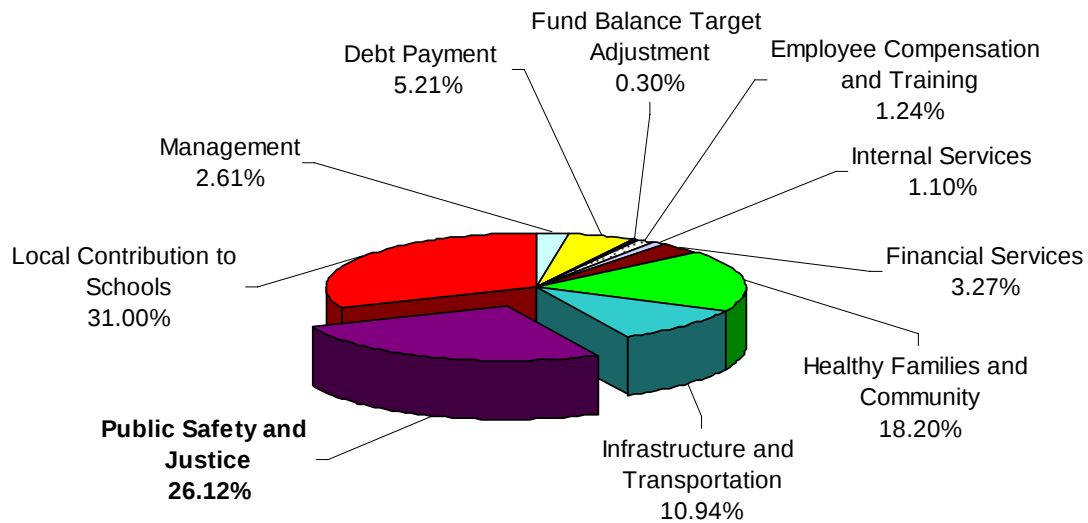
PUBLIC SAFETY & JUSTICE



Public Safety and Justice Summary

	FY2004-2005 General Fund Budget	FY2005-2006 General Fund Budget	FY2006-2007 General Fund Budget	FY2004-2005 Other Funds Budget	FY2005-2006 Other Funds Budget	FY2006-2007 Other Funds Budget
PUBLIC SAFETY AND JUSTICE						
City Sheriff	\$745,791	\$827,982	\$905,284	\$0	\$0	\$0
Commonwealth's Attorney	653,508	682,879	745,944	0	0	0
Contributions to Programs Supporting Public Safety & Justice Programs	5,048,402	5,791,867	6,534,127	0	0	0
Courts and Other Support Services	937,645	876,660	950,194	0	0	0
Fire Department	6,725,308	7,038,989	7,741,471	0	0	0
Police Department	10,360,423	10,881,526	11,784,053	0	0	0
PUBLIC SAFETY AND JUSTICE SUBTOTAL	\$24,471,077	\$26,099,903	\$28,661,073	\$0	\$0	\$0
 2006-2007 General Fund Budget	 \$28,661,073					
2005-2006 General Fund Budget	\$26,099,903					
Increase/(Decrease)	\$2,561,170					
Percentage Change	9.81%					

Public Safety
As a percentage of operating budget



PUBLIC SAFETY AND JUSTICE

ACCOMPLISHMENTS OF THE PAST YEAR

- ❖ The Fire Department maintained a zero preventable fire fatality rate in Charlottesville for the 9th year in a row. This has never been achieved in Charlottesville for such a period of time and is well below the national and state average for a City of our population and density.
- ❖ The Fire department maintained one of the lowest levels of fire loss in the State in comparison to City's with similar benchmarks.
- ❖ The Fire Department installed approximately 75 smoke detectors in City residences free of charge.
- ❖ The Police Department and the JADE Task Force indicted and arrested 17 known gang affiliates responsible for major drug distribution and violent crime in the City (both present and historical) which will hopefully culminate with convictions.
- ❖ With the assistance of grant funding, the City equipped a mobile command post complete with state of the art computer and communications equipment.
- ❖ The City Sheriff's Office installed video links for General District and Circuit Courts assisting with transports throughout Virginia at a cost savings to the City.
- ❖ The City Sheriff's Office served approximately 25,000 papers (warrants, summons, etc.).
- ❖ The Circuit Court collected over \$950,000 as the City's portion of the fees for recording documents.

GOALS AND OBJECTIVES FOR FY 2007

- ❖ Maintain the Fire Department's International Accreditation, and zero preventable fire fatality rate for a 10th consecutive year.
- ❖ Transfer all fire dispatching functions to the Emergency Communications Center.
- ❖ The City Sheriff's Office will continue to comply with all State mandates.
- ❖ Continue efforts to reduce and suppress crime.
- ❖ Implementation of the Problem Solving/Problem Oriented Policing Strategy within the Police's existing Strategic Plan along with the development of a model regional preparedness plan.

City Sheriff

The Sheriff's Office is responsible for providing security at the Circuit Courthouse and General District Court to all employees, jurors, witnesses, inmates, and visitors. The office must comply with mandates stated in the Virginia State Code for court security, civil process, and transportation of prisoners and patients pursuant to governor's warrants and court orders from the civil/chancery side of the courts' docket. Additionally, the office summons both grand and petit jurors, responds to questions, and manages their court schedule.

Funding Summary	FY 04-05 Actual	FY 05-06 Budget	FY 06-07 Budget	Increase/ (Decrease)	% Change
Salaries and Benefits	\$635,901	\$671,310	\$726,750	\$55,440	8.26%
Other Expenditures	<u>109,890</u>	<u>156,672</u>	<u>178,534</u>	<u>21,862</u>	<u>13.95%</u>
General Fund Total	\$745,791	\$827,982	\$905,284	\$77,302	9.34%
General Fund FTEs	11.0	11.0	11.0	0.0	

Explanation of Changes: This budget reflects a 4% salary increase granted during FY 2006 and increases in retirement and health care costs. Other Expenditures are increasing as a result of fixed costs, such as HVAC fees, risk insurance, IT User fees, vehicle fuel and a contribution to the Technology Infrastructure Replacement pool. This budget also contains additional funds related to jury costs and accounts for the increase in the postage rate and a slight decrease in the contribution to the Computer Replacement pool.

Commonwealth's Attorney

The Office of the Commonwealth's Attorney prosecutes criminal cases in Charlottesville's Circuit, General District, and Juvenile and Domestic Relations courts. The office provides on-going legal advice and guidance not only to the Charlottesville Police Department concerning investigations and matters of law enforcement policy, but also to other City of Charlottesville departments that have law enforcement responsibilities. While maintaining appropriate constitutional independence, the Commonwealth's Attorney and staff collaborate with community and governmental agencies in the furtherance of public safety, the well-being of crime victims and the health of Charlottesville as a community.

Funding Summary	FY 04-05 Actual	FY 05-06 Budget	FY 06-07 Budget	Increase/ (Decrease)	% Change
Salaries and Benefits	\$615,229	\$638,824	\$688,799	\$49,975	7.82%
Other Expenditures	<u>38,279</u>	<u>44,055</u>	<u>57,145</u>	<u>13,090</u>	<u>29.71%</u>
General Fund Total	\$653,508	\$682,879	\$745,944	\$63,065	9.24%
General Fund FTEs	8.0	8.0	8.0	0.0	
Grant Funded FTEs	3.5	3.5	3.5	0.0	

Explanation of Changes: The increase in Salaries and Benefits can be attributed to 4% salary increases given during FY 2006 and increases in retirement and health insurance costs. Also, this budget contains a salary supplement for the Victim Witness Grant, which is a local requirement to receive the grant. The State gave local governments several years of a match "holiday" in which the locality was not required to pay the match in order to receive the grant funds. The increase in Other Expenditures can be attributed to increases in HVAC fees, IT User fees, risk insurance, and new a contribution to the Technology Infrastructure Replacement pool. This budget also reflects a slight decrease in the Computer Replacement pool contribution.

Contributions to Programs Promoting Public Safety and Justice

The **Piedmont Court Appointed Special Advocates** is a nonprofit that trains and supervises volunteers to serve as court advocates for abused and neglected children in Charlottesville and Albemarle County and to promote the best interests of the child.

The Legal Aid Society confronts the causes and effects of poverty through the creation and development of comprehensive responses to the problems of the poor using innovative legal advocacy, community legal education, and client involvement.

The **Albemarle/Charlottesville/Nelson Regional Jail** houses prisoners from the City of Charlottesville, Albemarle County, Nelson County and, when space is available, from state and federal facilities. Costs not reimbursed by the State are divided between the City and Counties based upon actual usage.

The **Blue Ridge Juvenile Detention Home, which** opened in 2002 near the Joint Security Complex, allows youth to be closer to their homes and families in Charlottesville, and have access to a full range of pre- and post-disposition services.

The **911/Emergency Communications Center**, located on Ivy Rd., is responsible for processing all 911 calls made in the area, the dispatching of police officers, fire, and emergency medical services. Emergency services functions related to local disaster preparedness and response are coordinated through the Center.

Offender Aid and Restoration (OAR) assists individuals when arrested, imprisoned or released from incarceration to gain and retain self-respecting, self-sustaining and crime-free lifestyles.

The **Charlottesville-Albemarle Society for the Prevention of Cruelty to Animals (SPCA)** serves as the City pound, provides care and shelter for stray animals, promotes animal welfare, adoptions and educates the public about animal care.

Agency	FY04-05 Actual	FY05-06 Budget	FY06-07 Budget	Increase/ (Decrease)	% Change
Piedmont Court Appointed Special Advocates	\$0	\$0	\$7,400	\$7,400	100.00%
Legal Aid Society	33,888	51,369	53,424	2,055	4.00%
Regional Jail	2,853,061	3,330,698	3,655,066	324,368	9.74%
Blue Ridge Juvenile Detention	762,829	991,091	1,035,047	43,956	4.44%
Emergency Communications Center	1,182,709	1,201,576	1,559,829	358,253	29.82%
Offenders Aid and Restoration	157,729	158,155	194,061	35,906	22.70%
Society for the Prevention of Cruelty to Animals	58,186	32,978	29,300	(3,678)	-11.15%
Public Defender's Office	<u>0</u>	<u>26,000</u>	<u>0</u>	<u>(26,000)</u>	<u>-100.00%</u>
General Fund Total Contributions	\$5,048,402	\$5,791,867	\$6,534,127	\$742,260	12.82%

Explanation of Changes: The major increases in this category are in the City's contributions to the Regional Jail and the Emergency Communications Center (ECC).

Regional Jail – The principal driver behind the City's increase is full implementation of the pay study performed last year. Other drivers include the rising cost of utilities, building maintenance, and insurance rates.

ECC – The main driver behind this increase is the transfer of the City's Fire Dispatch services fully to the ECC starting in July 2007, which represents approximately \$241,000 of the new funding. Some of the benefits of this move include coordinated joint operations and enhanced interoperability which provides better efficiency and safety for our first responders, dedicated supervision for all dispatch operations, and Single point of contact for technology system maintenance and proper technical assistance to support the system. In turn, the City's Fire Department was able to reduce their budget by 5 positions, a total of \$355,042, with net savings to the City being approximately \$114,000.

Courts and Other Support Services

The City of Charlottesville is served by several courts. The **General District Court** enforces criminal laws of the Commonwealth of Virginia and handles civil disputes within the Court's jurisdiction. The **Circuit Court** is the court of record. It has sole jurisdiction in criminal felony cases and civil cases involving large sums, and has final jurisdiction in all civil and criminal cases. This court also hears appeals of state administrative cases. The **Juvenile & Domestic Relations Court** handles violations of the law committed by and against juveniles. It is also responsible for trying family and other domestic-related problems. The **Office of the Magistrate** is usually a person's first contact with the judicial process. This office issues arrest warrants and determines admittance to bail or commitment to detention of accused parties. The Magistrate also serves as conservator of the peace.

Funding Summary	FY 04-05 Actual	FY 05-06 Budget	FY 06-07 Budget	Increase/ (Decrease)	% Change
Salaries and Benefits	\$497,120	\$523,639	\$549,535	\$25,896	4.95%
Other Expenditures	<u>440,525</u>	<u>353,021</u>	<u>400,659</u>	<u>47,638</u>	<u>13.49%</u>
General Fund Total	\$937,645	\$876,660	\$950,194	\$73,534	8.39%
General Fund FTEs	11.0	11.0	11.0	0.0	

Explanation of Changes: The principle increase in these budgets is the costs associated with the City's share of the JDR bailiffs (this cost appears in Other Expenditures as a contracted service with Albemarle County). The increase can be attributed to reclassifications done last year in all the County's public safety positions that are now being reflected the FY 2007 budget, an additional deputy position approved by the County board, and vehicle expenses and fuel costs have increased.

<u>FY 07 Services</u>	<u>FY 07 Budget</u>
Clerk of Circuit Court	\$590,997
Circuit Court Judge	85,677
General District Court	30,244
Juvenile and Domestic Relations Court	231,706
Court Services Unit	1,000
Magistrate	<u>10,570</u>
Total	\$950,194

Fire Department

The Fire Department consists of five divisions: Administration, Fire Fighting, Fire Prevention, Maintenance, and Personnel Support. Administration seeks input from members of the Department, other City departments, and citizens to develop and coordinate the Fire Department's mission. Fire Fighting responds to over 6,400 requests for fire suppression and emergency medical service annually. Fire Prevention is responsible for enforcement of the Fire Prevention Code, plans review, fire investigations, and public fire education. Fire Department Maintenance consists of a fire equipment mechanic and funds to conduct essential preventive maintenance for the entire fire department vehicle fleet in addition to the emergency repair of fire apparatus and the critical equipment assigned to each unit. Personnel Support consists of a training officer/hazmat coordinator and funds to conduct preparedness training to meet firefighting, hazardous material response and the diverse and expanding homeland security requirements.

The Fire Department was accredited in 2001 through the Commission on Fire Accreditation International. This makes it one of only 83 such fire departments around the world. The Department is one of four ISO Class 2 departments in Virginia, and is the only ISO Class 2 in the state that is also accredited. It is currently working on gaining an ISO 1 classification.

Funding Summary	FY 04-05 Actual	FY 05-06 Budget	FY 06-07 Budget	Increase/ (Decrease)	% Change
Salaries and Benefits	\$5,746,722	\$6,137,862	\$6,456,403	\$318,541	5.19%
Other Expenditures	<u>978,586</u>	<u>901,127</u>	<u>1,285,068</u>	<u>383,941</u>	<u>42.61%</u>
General Fund Total	\$6,725,308	\$7,038,989	\$7,741,471	\$702,482	9.98%
General Fund FTEs	94.0	94.0	89.0	(5.0)	

Explanation of Changes: The net increase in Salaries and Benefits is a result of fully realizing the 4% salary increase granted during FY 2006, increases in retirement and health care costs, and the elimination of **five** positions as a result of the centralization of the Fire Dispatch services over to the Emergency Communications Center. This resulted in a net savings to the City of approximately \$114,000. The eliminations are being accomplished through taking advantage of current vacancies and future retirements. Salaries and Benefits also contains additional funds to cover overtime costs (\$83,600) and FLSA requirements (\$86,400).

Besides the increases in fixed costs, Other Expenditures contains matching grant funds for defibrillators (\$22,385) and the first debt service payment on a loan to purchase new fire truck (\$250,000) This purchase is long overdue and will replace a truck that is 17 years old. FY 2007 is the first year that a plan is put into place on funding this equipment.

<u>FY 07 Services</u>	<u>FY 07 Budget</u>
Administration	\$814,001
Fire Fighting/Suppression Services	<u>6,927,470</u>
Total	\$7,741,471

Police Department

The Police Department provides comprehensive law enforcement services that impact not only the City of Charlottesville, but through cooperative agreements, have a direct influence on the provision of public safety services throughout the region.

In 2005, the Virginia Law Enforcement Professional Standards Commission voted unanimously to reaccredit the Charlottesville Police Department. The Police Department will continue to focus on professional enforcement strategies and collaborative initiatives with neighborhood groups, businesses, and individuals throughout the City through the implementation of the department's Strategic Plan and a comprehensive problem oriented policing philosophy.

Funding Summary	FY 04-05 Actual	FY 05-06 Budget	FY 06-07 Budget	Increase/ (Decrease)	% Change
Salaries and Benefits	\$8,491,526	\$9,204,104	\$9,889,695	\$685,591	7.45%
Other Expenditures	<u>1,868,897</u>	<u>1,677,422</u>	<u>1,894,358</u>	<u>216,936</u>	<u>12.93%</u>
General Fund Total	\$10,360,423	\$10,881,526	\$11,784,053	\$902,527	8.29%
General Fund FTEs	150.0	146.0	146.0	0.0	

Explanation of Changes: Salaries and Benefits reflects a 4% salary adjustment granted during FY 2006, increases in retirement and health care costs, overtime and career development. In addition, \$100,000 in attrition savings has been budgeted, the equivalent of two entry level police officers. The Department is not losing positions; rather, this budgeting method simply recognizes that vacancies will and do occur throughout the year and realizes upfront the savings that would accrue as a result of those vacant positions.

Other Expenditures are increasing as a result of fixed costs, such as HVAC fees, IT User fees, risk insurance and a contribution to the Technology Infrastructure Replacement pool and vehicle fuel and maintenance, and a slight decrease in the Computer Replacement pool.

SCHOOL OPERATIONS



School Operations

High quality education is provided for approximately 4,130 students in grades K-12 in seven elementary schools, one middle school and one high school under the direction of the Charlottesville School Board. Education programs for adults are also offered through evening classes at Charlottesville High School, the Adult Basic Education Learning Center and the Charlottesville-Albemarle Technical Education Center.

The course offerings in the system include special programs such as: learning disability, programs for the emotionally disturbed, an enrichment program for gifted and exceptional students, an alternative program for school drop-outs, vocational and technical education, and homebound instruction. The system also provides counseling services in health, guidance, and psychological and social programs. The school budget is formulated by the School Board. The budget is formally presented to City Council in March and is appropriated with the City's Operating Budget in April.

Additionally, approximately 36% of the City's debt service payment from the general fund is for school projects. And, in the Adopted FY 2007 CIP, there is **\$1.4 million** dedicated to school's capital projects (page 85).

The table below represents the entire school operational budget for FY 2007, both Schools General and Non General Funds.

Funding Summary

	FY 04-05 Actual	FY 05-06 Budget	FY 06-07 Budget	Increase/ (Decrease)	% Change
Local Contribution	\$30,641,168	\$32,100,025	\$34,012,025	\$1,912,000	5.96%
State Funds	17,833,525	18,682,050	19,838,784	1,156,734	6.19%
Federal Funds	4,817,928	4,315,937	5,138,833	822,896	19.07%
Misc. Funds	<u>2,443,986</u>	<u>2,609,472</u>	<u>2,619,433</u>	<u>9,961</u>	<u>0.38%</u>
Total	\$55,736,607	\$57,707,484	\$61,609,075	\$3,901,591	6.76%
Schools General Fund Total	\$46,678,980	\$49,140,224	\$51,725,338	\$2,585,114	5.26%
Schools Non General Fund Total	<u>9,057,627</u>	<u>8,567,260</u>	<u>9,883,737</u>	<u>1,316,477</u>	<u>15.37%</u>
Total	\$55,736,607	\$57,707,484	\$61,609,075	\$3,901,591	6.76%

City/School Contracted Services

Reflected below are the cost of services and personnel to meet common objectives in the areas of school building maintenance and energy efficiencies, and school pupil transportation. The Schools contract for these services and fully fund the costs, via agreements with the City.

School Building Maintenance/Energy Maintenance/HVAC Services - Established via a 1997 Building and Grounds Maintenance Agreement, Schools Maintenance, a Public Works sub-division, provides routine repair and preventive maintenance services to 10 Charlottesville Public School campuses. Those services include Electrical, Mechanical, Plumbing, Carpentry, Roofing and Painting. A variety of "Small Capital Projects" are executed by Schools Maintenance. Regulatory compliance is assured for all building, public safety and accessibility codes and mandates. Utilities for each facility are carefully monitored by staff, and paid from a separate budget. The goal of the division is to provide safe, secure, functional and aesthetically pleasing facilities for Charlottesville Public Schools students and staff.

School Pupil Transportation - Pupil Transportation is a section of the Transit Division of Public Works. Pupil Transportation provides student transportation services to and from the City schools and several alternative education sites, activity bus service, and field trip service under contract to the Charlottesville City Schools. The Pupil Transportation fleet consists of 44 school buses. To maintain a safe and reliable fleet, school buses are replaced after ten years. Six school buses in the fleet are equipped with wheelchair lifts. These buses are used on routes to service children with special needs.

Funding Summary	FY 04-05 Actual	FY 05-06 Budget	FY 06-07 Budget	Increase/ (Decrease)	% Change
Salaries and Benefits	\$1,620,696	\$1,626,373	\$1,864,567	\$238,194	14.65%
Other Expenditures	<u>2,984,170</u>	<u>2,740,158</u>	<u>3,253,315</u>	<u>513,157</u>	<u>18.73%</u>
General Fund Total	\$4,604,866	\$4,366,531	\$5,117,882	\$751,351	17.21%
School Funded FTEs	30.0	31.5	35.3	3.8	

Explanation of Changes: The increase in positions can be attributed to the transfer of **three** former school employees to the City per the building maintenance agreement and a shift in transit budget drivers. These positions are being fully funded by the schools. Other increases in Salaries and Benefits can be attributed to increases in retirement and health care costs, and the annualization of the 4% salary raise granted in FY 2006. Other Expenditures are increasing due to several reasons: school bus replacement is reflecting an increase of \$240,000 to fully fund the recommended replacement schedule; fixed costs increases, such as HVAC fees, IT User fees, risk insurance and a new contribution to the Technology Infrastructure Replacement fund; and increases in the cost of utilities and other maintenance costs.

<u>FY 07 Services</u>	<u>FY 07 Budget</u>
School Pupil Transportation	\$2,132,031
School Building Maintenance	<u>2,985,851</u>
Total	\$5,117,882

CAPITAL IMPROVEMENT PROGRAM



Capital Improvement Program Fund

The Capital Improvement Program Fund (CIP) provides funding for streets, public buildings, land and other capital assets, which are of significant value and generally have a useful life of 5 years or more and cost more than \$50,000. City Council has set a policy to allocate at least 3% of General Fund Operating Budget revenues for capital improvements.

The annual capital budget is part of the City's multi-year Capital Improvements Plan (CIP), which is designed to coordinate the planning, financing, and construction of capital projects. As part of the capital improvement process, it has been recognized that funding needs to be set aside for the maintenance of City facilities. Separate funding is adopted in the General Fund budget for smaller maintenance projects in the Facilities Repair Fund.

There are several factors that must be taken into consideration during the development of the capital budget. Charlottesville's public facilities are aging, there is no significant growth in population, and the set boundaries of the City all combine to make capital budgeting an important part of the annual budget process. For these reasons, the City must respond to the capital needs of the community with investments aimed at revitalizing and maintaining the existing facilities and infrastructure of the City.

The City's CIP process is designed to coordinate and align capital projects with City priorities and strategies. As departments are preparing their CIP requests, they are asked to prioritize projects, ranking them 1 – 5 based on a set of fixed criteria. This criteria not only helps the department think about the type of requests they are submitting, but serves as a key factor when the CIP Committee begins to discuss the projects as a whole since generally, requests far outweigh available funding.

CIP submissions are received by the Budget Office in early October, and in mid-October, the CIP Committee begins to meet and discuss the requested projects. The CIP Committee consists of staff members from Neighborhood Development Services, Public Works, Budget, Parks and Recreation, Public Safety and the City Manager's Office. The CIP Committee reviews all projects and their prioritization, and with guidance from the City Manager, develops a recommendation that is fiscally sound and reflects the overall priorities of the City and its needs. Once a proposal is agreed upon by the Committee, it is brought to the City Manager who then may make changes.

After review by the City Manager the recommendations for the annual capital budget are made to the Planning Commission in the fall of each year. Following Planning Commission consideration, the annual budget and revised five-year CIP are forwarded to the City Manager and then to City Council for inclusion in the annual budget.

Given the need for capital projects that exists in the community, the **FY 2007-2011** Capital Improvements Plan recommends the use of approximately **\$50 million** in long-term debt to finance a portion of the **\$54.6 million** multi-year program. The balance will be funded with transfers of funds from the General Fund through the revenue sharing agreement with Albemarle County and with PEG (Public, Education, and Government) Fees.

The Capital Improvement Program for **FY 2006-2007** contains projects totaling **\$11.8 million**, as well as a capital projects contingency account totaling **\$819,520**, for a total capital improvement program budget equaling **\$12.6 million**.

Description of Capital Projects

Bondable Projects*

Education

For FY 2007, the City of Charlottesville allocates a lump sum of approximately \$1.41 million to the City schools. Some of the projects covered by this sum include: Burnley-Moran Fire Alarm Replacement; System wide ADA Improvements; CHS Security Lighting and Surveillance system; Buford roof replacement; Clark roof replacement; Clark exterior painting and waterproofing; Interior painting system-wide; HVAC Repairs – System wide; and Walker roof replacement (design only).

Economic Development

A lump sum of \$100,000 is allocated for the purpose of building up funds to create a permanent location for the Farmer's Market and to allow for the redevelopment of the current site.

Neighborhood Improvements

For FY 2007, the City of Charlottesville allocates \$975,000 for Neighborhood Improvement projects. A lump sum of \$700,000 is allocated to fund the implementation of the Neighborhood Improvements comprehensive plan; \$175,000 for Neighborhood Drainage Projects; and \$100,000 for the building of new sidewalks.

Public Safety and Justice

For FY 2007, the City of Charlottesville allocates \$400,000 for Public Safety and Justice capital improvement projects. These funds will be used to cover architectural & engineering design costs associated with the expansion to the Ridge Street Fire Station.

Transportation and Access

For FY 2007, a total of \$2,275,000 is allocated to Transportation and Access for several purposes. First, \$1.5 million is allocated for Major Downtown Mall/Side Street reconstruction. A sum of \$75,000 is allocated for the City's share of State bridge and highway priorities, which entails the inspections and maintenance of various bridges throughout the City, and \$700,000 is allocated for the West Main Streetscape project from 10th Street to JPA.

Parks and Recreation

For FY 2007 the Parks and Recreation Department is allocated \$400,000 for improvements and upgrades to McGuffey Park. This project will include the development of a World Class Children's Park in Downtown Charlottesville, and will be a jointly funded private-public partnership with Friends of McGuffey Park, who have committed to raising up to 30% or \$240,000 in funds for the project.

General Government Infrastructure and Other Commitments

This budget proposes an additional \$2,000,000 to the **Jefferson School** project. The design concept for the Jefferson School includes an African American Heritage and Cultural Center, and the restoration of Carver Recreation Center as a recreation center, as well as some possible educational uses by PVCC. The total City funds dedicated to FY 2007, and prior budgets for Jefferson School, is over **\$6 million**.

* Projects that are by nature, major public improvements (i.e., new fire station, new sidewalks, new parks, etc.) and have a life expectancy beyond the term of the bond.

Non-Bondable Projects*

Economic Development – Strategic Investments

The Department of Economic Development is allocated \$136,153 for the purpose of carrying out economic development initiatives. These funds are to be used to assist in long-term strategic improvements, to grow and expand the City's tax base, and for work force development.

Neighborhood Improvements

An additional \$775,101 is allocated to Neighborhood Improvements for non-bondable projects. These projects include \$300,000 for sidewalk repair and handicapped access improvements; \$225,101 for housing initiatives; \$100,000 for various Citywide drainage projects; and \$150,000 for the establishment of a Housing Trust Fund.

Facilities Capital Projects

In FY 2007, Facilities Capital Projects has been allocated a lump sum of \$950,000 in order to fund improvements and repairs to various City owned facilities. These include the replacement of various air handlers and HVAC components; roof replacements and repairs; and any other repairs deemed to be necessary in order to preserve the City's properties. This is the first year that this has been budgeted in a lump sum, which is projected to grow at a rate of 3% per year, the same rate as the School's Capital Projects funds.

Public Safety

For FY 2007 the City of Charlottesville has allocated an additional \$104,565 that will be used to purchase 10 Mobile Data Computers for police vehicles.

Transportation and Access

Transportation and Access receives an additional \$546,964 for much needed street paving and reconstruction due to rapid deterioration that has been occurring in recent years; \$307,424 to use as matching grant funds for the CTS Operations Relocation; \$383,203 in grant match funds for CTS Transit bus replacement; \$22,511 to fund new traffic signals and traffic signal improvements; and \$154,000 to be used as the required 2% matching funds for various grant funded projects such as the Meadowcreek Parkway and Hillsdale Drive projects. Total funding for this area is \$1.4 million.

Parks and Recreation

The Parks and Recreation Department is allocated an additional \$562,065 for non-bondable projects, which include: \$225,102 for facilities improvements and maintenance; \$87,551 for landscape beautification in areas throughout the City; \$84,412 for Downtown Mall maintenance and renovations; \$100,000 for improvements to City and School playgrounds; and \$65,000 for the replacement of the Pen Park/ Meadowcreek Wash facilities.

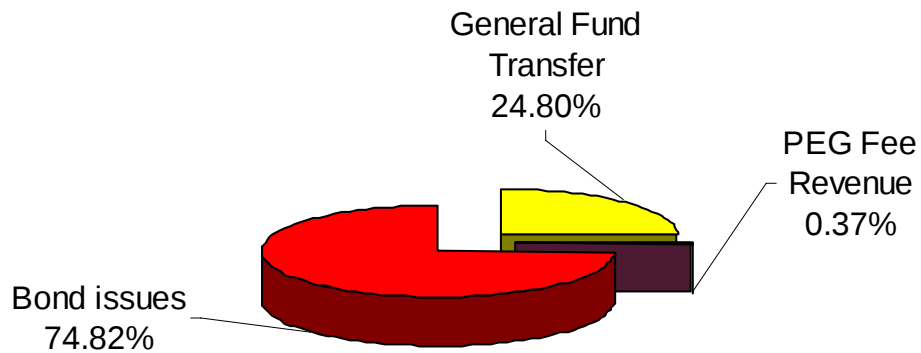
General Government Infrastructure & Other Commitments

Funds totaling \$302,679 are allocated for general government infrastructure and other projects, some of which include site work at Piedmont Virginia Community College, with the City's share totaling \$28,300; \$50,000 for the construction of a new SPCA facility (with matching funds from Albemarle County); and \$52,000 for flyovers to complete a GIS Base Mapping Update. Other projects include \$50,000 for Communications equipment related to cable television operations; \$28,138 for various repairs and renovations at the Charlottesville Albemarle Technical Education Center; \$39,392 for Geographic Information System operations; \$30,000 in one-time capital funding for the Rock House; and \$24,849 in one-time funding for JABA - Mountainside.

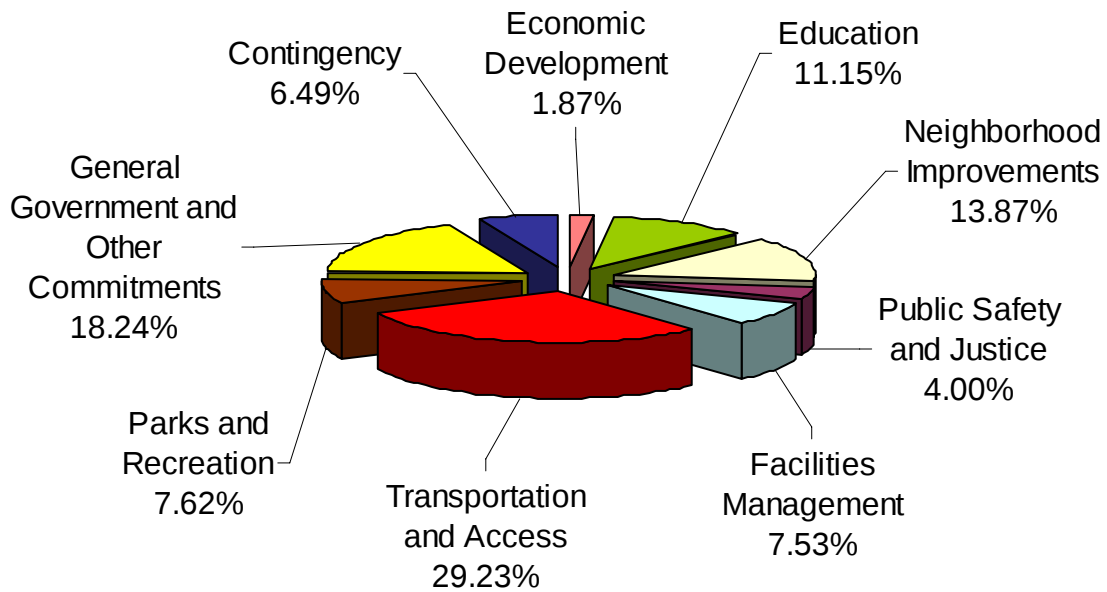
* Projects that are, by nature, major maintenance and improvements (i.e., facilities capital projects, parks maintenance, etc.) and are funded via the General Fund contribution to the CIP.

FY 2007 Capital Improvement Program Revenues and Expenditures

Revenues



Expenditures



FY 2007-2011 Capital Improvement Program

	Adopted FY07	Projected FY08	Projected FY09	Projected FY10	Projected FY11	5 Year Total
Revenues						
Beginning Fund Balance	(\$5,450,206)	(\$4,706,276)	(\$2,052,718)	\$1,540,845	\$4,760,568	
General Fund Transfer	3,315,000	3,815,000	4,315,000	4,815,000	5,315,000	\$21,575,000
PEG Fee Revenue	50,000	50,000	50,000	50,000	50,000	\$250,000
CY 2007 Bond Issue	10,000,000					\$10,000,000
CY 2008 Bond Issue - Meals Tax		10,000,000				\$10,000,000
CY 2009 Bond Issue			10,000,000			\$10,000,000
CY 2010 Bond Issue				10,000,000		\$10,000,000
CY 2011 Bond Issue - Meals Tax					10,000,000	\$10,000,000
TOTAL AVAILABLE REVENUES	\$7,914,794	\$9,158,724	\$12,312,282	\$16,405,845	\$20,125,568	\$65,917,213
Expenditures						
BONDABLE PROJECTS						
EDUCATION	Adopted FY07	Projected FY08	Projected FY09	Projected FY10	Projected FY11	5 Year Total
Project						
Lump Sum to Schools	1,406,886	1,449,093	1,492,566	1,537,343	1,583,463	\$7,469,351
CHS Gym Improvements/Walker Admin Offices	0	0	0	800,000	0	\$800,000
SUBTOTAL	\$1,406,886	\$1,449,093	\$1,492,566	\$2,337,343	\$1,583,463	\$8,269,351
ECONOMIC DEVELOPMENT	Adopted FY07	Projected FY08	Projected FY09	Projected FY10	Projected FY11	5 Year Total
Project						
Relocation of Farmers Market	100,000	0	0	0	0	\$100,000
SUBTOTAL	\$100,000	\$0	\$0	\$0	\$0	\$100,000
NEIGHBORHOOD IMPROVEMENTS	Adopted FY07	Projected FY08	Projected FY09	Projected FY10	Projected FY11	5 Year Total
Project						
Comprehensive Plan Implementation	700,000	600,000	618,000	636,540	655,626	\$3,210,166
Neighborhood Drainage Projects	175,000	175,000	175,000	175,000	175,000	\$875,000
New Sidewalks	100,000	100,000	100,000	100,000	100,000	\$500,000
SUBTOTAL	\$975,000	\$875,000	\$893,000	\$911,540	\$930,626	\$4,585,166
PUBLIC SAFETY AND JUSTICE	Adopted FY07	Projected FY08	Projected FY09	Projected FY10	Projected FY11	5 Year Total
Project						
Fire Station HQ Expansion	400,000	1,500,000	0	0	0	\$1,900,000
Bypass Fire Station Replacement	0	600,000	2,400,000	0	0	\$3,000,000
Ivy Road/Fontaine Area Fire Station Replacement	0	600,000	0	2,400,000	0	\$3,000,000
SUBTOTAL	\$400,000	\$2,700,000	\$2,400,000	\$2,400,000	\$0	\$7,900,000
FACILITIES CAPITAL PROJECTS	Adopted FY07	Projected FY08	Projected FY09	Projected FY10	Projected FY11	5 Year Total
Project						
Combined General District Court Facility	0	0	165,000	0	0	\$165,000
SUBTOTAL	\$0	\$0	\$165,000	\$0	\$0	\$165,000
TRANSPORTATION AND ACCESS	Adopted FY07	Projected FY08	Projected FY09	Projected FY10	Projected FY11	5 Year Total
Project						
Major Downtown Mall/Side street Reconstruction/Undergrounding	1,500,000	1,545,000	1,591,350	1,639,091	1,688,263	\$7,963,704
Utilities						
State Bridge and Highway Priorities	75,000	75,000	75,000	75,000	75,000	\$375,000
West Main Streetscape - 10th to JPA	700,000	0	0	0	0	\$700,000
SUBTOTAL	\$2,275,000	\$1,620,000	\$1,666,350	\$1,714,091	\$1,763,263	\$9,038,704
PARKS AND RECREATION	Adopted FY07	Projected FY08	Projected FY09	Projected FY10	Projected FY11	5 Year Total
Project						
McIntire Park Improvements	0	120,068	123,670	127,380	131,202	\$502,320
McGuffey Park Upgrades & Improvements	400,000	0	0	0	0	\$400,000
SUBTOTAL	\$400,000	\$120,068	\$123,670	\$127,380	\$131,202	\$902,320
GENERAL GOVERNMENT INFRASTRUCTURE AND OTHER COMMITMENTS	Adopted FY07	Projected FY08	Projected FY09	Projected FY10	Projected FY11	5 Year Total
Project						
Jefferson School	2,000,000	0	0	0	0	\$2,000,000
SUBTOTAL	\$2,000,000	\$0	\$0	\$0	\$0	\$2,000,000
SUBTOTAL BONDABLE PROJECTS	\$7,556,886	\$6,764,161	\$6,740,586	\$7,490,353	\$4,408,554	\$32,960,541

FY 2007-2011 Capital Improvement Program

NONBONDABLE PROJECTS

ECONOMIC DEVELOPMENT	Adopted	Projected	Projected	Projected	Projected	5 Year
<u>Project</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>Total</u>
Economic Development (Strategic) Initiatives	136,153	144,738	153,580	162,687	172,068	\$769,226
SUBTOTAL	\$136,153	\$144,738	\$153,580	\$162,687	\$172,068	\$769,226
NEIGHBORHOOD IMPROVEMENTS	Adopted	Projected	Projected	Projected	Projected	5 Year
<u>Project</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>Total</u>
Housing Initiatives	225,101	231,854	238,810	245,974	253,354	\$1,195,093
Housing Trust Fund	150,000	150,000	150,000	150,000	150,000	\$750,000
Sidewalk Repair	300,000	300,000	300,000	168,826	173,891	\$1,242,717
City Wide Drainage Projects	100,000	103,000	106,090	109,273	112,551	\$530,914
SUBTOTAL	\$775,101	\$784,854	\$794,900	\$674,073	\$689,796	\$3,718,724
FACILITIES CAPITAL PROJECTS	Adopted	Projected	Projected	Projected	Projected	5 Year
<u>Project</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>Total</u>
Lump Sum to Facilities Capital Projects	950,000	978,500	1,007,855	1,038,091	1,069,233	\$5,043,679
SUBTOTAL	\$950,000	\$978,500	\$1,007,855	\$1,038,091	\$1,069,233	\$5,043,679
PUBLIC SAFETY	Adopted	Projected	Projected	Projected	Projected	5 Year
<u>Project</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>Total</u>
Mobile Data Computers	104,565	110,635	116,705	229,000	171,335	\$732,240
SUBTOTAL	\$104,565	\$110,635	\$116,705	\$229,000	\$171,335	\$732,240
TRANSPORTATION & ACCESS	Adopted	Projected	Projected	Projected	Projected	5 Year
<u>Project</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>Total</u>
Belmont Bridge 2% Match	0	166,000	0	0	0	\$166,000
Hilsdale Drive - 2% Match	24,000	0	0	0	0	\$24,000
Street Reconstruction	546,964	563,373	580,274	597,682	615,613	\$2,903,906
Meadowcreek Parkway - 2% Match	100,000	131,000	0	0	0	\$231,000
Meadowcreek Parkway Interchange - 2% Match	30,000	0	0	0	0	\$30,000
JPA Bridge 2% Match	0	80,000	0	0	0	\$80,000
City Match for CTS Operations Relocation	307,424	0	0	0	0	\$307,424
CTS Transit Bus Replacement Match Requirement	383,203	0	0	0	0	\$383,203
Traffic Signals	22,511	23,186	23,882	24,598	25,336	\$119,512
SUBTOTAL	\$1,414,102	\$963,559	\$604,156	\$622,280	\$640,949	\$4,245,045
PARKS & RECREATION	Adopted	Projected	Projected	Projected	Projected	5 Year
<u>Project</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>Total</u>
Landscape Beautification	87,551	90,178	92,883	95,670	98,540	\$464,822
Parks Facility Improvements and Maintenance	112,551	115,928	119,406	122,988	126,678	\$597,551
Recreation Facility Improvements and Maintenance	112,551	115,928	119,406	122,988	126,678	\$597,551
Downtown Mall Maintenance and Renovations	84,412	86,945	89,554	92,241	95,009	\$448,161
Parks Playground Improvements	50,000	51,500	53,045	54,636	56,275	\$265,456
School Parks System-wide Improvements	50,000	51,500	53,045	54,636	56,275	\$265,456
Pen/Meadowcreek Wash Facilities	65,000	0	0	0	0	\$65,000
SUBTOTAL	\$562,065	\$511,979	\$527,339	\$543,159	\$559,455	\$2,703,997
GENERAL GOVERNMENT INFRASTRUCTURE AND OTHER COMMITMENTS	Adopted	Projected	Projected	Projected	Projected	5 Year
<u>Project</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>Total</u>
CATEC Improvements	28,138	28,982	29,851	30,747	31,670	\$149,388
Piedmont Va Community College Capital Work (City Share)	28,300	0	0	0	0	\$28,300
Society for the Prevention of Cruelty to Animals (City Share)	50,000	0	0	0	0	\$50,000
Communications/Cable TV Equipment	50,000	50,000	50,000	50,000	50,000	\$250,000
Voter Verifiable Paper Audit Trail	0	100,000	0	0	0	\$100,000
GIS Base Mapping Update (Flyovers)	52,000	0	0	0	0	\$52,000
Geographic Information System	39,392	40,575	41,792	43,046	44,337	\$209,142
Rock House Capital Investment (One Time Funding)	30,000	0	0	0	0	\$30,000
JABA - Mountainside (One Time Funding)	24,849	0	0	0	0	\$24,849
SUBTOTAL	\$302,679	\$219,557	\$121,643	\$123,793	\$126,007	\$893,679
SUBTOTAL NONBONDABLE PROJECTS	\$4,244,665	\$3,713,822	\$3,326,178	\$3,393,083	\$3,428,843	\$18,106,590
SUBTOTAL TOTAL PROJECT EXPENDITURES	\$11,801,551	\$10,477,983	\$10,066,764	\$10,883,436	\$7,837,397	\$51,067,131
CONTINGENCY	\$819,520	\$733,459	\$704,673	\$761,841	\$548,618	\$3,568,111
TOTAL EXPENDITURES	\$12,621,071	\$11,211,442	\$10,771,437	\$11,645,277	\$8,386,015	\$54,635,242
ENDING FUND BALANCE	(\$4,706,276)	(\$2,052,718)	\$1,540,845	\$4,760,568	\$11,739,553	

OTHER NON GENERAL FUNDS



Equipment Replacement Fund

The City's fleet consists of 685 vehicles and pieces of equipment. The Equipment Replacement Fund is targeted at reducing the operating costs of the vehicle fleet through preventive maintenance programs and a scheduled replacement program. It has three major objectives:

1. To objectively evaluate equipment purchases from an economic perspective (maintenance costs versus capitalization of new vehicles).
2. To stabilize the fluctuations in the annual budget due to equipment and vehicle purchases.
3. To function as a major component in the City's comprehensive fleet management program. A program which includes an annual evaluation of the replacement needs of the City's fleet and annual budgeting of the funds necessary to accomplish this replacement.

<u>Fund Detail</u>	<u>FY05 - 06 Budget</u>	<u>FY06 - 07 Budget</u>
Beginning Fund Balance	\$0	\$0
<u>Revenues</u>		
Transfer from General Fund	<u>602,581</u>	<u>904,585</u>
Total Revenues	\$602,581	\$ 904,585
<u>Expenditures</u>		
Equipment Replacement Expenditures	<u>602,581</u>	<u>670,000</u>
Total Expenditures	\$602,581	\$ 670,000
Net Gain/Loss*	0	234,585
Ending Fund Balance	\$0	\$234,585

*Reserve for future equipment purchases

Facilities Repair Fund

The Facilities Repair program provides funding to preserve the City's investment in over \$60 million in non-school facilities, which have annual maintenance requirements. A schedule of routine preventive maintenance/repair and minor facility rehabilitation reduces the need for future, more expensive replacement. The budget proposes a plan of action to limit major expenses or major inconveniences in the near future. This annual funding is based upon three to five-year replacement schedules developed by City staff. The repair of the taxpayer's investment in the City's facilities remains the best defense against the enormous cost of total construction/renovation of the City's aging, but still very valuable, public facilities.

<u>Fund Detail</u>	<u>FY05 - 06 Budget</u>	<u>FY06 - 07 Budget</u>
Beginning Fund Balance	\$0	\$0
<u>Revenues</u>		
Transfer from General Fund	<u>400,000</u>	<u>450,000</u>
Total Revenues	\$400,000	\$450,000
<u>Expenditures</u>		
Facilities Management	<u>400,000</u>	<u>450,000</u>
Total Expenditures	\$400,000	\$450,000
Net Gain/Loss	0	0
Ending Fund Balance	\$0	\$0

Retirement Fund

The Charlottesville Supplemental Retirement Fund, or Pension Plan, is designed to provide City employees with a pension to supplement social security benefits upon retirement. City employees who work at least twenty hours per week for a minimum of thirty-six weeks per year are enrolled in the plan, although they are not vested until they have completed five years of service. The City offers new employees a choice to opt into a Defined Contribution plan rather than the City's pension plan.

The Retirement Fund is a trust fund supported by contributions paid by the City. No employee contributions are made. The City's rate of contribution into the fund for FY 2006-2007 is 23.88% of general government and 32.72% of public safety employees' salary.

The Charlottesville Pension Plan is administered by a 9-member commission, which consists of one City Council member, the City Manager, department heads specified by the City Code, three employee-at-large members, and a City retiree.

<u>Fund Detail</u>	<u>FY05 - 06 Budget</u>	<u>FY06 - 07 Budget</u>
Beginning Fund Balance	\$ 69,623,216	\$ 71,360,466
<u>Revenues</u>		
Investment Income	1,500,000	1,500,000
Contributions from All Funds	<u>7,000,000</u>	<u>8,200,000</u>
Total Revenues	\$ 8,500,000	\$ 9,700,000
<u>Expenditures</u>		
Payments to Retirees	4,800,000	5,580,000
Life Insurance payment to benefit retirees	0	68,400
Administrator's Salary and Expenses	125,000	128,750
Investment Counsel Fees	325,000	350,000
Actuarial Study and Services	40,000	40,000
Health care costs	1,328,250	1,465,050
Disability Insurance	120,000	108,000
City Attorney Fees	4,500	6,000
City Link Recurring Costs	0	24,941
Miscellaneous	<u>20,000</u>	<u>25,000</u>
Total Operating Expenditures	\$ 6,762,750	\$ 7,796,141
Net Gain/Loss	1,737,250	1,903,859
Ending Fund Balance	\$ 71,360,466	\$ 73,264,325

Risk Management Fund

The City maintains a Risk Management Fund to account for all insurance revenues and expenditures. Premium costs are allocated to the various operating funds and accounts (for example, General Fund operating departments, such as Police, Fire, Public Works, etc.), and are distributed within each department/division budget under the "Insurance" line item. The Risk Management Fund has the following objectives:

- a) Protect the City of Charlottesville to the extent possible by eliminating or reducing conditions that could result in financial loss.
- b) Preserve the City's assets and public service capabilities from loss, destruction, or depletion.
- c) Minimize the total long-term cost to the City of all activities related to the identification, prevention, and control of accidental losses and their consequences.
- d) Maintain procedures to identify, analyze, and predict exposures to financial loss, and employ proven risk management techniques to minimize and provide funding for losses.
- e) Establish an exposure-free work and service environment in which City personnel, as well as members of the public, can enjoy safety and security in the course of their daily pursuits.
- f) Centralize and coordinate all costs associated with the City's risk management program.
- g) Maintain a comprehensive risk financing program to review liability and risk transfer opportunities and determine the feasibility of self-insurance in lieu of the purchase of traditional insurance coverages.

<u>Fund Detail</u>	<u>FY05 - 06 Budget</u>	<u>FY06-07 Budget</u>
Beginning Fund Balance	\$ 250,000	\$ 256,599
<u>Revenue</u>		
Income from Investments	19,583	20,000
Contributions from Other Funds	<u>1,755,167</u>	<u>2,092,130</u>
Total Revenues	\$ 1,774,750	\$ 2,112,130
<u>Expenditures</u>		
Insurance Premium Cost	857,062	985,000
Unreimbursed Loss Cost	700,000	917,861
Administrative Cost	<u>211,089</u>	<u>204,626</u>
Total Expenditures	\$ 1,768,151	\$ 2,107,487
Net Gain/Loss	6,599	4,643
Ending Fund Balance	\$ 256,599	\$ 261,242

Debt Service Fund

The City's Debt Service Fund provides the funds necessary to retire the City's general government outstanding bonded indebtedness. General obligation bonds are used to pay the cost of various public improvements.

The City's current level of bonded indebtedness (at June 30, 2005) is indicated by four key financial indicators: net bonded debt of \$41,220,825, a ratio of debt to assessed value of 1.15%, net bonded debt per capita of \$1,012, and a ratio of Debt Service to total General Fund expenditures of 5.52%. All of these indicators of the City's debt position are very positive and consequently the City has received the highest bond rating (AAA) from the two major rating agencies, Moody's and Standard & Poors. Both Moody's and Standard & Poors confirmed this AAA bond rating in November 2004. Charlottesville is the smallest city in the country to have a AAA rating.

The City's legal debt limit, as authorized by the Code of Virginia is 10% of the total assessed value of real estate, which is subject to local taxation. In 2005, the legal debt limit was \$359,544,950. The City's current general obligation indebtedness is \$66,615,375, which includes debt being repaid by the City's utility funds.

<u>Fund Detail</u>	<u>FY05 - 06 Budget</u>	<u>FY06 - 07 Budget</u>
Beginning Fund Balance	\$ 3,183,360	\$ 3,946,163
<u>Revenues</u>		
General Fund Transfer	5,400,000	5,450,000
CIDA-SNL Loan	450,000	461,906
Meals Tax Revenue	1,522,500	1,568,175
Fire Department Transfer	0	250,000
County Fire Service Fees	375,000	264,000
City Link Loan - Transfer from City Link	0	352,679
Total revenues	\$ 7,747,500	\$ 8,346,760
<u>Expenditures</u>		
Bonds-		
1996	287,875	275,376
1998	1,182,329	829,498
2000	385,313	369,938
2001	217,820	213,108
2003	2,063,431	1,783,132
2004	1,578,759	1,552,459
2006	0	1,000,000
Subtotal	\$ 5,715,527	\$ 6,023,511
Literary Loans-		
CHS	103,000	0
Greenbrier	8,844	8,520
Johnson	14,484	14,485
Burnley-Moran	16,579	16,062
Subtotal	\$ 142,907	\$ 39,067
Lease-purchase agreements	364,407	263,737
SunTrust note-2002	298,856	1,588,031
Gas fund loan	443,000	0
CityLink Loan from Utilities	0	352,680
Administrative Costs	20,000	20,000
Subtotal	\$ 1,126,263	\$ 2,224,448
Total Expenditures	\$ 6,984,697	\$ 8,287,026
Net Gain/Loss	762,803	59,734
Ending Fund Balance	\$ 3,946,163	\$ 4,005,897

Health Care Fund

The Health Care Fund is the funding source for the City's health related benefits provided to participants in the City's health care programs. The City self-insures its medical and dental insurance plans. This means the City is responsible for paying all claims and expenses generated by the program participants. Each year an actuarial analysis is conducted to determine the expected revenue requirements for the next fiscal year. The analysis evaluates prior year claims, participation levels and any proposed plan design changes to determine the required level of funding to cover claims costs. The Fund also pays for the associated Wellness initiatives which are an integral part of the City's medical cost containment strategy. One goal for the Fund is to maintain a minimum fund balance as a reserve to cover claims cost if they exceed the projected amount.

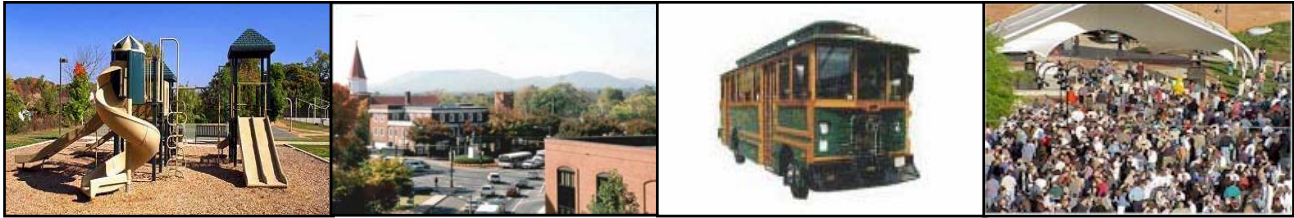
<u>Fund Detail</u>	<u>FY05 - 06 Budget</u>	<u>FY06-07 Budget</u>
Beginning Fund Balance	\$1,138,555	\$ 1,113,102
<u>Revenues</u>		
Cost Center Contributions	4,222,126	4,777,269
Employee/Retiree HC payroll deductions	2,054,239	2,474,400
Retirement fund contribution	1,328,250	1,465,050
Agencies and individuals	1,409,071	1,300,000
Employee and retiree payments for Physical Fitness Clubs	180,000	180,000
Flexible spending account forfeitures	10,000	0
Total revenues	\$9,203,686	\$10,196,719
<u>Expenditures</u>		
<u>Medical expenses</u>		
Southern Health	8,172,187	8,937,000
Delta Dental	450,000	506,783
Total medical and dental expenses	\$8,622,187	\$9,443,783
<u>Other expenses</u>		
City contribution for Fitness Program	300,000	300,000
Employee Assistance Program	17,600	17,600
Palmer Cay Consultants	60,000	60,000
Health Screening	40,000	40,000
Flu Shots	10,000	10,000
On-site nurse program	7,000	7,000
Life Choice operating expenses - supplies	2,000	2,000
Medical Insurance Opt-out payment	30,000	30,000
Flex-Ben (Flexible and COBRA administration)	20,000	25,000
Human Resource Staff	118,852	138,600
City Link Recurring Cost	0	33,593
Telephone charges	1,500	1,500
Total other expenses	\$606,952	\$665,293
Total expenses	\$9,229,139	\$10,109,076
Net Gain/Loss	(25,453)	87,643
Fund Balance - Current Year	\$1,113,102	\$ 1,200,745
Palmer Cay Recommended Reserve	\$1,200,000	\$1,200,000

Explanation of Changes: Southern Health, the City's health care provider, has projected a 7.6% increase in cost for FY 2007. This budget proposes an increase of 7.5% to be paid from the subscriber and a 10% increase in the employer contribution. In addition, retiree spouses over the age of 65 will pay \$50/month more for health care, a total of \$200 per month.

CITY PROFILE



City Profile



Date of Incorporation	1888
Form of Government	Council-Manager
Current Population Estimate (Census 2005 Estimate)	40,745
University Students Residing within City (2002)	9,000
Population Density	6.78
Land Area (square miles)	10.4
Unemployment Rate (2005)	2.6%
Total Property Values (2005)	\$3,595,449,000
Taxable Sales (2005)	\$775,827,000
Median Household Income (2000 Census)	\$32,785
Building Permits (2005)	2,168
Education (number of City School students – 2006)	4,130
Miles of Streets	156
Number of Acres of Parks and Playgrounds	987
Number of Libraries	3
Number of Streetlights	4,150
Public Utilities (number of customers)	
Gas	17,900
Water	13,915
Sewer	13,731
Number of Registered Voters	21,335
Bond Rating (General Obligation Bonds)	Moody's Investor Services AAA Standard & Poor's Corporation AAA
Number of Employees (FTE's):	
City	906
Schools	785

Sources:

City of Charlottesville Comprehensive Annual Financial Report for the fiscal year ending June 30, 2005; Virginia Employment Commission - Labor Market Statistics; Weldon C. Cooper Center for Public Service; University of Virginia.

City Profile

"A World Class City"

BACKGROUND

The City of Charlottesville encompasses 10.4 square miles and has a population of 40,745. Its rich history began with the town's establishment in 1762, and it was named for Queen Charlotte, wife of King George III of England. Charlottesville was incorporated as a city in 1888.



Centrally situated in the foothills of the Blue Ridge Mountains just 120 miles from the nation's capital, Washington, and 70 miles from the state capital, Richmond, Charlottesville and surrounding Albemarle County is an area rich with culture and deeply rooted in history. However Charlottesville may best be known as the home of Thomas Jefferson and his mountaintop estate Monticello, as well as the University of Virginia, founded by Jefferson and consistently ranked one of the top public universities in the nation. Both Monticello and the University of Virginia are listed on the World Heritage Foundation list of prized cultural or natural assets, making them two of the area's top attractions.

NATIONAL RANKINGS & AWARDS

The City has built a reputation as one of the best places to live in the United States. In 2004, Charlottesville was chosen as the best place to live in America by Frommer's Cities Ranked and Rated. Other national rankings include **"Best Small City in the South"** (Money Magazine), #3 "The Best Small Cities" (Men's Journal), one of **"Top Ten Places to Raise a Family"** (Reader's Digest), **"One of the Best Small Places for Business and Career"** (Forbes/Milken Institute), **"Best Tennis Town"** (Tennis Magazine), **"#2 Healthiest Place to Live in America"** (Kiplinger's Personal Finance), one of **"Seven Dream Towns that Have it All"** (Outside Magazine), **"Most Energetic City in the Country"** (USA Weekend), **"Best Retirement City for Golfers"** (Golf Digest), and the list goes on and on.



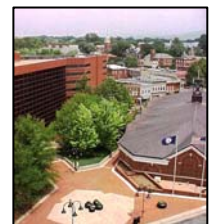
CITY GOVERNMENT

The City operates under the Council/Manager form of government with legislative powers vested in a 5 member Council elected at-large for four-year, staggered terms. The Mayor and Vice-Mayor are elected from within the Council for two-year terms. Administrative and executive duties are performed by the Council-appointed City Manager. There are approximately 905 City full-time equivalent employees.



BUSINESS

With its small-town charm and historical setting, Charlottesville attracts new business each year. Charlottesville provides a strategic location for many major high-tech employers, including the largest employer, the University of Virginia, where there are approximately 10,000 University employees, 7,000 hospital employees, and 20,000 students. Other major employers in the area include Albemarle County, Martha Jefferson Hospital, Wal-Mart, State Farm Insurance, and Northrup Grumman-Sperry Marine. The grape business is currently the fastest growing agricultural industry in the region and local wines and vineyards have been nationally recognized ever since Jefferson earned the title "Father of American Wine." All of this has resulted in the City's unemployment rate being consistently one of the lowest in the nation, averaging around 2.5% annually.



Top Ten Employers in the Charlottesville Regional Area:¹

- | | | |
|-----------------------------------|----------------------------|---------------------------|
| 1) University of Virginia | 2) UVA Medical Center | 3) County of Albemarle |
| 4) Martha Jefferson Hospital | 5) City of Charlottesville | 6) State Farm Mutual Ins. |
| 7) UVA Health Services Foundation | 8) Charlottesville Schools | 9) Northrop Grumman Co |
| 10) U.S. Department of Defense | | |

¹ Source: Adapted from the Virginia Employment Commission Labor Market Information for the Charlottesville MSA (Third Quarter 2005).

What People Are Saying...



Folks that have lived here for a long time are aware of our City's benefits and the high quality of life in our "World Class" City. Here is also what some other well-known sources are saying about life here in Charlottesville:

Frommer's Cities Ranked and Rated –
Charlottesville Ranked Best Place to Live in America! (2004)

- *Men's Journal* — #3 Best Small City to Live (2004)
- *Money Magazine* — Best Places to Live (1999 & 2000)
- *Outside Magazine* — One of the Best Places to be Found 1995 & 1999, also one of Seven Dream Towns That Have it All
- *Kiplinger's Personal Finance* — #2 Healthiest Place to Live in America
- *Reader's Digest* — Top Ten Places in the Country to Raise a Family (#7 out of 50)
- *American Health* — Top Ten Healthiest Cities for Women (#6)
- *Golf Digest* — Best Retirement City for Golfers (#1)
- *Tennis Magazine* — Best Tennis Town (#1)



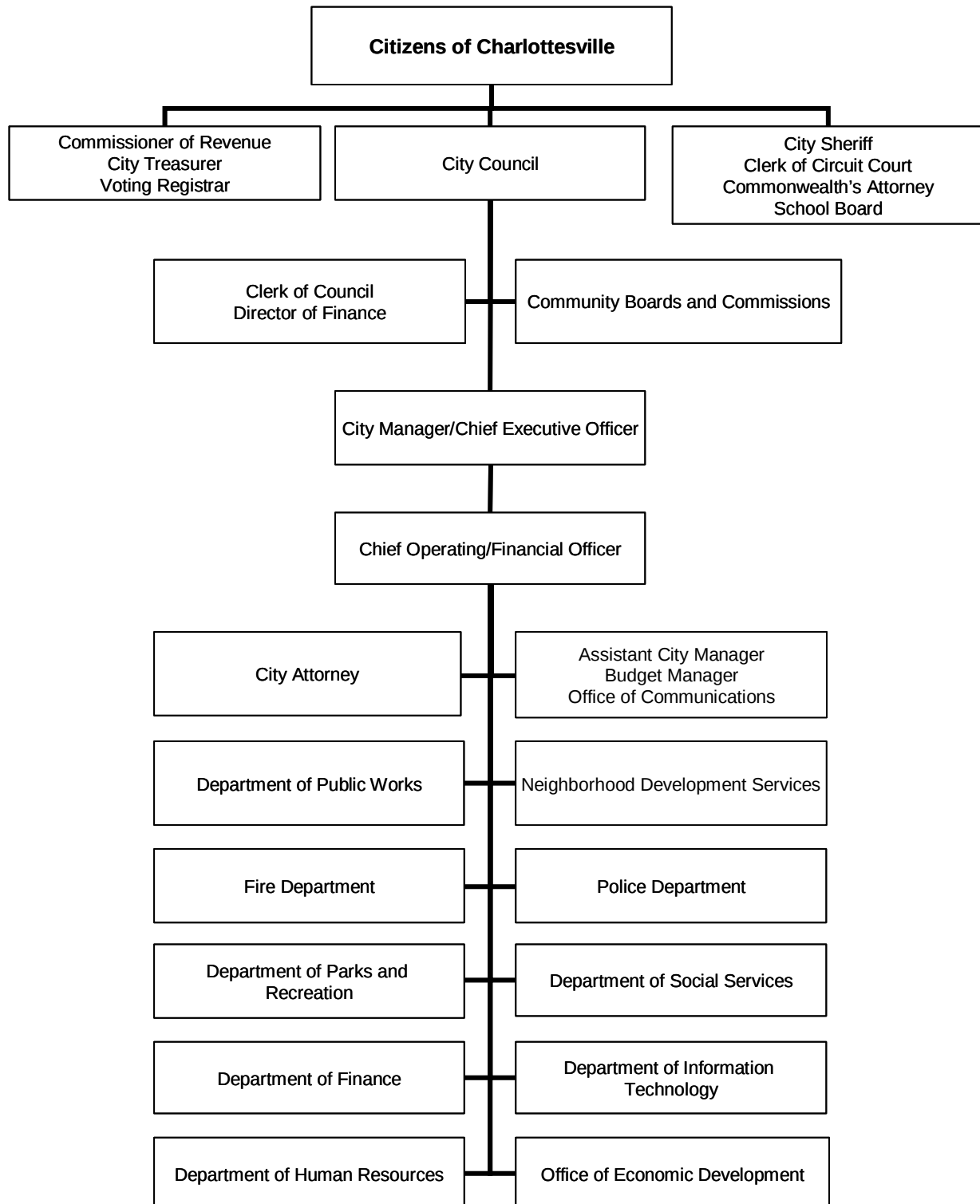
- *Department of Transportation* — Best Workplace for Commuters

- *Arts and Entertainment Television* — One of the Best Places to Live in America (#6)
- *Business 2.0 Magazine* — Fastest Growing Business Markets with a population under 1 million (#2)
- *E-Podunk.com* — Best Small College Town (#1)



- *Modern Maturity Magazine* — Most Alive Places to Live (#2 College Town)
- *Forbes/Milken Institute* — Best Small Places for Business and Career 2001 (#12)
- *Expansion Magazine* — Best Metro Areas for Overall Quality of Public Schools 2004 (#3)

City Organizational Chart



*Beginning in July 2006 the School Board moves from an appointed School Board to an elected School Board.

City Wide Staffing Levels

<u>Department/Cost Center</u>	<u>FY 04-05</u>	<u>FY 05-06</u>	<u>FY 06-07</u>	<u>General Fund</u> <u>Change</u>	<u>Other Funds</u> <u>Change</u>	<u>Explanation of Changes</u>
Management						
Mayor/Council	1.00	1.00	1.00	0.00	0.00	
City Manager's Office/Administration and Communications	10.00	10.00	9.00	(1.00)	0.00	Eliminates a Projects Assistant/Communications Specialist position.
City Manager's Office/Office of Economic Development	5.00	4.00	4.00	0.00	0.00	
City Attorney	6.00	6.00	6.00	0.00	0.00	
Voting Registrar	2.50	2.50	2.50	0.00	0.00	
Total	24.50	23.50	22.50	(1.00)	0.00	
Internal Services						
Finance Department: Purchasing/Risk Management/Warehouse	6.00	6.00	6.00	0.00	0.00	
Information Technology	18.00	18.00	18.00	0.00	0.00	
Human Resources	8.00	8.00	8.50	0.50	0.00	The additional .5 FTE is a Payroll Clerk that is being split between Finance and Human Resources.
Total	32.00	32.00	32.50	0.50	0.00	
Financial Services						
Commissioner of Revenue	13.00	13.00	13.00	0.00	0.00	
Finance Department: Management/Real Estate Assessment/Gas and Water Collections	35.50	32.00	32.50	0.50	0.00	The additional .5 FTE is a Payroll Clerk that is being split between Finance and Human Resources.
Treasurer	13.00	13.00	13.00	0.00	0.00	
Total	61.50	58.00	58.50	0.50	0.00	
Healthy Families & Community						
CACVB	8.00	8.00	8.75	0.00	0.75	This increase represents the transfer of the Downtown Visitor Center operations and personnel to this budget. This is a Non General Fund department.
Community Attention/JCAC	27.75	27.25	27.25	0.00	0.00	
Children & Youth Commission/CCF	5.43	5.43	5.80	0.00	0.37	This small increase represents the changes in hours and not a new person. This is a Non General Fund department.
Department of Social Services	105.625	106.675	105.675	0.00	(1.00)	The decrease in FTE's can be attributed to decreasing one full time eligibility worker to three quarters time, decreasing a TAFF Supervisor position by .2 FTE and eliminating a RMDI Supervision once the program ended. This is a Non General Fund department.
Neighborhood Development Services	29.00	29.00	30.00	0.00	1.00	In FY 2006, City Council approved a State funded VDOT Coordinator position. The additional FTE in FY 2007 is a Zoning Administrator/ Environmental and Soil Administrator position, which is offset 100% by additional permit and building fee revenue. Out of these FTEs, a total of four positions have dedicated sources of funding.
Parks and Recreation/Parks Maintenance	36.00	36.00	36.00	0.00	0.00	
Parks & Rec/Recreation	25.65	24.65	24.65	0.00	0.00	
Parks&Rec/Golf Courses	11.00	9.00	9.00	0.00	0.00	There is no change in FY 2007, but in FY 2006, a Gardner and a Maintenance Worker III position were eliminated.
Parks and Recreation/Downtown Mall	5.00	5.00	5.00	0.00	0.00	
Weed and Seed Grant	1.00	1.00	0.50	0.00	(0.50)	This position is now working 20 hours per week, and is 100% grant funded.
Total	254.46	252.005	252.625	0.00	0.62	

<u>Department/Cost Center</u>	<u>FY 04-05</u>	<u>FY 05-06</u>	<u>FY 06-07</u>	<u>General Fund Change</u>	<u>Other Funds Change</u>	<u>Explanation of Changes</u>
Infrastructure/Transportation						
Public Works: Administration, Facilities Management and Maintenance	17.00	17.00	17.00	0.00	0.00	
Public Works: School Building Maintenance	6.00	9.00	12.00	0.00	3.00	The increase in FTEs can be attributed to the transfer of three school employees to City employee status, which are funded 100% by the Schools.
Public Works: Fleet Management	12.00	12.00	12.00	0.00	0.00	
Public Works: Public Service	53.50	51.00	51.00	0.00	0.00	
Public Works: CTS/Greyhound Operations	68.50	66.00	66.00	0.00	0.00	
Public Works: School Pupil Transportation	24.00	23.50	23.50	0.00	0.00	
Public Works: Utilities	87.00	90.00	90.00	0.00	0.00	
Total	268.00	268.50	271.50	0.00	3.00	
Public Safety & Justice						
City Sheriff	11.00	11.00	11.00	0.00	0.00	
Commonwealth's Attorney	11.50	11.50	11.50	0.00	0.00	
Courts and Other Support Service	11.00	11.00	11.00	0.00	0.00	
Fire Department	94.00	94.00	89.00	(5.00)	0.00	This represents the elimination of five dispatchers resulting from the consolidation of the City's Fire Dispatch services with the Emergency Communications Center.
Police Department	150.00	146.00	146.00	0.00	0.00	
Total	277.50	273.50	268.50	(5.00)	0.00	
City-Wide Total	917.96	907.51	906.13	(5.00)	3.62	

Explanation of Changes: General Fund (tax supported) portion of city staffing proposes reducing 6 full time positions, which are in addition to the 10 that were reduced from the General Fund in FY 2006. This is a total of 16 General Fund positions eliminated in the past two years.

The position totals in this budget only include **full or part time regular positions**, and NOT temporary or seasonal employees due to the turnover rate of those categories, and the fact that the numbers of these employees can vary greatly in any given year. This is different from in past years, when some departments showed both and others did not. This however, presented an inaccurate count of employees. With the implementation of City Link, City staff has been better able to track and determine the number of positions in a given department and offers much easier access to this data.

GLOSSARY



Glossary

Adopted Budget	The budget as formally approved by City Council for the upcoming fiscal year.
Appropriation	Legal authorization of funds approved by City Council for budget revenues and expenditures.
Budget	Plan of financial operation for the City. Includes estimated income (revenues) and expenses (expenditures) matched with various municipal services.
Capital Improvements Program (CIP)	A plan for future capital expenditures which identifies each capital project, its anticipated start and completion, and the cost per year.
Capital Outlay	Capital Budget category for office equipment, computer equipment, machinery, and computer hardware/software.
Debt Service	Payment of principal and interest related to the City's long-term borrowing, according to a predetermined payment schedule.
Enterprise Fund	A separate fund used to account for operations that are financed and operated in a manner similar to private business enterprises where it is the intent that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. For the City of Charlottesville the water, sewer, and gas funds comprise the enterprise funds.
Expenditures	The cost of goods delivered or services rendered by the City.
Fiscal Year (FY)	A twelve-month period during which the annual operating budget applies. In the City of Charlottesville, the fiscal year is July 1 through June 30.
Full Time Equivalent (FTE)	A means to determine the number of employees in the organization as measured by number of hours worked – 1 FTE = 40 hours per week, 0.5 FTE = 20 hours per week, etc.
Fund	An accounting term to describe the City's major financial accounts: general fund, utilities, and capital improvements fund.
Fund Balance	The accumulated revenues and other financing sources over expenditures and other uses.
Fund Balance Target Adjustment	An account created to help ensure that the City continues to meet the following financial policy: the City will maintain an unappropriated fund balance in the General Fund equal to 12% of the City's operating budget.
General Fund	A fund used to account for all revenue and expenditures applicable to general operations of City departments and other agencies, not properly accounted for in another fund.

Intergovernmental Revenue	Revenue collected by one government and distributed in the form of grants, shared revenues, or payments in lieu of taxes.
Internal Service Fund	Funds which account for those activities supplied by one department to another on a cost-reimbursement basis. Fleet Maintenance, Risk Management and Information Technology are internal service funds.
Line-Item	A budgetary account representing a specific object of expenditure. The 40000 account codes represent the revenue line items and the 50000 account codes represent the expenditure line items. Examples include line item 51101 – Full-time salaries, line item 52101 – Office Supplies, and line item 55109 – Computer Hardware.
Operating Budget	A financial plan that represents proposed expenditures for a given period and estimates of revenue to finance them. Excludes expenditures for capital assets, such as capital improvements, equipment replacement, and facility repair.
Other Expenses	A category of recurring expenses other than salaries and capital equipment costs that are required for a department to function. Examples include office supplies, data processing charges, education and training, and contractual services.
Salaries and Benefits Expenses	A category of expenditures consisting primarily of the salaries, wages, and fringe benefits of the employees.
Proposed Budget	The budget formally submitted by the City Manager to the City Council for its consideration.
Revenue	The yield from various sources of income, such as taxes and permits, that the City collects and receives into the treasury for public use.
Revenue Sharing	The process by which one unit of government levies revenue and shares it with another unit of government. In this case, Albemarle County shares some of its revenue with the City of Charlottesville.
Transfers to Other Funds	An allocation of appropriations used to reimburse a fund for expenses it incurred on behalf of the transferring fund or to record the transfer of revenue from one fund to assist in funding the operation of another. In the recipient fund, a matching amount is reflected in estimated revenues under the title of "Transfer From Other Funds".
User-Fee	Payment of a fee for direct receipt of a public service by the party benefiting from the service.



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