



# CITY MANAGER'S PROPOSED FY27 BUDGET PRESENTATION

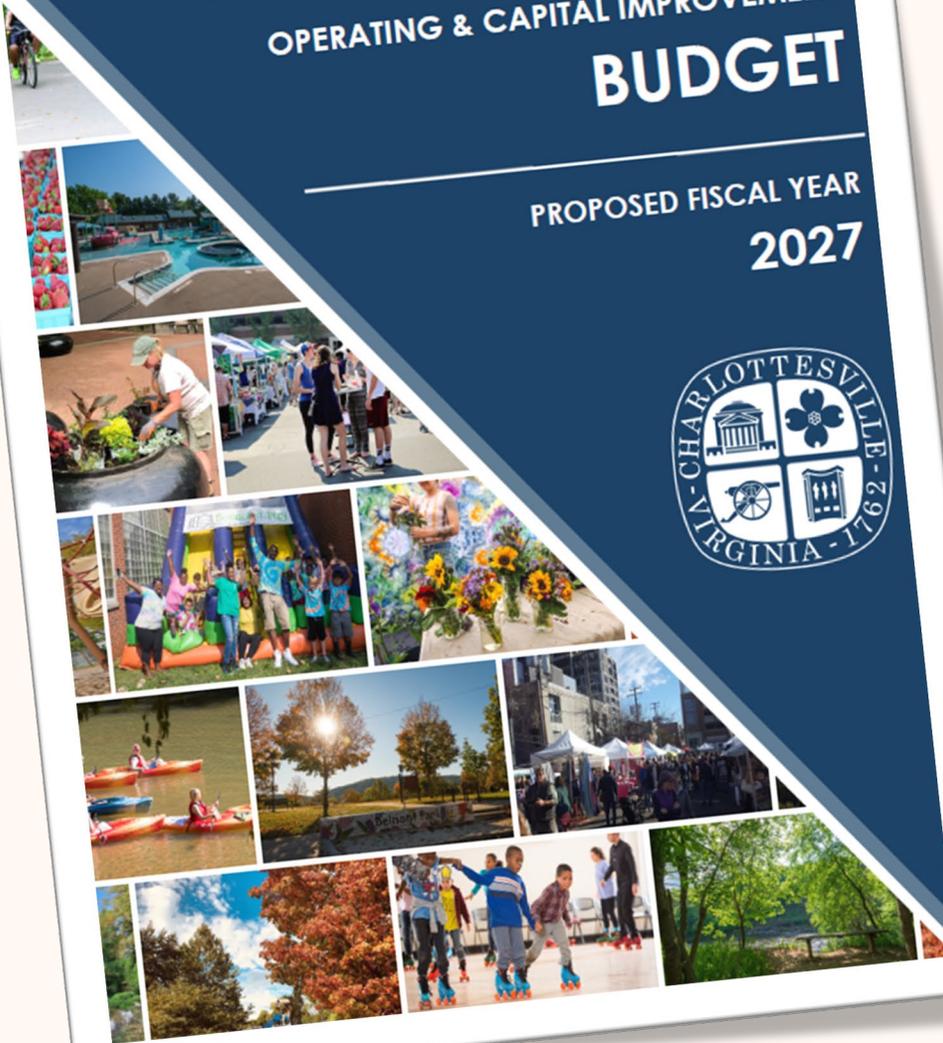
March 2, 2026

# CITY OF CHARLOTTESVILLE

## OPERATING & CAPITAL IMPROVEMENT

# BUDGET

PROPOSED FISCAL YEAR  
**2027**





**Vision & Planning**

**Proposed FY27 Budget**

**What's Next?**

**Breaking Down The Budget**

**Other Financial Matters**

FY 2018 - FY2020

# Strategic Plan & Management Reporting Guide

City of Charlottesville



+ FY 2021  
+ FY 2022



# MISSION

The City of Charlottesville is a diverse and compassionate organization dedicated to providing excellence in public service for a resilient and sustainable community.



# VISION

To Be A Place Where Everyone Thrives



# VALUES

- Commitment
- Integrity
- Respect
- Innovation
- Collaboration



# COMMITMENT TO COMMUNITY PROSPERITY

The City of Charlottesville is committed to implementing equitable practices and policies across all of its activities.



# STRATEGIC OUTCOME AREAS

1. Affordable Housing
2. Public Safety
3. Organizational Excellence
4. Transportation
5. Climate Action
6. Partnerships
7. Education
8. Economic Prosperity
9. Recreation, Art, Culture



## 3 Year Plan FY24 – FY26

- Strength & Stability
- Communication, Coordination, & Collaboration
- Implementing Our Plans



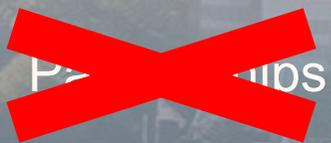
## 5 Year Plan FY27 – FY31

- 5 Strategic Goals
- Organizational Excellence

# STRATEGIC OUTCOME AREAS



1. Affordable Housing



2. Public Safety

5. Education

~~Organizational  
Excellence~~

6. Economic  
Prosperity

3. Transportation

7. Recreation, Art,  
Culture

4. Climate Action

# ECONOMIC OUTLOOK

## Charlottesville by the Numbers

**\$265,248,446**

**General Fund Budget (FY26)**

**10.2**

**Square Miles**

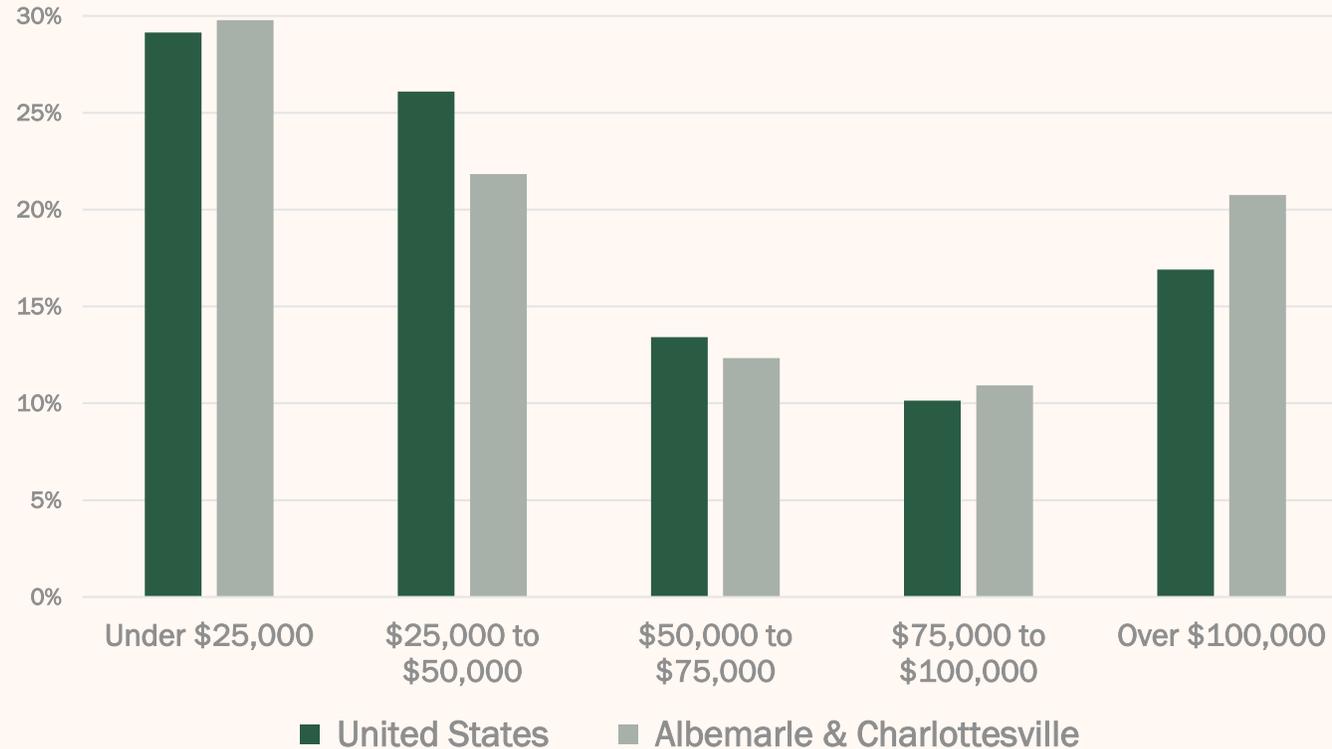
**2.6%**

**Unemployment rate - lower than the state (3.5%)  
and national (4.4%) average**

**51,743**

**Residents in 2024 (2025 not yet available)**

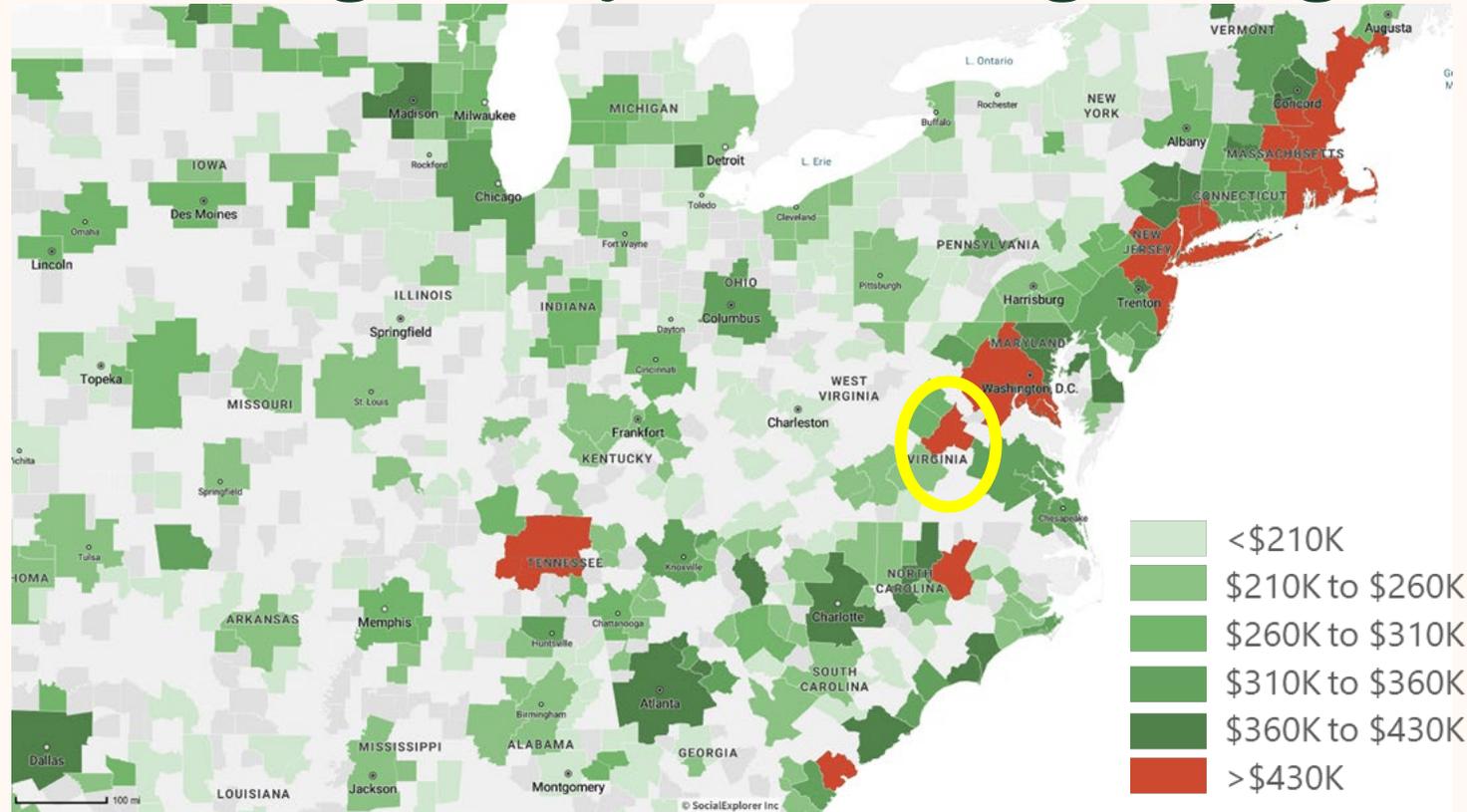
# Relatively few Albemarle & Charlottesville workers earn middle-income wages



## Wage Distribution in 2024

Source: Census American Community Survey

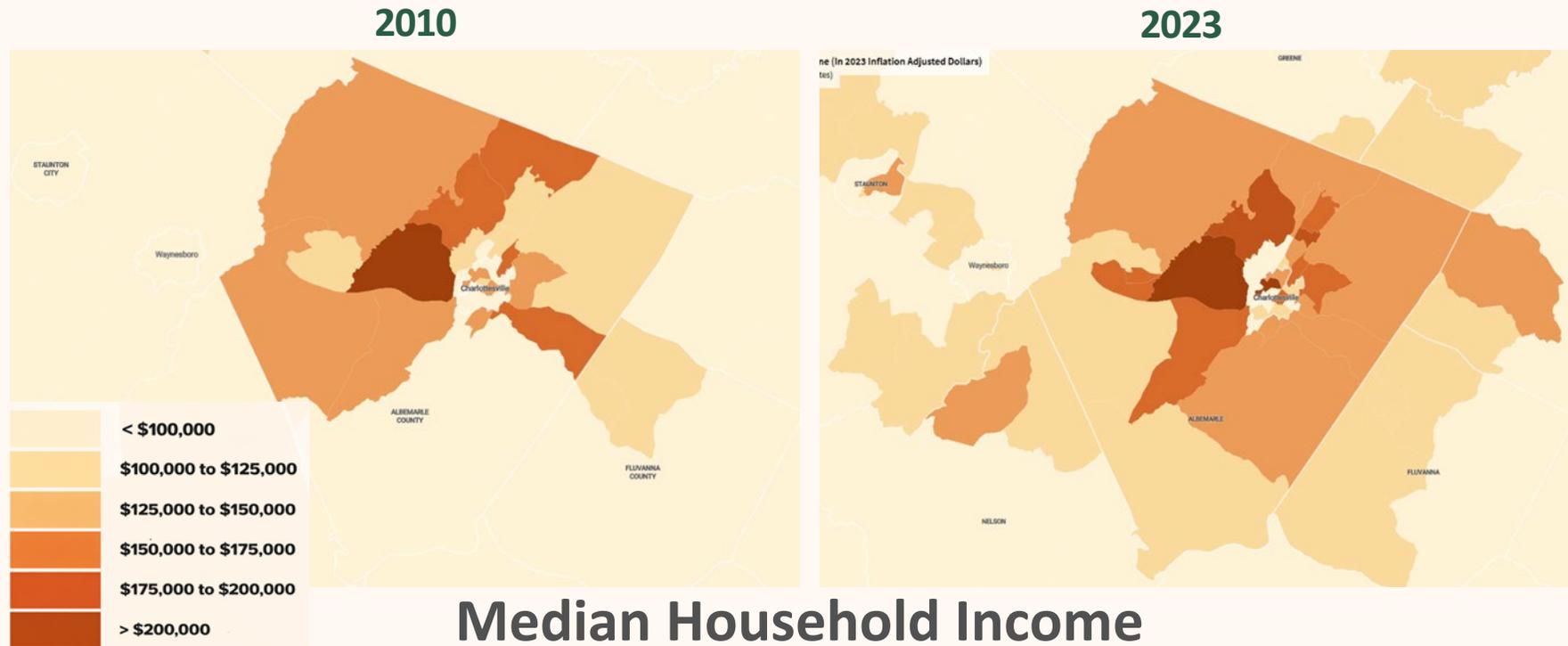
# The Charlottesville area's high housing costs are gradually transforming the region



## Median home value by MSA, 2023

Source: Census American Community Survey

# An increasing share of the region's workers live outside Albemarle & Charlottesville



Source: Census American Community Survey



**How does the city  
budget breakdown?**



# BUDGET

A plan of how you will spend and save over a period of time.



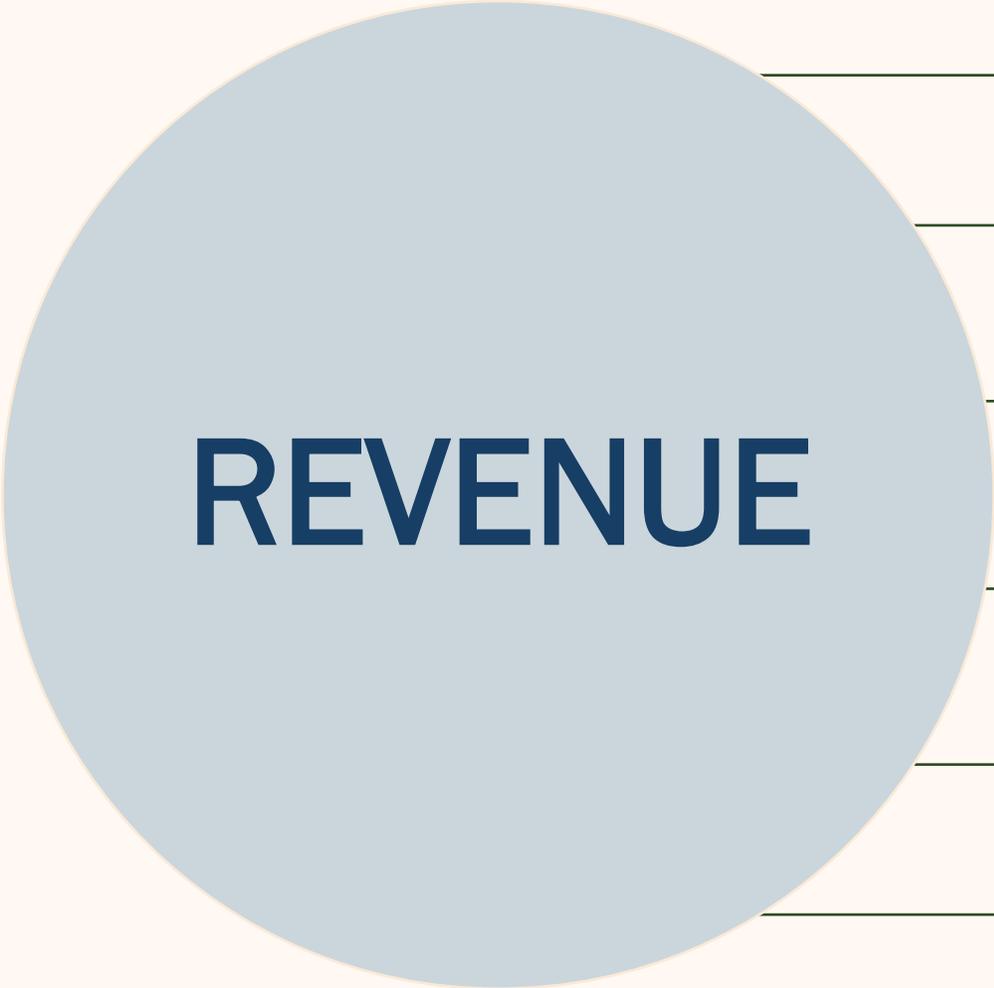
# BALANCING A BUDGET

1. Increase Revenue
2. Decrease Expenses

*Per Section 19 of the City Charter, the City Manager is required to produce a balanced budget and present it to the City Council for consideration and adoption.*



**Where is the revenue  
coming from?**



Property Taxes

Other Taxes

Intergovernmental

Federal Funds

State Funds

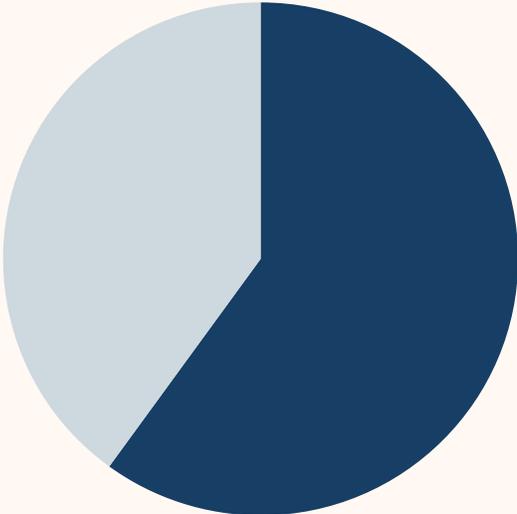
Fees & Fines

# CURRENT TAX RATES

REVENUE TYPE	TAX RATE
Real Estate Tax	\$.98/\$100
Meals Tax	7.0%
Lodging Tax	9.0%
Property Tax (All)	\$4.40/100

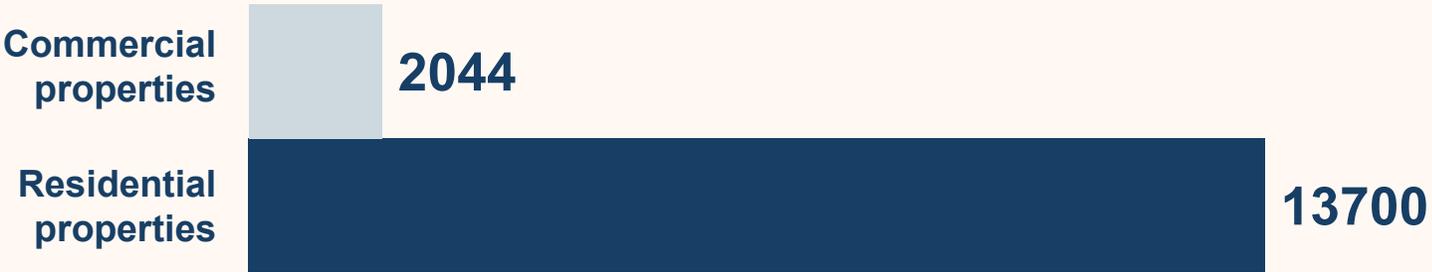
# REAL ESTATE ASSESSMENTS

CITY'S TAX BASE



**40%** Commercial  
**60%** Residential

<b>\$548,800</b>	Average value of residential property in 2026
<b>4.27%</b>	Residential assessment increase
<b>2.14%</b>	Commercial assessment increase
<b>3.42%</b>	Combined existing value of residential and commercial



# REVENUE SHARING w/Albemarle County

- Per the 1982 Agreement
- Funds transfer every January 31
- In effect until consolidation of governments, state law change, or mutual agreement

Fiscal Year	Amount	Change (\$)	Change %
FY26	\$20,175,533	\$242,4805	13.6
FY25	\$17,760,728	\$204,4988	13.0
FY24	\$15,715,740	\$170,513	1.1
FY23	\$15,545,227	\$133,393	0.9
FY22	\$15,411,834	\$822,521	5.6
FY21	\$14,589,313	\$389,706	2.7

Fiscal Year	Amount	Change (\$)	Change %
FY20	\$14,199,607	(\$1,496,753)	-9.5
FY19	\$15,696,360	\$159,125	-1.0
FY18	\$15,855,485	\$88,401	0.6
FY17	\$15,767,084	(\$291,584)	-1.8
FY16	\$16,058,668	(\$408,313)	-2.5
FY15	\$16,466,981	(\$464,352)	-2.7



# CITY MANAGER'S PROPOSED BUDGET

- 11-Page Executive Summary
- Found on Pages 11-22

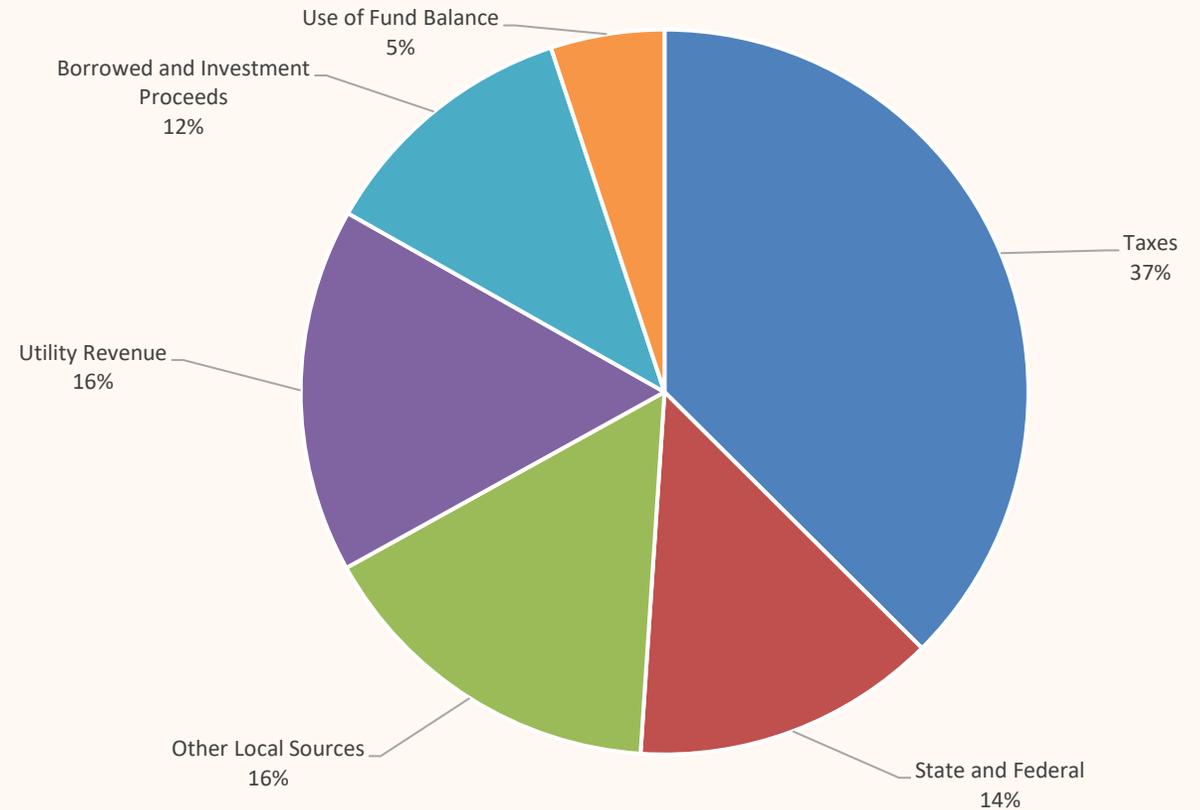
# TOTAL PROPOSED FY27 REVENUES

## Revenues

Taxes	
State and Federal	
Other Local Sources	
Utility Revenue	
Borrowed and Investment Proceeds	
Use of Fund Balance	

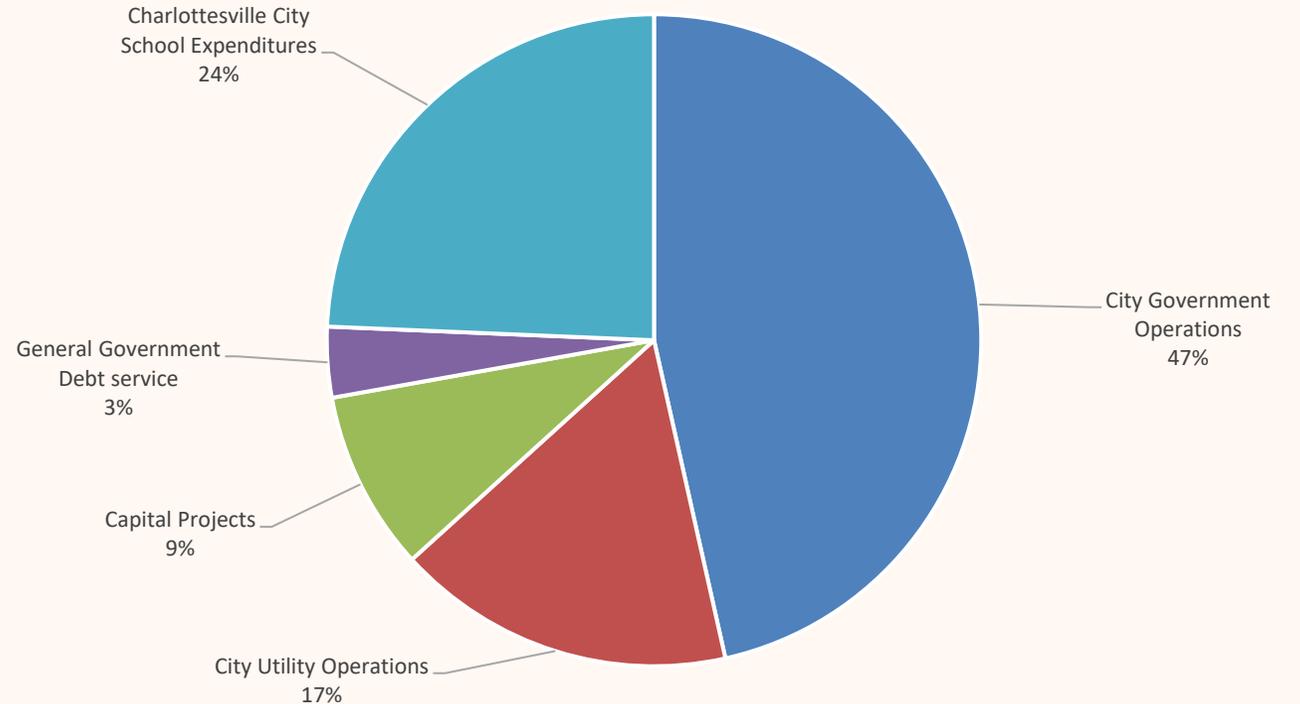
## Proposed Budget

\$	199,353,395
	72,117,011
	84,484,451
	86,522,839
	62,431,579
	26,869,160
<hr/>	
\$	531,778,435



# TOTAL PROPOSED FY27 EXPENDITURES

<u>Expenditures</u>	<u>Proposed Budget</u>
City Government Operations	\$ 247,264,092
City Utility Operations	89,118,585
<b>Total Operations</b>	<b>\$ 336,382,677</b>
Capital Projects	\$ 47,423,277
General Government Debt service	18,595,000
<b>Total City Government Expenditures</b>	<b>\$ 402,400,954</b>
Charlottesville City School Expenditures	\$ 129,377,481
<b>Total Proposed Budget</b>	<b>\$ 531,778,435</b>



# BUDGET DRIVERS

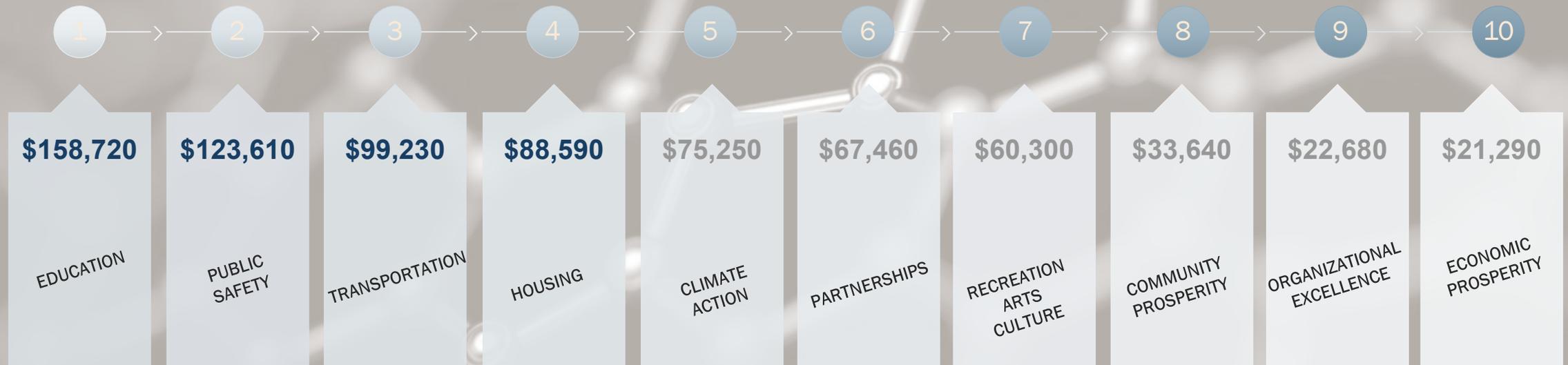
```
graph LR; A[BUDGET DRIVERS] --- B[Transportation]; A --- C[Affordable Housing]; A --- D[City Schools]
```

Transportation

Affordable  
Housing

City Schools

# CITY MANAGER'S BUDGET FORUM RESULTS



# FY27 PROPOSED BUDGET HIGHLIGHTS

## General Fund Total

\$277,175,674

## Revenue Growth

\$11,927,228 natural growth

## Increase Over Prior Year

4.5% growth over FY 2026

## Capital Improvement Plan

- FY27: \$47,423,277
- FY27-31: \$196,189,233
- \$147.1M Funded by Bonds

## Debt Service

FY27: \$20,411,721

## Base Budget Increases

- General Fund: \$6.3M or 4.97% over FY 2026
- All other Funds: \$10.6M or 3.97% over FY 2026

## Department Budget Cuts

- Budget Revisions = \$500k savings

# FY27 PROPOSED BUDGET HIGHLIGHTS

## Managing Workforce Allocations

- Converting vacancies to new uses
- Converting temps & lump sums to permanent positions
- Defining lump sum allocations for accurate budgeting
- Reorganizing workflows for optimization

## 1123 City Employees

## New FTEs

- **Police Department**
  - PT Recovery Court Officer
- **Commonwealth's Attorney**
  - Additional Staff Attorney
- **Commissioner of Revenue**
  - Tax Relief Specialist
- **Human Services**
  - 2 FTEs: Licensed clinicians for ANCHOR

# FY27 PROPOSED BUDGET HIGHLIGHTS

## **Rental Relief for Elderly/Disabled**

- \$170,000 – 225 projected beneficiaries

## **Real Estate Tax Relief for Elderly/Disabled**

- \$2,310,000 – 533 projected beneficiaries

## **Charlottesville Homeowner Assistance Program**

- \$630,000 – 306 projected beneficiaries

## **Real Estate Tax Exemption for Disabled Veterans and/or Surviving Spouse**

- \$ 310,000 – 53 projected beneficiaries

# TRANSFORMING TRANSIT

## 4-YEAR PLAN

- To increase frequency
- To improve reliability
- To raise ridership levels
- To secure more funding
- To achieve optimization

*To operate a high performing regional transit service*

**City Share: \$6,118,955**

**County Share: \$3,092,373**

Source	Amount
Transit Operators (10 - \$80,889 each)	\$808,890
<b>Subtotal – Support Positions</b>	<b>\$808,890</b>
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
<b>Subtotal – Support Positions</b>	<b>\$536,672</b>
Zero-fare	\$501,939
CBA	\$354,582
<b>Subtotal – Council Priority &amp; Contractual</b>	<b>\$856,521</b>
<b>Total FY27 Investment in 4-YR PLAN</b>	<b>\$2,202,083</b>

# SUPPORTING OUR SCHOOLS

- \$6.4M Original Ask
- \$2.9M Reduced Ask
- \$2.5M Final Ask - Local Contribution to CCS
- Additional Support:
  - \$1.4M per year for priority capital improvement initiatives
  - \$1.3M per year for ongoing maintenance & improvements
- CIP adjustment for Design/Pre-Construction of PreK Center @ Walker

# AFFORDABLE HOUSING

- **\$11.5M FY27 Investments**

  - Redevelopment Investments**

    - \$5M – Grant 3 of 3 to the redevelopment of Westhaven
    - \$1.7M – Friendship Court Phase 3 + Infrastructure Improvements
    - \$700,000 - 501 Cherry Avenue added to FY28 CIP
    - Anticipate roughly \$500,000 for HUD entitlements (HOME & CDBG)
    - \$227,00 – Carlton Mobile Home Park – interest payment for acquisition

  - Housing Program Funding**

    - \$1.5M: Charlottesville Affordable Housing Fund (CAHF) + HOPS
    - \$900,000: Charlottesville Supplemental Rental Assistance Program (CSRAP)

# AFFORDABLE HOUSING

- Supporting Homeless Services
  - \$250,000: Blue Ridge Area Coalition for the Homeless (BRACH)
  - \$500,000: Low Barrier Homeless Services Center
  - \$250,000 annual revenue revenue for Salvation Army if Thrift Store converts to alternative shelter facility (FY28-FY31)

# PROTECTING OUR COMMUNITY

- \$646,000 ACRJ Debt Service for Jail Renovation
- Human Services
  - City absorbs 2 ANCHOR FTEs (licensed clinicians)
  - Additional CAYIP seats for summer youth employment program
  - Assessing opportunities and needs for additional programming
- Adjustments to mobile data terminals for CPD
- Operational increases at ACRJ, Blue Ridge Detention, ECC, & OAR

# INVESTING IN COMMUNITY

- \$2.3M - Vibrant Community Fund received 66 applications totaling \$5.2M
- 22 applications under consideration of City Manager's Quality of Life Fund
- \$1M - Pathways Fund sustained
- Bike/Pedestrian Infrastructure
  - Converting Urgent Infrastructure to Quickbuilds
  - New Sidewalks
  - ROW Acquisition for Dominion pole relocations

# TAX RELIEF

## Five Year Snapshot of Relief Programming

### Rent Relief for Elderly/Disabled

- 1127 assisted - \$741K

### Real Estate Tax Relief for Elderly/Disabled

- 1999 assisted - \$7.2M

### Charlottesville Homeowner Assistance Program

- 2289 assisted - \$4.8M

### Real Estate Tax Exemption for Disabled Veterans and/or Surviving Spouse

- 174 assisted - \$902K

Real Estate Tax Relief Average amount: \$3,800

CHAP Grants vary: \$1,000 to \$2,500 based on income

# ENRICHING OUR COMMUNITY

- Initial \$500k CIP allocation to remove access barriers at existing assets
- \$500k annual allocation for 5YR CIP to implement Parks Master Plan
- Prioritizing 5YR Parks Master Plan allocations – increase in future CIP years
- Adding \$140,000 to Council Strategic Initiatives Fund
- \$1.4M Parks & Schools Playground Renovations
- \$1.25M Downtown Mall Infrastructure
- \$4.2M Downtown Mall Tree Management Plan

# INTERGOVERNMENTAL

A multi-jurisdictional agreement, including state mandates, to fund a critical service that would otherwise be totally funded and operated by the city at a much higher cost.

## **Operational Increases:**

- \$73,451 ACRJ
- \$225k JMRL
- \$137k SPCA
- \$101k OAR
- \$64k ECC

# FUNDAMENTAL

A fundamental organization is an entity designated by the City Manager which provides a unique, unduplicated service to the residents of the City of Charlottesville. The service provided must be essential to the vision of the City as well as be a service that if not provided, the City would need to either take on itself or find another organization to provide.

## **Increased Allocations:**

- CRHA to \$300,000 annually (up from \$137,000)
- PHAR to \$125,000 annually (up from \$66,000)
- JSAAHC to \$235,046 annually (up from \$228,000)

# EMPLOYEE BENEFITS

## Healthcare Benefits

- 15% City Contribution increase (\$14,000 to \$16,100 per employee)
- Total Cost - \$22.7M
- \$1.6M budget increase due to increased claims costs

## Retirement Benefits

- Pension Plan
  - 20% Contribution for General Employee Contribution
  - 35% Contribution for Public Safety Employees
  - Total cost - \$17.9M
  - \$2M budget savings due to strong investment returns

# COMPENSATION

## Unaffiliated Workforce

- 2% step increase
- 2% pay scale adjustment

## Retirees

- 1% Retiree COLA

# COMPENSATION

## Collective Bargaining Contracts

1. CFD: Pay scale adjustment with anniversary date realignment (2.9%) + step increase (2%)
2. CPD: Pay scale adjustment with anniversary date realignment (4%) + step increase (3%)
3. CAT: Pay scale adjustment of 3-5% (based on position) + step increase for operators (2%)
4. PW/P&R/Utilities/Miscellaneous Personnel: 2% step increase

# COLLECTIVE BARGAINING

## Fire Department

Union Affiliation: IAFF

- Wage reopener executed for FY27
- New contract negotiations next year

## Police Department

- Union Affiliation: SSBPA
- Agreement reached on new 3YR contract (FY27-29)
- Awaiting execution

**Labor & Trades** (Parks/Public Works/Utilities + limited Police & Fire staff)

Union Affiliation: Teamsters

- In contract year 2 of 4
- Negotiate new contract for FY29 start

## Transit

- Union Affiliation: ATU
- In contract year 3 of 3
- Negotiate new contract for FY28 start

# MANAGEMENT PRIORITIES

## Fund Our Budget Policies

- Maintain a minimum General Fund balance of at least 14% of General Fund Budget
- Maintain a minimum Downturn Reserve Fund balance of no less than 3% of General Fund budget
- Maintain sufficient working capital in the utility funds (Water, Wastewater, Gas, Stormwater)
- Stabilize all non-general funds by ensuring they have a positive fund balance
- Transfer an amount equivalent to 1 percent of the meals tax rate to the Debt Service Fund

# MANAGEMENT PRIORITIES

## Transfer to Debt Service

- General Fund contribution is \$15.85M (per our financial policy)

## Transfer to Capital Improvement Plan

- General Fund contribution is \$8.4M (per our financial policy)

## Transfer to Department of Human Services

- General Fund contribution is \$617K

## Transfer to Department of Social Services

- General Fund contribution is \$776K

## Transfer to Children's Services Act

- General Fund contribution is \$300K

# CAPITAL IMPROVEMENT PROGRAM

	CITY MANAGER PROPOSED 5-YEAR PLAN					
	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Totals
<b>Sources of Funds:</b>						
General fund transfer	\$ 8,429,212	\$ 8,309,954	\$ 9,794,908	\$ 12,439,110	\$ 5,492,515	\$ 44,465,699
CIP Contingency	1,964,486	700,000	716,749	-	-	\$ 3,381,235
Bond issues	36,789,579	47,463,544	30,542,723	17,670,057	14,676,397	\$ 147,142,299
Contribution from Schools	200,000	200,000	200,000	200,000	200,000	\$ 1,000,000
Other	40,000	40,000	40,000	40,000	40,000	\$ 200,000
Total sources	\$ 47,423,277	\$ 56,713,498	\$ 41,294,380	\$ 30,349,167	\$ 20,408,912	\$ 196,189,233
<b>Uses of funds:</b>						
Education	\$15,650,000	\$25,650,000	\$5,650,000	\$4,150,000	\$4,150,000	\$55,250,000
Facilities Capital Projects	\$4,066,264	\$3,243,930	\$12,943,950	\$3,492,165	\$2,329,430	\$26,075,738
Public safety and justice	\$1,886,465	\$910,864	\$1,901,806	\$1,178,958	\$674,300	\$6,552,393
Transportation and access	\$11,149,494	\$11,964,527	\$10,632,123	\$9,143,000	\$7,988,215	\$50,877,359
Parks and recreation	\$2,756,250	\$3,623,750	\$2,514,467	\$2,991,434	\$2,326,967	\$14,212,868
Affordable Housing	\$11,474,804	\$11,030,427	\$7,362,034	\$9,103,610	\$2,650,000	\$41,620,875
Technology Infrastructure	\$440,000	\$290,000	\$290,000	\$290,000	\$290,000	\$1,600,000
Total uses	\$ 47,423,277	\$ 56,713,498	\$ 41,294,380	\$ 30,349,167	\$ 20,408,912	\$196,189,233
<b>Funding Gap</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
% Funded by GF Revenues	17.8%	14.7%	23.7%	41.0%	26.9%	24.8%

# REVENUE SHARING w/Albemarle County

## FY27 Transfer to the City of Charlottesville

- **\$21,880,462**
- Increase of \$1,704,929 or 8.5%

Fiscal Year	Amount	Change (\$)	Change %
FY26	\$20,175,533	\$242,4805	13.6
FY25	\$17,760,728	\$204,4988	13.0
FY24	\$15,715,740	\$170,513	1.1
FY23	\$15,545,227	\$133,393	0.9
FY22	\$15,411,834	\$822,521	5.6
FY21	\$14,589,313	\$389,706	2.7

Fiscal Year	Amount	Change (\$)	Change %
FY20	\$14,199,607	(\$1,496,753)	-9.5
FY19	\$15,696,360	\$159,125	-1.0
FY18	\$15,855,485	\$88,401	0.6
FY17	\$15,767,084	(\$291,584)	-1.8
FY16	\$16,058,668	(\$408,313)	-2.5
FY15	\$16,466,981	(\$464,352)	-2.7



# FY27 TAX RATES

The tax rates for Fiscal Year 2027:

- Lodging Tax Rate: 9.0%
- Meals Tax Rate: 7.0%
- Personal Property Tax Rate: \$4.40/\$100
- **Real Estate Tax Rate: \$1.00/\$100**

# FY27 PROPOSED BUDGET REVISED W/TAX INCREASE

## **General Fund Total**

\$279,643,398

## **Tax Increase**

\$0.02 Real Estate Tax

- From \$0.98/\$100 to \$1.00/\$100
- \$2,467,724 new revenue

## **Revenue Growth**

\$14,394,942

## **Increase over Prior Year**

5.43% growth over FY 2026

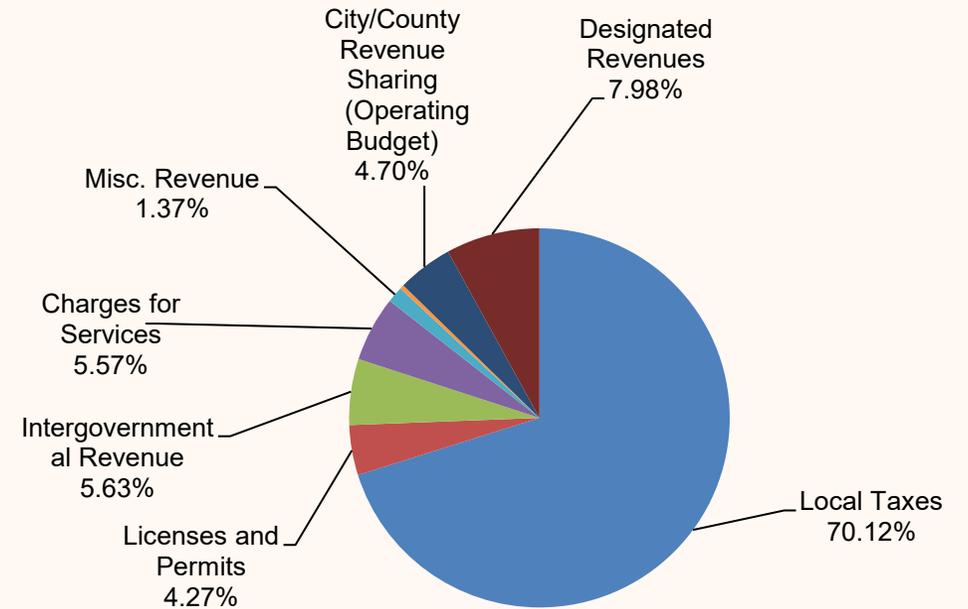
## **Increased Tax Revenues Offset**

1. Deeper Transit Investments
2. Schools Local Match
3. Collective Bargaining Impacts

# GENERAL FUND REVENUES

## FY 2027 Proposed Revenues - \$279,643,298

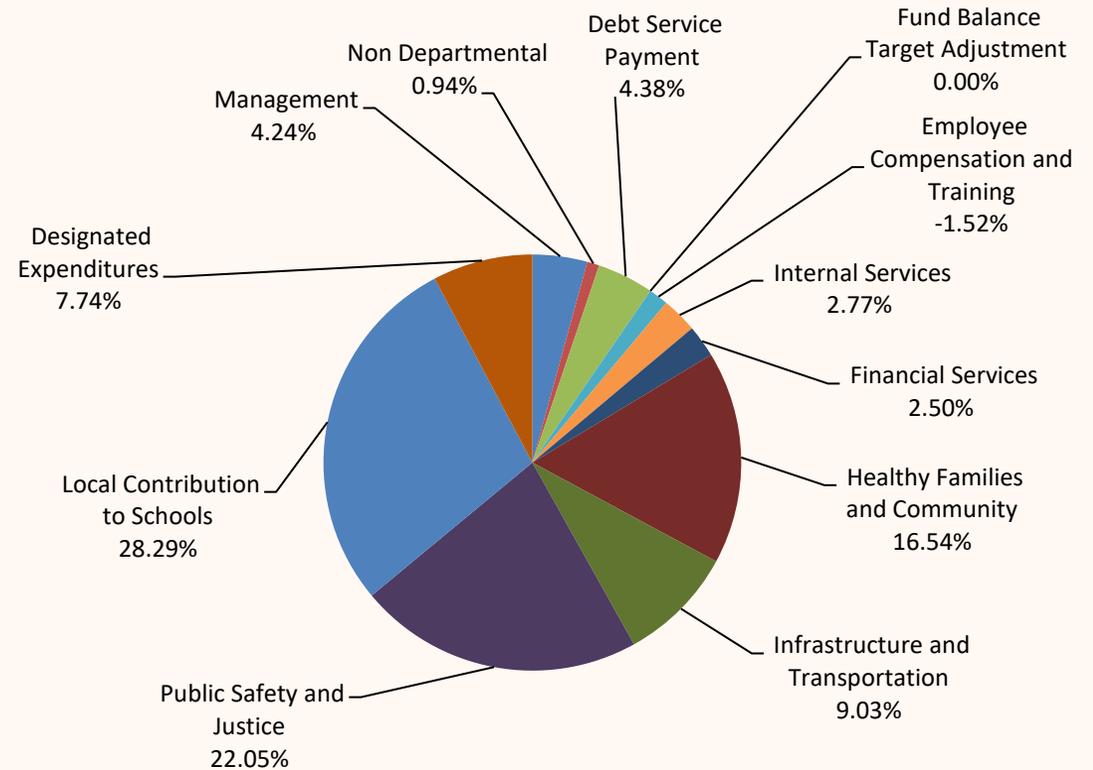
	FY 2025 Actual	FY 2026 Budget	FY 2026 Revised Budget	FY 2027 Budget
<b>General Fund Revenue</b>				
Local Taxes	\$178,491,143	\$186,047,778	\$188,386,422	\$196,098,395
Licenses and Permits	14,064,331	12,021,100	12,021,100	11,936,100
Intergovernmental Revenue	15,039,039	15,402,401	15,472,728	15,754,441
Charges for Services	13,979,066	14,821,714	14,821,714	15,564,069
Misc. Revenue	7,640,568	3,339,350	4,539,350	3,828,600
Transfers From Other Funds	399,850	450,000	450,000	998,375
City/County Revenue Sharing (Operating Budget)	9,640,199	11,573,099	11,573,099	13,150,788
Designated Revenues	20,640,588	21,593,004	21,793,004	22,312,629
<b>TOTAL GENERAL FUND BUDGET</b>	<b>\$259,894,785</b>	<b>\$265,248,446</b>	<b>\$269,057,417</b>	<b>\$279,643,398</b>



# GENERAL FUND EXPENDITURES

## FY 2027 Proposed Expenditures \$279,643,298

	FY 2025 Actuals	FY 2026 Budget	FY 2027 Proposed
<b>General Fund Expenditures</b>			
Management	\$ 9,932,101	\$ 11,246,291	\$ 12,238,801
Non Departmental	1,673,460	2,313,772	2,707,561
Debt Service Payment	10,689,766	12,120,000	12,620,000
Fund Balance Target Adjustment	-	-	-
Employee Compensation and Training	372,441	(4,692,050)	(4,372,050)
Internal Services	6,267,302	7,351,354	7,975,585
Financial Services	6,553,211	6,830,257	7,201,925
Healthy Families and Community	43,129,709	43,806,702	47,706,480
Infrastructure and Transportation	23,650,360	24,564,063	26,047,601
Public Safety and Justice	55,819,013	61,008,780	63,590,551
Local Contribution to Schools	74,092,134	79,026,522	81,595,593
Designated Expenditures	47,715,618	21,672,755	22,331,351
<b>TOTAL GENERAL FUND BUDGET</b>	<b>\$ 279,895,115</b>	<b>\$ 265,248,446</b>	<b>\$ 279,643,398</b>



**FY27 BUDGET IS BALANCED**

**\$279,643,398**

**GENERAL FUND**



# OTHER FINANCIAL MATTERS

# ARPA WRAP UP

- \$19.6M Total Spent To Date
- \$600,000 Remaining Encumbered Balance
  - **Must be spent by December 31, 2026**
- \$1.9M Interest Earnings Available

# WHAT ABOUT THE SURPLUS?

## **Address Critical Opportunities**

- Real Estate Strike Fund
- Transit Capital Expansion
- Emergency Management

## **Close Project Budget Gaps**

- Meadowcreek Trail
- Pollocks Branch Pedestrian Bridge
- Downtown Mall Improvements

# WHAT ABOUT THE SURPLUS?

## Facilitate Community Innovation

- Holiday Drive Acquisition for Low Barrier Shelter
- Homeless Services Emergency Interventions
- Downtown Mall Restroom Lease @ York Place

## Address Internal Priorities

- Department/Office Assessments for Optimization
- Stabilizing Core Operations:
  - Debt Service Fund
  - Healthcare Fund
  - Retirement Fund

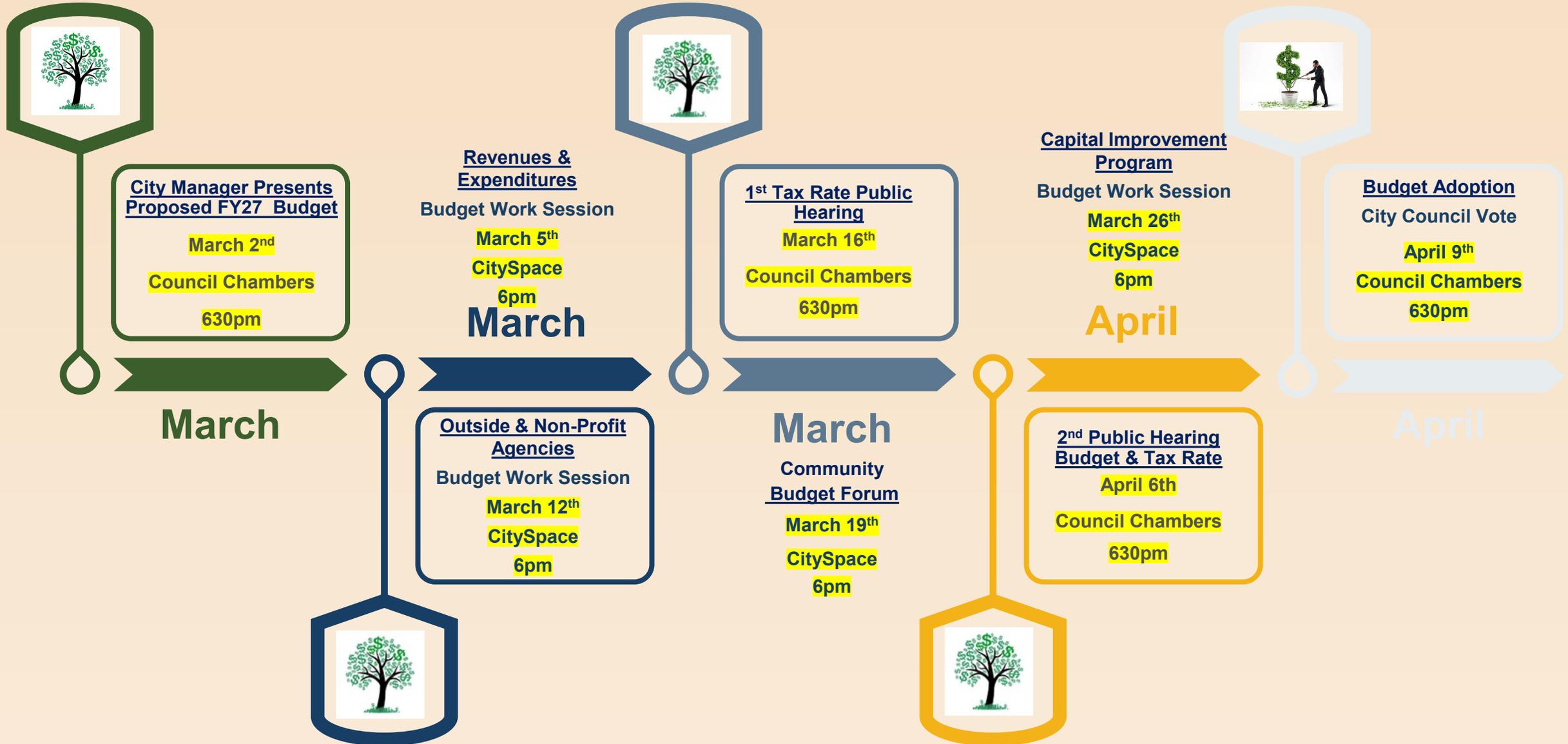
# GOING CONCERNS

- Federal Politics and Potential for Punishment
- State Budget Reconciliation
- Local Stresses
  - Local revenue volatility
  - Deep operational investments through collective bargaining
  - Sustained policy pressures
    - Statewide collective bargaining
    - Zoning & Loss of local land use controls
    - Funding gaps for transportation
    - Expensive homeless interventions
    - Need for more & more housing
- ***Length of our financial runway for our jumbo jet!***



**WHAT'S NEXT?**

# FY 2027 Budget Timeline





# BUDGET ADOPTION

April 9th

Questions?

*Charlottesville*

