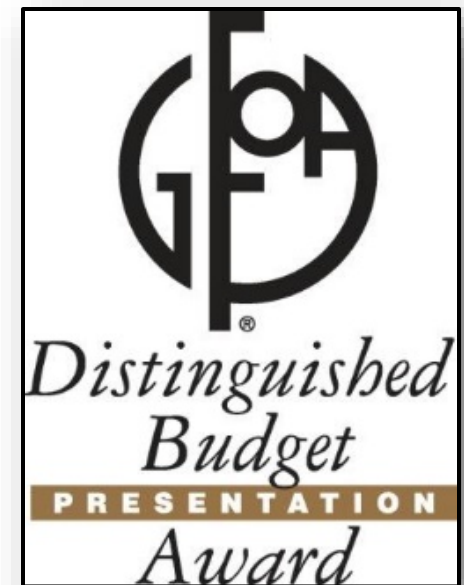


March 7, 2022

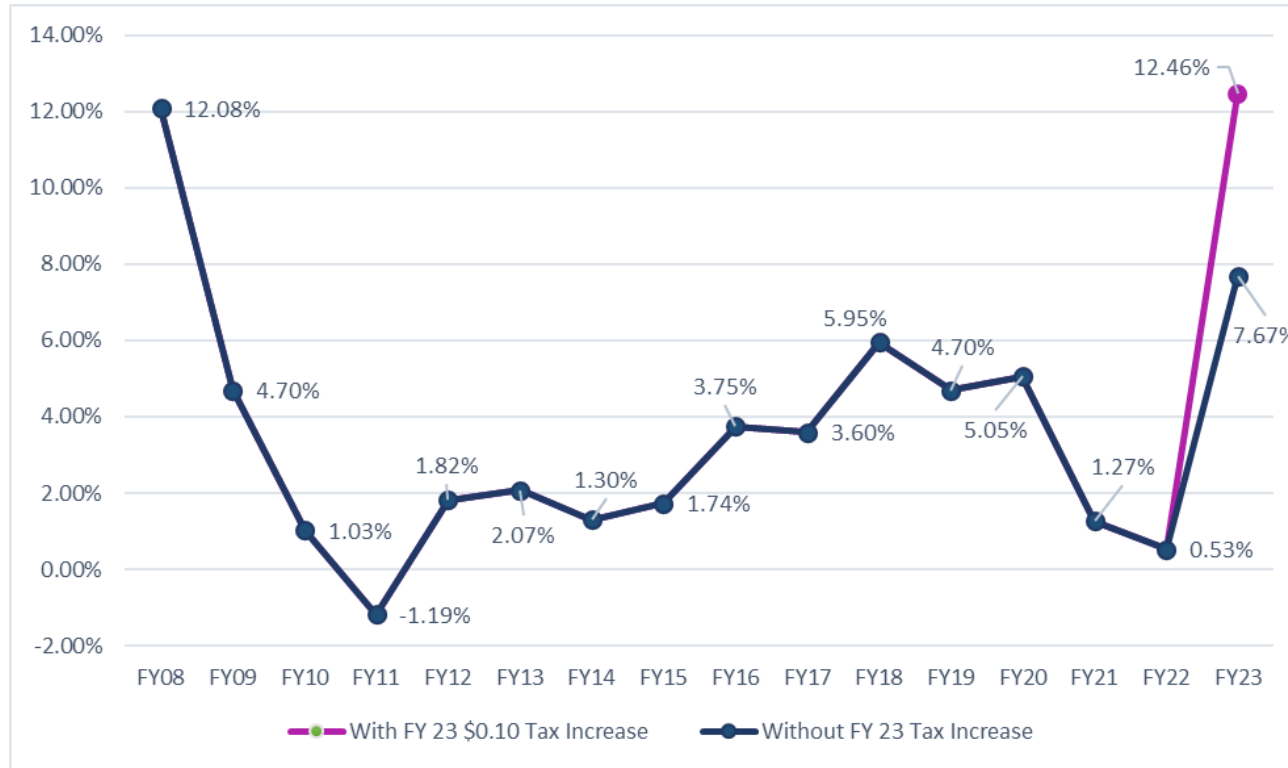
CITY MANAGER'S PROPOSED BUDGET FY 2022-2023

GFOA Distinguished Budget Presentation Award

- Government Finance Officers Association (GFOA) has awarded the City of Charlottesville Distinguished Budget Presentation Award for its Fiscal Year 2022 budget.
- In FY 2021, GFOA changed many of the reporting criteria for budgets beginning on 1/1/2021. Governments would have two years to comply with the new requirements.
- The City implemented all of the new criteria for the FY 2022 budget and maintained a score of Proficient and Outstanding in all of the categories.
- 29th time that Charlottesville has won this award, and the 20th consecutive budget award.



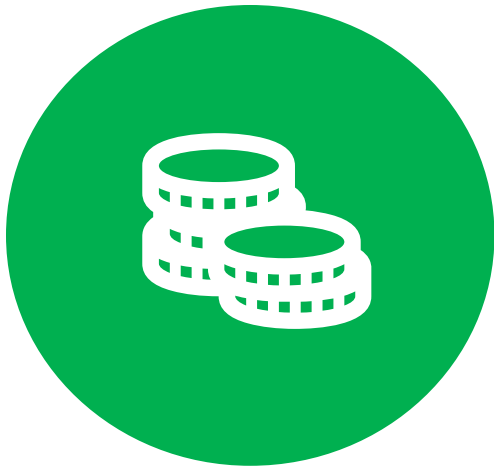
Percent Change General Fund Budget



FY 2023
Proposed
Budget:
\$ 216,171,432



City Manager's Budget Proposal



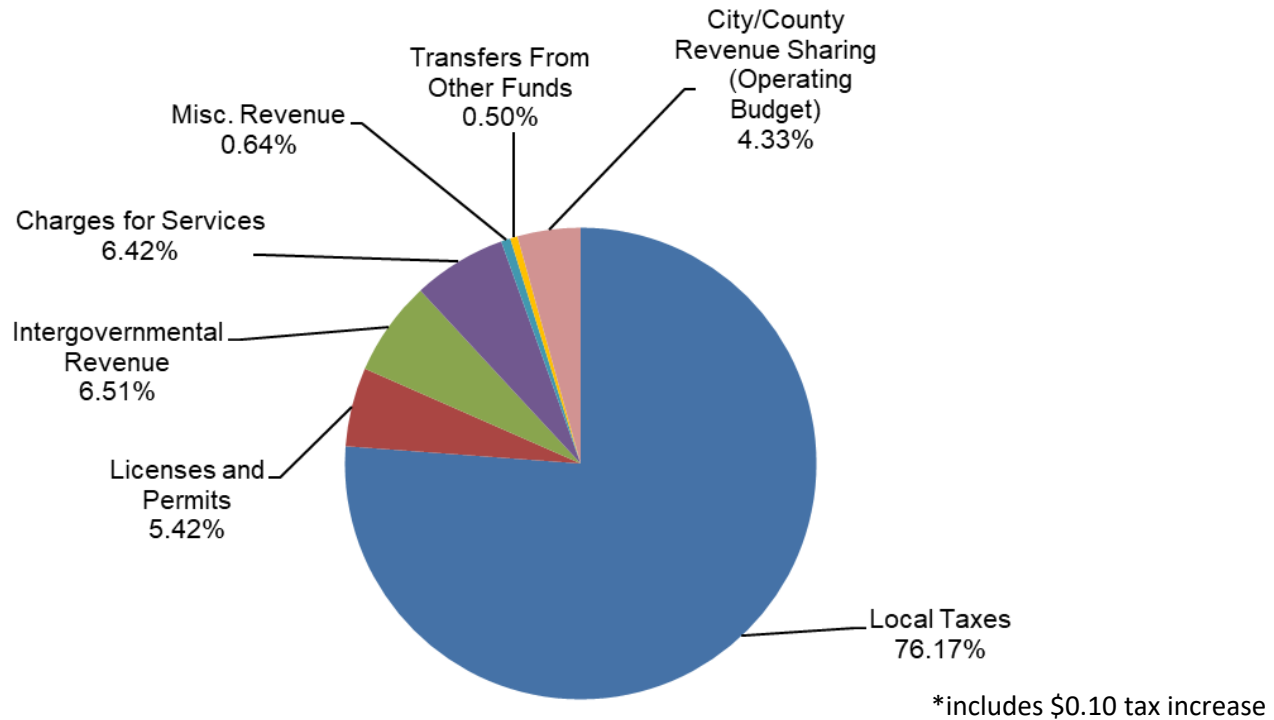
BALANCED WITH CURRENT \$0.95/\$100
REAL ESTATE TAX RATE



\$9.2M ADDITIONAL REVENUE FROM TAX
INCREASE UNALLOCATED AND AVAILABLE FOR
COUNCIL TO ALLOCATE

FY 2022 General Fund Revenues

General Fund Revenues



FY 2022 Revenue Drivers

Revenue Source	FY 2023 Projection	% of General Fund Total Revenues
Real Estate Taxes (*includes \$0.10 increase)	\$97,770,160	45.2%
City/County Revenue Sharing	15,545,227	7.2%
Meals Tax	15,364,974	7.1%
Sales & Use Taxes	13,000,000	6.0%
Personal Property Taxes	10,000,000	4.6%
State Assistance	8,343,503	3.9%
Business & Professional Licenses	8,400,000	3.9%
Payment in Lieu of Taxes: Utilities	6,268,888	2.9%
Transient Occupancy Tax	6,500,000	3.0%
Utility Services Consumer Tax	4,500,000	2.1%
PPTRA	3,498,256	1.6%
Virginia Communications Sales & Use Tax	2,200,000	1.0%
Recreation Income	1,472,699	0.7%
Public Service Corporation Taxes	1,589,086	0.7%
TOTAL	\$194,452,793	90.0%

Total GF Revenues	\$216,171,432
--------------------------	----------------------



Impact of Real Estate Tax Rate Increase

- **Budget proposes \$.95 tax rate**
 - Advertised at \$1.05 per \$100 assessed value

Additional Revenue from Tax Increase= \$9,207,167

Reassessed Value (11.69% higher than last year)	Real Estate Taxes Paid 2021 =@\$.95	Real Estate Taxes Paid 2022 @ \$.95 and Reassessed Value	Real Estate Taxes Paid 2022 @ \$1.05 and Reassessed Value
\$ 100,000	\$ 851	\$ 950	\$ 1,050
200,000	1,701	1,900	2,100
300,000	2,552	2,850	3,150
410,000	3,487	3,895	4,305
500,000	4,253	4,750	5,250
750,000	6,379	7,125	7,875
1,000,000	8,506	9,500	10,500



Average Assessed Value (taxable residential property)

Note: actual changes on a parcel by parcel basis vary significantly from the above averages. For example, the residential reassessment increases for neighborhoods varied from a high of 31.2% to 0.0%



Real Estate Tax

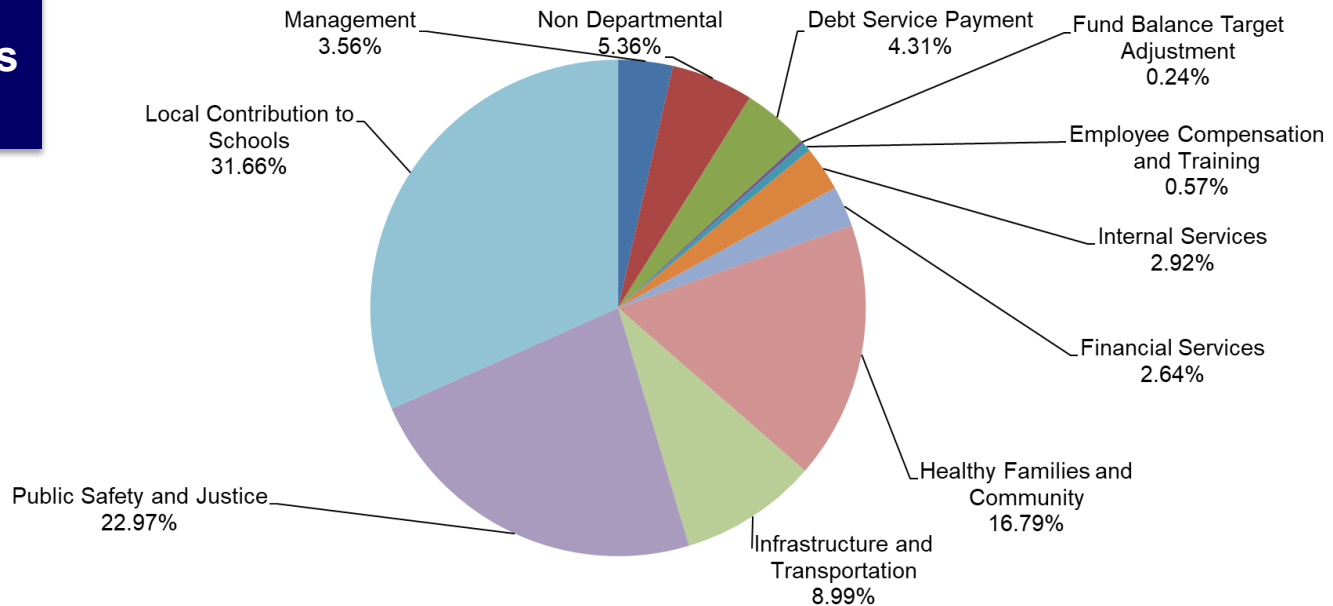
Why isn't the real estate tax rate increase budgeted?

- Construction \$\$ for school reconfiguration project not needed until 2024
- School Construction and Funding Options still under consideration
- Impact on other CIP priorities still to be determined



FY 2023 General Fund Expenditures

Schools are the largest portion of expenditures @ 31.66%



Strategic Plan Alignment with Budget

FY 2018- 2020 (Extended to 2023)

City Strategic Goals Key:



Goal 1: An Inclusive Community of Self-sufficient Residents



Goal 2: A Healthy and Safe City



Goal 3: A Beautiful and Sustainable Natural and Built Environment



Goal 4: A Strong, Creative and Diversified Economy



Goal 5: A Well-managed and Responsive Organization

The FY 2023 Proposed Budget illustrates the alignment between the allocation of resources and the strategic plan goals and objectives. This is done for both new funding initiatives and existing ones that are in place and ongoing. Throughout the presentation, icons indicate alignment between strategic plan goals and departments/programs.





Council Priority: Affordable Housing

- **Significant investment in the capital budget – over \$7.3 million in FY 23**
 - \$3 million for public housing redevelopment
 - \$925,000 - CAHF
 - \$900,000 supplemental rental assistance
 - \$2.5 million for Friendship Court Phase 2





Council Priority: Affordable Housing

- **\$2,840,000** total funding for tax grant and relief
 - \$1,000,000 increase over FY 22
 - The household income limitation will also increase from \$55,000 to \$60,000
 - The real estate tax relief program and CHAP will be merged into one program to streamline the application process and provide some additional program enhancements

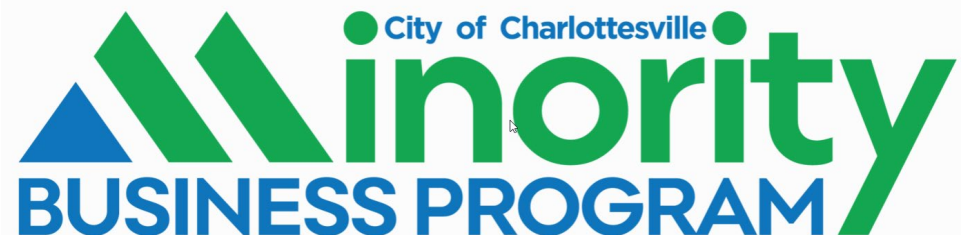
*For anyone who is **not** elderly or disabled, the home value threshold will remain at \$375,000. This is dictated by the VHDA home loan parameters as specified in the City Charter. This threshold cannot be raised until the VHDA adjusts that parameter, or until Council receives permission from the General Assembly to use another benchmark.*





Council Priority: Equity and Inclusion

- Provides additional funding to increase the focus of equity in our organization and the greater community by allocating funding to move the City's ADA Coordinator from Neighborhood Development Services (NDS) to the Office of Equity and Inclusion.
- Continues to support the activities of the City's Minority Business Program and the Office of Human Rights



Council Priority: Workforce Development & Economic Development



- Proposed Budget continues to invest in the various programs that support both of these priorities
 - Downtown Job Center
 - Growing Opportunities (GO) workforce development programs
 - Job fairs and community events
- Promotes Charlottesville as a premier location for business and collaborates with entrepreneurs and existing businesses seeking to grow here





Council Priority: Safety and Security

- **Fully funds Replacement of Bypass Fire Station No. 1**
 - Original station built in 1961, is now fully funded with the addition of \$1.2 million that is included in the CIP.
- **Police Civilian Oversight Board**
 - Board funded for FY 23 at \$362,677





Investing in Our Employees

- Over \$5.5 million in employee investment for salary adjustments:
 - 3.0% COLA for all employees effective July 1, 2022
 - Full year of mid FY 22 salary 6% increase provided
 - 2% COLA for retirees
 - No changes in health care premiums for employees
 - Continuation of Gym Subsidy Program



Employment





Investments in City Schools

- School Board's Operating Request is fully funded at \$62.9 million
 - a \$4.2 million increase over FY 22
- \$7.1 million CIP funding programmed in FY 23 for the following:
 - \$1.25 million for priority capital improvement initiatives as chosen by CCS
 - Over \$1.9 million for general capital improvement dollars and HVAC replacement funds
 - \$1.2M remaining funds needed for CHS roof replacement
 - \$2.5 million in pre-construction funds for the school reconfiguration project
 - \$200,000 for the small capital program



Department Addition, Service Enhancements & Efficiencies



FOIA Compliance and Resource Demand

City Attorney - FOIA Management Software

City Attorney - FOIA Coordinator



Enhance Development Review Process

PW Engineering – New FTE - Administrative Assistant

Preparations for Increased Project Management

PW Facilities Development – New FTE – Facilities Development Manager



Department Addition, Service Enhancements & Efficiencies



Enhancements to Customer Service

NDS – New FTE – Support Services Manager

NDS – New FTE – Transportation Planner

NDS – New FTE – Building Inspector

Preparations for Collective Bargaining

Human Resources – New FTE – Labor Relations Analyst

IT Infrastructure Improvements – *previously funded by CARES*

Cybersecurity Enhancements

Microsoft Office 365 Licensing

Total Additions =
\$1,354,626



Outside and Nonprofit Agencies

- **Vibrant Community Funding Process** – agency funding for FY 2023 was \$2,497,787, an increase of \$84,115 over what was allocated in FY 2022.
 - \$90,000 of unallocated funds can be used for capacity building and technical assistance for organizations new to the VCF process. Additional funds may be awarded based on the outcome of any application changes.
- Agencies evaluated by the **Office of Budget and Performance Management**:
 - JAUNT – decrease of \$272,648
 - Albemarle/Charlottesville Regional Jail (ACRJ) – decrease of \$113,129
 - Blue Ridge Juvenile Detention Center (BRJDC) – increase of \$209,993
 - Emergency Communications Center – increase of \$230,748
 - Jefferson – Madison Regional Library - increase \$25,281



Debt Fund and Capital Improvement Program

- General Fund transfer to the Debt Service fund is \$11.1million
 - \$424,974 increase due to meals tax transfer policy and increase meal tax revenue projections
- General Fund contribution to the CIP is \$6.7 million
 - Additional \$6.7 million from the FY 21 Year End Appropriation deposited to CIP Contingency remains unallocated



Capital Improvement Program Highlights = \$23.98 million in FY 2023



- Affordable Housing = \$7.3 million
- Schools Capital Improvements = \$7.1 million



- Transportation and Access = \$4.9 million
- Parks and Recreation = \$1.5 million



- Facilities Capital Projects = \$1.4 million
- Public Safety and Justice = \$1.4 million



- General Government = \$290,000
- Economic Development = \$95,000



Council Options

- Expenditure of the \$9.2M of new real estate tax revenue resulting from \$0.10 tax increase
- Full Value of Personal Property Tax Revenue at the current rate of \$4.20/\$100 of value
- Review Meals and Lodging Tax Rates and Revenue Capacity



Potential Revenue Options

What Does Incremental Increase Generate Based on FY22 Estimated Revenue			
Current Rate	Revenue Type	Rate Increase	Revenue Increase
\$ 0.95 / 100	Real Estate Tax	\$0.01	\$927,577
6.0%	Meals Tax	1.0%	\$2,564,974
\$ 4.20 / 100	Property Tax	\$0.10	\$233,333
8.0%	Lodging Tax	1.0%	\$812,500
\$0.55	Cigarette Tax	\$0.10	\$100,000



Budget Calendar

March 10: Worksession, 6:00pm, Revenues and Expenditures

- Public invited. Opportunity for Council discussion with staff. Public comment at end.

March 17: Worksession, 6:00pm, Outside and Non-Profit Agencies

- Public invited. Opportunity for Council discussion with staff. Public comment at end.

March 21: Public Hearings, 6:30pm, Tax Rates and Proposed Budget

- Smaller presentation with opportunity for public feedback and Council discussion

March 23: Community Budget Forum, 6:00pm

- Opportunity for public to speak one on one with City Council and staff after short presentation by the Interim City Manager.



Budget Calendar

March 31: Worksession, 6:00pm, Capital Improvements Program

- Public invited. Opportunity for Council discussion with staff. Public comment at end.

April 4: Public Hearings, 6:30pm

- Smaller presentation with opportunity for Public feedback and Council discussion

TENTATIVE – April 7: Worksession, 6pm - Remaining budget issues and wrap up

- Public invited. Opportunity for Council discussion with staff. Public comment at end.

April 12: Budget Approval by City Council, 5:30pm



New Budget Visualization

Department Selection & Description

Select a Department

(All)

Description

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, which are subject to appropriation by City Council, are:

1. General Fund (Operating)
2. Enterprise Funds (Utilities and Golf Funds)
3. Capital Improvement Program Fund
4. Internal Service Funds
5. 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 City/County Revenue Sharing funds. 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.

The City's Proposed General Fund Budget is displayed in the tables to the right. Select a Department from the dropdown menu above to display the budget for the selected Department.

FY23 Proposed General Fund Budget

Totals and Changes: FY22 Adopted - FY23 Proposed						
Account Type	Account Category	FY22 Adopted	FY23 Proposed	\$ Change	% Change	% of Total FY23 City Budget
Revenues	Revenue	192,211,643	216,171,432	23,959,789	12.47%	100.00%
	Total	192,211,643	216,171,432	23,959,789	12.47%	100.00%
Expenses	Salary/Benefit	64,628,370	70,711,235	6,082,865	9.41%	32.71%
	Other Expense	127,584,473	145,460,196	17,875,723	14.01%	67.29%
	Total	192,212,843	216,171,432	23,958,589	12.46%	100.00%

Line Items and Changes: FY22 Adopted - FY23 Proposed						
Account Type	Account Category	Account Name	FY22 Adopted	FY23 Proposed	\$ Change	% Change
Revenues	Revenue	Real Estate Tax	80,277,442	88,562,993	8,285,551	10.32%
		Penalty/RE Tax	230,000	230,000	0	0.00%
		PP Tax	9,741,000	9,800,000	59,000	0.61%
		Interest/Del Tax PP	185,000	185,000	0	0.00%
		Veh Lic Fee	890,000	890,000	0	0.00%
		Public Serv Tax	1,542,930	1,589,086	46,156	2.99%
		Sales Tax	12,000,000	13,000,000	1,000,000	8.33%
		Util Tax	4,500,000	4,500,000	0	0.00%
		Meals Tax	12,840,000	15,364,974	2,524,974	19.66%
		Lodging Tax	5,000,000	6,500,000	1,500,000	30.00%
		Tax/Bnk Stk	1,200,000	1,200,000	0	0.00%
		Wills Tax	725,000	725,000	0	0.00%
		Rolling Stk Tax	18,040	18,040	0	0.00%
		Sh Term Rental Tax	60,000	60,000	0	0.00%
		Cig Tax	550,000	550,000	0	0.00%
		Business Lic	7,000,000	8,400,000	1,400,000	20.00%
		Dog Lic	6,000	4,000	-2,000	-33.33%
		Plumbing Perm	126,000	126,000	0	0.00%
		Erosion Cntrl Perm	29,500	29,500	0	0.00%

www.charlottesville.gov/budget



Budget Information

www.charlottesville.gov/budget

Copies of FY 2023 Proposed Budget
Central and Gordon Ave. Library Branches

