

CITY OF CHARLOTTESVILLE

OPERATING & CAPITAL IMPROVEMENT

BUDGET

PROPOSED FISCAL YEAR
2027



Budget Work Session

January 29, 2026



Agenda

- Budget Guidelines and Financial Policies
- 2026 Real Estate Assessment
- First Glance at FY 2027 Revenue Projections
- Budget Drivers
 - Affordable Housing Questions – drive CIP and Debt Service
 - Schools – Impact of Request vs Formula
 - Transit – how many drivers? 10 drivers (68% - \$1.2M City, 32% County - \$1M)
- 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 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 designated allocations
9. Transfer at least 3% of general fund expenditures to the Capital Improvement Fund (CIP)



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**

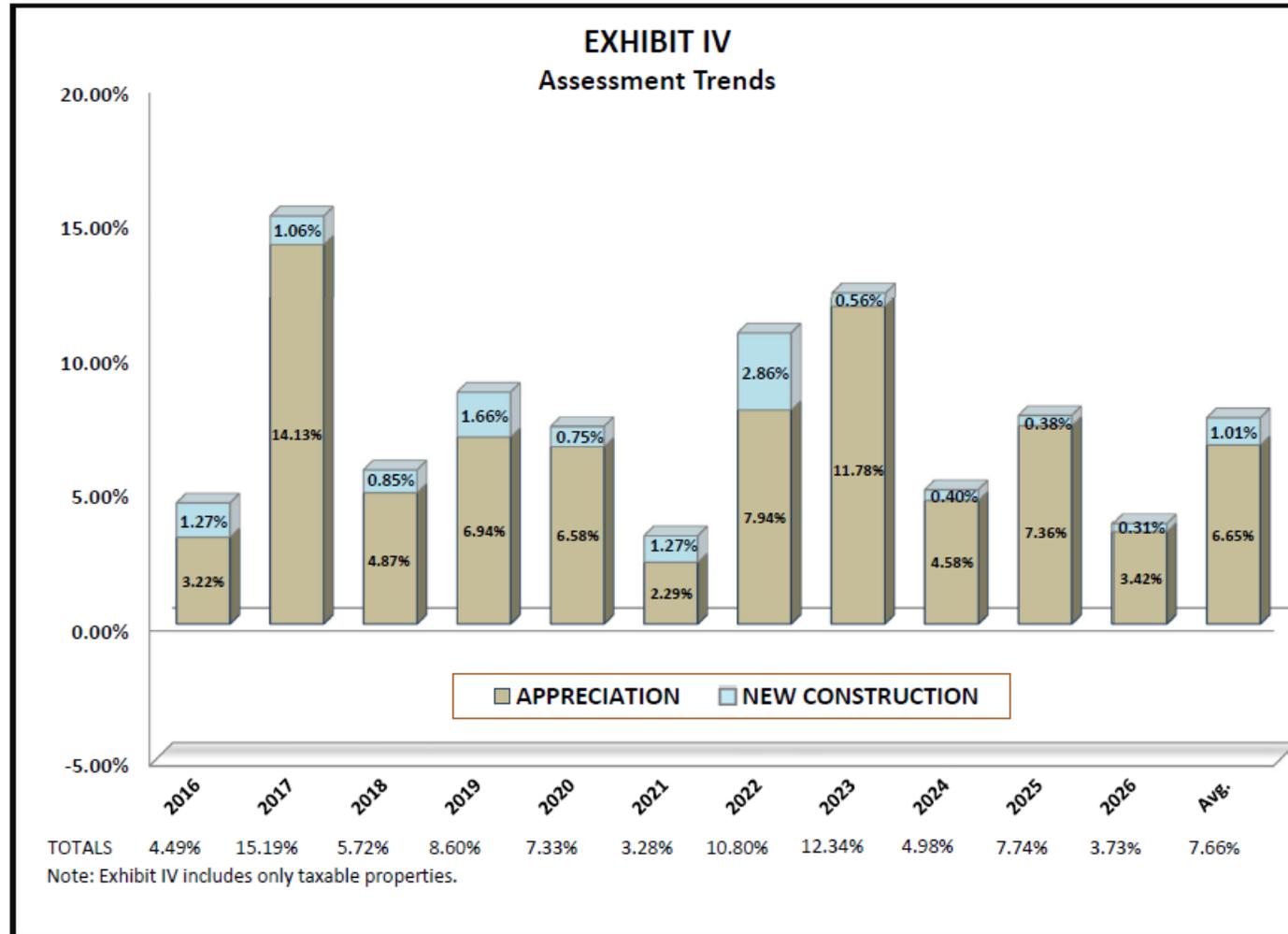


2026 General Reassessment – Exhibit I

	Residential	Commercial	Total
Assessment Values 2025	\$7,055,290,600	\$4,675,169,000	\$11,730,459,600
Adjustments (appeals, corrections, etc.)	\$2,979,500	\$33,862,200	\$36,841,700
Revised Values 2025	\$7,058,270,100	\$4,709,031,200	\$11,767,301,300
Increases (Decreases) for 2026			
General Reassessment	\$301,513,700	\$100,668,130	\$402,181,830
% Change from Reassessment	4.27%	2.14%	3.42%
New Construction	\$33,249,500	\$2,906,870	\$36,156,370
% Change from New Construction	0.47%	0.06%	0.31%
Total Increase (Decrease)	\$334,763,200	\$103,575,000	\$438,338,200
% Change Before Reclassification	4.74%	2.21%	3.73%
New Total 2026	\$7,393,033,300	\$4,812,606,200	\$12,205,639,500
Reclassification (Taxable to Non-Taxable)	(\$114,300)	\$70,100	(\$44,200)
% Change from Reclassification	0.00%	0.00%	0.00%
Total Assessed Values 2026	\$7,392,919,000	\$4,812,676,300	\$12,205,595,300
General Reassessment	4.74%	2.20%	3.72%



Assessment Trends





Taxable Parcels

Taxable Parcels	
Average Assessed Value	
Residential:	\$548,761.80
Commercial:	\$2,753,247.31
Assessed Values	
Residential:	\$7,392,919,000
Commercial:	\$4,812,676,300
Total:	\$12,205,595,300
Parcel Count	
Residential:	13,472
Commercial:	1,748
Total:	15,220



FY 2027 Revenues – First Glance

	FY 2026 Adopted Budget	FY 2027 Proposed	\$ Change	FY 2026 Revised*
Local Taxes				
Real Estate Tax	\$ 116,989,377	\$ 120,918,471	\$ 3,929,094	\$ 116,711,274
Personal Property Tax - <i>Still Under Review</i>	15,000,000	14,935,000	(65,000)	14,500,000
Penalty/Interest on Delinquent Taxes	900,000	900,000	-	900,000
Public Service Tax	1,961,548	2,048,263	86,715	2,048,263
Utility Taxes	4,800,000	5,000,000	200,000	5,000,000
Virginia Communications Sales and Use Tax	2,082,500	2,082,500	-	2,082,500
Tax on Bank Stock	1,171,353	1,264,385	93,032	1,264,385
Tax on Wills & Deeds	600,000	786,000	186,000	850,000
Sales & Use Tax	14,500,000	15,606,000	1,106,000	15,300,000
Rolling Stock Tax	17,000	17,000	-	17,000
Transient Occupancy Tax	9,100,000	9,588,000	488,000	9,400,000
Meals Tax	18,200,000	19,380,000	1,180,000	19,000,000
Short-Term Rental	61,000	61,000	-	61,000
Cigarette Tax	450,000	450,000	-	450,000
Vehicle Daily Rental Tax	140,000	135,000	(5,000)	135,000
Plastic Bag Tax	75,000	67,000	(8,000)	67,000
Total	\$ 186,047,778	\$ 193,238,619	\$ 7,190,841	187,786,422



FY 2027 Revenues – First Glance

	FY 2026 <u>Adopted Budget</u>	FY 2027 <u>Proposed</u>	<u>\$ Change</u>	FY 2026 <u>Revised*</u>
<u>Licenses and Permits</u>				
Business & Professional Licenses	\$ 10,800,000	\$ 10,800,000	\$ -	\$ 10,800,000
Building and Related Permits	912,000	912,000	-	912,000
Other Permits and Licenses	309,100	224,100	(85,000)	309,100
Total	<u>\$ 12,021,100</u>	<u>\$ 11,936,100</u>	<u>\$ (85,000)</u>	<u>12,021,100</u>
<u>Intergovernmental Revenue</u>				
PPTRA Revenue (State Personal Property Tax)	\$ 3,498,256	\$ 3,498,256	\$ -	\$ 3,498,256
State Highway Assistance	5,742,410	5,926,840	184,430	5,810,627
Reimbursement/Constitutional Offices	2,457,327	2,457,327	-	2,485,704
State Aid for Police Protection	2,734,706	2,734,767	61	2,681,144
Fire Aid - UVA	402,325	418,418	16,093	402,325
Other Intergovernmental Revenue	594,672	674,704	80,032	594,672
City-County Revenue Sharing Agreement	11,573,099	11,800,788	227,689	11,573,099
Total	<u>\$ 27,002,795</u>	<u>\$ 27,511,100</u>	<u>\$ 508,305</u>	<u>27,045,827</u>



FY 2027 Revenues – First Glance

	FY 2026 Adopted Budget	FY 2027 Proposed	\$ Change	FY 2026 Revised*
<u>Charges for Service</u>				
Recreation Income	\$ 1,400,922	\$ 1,400,922	\$ -	\$ 1,400,922
EMS Billing Revenue	1,100,000	1,200,000	100,000	1,100,000
Payment in Lieu of Taxes	7,856,471	8,262,194	405,723	7,856,471
Reimbursable Overtime	559,400	559,400	-	559,400
Waste Disposal Fees	1,210,000	1,225,000	15,000	1,210,000
Other Charges for Services	2,694,921	2,916,554	221,633	2,694,921
Total	<u>\$ 14,821,714</u>	<u>\$ 15,564,070</u>	<u>\$ 742,356</u>	<u>14,821,714</u>
<u>Transfers from Other Funds</u>				
Transfer from Landfill Reserve Fund	\$ 450,000	\$ 548,375	\$ 98,375	\$ 450,000
Total	<u>\$ 450,000</u>	<u>\$ 548,375</u>	<u>\$ 98,375</u>	<u>450,000</u>
<u>Miscellaneous Revenues</u>				
Interest Income	\$ 2,700,000	\$ 3,100,000	\$ 400,000	\$ 3,800,000
Rent	172,000	161,000	(11,000)	172,000
Other Miscellaneous Revenue	467,350	567,600	100,250	567,350
Total	<u>\$ 3,339,350</u>	<u>\$ 3,828,600</u>	<u>\$ 489,250</u>	<u>4,539,350</u>



FY 2027 Revenues – First Glance

	<u>FY 2026 Adopted Budget</u>	<u>FY 2027 Proposed</u>	<u>\$ Change</u>	<u>FY 2026 Revised*</u>
<u>Designated Revenues</u>				
Meals Tax Designated for the Debt Service Fund	\$ 3,000,000	\$ 3,230,000	\$ 230,000	\$ 3,200,000
City-County Revenue Share - Transfer to the CIP	8,302,434	9,779,212	1,476,778	8,302,434
City-County Revenue Share - Transfer to Facilities Repair	400,000	400,000	-	400,000
School Contracted Services	9,890,570	10,361,128	470,558	9,890,570
Total	<u>\$ 21,593,004</u>	<u>\$ 23,770,340</u>	<u>\$ 2,177,336</u>	<u>21,793,004</u>
Grand Total	<u><u>\$ 265,275,741</u></u>	<u><u>\$ 276,397,204</u></u>	<u><u>\$ 11,121,463</u></u>	<u><u>\$ 268,457,417</u></u>
	% Change	4.19%		



Operational Expenditure Drivers

Employee Compensation and Benefits

- *Collective Bargaining*
 - ✓ *Police – currently renegotiating new contract for FY27*
 - ✓ *Fire – wage re-opener being negotiated for FY27, new contract for FY28*
 - ✓ *Transit – contract year 3 – new contract in FY28*
 - ✓ *Teamsters – contract year 2 of 4*
- *Unaffiliated Pay Adjustment - TBD*
- *City cost increase for employee benefits*

Schools – Local Contribution - \$6.4M Ask

- *per 40% Formula - \$1.5M*

Other Notable Drivers

- *Jail Renovation*
- *Debt Service*
- *Affordable Housing*
- *CAT Expansion*



Expenditure Drivers – Affordable Housing Projects

PENDING DECISIONS

- \$3M for Kindlewood Phase 4 Gap
- \$900,000 Community Services Housing (40 units) [Preservation]
- \$1.75M Brick Lane Better Communities (192 units) [New]
- \$3M POAH – 10th & Wertland (170 units) [New]
 - ✓ *All cash funded*
 - ✓ *In excess of \$10M commitment*
- *Allocation of expected proffers*
- *Methodology for considering future requests*



CAT Expansion Expenditure Increases

10 New Drivers
76 Total

Source	Amount
Transit Operators (10 - \$80,889 each)	\$808,890
Subtotal – Support Positions	\$808,890
Transit Operations Manager (1)	\$133,986
Transit Operations Supervisor (1)	\$112,210
Transit Bus Technician (2- \$101,607 each)	\$203,214
Transit Inventory Specialist	\$87,262
Subtotal – Support Positions	\$536,672
Zero-fare	\$501,939
CBA	\$354,582
Subtotal – Council Priority & Contractual	\$856,521
Total FY27 Revenue Funding	\$2,202,083



CAT Expansion (10 Drivers) Revenue Sources

City Funds Needed for Expansion	\$ 6,694,976
Less: FY26 City Contribution in Base Budget	(5,235,892)
City Increase for FY 27	\$ 1,459,084

Source	Amount
Federal Operating Assistance	\$4,284,911
CARES/ARP	\$ --
State Operating Assistance	\$2,919,681
State Grant – TRIP Grant (Zero Fare)	\$ --
Local – City of Charlottesville	\$6,694,976
Purchased Service – Albemarle County	\$3,343,187
Purchased Service – UVA payment (Trolley Service)	\$242,772
Advertising	\$97,300
Total FY27 Revenue Funding	\$17,582,827



CAT Expansion - Weekday Service Span and Frequencies

Existing Service
6 to 6:30 a.m. to
10-10:30 p.m.

Route #	Route Name	6:00 AM	7:00 AM	8:00 AM	9:00 AM	10:00 AM	11:00 AM	12:00 PM	1:00 PM	2:00 PM	3:00 PM	4:00 PM	5:00 PM	6:00 PM	7:00 PM	8:00 PM	9:00 PM	10:00 PM	11:00 PM
1	PVCC and Woolen Mills	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
2	5th Street Station	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
3	Southwest & Belmont	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
4	Cherry Ave & Harris Rd	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
5	Commonwealth Dr	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
6	Ridge St & Prospect Ave	30	30	30	30	30	30	30	30	30	30	30	30	60	60	60	60	60	60
7	Emmet St & Seminole Trl	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
8	Preston Ave & Emmet St	60	60	60	60	60	60	60	60	60	60	60	60						
9	The Health Dept & YMCA		30	30	30	30	60	60	30	30	30	30	30	60	60	60	60	60	60
10	Pantops	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
11	Locust Ave & Rio Rd	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
Trolley	Trolley	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25

76 Operator Service
6:00 a.m. to 10:30
p.m.

Route #	Route Name	6:00 AM	7:00 AM	8:00 AM	9:00 AM	10:00 AM	11:00 AM	12:00 PM	1:00 PM	2:00 PM	3:00 PM	4:00 PM	5:00 PM	6:00 PM	7:00 PM	8:00 PM	9:00 PM	10:00 PM	11:00 PM
1	PVCC and Woolen Mills	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
2A/2B	Downtown - 5th St. Station	30	30	30	30	30	30	30	30	30	30	30	30	30	30	60	60	60	
2B	5th St. Station - PVCC	60	60	60	60	60	60	60	60	60	60	60	60	60	60				
3	Southwest & Belmont	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
4	Cherry Ave & Harris Rd	30	30	30	30	30	30	30	30	30	30	30	30	60	60	60	60	60	60
5A/5B	Barracks - Walmart	30	30	30	30	30	30	30	30	30	30	30	30	60	60	60	60	60	60
5B	Walmart-Hollymead	60	60	60	60	60	60	60	60	60	60	60	60						
6	Ridge St & Prospect Ave	30	30	30	30	30	30	30	30	30	30	30	30	60	60	60	60	60	60
7	Emmet St & Seminole Trl - Walmart	30	30	30	15	15	15	15	15	15	15	15	15	15	30	30	30	30	30
8	Preston Ave & Emmet St	60	60	60	60	60	60	60	60	60	60	60	60						
9	The Health Dept & YMCA	30	30	30	60	60	60	60	60	60	60	30	30	60	60	60	60	60	60
10	Pantops (bi-directional)	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
11	Locust Ave & Rio Rd	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
Trolley	Trolley	30	30	30	15	15	15	15	15	15	15	15	15	30	30	30	30	30	30

- 2A and 2B combined provides 30-minute service on Avon Street Extended from 6 am to 8 pm, with every other trip continuing either Willoughby or to PVCC.
- 5A and 5B combined provides 30-minute service from Barracks Road to Walmart, with every other trip continuing north to Hollymead between 6 am and 6 pm.



CAT Expansion - Saturday Service Span and Frequencies

Existing Service

6 to 6:30 a.m. to
10-10:30 p.m.

Route #	Route Name	6:00 AM	7:00 AM	8:00 AM	9:00 AM	10:00 AM	11:00 AM	12:00 PM	1:00 PM	2:00 PM	3:00 PM	4:00 PM	5:00 PM	6:00 PM	7:00 PM	8:00 PM	9:00 PM	10:00 PM	11:00 PM
1	PVCC and Woolen Mills																		
2	5th Street Station	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30		
3	Southwest & Belmont	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
4	Cherry Ave & Harris Rd	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	
5	Commonwealth Dr	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	
6	Ridge St & Prospect Ave	30	30	30	30	30	30	30	30	30	30	30	30	60	60	60	60		
7	Emmet St & Seminole Trl	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	
8	Preston Ave & Emmet St	60	60	60	60	60	60	60	60	60	60	60	60						
9	The Health Dept & YMCA		60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	
10	Pantops	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
11	Locust Ave & Rio Rd	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
Trolley	Trolley	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25		

76 Operator Service

6:30 a.m. to 10:30
p.m.

Route #	Route Name	6:00 AM	7:00 AM	8:00 AM	9:00 AM	10:00 AM	11:00 AM	12:00 PM	1:00 PM	2:00 PM	3:00 PM	4:00 PM	5:00 PM	6:00 PM	7:00 PM	8:00 PM	9:00 PM	10:00 PM	11:00 PM
1	PVCC and Woolen Mills	60	60	60	60	60	60	60	60	60	60	60	60						
2A/2B	Downtown - 5th St. Station	30	30	30	30	30	30	30	30	30	30	30	30	30	30	60	60	60	60
2B	5th St. Station - PVCC	60	60	60	60	60	60	60	60	60	60	60	60	60	60				
3	Southwest & Belmont	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
4	Cherry Ave & Harris Rd	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
5A	Barracks - Walmart	60	60	60	30	30	30	30	30	30	30	30	30	60	60	60	60	60	60
5B	Walmart-Hollymead																		
6	Ridge St & Prospect Ave	60	60	60	30	30	30	30	30	30	30	30	30	60	60	60	60	60	60
7	Emmet St & Seminole Trl - Walmart	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
8	Preston Ave & Emmet St	60	60	60	60	60	60	60	60	60	60	60	60						
9	YMCA & Fashion Sq	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
10	Pantops (bi-directional)	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60
11	Locust Ave & Rio Rd	60	60	60	60	60	60	60	60	60	60	60	60						
Trolley	Trolley	30	30	30	15	15	15	15	15	15	15	15	15	15	30	30	30	30	30

- 2A and 2B combined provides 30-minute service on Avon Street Extended from 6 am to 8 pm, with every other trip continuing either Willoughby or to PVCC.
- Route 5B does not operate on Saturdays. Only 5A operates on Saturdays between Barracks Road Shopping Center and Walmart.



Real Estate Tax Rate Advertisement

First Tax Rate Public Hearing
March 16, 2026
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 13th
Proposed Budget Balanced



Value of Incremental Tax Increase

What Does Incremental Increase Generate Based on FY 27 Estimated Revenue			
Tax Rate	Revenue Type	Rate Increase	Revenue Increase
\$0.98/\$100	Real Estate Tax	\$0.01	\$1,233,862
7.0%	Meals Tax	1.0%	\$3,230,000
9.0%	Lodging Tax	1.0%	\$1,065,333
\$4.40/\$100	Property Tax (All)	\$0.10	\$339,432



Personal Property Tax Breakdown

Incremental Increases on Personal Property Types Based on FY 27 Estimated Revenue

Tax Rate	Revenue Type	Rate Increase	Revenue Increase
\$4.40/\$100	Vehicles	\$0.10	\$274,940
\$4.40/\$100	Machinery & Tools	\$0.10	\$10,183
\$4.40/\$100	Business Tangibles	\$0.10	\$54,309



Important Budget Dates

Work Sessions

March 5

March 12

March 26

April 2

Public Hearings

March 16
(Tax Rates)

April 6
(Budget)

Community Budget Forum

March 19

Budget Adoption

April 9



Questions and Discussion

www.Charlottesville.gov/budget

