



February 6, 2020

CITY COUNCIL BUDGET WORK SESSION

Agenda

- 1. Budget Development**
- 2. FY 2021 Revenue Adjustments**
- 3. FY 2021 Expenditure Discussion**
 - a. Expenditure Adjustments**
 - b. Expenditures Not Included**
 - c. Vibrant Community Fund Scenarios**

Budget Development



Budget Work Sessions

- Mar 5** Budget Work Session #1
- Mar 12** Budget Work Session #2
- Mar 24** Community Budget Forum
- Mar 26** Budget Work Session #3
- Apr 7** Budget Work Session #4

www.charlottesville.org/budget



Important Dates

- **Feb 11- Budget is Balanced!**
 - Real Estate Tax Rate (and rollback rate) advertisement will be sent to paper for publication per State requirement that must occur 30 days before the real estate tax rate public hearing (publish on Feb 15)
 - FY 2021 Proposed Budget must also be completed (ad includes % change to the budget from current year)
 - Other changes to local taxes require a 7 day advertisement and separate public hearing
- **March 2** - Proposed City Operating and Capital Budget and Adopted School Budget Formally Presented to Council
- **March 16** - First Budget and Tax Rate Public Hearings
- **April 6** - Second Budget Public Hearing/Budget and Tax Levy First Reading
- **April 14** - Budget and Tax Levy Second Reading and Final Approval



Budget Gap

Estimates as of November 2019

FY 2021 Initial Revenue Estimates	\$195,211,887
<u>FY 2021 Initial Expenditure Estimates</u>	<u>\$202,730,862</u>
Initial FY 2021 Budget GAP	(\$7,518,975)



FY 2021 Revenue Discussion



FY 21 Revenues

Initial Revenue Estimates	\$195,211,887
<u>Current Revenue Estimates</u>	<u>\$196,620,521</u>
Total Revenue Adjustments	\$1,408,634



Major FY 21 Revenue Drivers

Revenue Category	\$ Change
Local Taxes	6,341,006
Licenses and Permits	627,000
Intergovernmental Revenue	210,631
Charges for Services	371,111
One Time Revenue/Transfers from Other Funds/Carryover Funds	(916,579)
City/County Revenue Sharing - Operating Budget Portion	(9,812)
Miscellaneous Revenue	269,956
Designated Revenues	863,288
Preliminary Estimate - FY 2021 Revenue Change	7,756,601



Major Revenues – Growth

Tax	FY 2021	FY2020	Projected Growth
Real Estate	\$ 78,353,270	\$ 73,337,626	\$5,015,644
Personal Property	9,600,000	9,300,000	300,000
Meals Tax	12,692,880	12,444,000	248,880
Lodging Tax	6,900,000	6,535,753	364,247
Sales Tax	12,357,625	12,000,000	357,625
BPOL	8,300,000	7,700,000	600,000



What is \$0.01 Worth

- Based on the projected revenues for FY21, a \$0.01 for each of these tax sources is below.
- Both the Lodging and Meals Tax were increased in FY2020.

What Does \$0.01 Generate Based on FY21 Estimated Revenue			
<u>Tax Rate</u>	<u>Revenue Type</u>	<u>Amount</u>	<u>Revenue/ \$0.01 Increase</u>
\$ 0.95 / 100	Real Estate Tax	\$0.01	\$824,771
\$0.06	Meals Tax	\$0.01	\$2,538,576
\$ 4.20 / 100	Property Tax	\$0.01	\$22,857
\$0.08	Lodging Tax	\$0.01	\$862,500
\$0.55	Cigarette Tax	\$0.01	\$10,455

FY 2021 Expenditure Discussion



Budget Challenges

- Expenditure Submissions – Exceeded FY20 Expenditure budget by \$13.8M
 - Departmental Submissions - \$8.1M
 - Agency Submissions - \$824K
 - Schools - \$2.1M
 - Transfers to Other Funds - \$2.8M

- \$8M in new requests were submitted

- \$933k in Previously Approved New Council Programs
 - CRB - \$150,000
 - Home to Hope - \$350,000
 - Office of Equity and Inclusion - \$197,181
 - Unity Days - \$81,500
 - Food Equity - \$155,000



What Is New?

<u>NEW REVENUE</u>	7,756,601
<u>Expenditure Additions</u>	
Contribution to Schools (per 40% formula)	2,126,258
Vibrant Community Fund Agencies	200,000
Contractual Agencies	97,831
On-Going Council Approved Programs Added Mid-Year FY 2020	933,681
Salary and Benefits	1,050,000
<u>Transfers to Other Funds</u>	
Debt Service	249,776
Capital Improvement Program	399,518
Social Services Fund	300,000
Transit Fund	542,708
Charlottesville Albemarle Convention & Visitors Bureau (per formula)	108,770
Subtotal Expenditures	6,008,542
<i>Remaining New Revenue</i>	<i>1,748,059</i>



Balancing the Budget

Changes Since November Budget Submissions

Preliminary City Budget Surplus/(Gap)	7,518,975
Total Revenue Increases & Decreases	1,408,634
Total Expenditure Increases & Decreases	(6,110,341)
Total Budget Increase/(Decrease)	-



Revenue Budget Adjustments

Revenue increases & decreases

Revenue Increases

Building Permits	50,000
Virginia Communications Tax	100,000
State Revenue - Police Assistance	160,884
Payment in Lieu of Tax Revenue	116,107
Parking Fund Transfer to the General Fund	300,000
Other Taxes and Fees	270,281
City School Contractual Service Revenue	413,994

Revenue Decreases

Albemarle County Juvenile Court Reimbursement	(2,632)
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TOTAL REVENUE INCREASES & DECREASES

1,408,634



Expenditure Budget Adjustments

Expenditure increases & decreases	
Expenditure Reductions	
Departmental Reductions	(4,094,412)
Outside Agencies	(545,406)
Citywide Reserve	(250,000)
Council Reserve	(140,000)
Transfer to Debt Service	(300,000)
Transfer to Social Services Fund	(200,000)
Employee Pay and Benefits (FY20 4% COLA to 2% in FY21)	(1,459,490)
Other Reductions/Changes	(113,019)
Expenditure Additions	
Departmental New Requests	213,305
New Programs	778,681
TOTAL EXPENDITURE INCREASES & DECREASES	(6,110,341)



What Is Not Included

In addition to the operational reductions on the previous slide, the following also are not included:

- School's Operating Full Request - **\$2.5M** (approx. 3 cents on RE Tax)
- Departmental New Requests - **\$8.0M** (approx. 10 cents on RE Tax)
- Recommendations from the Mayor - **\$4.0M+** (approx. 5 cents on RE Tax)
 - Deputy City Manager of Equity and Human Services - \$150,000+
 - Director of Measurements and Solutions - \$120,000+
 - Equity Fund - \$1,000,000
 - Charlottesville Housing Affordability Program – \$1,273,501
 - Address wages and compression issues for employees under \$50k - \$500,000
 - Participatory Budgeting - \$200,000
 - Minority Business Equity Fund - \$300,000
 - Human Services' Emergency Assistance Fund - \$250,000
 - Council Strategic Initiatives - \$250,000



Community Agencies

Priority Area Requests

- 64 Programs
- \$3.26 million in total requests
- Proposing \$200K increase in FY21 to approx. \$2.3M

Capacity Building Requests

- 16 Programs
- \$151,183 in total requests

Agency Funding Requests

All Applicants	Essential	Important	Helpful	No direct connection
Exemplary Quality	20 programs \$1,555,183	8 programs \$289,679	1 program \$37,260	
Solid Quality	7 programs \$573,000	12 programs \$429,950	4 programs \$75,500	
Fair Quality		2 programs \$30,582	1 program \$75,000	
Poor Quality		2 programs \$35,999	7 programs \$161,570	SUM \$3,263,363

Community Agencies

Potential Funding Scenarios

All Applicants	Essential	Important	Helpful	No direct connection
Exemplary Quality	20 programs at 100% \$1,555,000	8 programs at 75% \$217,000		
Solid Quality	7 programs at 85% \$487,000			
Fair Quality				
Poor Quality				
Capacity Building Grants				60,000
				TOTAL SUM
				\$2,319,000

All Applicants	Essential	Important	Helpful	No direct connection
Exemplary Quality	20 programs at 100% \$1,555,000	8 programs at 50% \$145,000		
Solid Quality	7 programs at 60% \$344,000	12 programs at 50% \$215,000		
Fair Quality				
Poor Quality				
Capacity Building Grants				60,000
				TOTAL SUM
				\$2,319,000

FY 2021 Budget Development

Questions and Discussion



FY 2021 Budget Development

Budget Information Access

www.charlottesville.org/budget

The screenshot shows the City of Charlottesville website's "BUDGET AND PERFORMANCE MANAGEMENT" page. The header includes the city logo, "CITY OF CHARLOTTESVILLE VIRGINIA", and navigation links for "Jobs Board", "City Notes eNews", and "Contact Us". A search bar is present on the right. Below the header is a navigation menu with links for "Home", "About Charlottesville", "Community", "Business", "Visitors", "Departments And Services", "I Want To ...", and "Online Services". The main content area is titled "BUDGET AND PERFORMANCE MANAGEMENT" and includes a "Departments and Services > Departments A-G" breadcrumb. Below the title are four interactive tiles: "Balancing Act" (with a scales icon), "Budget Visualization" (with a bar chart icon), "Budget Document" (with a document icon), and "Open Charlottesville" (with a cloud and download icon). Each tile has a brief description. On the left side, there is a sidebar menu under "BUDGET AND PERFORMANCE MANAGEMENT" with links for "FY 2021 Budget Worksessions" (circled in red), "FY 2020 Adopted Budget", "FY 2019 Adopted Budget", "FY 2018 Adopted Budget", "FY 2017 Adopted Budget", "FY 2016 Adopted Budget", "FY 2015 Adopted Budget", "Archived Budget Documents", "Frequently Asked Questions", "Budget Related Links", "Budget Office Calendar", "City of Charlottesville Strategic Plan", "Open Charlottesville", and "The National Citizen Survey".

