

City Manager's Proposed FY 2022
Operating and Capital Improvement Budget

March 25, 2021

BUDGET WORK SESSION #3

CAPITAL IMPROVEMENT PROGRAM

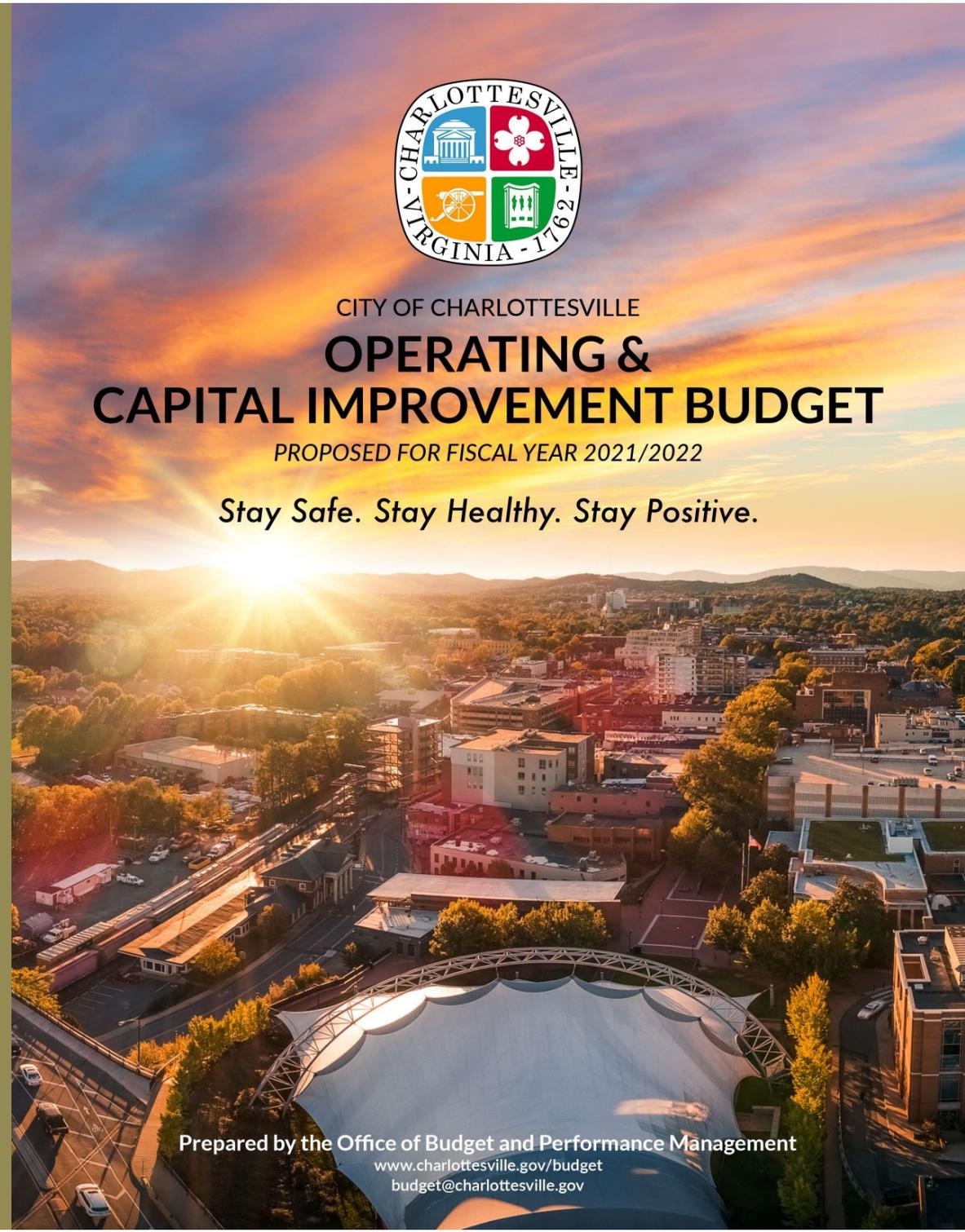


CITY OF CHARLOTTESVILLE

OPERATING & CAPITAL IMPROVEMENT BUDGET

PROPOSED FOR FISCAL YEAR 2021/2022

Stay Safe. Stay Healthy. Stay Positive.



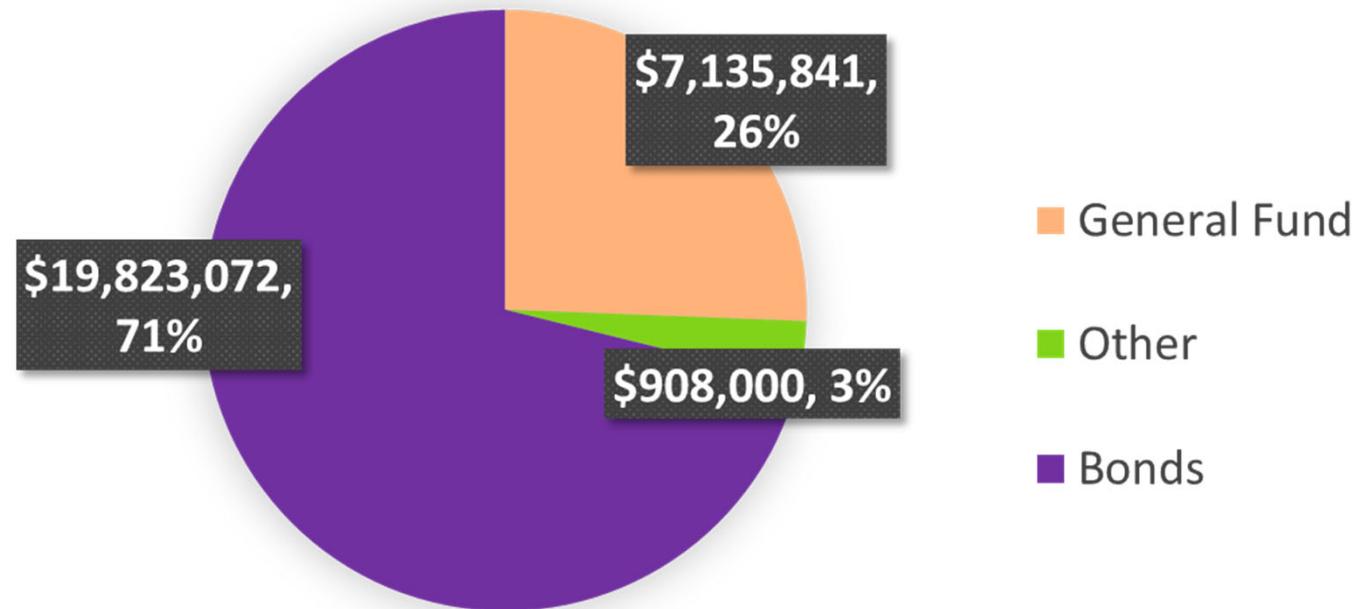
Prepared by the Office of Budget and Performance Management
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Agenda

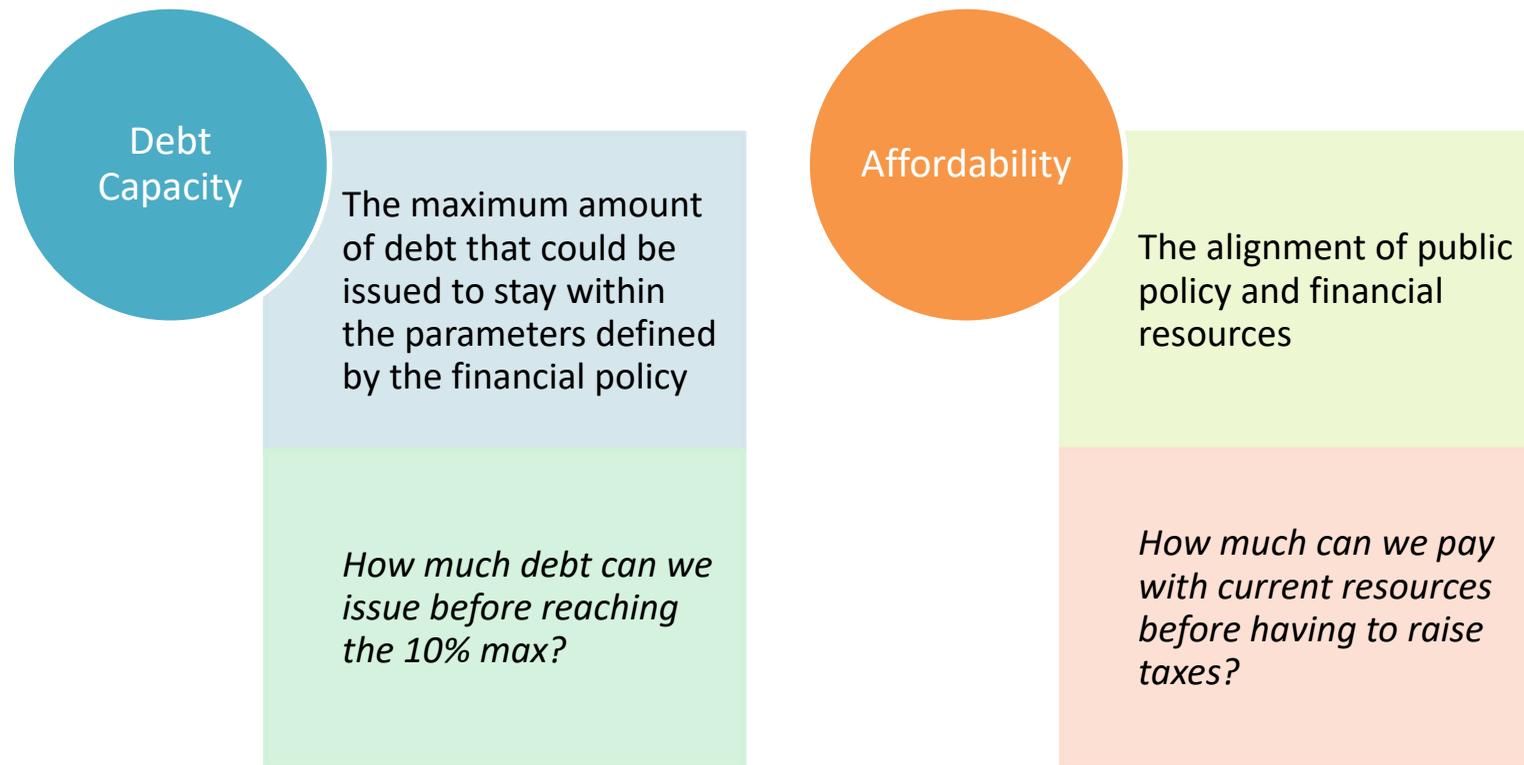
1. FY22 Proposed CIP Budget
2. Follow-Up
 - Budget Adjustments
 - VCF
3. Wrap Up and Staff Follow Up
4. Public Comment

How are We Paying for the CIP?

CIP Revenue Sources - FY22



CIP Balancing Act



The Debt Projection

KEY POINTS

Existing Capacity	\$ 185,000,000
Existing Projects (ABNI)	\$ 74,000,000
FY 22-26 CIP Draft	\$ 121,117,452
Total Projects	\$ 195,117,452

Fiscal Year	"Planning"				"Consequences"		
	Bond Issue Amount ⁽¹⁾	Annual Debt Service ⁽²⁾	General Fund Expenditure Budget ⁽³⁾	Ratio of Debt Service to Total General Fund Expenditures	General Fund Transfer ⁽⁴⁾	\$ Increase	Debt Service Fund Balance ⁽⁵⁾
2016	11,125,466	9,128,798	156,391,435	5.84%	9,279,578	-	11,962,480
2017	11,140,000	10,103,067	162,018,737	6.24%	9,817,330	537,752	11,880,013
2018	4,610,000	10,615,335	171,657,127	6.18%	10,371,750	554,420	11,905,368
2019	9,520,000	10,375,167	179,725,535	5.77%	11,003,348	631,598	12,830,074
2020	-	10,771,937	188,863,920	5.70%	11,049,584	46,236	13,255,398
2021	13,455,000	10,465,180	191,195,873	5.47%	10,251,550	(798,034)	13,178,415
2022	25,000,000	10,983,075	190,232,749	5.77%	10,285,365	33,815	12,605,932
2023	25,000,000	12,732,218	193,086,240	6.59%	12,019,857	1,734,492	12,005,848
2024	25,000,000	14,128,519	195,982,534	7.21%	13,755,038	1,735,181	11,731,734
2025	60,000,000	15,541,933	198,922,272	7.81%	15,490,923	1,735,885	11,767,101
2026	25,000,000	19,760,790	201,906,106	9.79%	17,227,526	1,736,603	9,307,263
2027	25,000,000	21,351,167	204,934,698	10.42%	18,964,861	1,737,335	6,979,699
2028	-	22,419,071	208,008,718	10.78%	19,102,943	138,082	3,685,599
2029	-	21,344,164	211,128,849	10.11%	19,241,786	138,843	1,612,592
2030	-	20,107,983	214,295,781	9.38%	19,381,406	139,620	900,700
2031	15,000,000	19,100,717	217,510,218	8.78%	19,521,818	140,412	1,321,801

KEY POINTS

- ✓ Debt Service Doubles - \$10M to \$22M
- ✓ Significant New Revenue Enhancements Required
- ✓ Balance in Debt Service Fund Essentially Exhausted



Proposed FY 2022 CIP Budget

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Totals
Sources of Funds:						
General fund transfer	\$ 7,135,841	\$ 6,737,940	\$ 7,549,378	\$ 6,580,400	\$ 8,580,400	\$ 36,583,959
Year- End Surplus	-	-	-	-		\$ -
Bond issues	19,823,072	19,235,491	12,287,907	59,885,491	9,885,491	\$ 121,117,452
Other	908,000	380,500	318,000	318,000	318,000	\$ 2,242,500
Total sources	\$27,866,913	\$26,353,931	\$20,155,285	\$66,783,891	\$18,783,891	\$159,943,911
Uses of funds:						
Education	\$3,520,000	\$4,600,000	\$3,400,000	\$52,150,000	\$2,150,000	\$ 65,820,000
Economic development	\$0	\$150,000	\$150,000	\$150,000	\$150,000	\$ 600,000
Facilities Capital Projects	\$1,370,491	\$1,370,491	\$1,370,492	\$1,370,491	\$1,370,491	\$ 6,852,456
Public safety and justice	\$6,889,581	\$265,000	\$1,417,415	\$265,000	\$265,000	\$ 9,101,996
Transportation and access	\$8,462,000	\$11,563,440	\$4,662,378	\$4,443,400	\$4,443,400	\$ 33,574,618
Parks and recreation	\$865,000	\$790,000	\$790,000	\$790,000	\$790,000	\$ 4,025,000
Affordable Housing	\$6,469,841	\$7,325,000	\$8,075,000	\$7,325,000	\$9,325,000	\$ 38,519,841
General government	\$290,000	\$290,000	\$290,000	\$290,000	\$290,000	\$ 1,450,000
Total uses	\$27,866,913	\$26,353,931	\$20,155,285	\$66,783,891	\$18,783,891	\$159,943,911



Responding to the challenge

To accomplish Council's goals and priorities, the Proposed CIP is presented with the following recommendations:

- **West Main Streetscape** no additional funding being added (beyond the \$18.25 million previously committed).
- **Schools Reconfiguration** is included with a \$50 Million placeholder in FY25.
- **Real estate property taxes** are proposed to be increased by 2 cents annually beginning in FY23 for a total of 10 cents over five years. Council and the School Board will need to build community support for these investments.
- **The School funding formula should be recalibrated to recognize the new debt service requirements.** A once in a generation project to reconfigure the schools will require a new approach to the school transfer calculation starting in FY23.
- While the CIP, operational budgets, and tax rates are all reviewed and adjusted annually, once the school project commences, future Councils will be obligated to complete the work.

Key Messages

- **Strategic Focus** – The Proposed CIP focuses on Council’s key priorities
- **Affordability** - This plan is not affordable without the significant revenue enhancements
- **Reallocations** – Funds already committed but not spent in previous plans can still be reallocated
- **Future Needs** - Additional or new CIP funding would likely not be available for quite some time. Cash funding would be the only option and would also be competing with the additional funds needed to cover the debt service.
- **Limited reserves** – Even with additional tax revenues, the reserve funds are depleted

FY 2022 Operating Budget Changes

Manager's Recommended FY 22 Revenue Estimates	\$ 190,689,839
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Increase Revenues

Business and Professional Licenses	950,000
Reimbursement for Constitutional Officers	73,004

Total Amended FY 22 General Fund Revenue Estimates	\$ 191,712,843
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Manager's Recommended FY 22 Expenditures	\$ 190,689,839
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Decrease Expenditures

Transfer to the Capital Improvement Program	(255,000)
Police Budget Reduction for School Crossing Guards transitioned to CCS	(55,307)

Total Amended FY 22 General Fund Expenditures	\$ 190,379,532
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Budget Surplus/(Gap)	\$ 1,333,311
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Decision Points for Recommended Adjustments

Beginning Budget Surplus	\$1,333,311
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2% COLA for City Employees	1,060,000
Contractual Adjustments Associated with COLA	38,043
Deputy City Manager (fully fund in FY22)	59,271
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Remaining Balance	175,997
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Other Consensus Items

Personnel to Support Climate Action Plan - up to **\$105,000**

Vibrant Community Fund - to level fund consensus agencies from FY21 amounts **\$147,043**

Vibrant Community Fund

Unfunded Amounts

FY22 VCF Unfunded Amounts

	Essential	Important	Helpful	No direct connection
Exemplary Quality	15 Programs \$64,665	4 Programs \$80,145	1 Program \$40,000	
Solid Quality	9 Programs \$162,925	12 Programs \$266,263	4 Programs \$233,364	
Fair Quality	1 program 98,627		5 Programs \$65,082	
Poor Quality			2 Programs \$320,000	

Arts and Culture

72,687

Capacity Building Grants

60,000

TOTAL SUM

\$1,463,758



Vibrant Community Fund

Consensus Agencies

<u>Agency</u>	<u>FY22 Requested</u>	<u>FY22 Proposed</u>	<u>Difference</u>	<u>Level Funding from FY21</u>
OAR Drug Court	75,947	30,379	45,568	37,973
OAR Therapeutic Docket	60,500	36,905	23,595	17,545
Legal Aid - Civil Legal Services	100,000	40,000	60,000	20,000
Legal Aid - Support for Community Advocacy on Racial Equity	100,000	0	100,000	37,500
PHAR Internship	75,000	0	75,000	21,000
CRHA	98,627	0	98,627	0
Computers 4 Kids	<u>40,000</u>	<u>0</u>	<u>40,000</u>	<u>13,025</u>
TOTAL	550,074	107,284	442,790	147,043

Vibrant Community Fund

Other Agencies

<u>Agency</u>	<u>FY22 Requested</u>	<u>FY22 Proposed</u>	<u>Difference</u>	<u>Level Funding from FY21</u>
OAR Pretrial	53,046	50,394	2,652	-
Sin Barreras	19,300	7,720	11,580	-
Bridge Ministry	300,000	0	300,000	0
Creciendo Juntos	<u>10,000</u>	<u>0</u>	<u>10,000</u>	<u>0</u>
TOTAL	382,346	58,114	324,232	0

<u>Capacity Building</u>	<u>FY22 Requested</u>	<u>FY22 Proposed</u>	<u>Difference</u>
Conscious Capitalist	10,000	0	10,000
PHAR	10,000	0	10,000
Creciendo Juntos	10,000	0	10,000
Bridge Ministry	<u>10,000</u>	<u>0</u>	<u>10,000</u>
TOTAL	40,000	0	40,000



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Wrap-up and Staff Follow-up



Budget Calendar

April 5: Public Hearing on FY 22 Budget, 6:30pm, Zoom Webinar

- Smaller presentation with opportunity for Public feedback and Council discussion

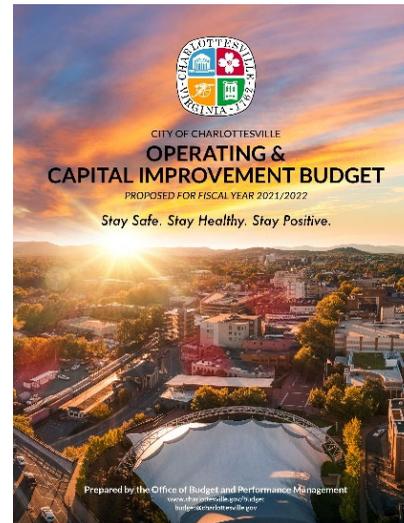
TENTATIVE - April 8: Work Session, 6pm – 8pm, Zoom Webinar, Remaining budget issues and wrap up

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

April 13: Budget Approval by City Council, 5:30pm, Zoom Webinar

Budget Information

www.charlottesville.gov/budget



Copies of FY 2022 Proposed Budget

City Manager's Office, City Hall, 8:00-5:00 PM M-F
Central and Gordon Ave. Library Branches

budget@charlottesville.gov
www.charlottesville.gov/budget



Office of Budget and
Performance Management