



CITY OF  
CHARLOTTESVILLE

STAY SAFE



OPERATING & CAPITAL IMPROVEMENT  
**BUDGET**  
PROPOSED FOR THE FISCAL YEAR  
**2023/2024**



STAY HEALTHY

STAY POSITIVE



October 17, 2022

# BUDGET DEVELOPMENT DISCUSSION

# Agenda

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1. Council and Public Engagement
2. Recap of Previous Allocations
3. Early Considerations for FY 2024

# Key Dates

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- **Feb 15**
  - 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 17)
  - Other changes to local taxes require a 7 day advertisement and separate public hearing
- **March 6** - Proposed City Operating and Capital Budget and Adopted School Budget Formally Presented to Council
- **March 20** - First Budget and Tax Rate Public Hearings
- **April 3** - Second Budget Public Hearing/Budget and Tax Levy First Reading
- **April 11** - Budget and Tax Levy Second Reading and Final Approval



# Scheduled Worksessions

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- Mar 9**                    **Budget Worksession #1**  
*(FY 24 Revenues & Expenditures)*
- Mar 16**                   **Budget Worksession #2**  
*(Outside and Non Profit Agencies)*
- Mar 30**                   **Budget Worksession #3**  
*(Capital Improvement Program)*
- Apr 6**                    **Budget Worksession #4**  
*(Budget Wrap-up)*

[Link to detailed calendar](#)



# Council Community Budget Forum

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**Need to Finalize the Date**

*Wednesday, March 22<sup>nd</sup>  
6:00 PM*

Or

*Thursday, March 23<sup>rd</sup>  
6:00PM*



# City Manager Community Budget Forum

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**New for FY 2024**

***Opportunity to Discuss Budget Matters with the City Manager***

***Tuesday, January 10, 2023***

***6:00 PM***

***Carver Recreation Center***



# Budget Transparency and Data

## BUDGET EXPLORER

Welcome to the City of Charlottesville's Budget Explorer  
 We would appreciate your feedback! If you have questions, please [contact the Budget Office](#).

### Helpful Resources

- [Frequently Asked Questions](#)

This tool is best viewed with a desktop computer or tablet.

Line Item Budgets:  
 - FY22 Adopted General Fund Budget  
 - FY23 Adopted General Fund Budget

FY23 Quarterly Report:  
 - FY23 General Fund Revenues

FY23 Quarterly Report:  
 - FY23 General Fund Expenditures

FY23 Quarterly Report:  
 - FY23 Revenues & Expenses by Fund

### 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 FY22 and FY23 Adopted Budgets are displayed in the tables to the right. Select a Department from the dropdown menu above to display the budget for the selected Department.

Totals and Changes: FY22 Adopted - FY23 Adopted						
Type	Account Category	FY22 Adopted	FY23 Adopted	\$ Change	% Change	% of Total FY23 City Budget
Revenues	Revenue	\$192,212,843	\$212,889,291	\$20,676,448	10.76%	100.00%
	<b>Total</b>	<b>\$192,212,843</b>	<b>\$212,889,291</b>	<b>\$20,676,448</b>	<b>10.76%</b>	<b>100.00%</b>
Expenses	Salary/ Benefit	\$64,628,370	\$71,496,376	\$6,868,006	10.63%	33.58%
	Other Expense	\$127,584,473	\$141,392,915	\$13,808,442	10.82%	66.42%
	<b>Total</b>	<b>\$192,212,843</b>	<b>\$212,889,291</b>	<b>\$20,676,448</b>	<b>10.76%</b>	<b>100.00%</b>

Line Items and Changes: FY22 Adopted - FY23 Adopted						
Type	Account Category	Account Name	FY22 Adopted	FY23 Adopted	\$ Change	% Change
Revenues	Revenue	Real Estate Tax	\$80,277,442	\$89,487,993	\$9,210,551	11.47%
		Penalty/RE Tax	\$230,000	\$230,000	\$0	0.00%
		PP Tax	\$9,741,000	\$12,000,000	\$2,259,000	23.19%
		Interest/Del Tax PP	\$188,000	\$188,000	\$0	0.00%
		Veh Lic Fee	\$890,000	\$890,000	\$0	0.00%
		Public Serv Tax	\$1,642,930	\$1,589,086	-\$46,156	-2.99%
		Sales Tax	\$12,000,000	\$13,900,000	\$1,900,000	15.83%
		Util Tax	\$4,600,000	\$4,600,000	\$100,000	2.22%
		Meals Tax	\$12,840,000	\$16,640,000	\$3,800,000	29.60%
		Lodging Tax	\$6,000,000	\$7,000,000	\$2,000,000	40.00%
		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	\$660,000	\$660,000	\$0	0.00%
		Business Lic	\$7,000,000	\$8,700,000	\$1,700,000	24.29%
		Dog Lic	\$6,000	\$4,000	(\$2,000)	-33.33%
		Plumbing Perm	\$126,000	\$126,000	\$0	0.00%
		Erosion Ctrl Perm	\$28,500	\$28,500	\$0	0.00%

[www.charlottesville.gov/budget](http://www.charlottesville.gov/budget)



# FY 2022 Surplus Allocations

	<b>PROJECTED FY 2022 Revenue Budget Surplus</b>
<b>Potential Funding Available</b> (as projected April 7, 2022)	<b>\$ 12,440,304</b>
<b>Remaining Balance</b> - after allocations noted below	<b>\$ 670,271</b>

<b>City Manager One-Time Considerations - FY 2022 Surplus Potentials</b>	
<i>DSS - Software Replacement - Foster Care Payments - City Match</i>	<i>150,000</i>
<i>Procurement eSourcing Software</i>	<i>100,000</i>
<i>2 Additional Buses - Route 6 Equity Initiative</i>	<i>1,000,000</i>
<i>SAFER Grant Match - Adjusted for FY 22 Mid-year and FY 23 Proposed Merit</i>	<i>2,109,000</i>
<b>City Manager Presented Scenario - March 31st</b>	
<i>School Reconfiguration - \$54M Bond Scenario (Additional Cash Needed to get to \$68.8M)</i>	<i>600,000</i>
<i>School Reconfiguration - \$54M Bond Scenario (Years 2 of Add'l Debt Service)</i>	<i>1,947,112</i>
<i>School Reconfiguration - \$54M Bond Scenario (Years 3 of Add'l Debt Service)</i>	<i>1,947,112</i>
<i>PHA Projects - Cash Funded</i>	<i>216,809</i>
<i>Meadowcreek Trail - Section 3</i>	<i>700,000</i>
<b>Internal Capacity</b>	
<i>CAT - additional funding 30 minute routes</i>	<i>2,000,000</i>
<i>City Manager Fund</i>	<i>1,000,000</i>

Council discussed these allocations during the last FY 2023 Budget work session on April 7, 2022.

These allocations would need to be approved as part of the FY 2022 Year-End Appropriation which will be presented in December.



# FY 23 Budget Adjustments

Some budget issues have already been addressed using one-time funding:

<u>Description</u>	<u>Amount</u>	<u>Source</u>
CFD - 3 Battalion Chiefs	\$ 1,104,000	ARP
Facilities Repair	\$ 200,000	ARP
Equipment Replacement	\$ 829,000	ARP
Human Resources -	\$ 270,000	ARP
Human Rights - Investigator and Admin Support	\$ 176,000	ARP
Pupil Transportation - Driver Pay increases	\$ 378,000	FY 23 Salary Savings
CAT - Driver Increases	\$ 310,000	FY 23 Salary Savings
	<u>\$ 3,267,000</u>	
 <b><u>Other Potential Items - Estimates</u></b>		
SAFER Grant - 3 months	\$ 379,556	Council Appropriation

These items will be added to the base expenditure budget for FY 2024



# Anticipated Revenue Growth for FY 24

- Predicted Growth 2-4%
  - \$4M - \$8M
- Unknown Inflation Impacts
  - Meals Tax
  - Sales Tax
  - Lodging Tax
  - Real Estate Tax

## FY 2023 Revenue Projections

	<u>FY 2023 Budget</u>	<u>FY 2023 Revised*</u>	<u>Change</u>
<b><u>Local Taxes</u></b>			
Real Estate Tax	\$ 89,487,993	\$ 90,700,000	\$ 1,212,007
Personal Property Tax	12,000,000	14,000,000	2,000,000
Public Service Tax	1,589,086	1,589,086	-
Utility Taxes	4,600,000	4,600,000	-
Virginia Communications Sales and Use Tax	2,125,000	2,125,000	-
Tax on Bank Stock	1,200,000	1,200,000	-
Tax on Wills & Deeds	725,000	725,000	-
Sales & Use Tax	13,900,000	14,400,000	500,000
Transient Room Tax	7,000,000	7,100,000	100,000
Meals Tax	14,075,026	14,500,000	424,974
Cigarette Tax	550,000	550,000	-
Plastic Bag Tax ( <i>*implementation currently underway</i> )	-	-	-
<b><u>Licenses and Permits</u></b>			
Business & Professional Licenses	\$ 8,700,000	\$ 8,700,000	-
Vehicle Licenses	\$ 890,000	\$ 150,000	(740,000)
<b><u>Miscellaneous Revenues</u></b>			
Interest Income	\$ 580,000	\$ 1,050,000	470,000
<b><u>Designated Revenues</u></b>			
Meals Tax Designated for the Debt Service Fund	\$ 2,564,974	\$ 2,661,538	\$ 96,564
<b>Total Revenue Budget Surplus</b>			<b>\$ 4,063,545</b>

*\*Projected as of September 30, 2022*

**Surplus as a % of Total Budget 1.91%**

# Vibrant Community Funds

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## FY 24 Funding Allocation

- FY 23 Total Requests - \$4.3M (includes funding for housing programs)
- FY 23 Funding - \$2.5M (includes funding for housing programs)

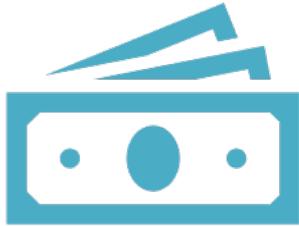
## ARP One-Time Funding

- \$1.0M - Agency Investments
- \$1.6M - Housing and Homelessness
- \$ 580k - Community Arts and Festivals



# Pathways Funding

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**\$84,516 Budget**

## **Allocation**

FY 22 - \$1.5M Distributed

FY 23 - 1 Quarter - \$426k Distributed

Total Projected Funding for FY 23 = \$1.2M



# Affordable Housing Funding

New Procedures for Implementation of the recently adopted affordable housing plan relating to funding requests for affordable housing initiatives.

Program	General Program Criteria	Estimated Amount of Funding	Funding Availability	RFP Issued
CDBG/HOME	Funding for home ownership/home repair; Economic Development; Public and Human Services; Infrastructure Improvement; homeless program(s); and emergency home improvement	CDBG: \$414,970 HOME CHDO: \$112,173	July 1, 2023	October 4, 2022 – October 31, 2022
Housing Development Project Investments (Includes Low-Income Housing Tax Credit Projects)	Housing development projects requesting significant investment consideration by the City, including LITHC projects)	No Preset Amounts	To Be Determined	November 1, 2022 – November 30, 2022
Housing Operations & Program Support (HOPS) (formerly Vibrant Communities Funding)	This program will provide operating type funding for eligible not-for-profit affordable housing related organizations.	\$575,000	July 1, 2023	December 1, 2022 – December 30, 2022
Charlottesville Affordable Housing Fund (CAHF)	Funds will be used to directly support affordable housing projects or initiatives.	\$835,000	July 1, 2022	January 2, 2023 – January 30, 2023



# **Anticipated Expenditure Drivers for the FY 2024 Budget**

- Collective Bargaining/COLA
- Compensation Study
- Inflation – CIP and Operations
- Schools
  - “thermometer” of one-time funding
  - Collective Bargaining
- Climate Action
- Transportation – CAT and City infrastructure
- Year 5 of CIP

# Questions/Discussion

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