



OPERATING & CAPITAL IMPROVEMENT PROGRAM BUDGETS

FISCAL YEAR 2025

Budget Work Session

FY 2025 Budget Development
Kick-off

February 1, 2024



Agenda

- Budget Guidelines and Financial Policies
- First Glance at FY 2025 Revenue Projections
- Schools Budget Needs
- Tax Rate Discussion and Advertisement



Budget Guidelines

1. Review major local tax rates annually
2. Develop operational budgets within projected available revenues
3. Provide sufficient funding to staff operations to meet the priorities of management and Council.
4. Incorporate the Council's Strategic Plan and Outcome Areas
5. Allocate at least 40% of new City real estate and property tax revenue to schools.
6. Invest strategically in employees by providing adequate pay and benefits
7. Continue to conduct and fund outside non-profit agencies through the Vibrant Community Fund process
8. Continue to develop and fund Intergovernmental & Fundamental Agreements that support the indirect operations of the local jurisdiction through negotiated allocations.
9. Transfer at least 3% of general fund expenditures to the Capital Improvement Fund (CIP)
10. Budget a Fund Balance Target Adjustment pool of funds to help ensure that the City continues to meet the important financial policy of maintaining an unappropriated fund balance in the General Fund.



Financial Policies

1. **Maintain a minimum General Fund balance of at least 14% of General Fund budget.** This policy provides the City with sufficient working capital and a margin of financial safety to address unforeseen, one-time expenditure emergencies or significant unforeseen declines in revenues in a specific fiscal year. In the event of a drawdown, the reserve must be replenished to the 14% level within three years.
2. **Maintain a minimum Downturn Reserve Fund balance of no less than 3% of General Fund budget.** Drawdown of this reserve can occur in the event that revenues decline by more than 1.5% of current fiscal year estimate and will be limited to less than half of the balance of the Downturn Reserve Fund. In the event of a drawdown, the reserve must be replenished to the 3% level within three years.
3. **Maintain sufficient working capital in the utility funds (Water, Wastewater, Gas, Stormwater).**



Financial Policies (cont'd)

- 4. Stabilize all non-general funds by ensuring they have a positive fund balance.**
- 5. Debt service as a percentage of the general fund total expenditure budget has a ceiling of 10%, with a target of 9%. In calculating compliance with this ratio, the City will exclude debt serviced by dedicated revenues, i.e. self-supporting debt.**
- 6. Transfer an amount equivalent to 1 percent of the meals tax rate to the Debt Service Fund**



First Glance - FY 2025 Revenue Projections

<u>Local Taxes</u>	FY 2024	FY 2025	\$ Change	FY 2024
	Adopted Budget	Projected*		Revised*
Real Estate Tax	\$ 99,403,417	\$ 106,225,936	\$ 6,822,519	\$ 102,348,188
Personal Property Tax	12,600,000	12,700,000	100,000	13,200,000
Penalty/Interest on Delinquent Taxes	700,000	850,000	150,000	850,000
Public Service Tax	1,630,567	1,746,954	116,387	1,746,954
Utility Taxes	4,600,000	4,700,000	100,000	4,600,000
Virginia Communications Sales and Use Tax	2,125,000	2,082,500	(42,500)	2,125,000
Tax on Bank Stock	1,157,411	1,157,411	-	1,157,411
Tax on Wills & Deeds	725,000	550,000	(175,000)	500,000
Sales & Use Tax	14,400,000	15,810,000	1,410,000	15,500,000
Rolling Stock Tax	18,040	18,040	-	18,040
Transient Room Tax	8,300,000	8,500,000	200,000	8,300,000
Meals Tax	15,600,000	16,800,000	1,200,000	16,500,000
Short-Term Rental	75,000	60,000	(15,000)	60,000
Cigarette Tax	550,000	550,000	-	550,000
Vehicle Daily Rental Tax	170,000	135,000	(35,000)	135,000
Plastic Bag Tax	40,000	100,000	60,000	100,000
Total	162,094,435	171,985,841	9,891,406	167,690,593

**subject to change*



First Glance - FY 2025 Revenue Projections (cont'd)

	FY 2024 Adopted Budget	FY 2025 Projected*	\$ Change	FY 2024 Revised*
<u>Licenses and Permits</u>				
Business & Professional Licenses	\$ 8,900,000	\$ 9,300,000	\$ 400,000	\$ 9,300,000
Building and Related Permits	949,000	1,005,000	56,000	949,000
Other Permits and Licenses	220,000	220,000	-	235,000
Total	<u>10,069,000</u>	<u>10,525,000</u>	<u>456,000</u>	
<u>Intergovernmental Revenue</u>				
PPTRA Revenue (State Personal Property Tax)	\$ 3,498,256	\$ 3,498,256	\$ -	\$ 3,498,256
State Highway Assistance	4,645,517	5,591,341	945,824	5,481,707
Reimbursement/Constitutional Offices	1,975,433	2,277,661	302,228	2,233,001
State Aid for Police Protection	2,460,982	2,640,188	179,206	2,588,420
Other Intergovernmental Revenue	1,096,016	867,504	(228,512)	1,023,352
City-County Revenue Sharing Agreement	15,715,740	17,760,728	2,044,988	15,715,740
Total	<u>29,391,944</u>	<u>32,635,678</u>	<u>3,243,734</u>	

**subject to change*



First Glance - FY 2025 Revenue Projections (cont'd)

	FY 2024 Adopted Budget	FY 2025 Projected*	\$ Change	FY 2024 Revised*
<u>Charges for Service</u>				
Recreation Income	\$ 1,509,269	\$ 1,100,000	\$ (409,269)	\$ 1,055,789
EMS Billing Revenue	765,000	765,000	-	765,000
Payment in Lieu of Taxes	6,746,568	7,288,205	541,637	6,746,568
Reimbursable Overtime	229,100	290,200	61,100	229,100
Waste Disposal Fees	1,115,000	1,200,000	85,000	1,200,000
Other Charges for Services	2,546,728	2,748,415	201,687	2,491,728
Total	<u>12,911,665</u>	<u>13,391,820</u>	<u>480,155</u>	
<u>Transfers from Other Funds</u>				
Transfer from Landfill Reserve Fund	\$ 500,000	\$ 450,000	\$ (50,000)	\$ 500,000
Total	<u>500,000</u>	<u>450,000</u>	<u>(50,000)</u>	

**subject to change*



First Glance - FY 2025 Revenue Projections (cont'd)

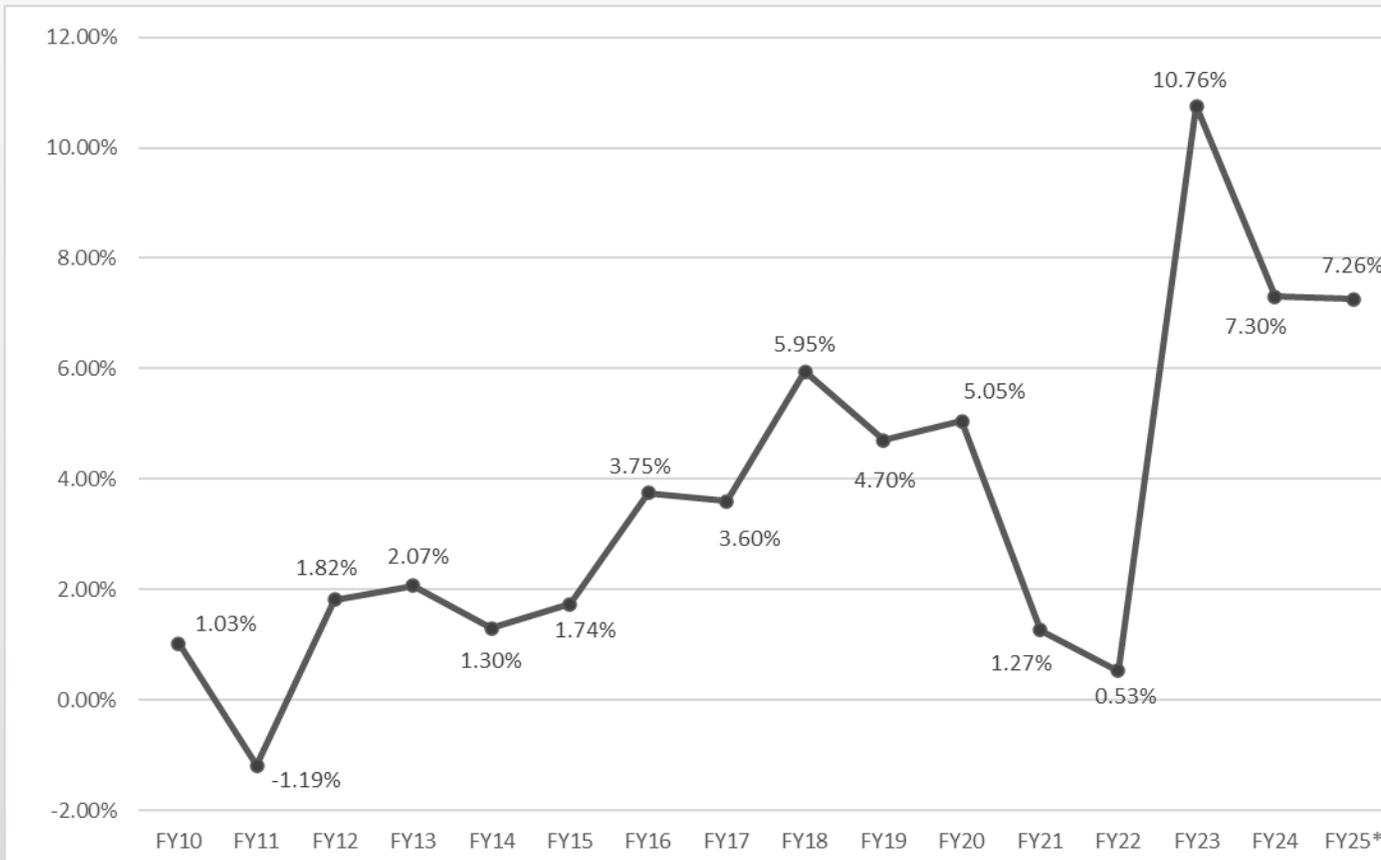
	FY 2024 Adopted Budget	FY 2025 Projected*	\$ Change	FY 2024 Revised*
Miscellaneous Revenues				
Interest Income	\$ 1,050,000	\$ 3,000,000	\$ 1,950,000	\$ 3,600,000
Rent	225,000	225,000	-	225,000
Other Miscellaneous Revenue	526,254	450,000	(76,254)	475,000
Total	<u>1,801,254</u>	<u>3,675,000</u>	<u>1,873,746</u>	
Designated Revenues				
Meals Tax Designated for the Debt Service Fund	\$ 2,836,363	\$ 3,054,545	\$ 218,182	\$ 300,000
School Contracted Services	8,750,586	9,224,168	473,582	8,750,586
Total	<u>11,586,949</u>	<u>12,278,713</u>	<u>691,764</u>	
Total Change			<u>\$ 16,586,805</u>	
% Change			7.26%	

*Projected as of January 2024

*subject to change



General Fund Budget Annual Change



<u>Fiscal Year</u>	<u>General Fund Total Budget</u>	<u>\$ change</u>
FY10	142,443,480	1,450,959
FY11	140,751,728	(1,691,752)
FY12	143,306,538	2,554,810
FY13	146,269,910	2,963,372
FY14	148,167,862	1,897,952
FY15	150,742,327	2,574,465
FY16	156,391,435	5,649,108
FY17	162,017,737	5,626,302
FY18	171,657,127	9,639,390
FY19	179,725,535	8,068,408
FY20	188,800,371	9,074,836
FY21	191,195,873	2,395,502
FY22	192,212,843	1,016,970
FY23	212,889,291	20,676,448
FY24	228,433,247	15,543,956
FY25*	245,020,052	16,586,805

*subject to change

Average Annual Change \$ 6,663,614



Expenditure Drivers

Employee Compensation and Benefits - **\$10M to \$12M** increase

- *Class and Comp Study*
- *Collective Bargaining*
- *Retiree COLA*
- *City cost increase for employee healthcare*

Schools – Local Contribution - **\$12M increase** (*original request*)

- *per 40% Formula - \$2.8M*
- *State Funding Cut - \$2.9M*

Outside Agency Funding

- **Intergovernmental/Multi-Jurisdictional Increases - \$690k requested**
- **Vibrant Community Fund**
 - *Over \$4 million in requests this year*
 - *Fundamental Agencies - \$900k requested, increase of \$264k over FY 24*



Real Estate Tax Rate Advertisement



First Tax Rate Public Hearing

March 18, 2024

6:30 PM

*Virginia Code Section 58.2-3321 which will set the date for a public hearing on the tax rate. This advertisement must be placed in the *Daily Progress* at least 7 days before the date of the public hearing.

**February 9th
Proposed Budget Balanced**



Value of \$0.01

What Does Incremental Increase Generate Based on FY 25 Estimated Revenue			
Tax Rate	Revenue Type	Rate Increase	Revenue Increase
\$0.96/\$100	Real Estate Tax	\$0.01	\$1,106,520
6.5%	Meals Tax	1.0%	\$3,054,545
\$4.20/\$100	Property Tax	\$0.01	\$30,238
\$0.08	Lodging Tax	\$0.01	\$1,062,500



Important Budget Dates

Work Sessions

March 7

March 14

March 28

April 4

Public Hearings

March 18
(Tax Rate)

March 21
(Budget)

Community Budget Forum

March 21

Budget Adoption

April 9



Questions and Discussion

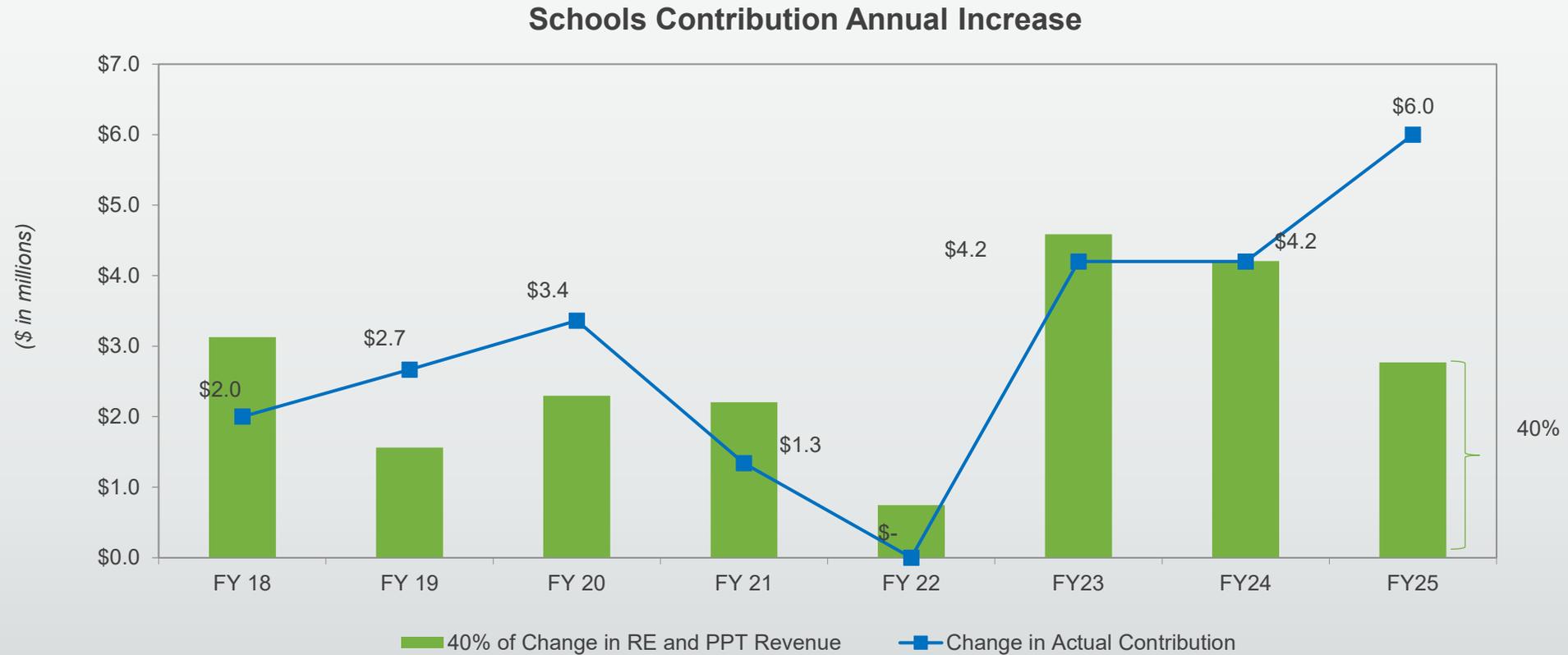
www.Charlottesville.gov/budget



Appendix

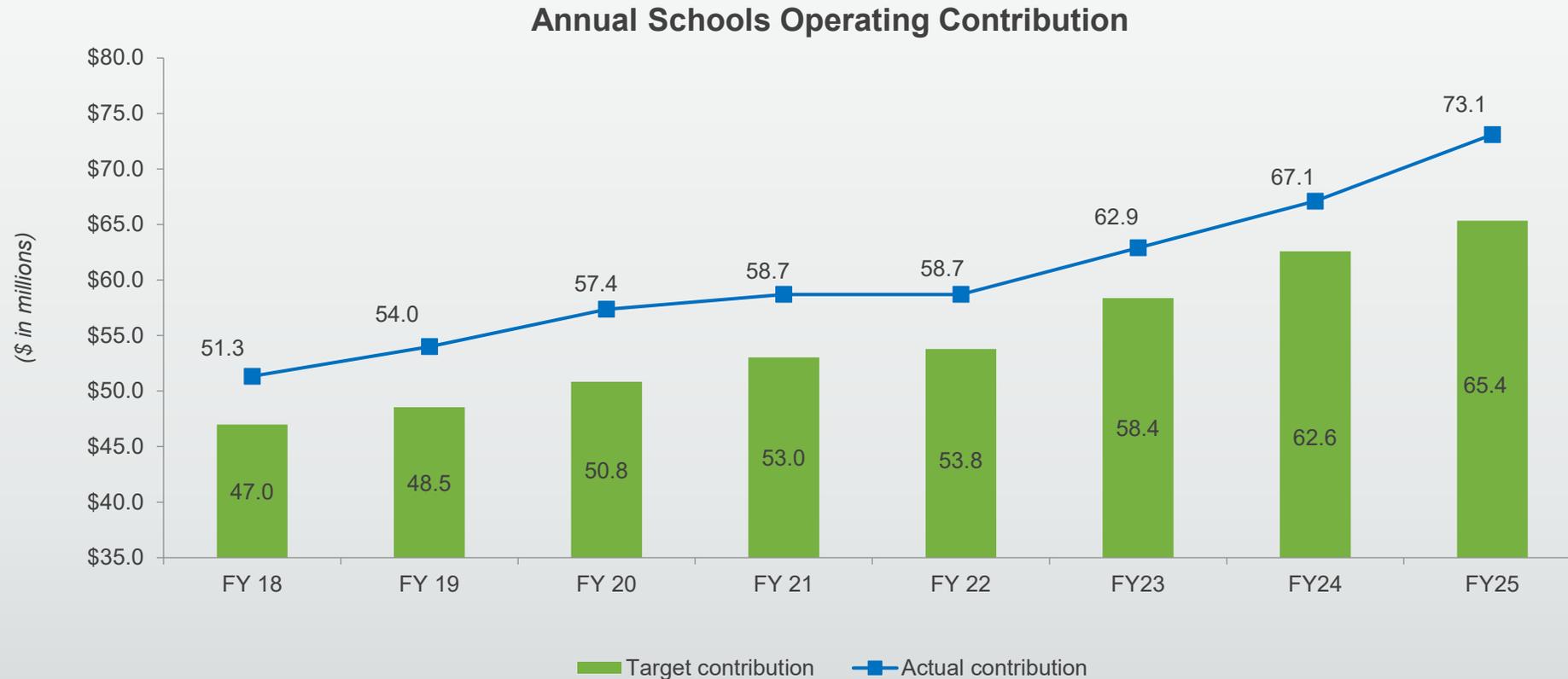


School Operations Contribution History





School Operations Contribution History





School Capital Investments

\$129M in Capital Investments Approved and Planned

- Buford Renovation and Reconfiguration - **\$68M Investment**
 - \$91.8M total project cost offset by:
 - \$17.7M State Construction Grant
 - \$4.4M FY 23 Gainsharing from CCS
 - \$1.5M Previous Fund Balance Commitment
- CATEC Purchase - **\$5M Investment**
- Proposed 5 Year-CIP for FY 25-29 - **\$56M Investment**
 - \$XXM included for Walker School Pre-k with design to begin in FY 27



School Investments – Proposed FY 25 – 29 CIP

EDUCATION	Proposed	Projected	Projected	Projected	Projected	5 Year
<u>Project</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>Total</u>
Lump Sum to Schools (City Contribution)	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	6,000,000
City Schools HVAC Replacement	750,000	750,000	750,000	750,000	750,000	3,750,000
City Schools Priority Improvement Projects	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	6,250,000
Charlottesville High School Roof Replacement	1,937,504	2,357,489	0	0	0	4,294,993
Charlottesville City School Reconfiguration	0	0	0	0	0	0
Walker School Pre-K Center	0	0	4,000,000	26,000,000	0	30,000,000
Clark Elementary School Windows	450,000	0	0	0	0	450,000
Burnley-Moran Roof Replacement	0	0	1,500,000	0	0	1,500,000
Jackson-Via Roof Replacement	0	0	0	1,500,000	0	1,500,000
Johnson Elementary Roof Replacement	0	0	0	0	1,500,000	1,500,000
School Small Capital Improvements Program	200,000	200,000	200,000	200,000	200,000	1,000,000
SUBTOTAL	\$5,787,504	\$5,757,489	\$8,900,000	\$30,900,000	\$4,900,000	\$56,244,993

Real Estate Tax Rate Comparison
Virginia Cities and Albemarle County

Locality	Real Estate Tax Rate
Williamsburg	\$ 0.62
Waynesboro	\$ 0.77
Danville	\$ 0.84
Radford	\$ 0.84
Albemarle	\$ 0.854
Covington	\$ 0.85
Fredericksburg	\$ 0.89
Lynchburg	\$ 0.89
Staunton	\$ 0.89
Norton	\$ 0.90
Emporia	\$ 0.92
Lexington	\$ 0.92
Winchester	\$ 0.93
Charlottesville	\$ 0.96
Harrisonburg	\$ 0.96
Virginia Beach	\$ 0.99
Galax	\$ 1.00
Fairfax	\$ 1.025
Franklin	\$ 1.03
Martinsville	\$ 1.04
Chesapeake	\$ 1.04
Suffolk	\$ 1.09
Alexandria	\$ 1.11
Poquoson	\$ 1.11
Hopewell	\$ 1.13
Hampton	\$ 1.16
Bristol	\$ 1.17
Newport News	\$ 1.18
Colonial Heights	\$ 1.20
Richmond	\$ 1.20
Salem	\$ 1.20
Roanoke	\$ 1.22
Falls Church	\$ 1.23
Norfolk	\$ 1.25
Manassas	\$ 1.26
Petersburg	\$ 1.27
Portsmouth	\$ 1.30
Manassas Park	\$ 1.43

Meals Tax Rate Comparison
Virginia Cities and Albemarle County

Locality	Meals Tax Rate
Fairfax	4.0%
Falls Church	4.0%
Manassas	4.0%
Manassas Park	4.0%
Alexandria	5.0%
Williamsburg	5.0%
Radford	5.5%
Roanoke	5.5%
Virginia Beach	5.5%
Albemarle	6.0%
Buena Vista	6.0%
Chesapeake	6.0%
Fredericksburg	6.0%
Hopewell	6.0%
Lexington	6.0%
Poquoson	6.0%
Salem	6.0%
Winchester	6.0%
Charlottesville	6.5%
Colonial Heights	6.5%
Danville	6.5%
Lynchburg	6.5%
Norfolk	6.5%
Suffolk	6.5%
Bristol	7.0%
Franklin	7.0%
Harrisonburg	7.0%
Martinsville	7.0%
Norton	7.0%
Petersburg	7.0%
Staunton	7.0%
Waynesboro	7.0%
Emporia	7.5%
Galax	7.5%
Hampton	7.5%
Newport News	7.5%
Portsmouth	7.5%
Richmond	7.5%
Covington	8.0%

Lodging Tax Rate Comparison
Virginia Cities and Albemarle County

Locality	Lodging Tax Rate
Manassas Park	4.0%
Manassas	5.0%
Williamsburg	5.0%
Covington	6.0%
Norton	6.0%
Waynesboro	6.0%
Winchester	6.0%
Alexandria	6.5%
Lynchburg	6.5%
Staunton	6.7%
Fairfax	7.0%
Harrisonburg	7.0%
Martinsville	7.0%
Albemarle	8.0%
Charlottesville	8.0%
Chesapeake	8.0%
Colonial Heights	8.0%
Danville	8.0%
Falls Church	8.0%
Franklin	8.0%
Fredericksburg	8.0%
Galax	8.0%
Hampton	8.0%
Hopewell	8.0%
Lexington	8.0%
Newport News	8.0%
Poquoson	8.0%
Radford	8.0%
Richmond	8.0%
Roanoke	8.0%
Suffolk	8.0%
Norfolk	9.0%
Portsmouth	9.0%
Salem	9.0%
Virginia Beach	9.0%
Petersburg	10.0%
Emporia	11.0%
Bristol	13.0%

Personal Property Tax Rate Comparison
Virginia Cities and Albemarle County

Locality	Personal Property Tax Rate
Bristol	\$ 1.17
Norton	\$ 2.05
Galax	\$ 2.25
Martinsville	\$ 2.30
Radford	\$ 2.44
Staunton	\$ 2.90
Manassas Park	\$ 3.00
Covington	\$ 3.08
Waynesboro	\$ 3.25
Fredericksburg	\$ 3.40
Salem	\$ 3.40
Albemarle	\$ 3.42
Harrisonburg	\$ 3.45
Roanoke	\$ 3.45
Colonial Heights	\$ 3.50
Hopewell	\$ 3.50
Williamsburg	\$ 3.50
Danville	\$ 3.60
Manassas	\$ 3.60
Richmond	\$ 3.70
Lynchburg	\$ 3.80
Virginia Beach	\$ 4.00
Chesapeake	\$ 4.08
Fairfax	\$ 4.13
Poquoson	\$ 4.15
Charlottesville	\$ 4.20
Lexington	\$ 4.25
Suffolk	\$ 4.25
Norfolk	\$ 4.33
Franklin	\$ 4.50
Hampton	\$ 4.50
Newport News	\$ 4.50
Winchester	\$ 4.80
Petersburg	\$ 4.90
Emporia	\$ 5.00
Falls Church	\$ 5.00
Portsmouth	\$ 5.00
Alexandria	\$ 5.33