



January 26, 2022

# CITY COUNCIL BUDGET RETREAT

# Agenda

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- 1. Budget Process**
- 2. Budget Guidelines**
- 3. Long-term Financial Policies and Debt**
- 4. Council Budget**
- 5. FY 2023 Expenditure Drivers**

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# Budget Process



# Budget Process

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# Budget Process

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**August/September** – CIP and Budget Development Kick-Off

**October/November** – Budget Submission Review/Development

**November/December** – Proposed CIP Developed and Presented to Planning Commission

**January/February** – Continued Budget Development

**February** – Tax Rates Advertised

**March** – City Manager Proposed Budget Presented

**March/April** – Council/Public Review, Discuss and Amend Proposed Budget Discussion of Budget

**April** – Formal Adoption of City Council Budget

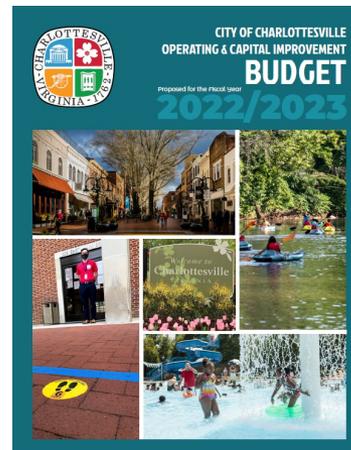


# City Manager's Budget Role

## City Code Sec. 11-1

The City Manager shall keep the Council fully advised of the City's financial condition and shall, on or before March fifteenth in each year, prepare and submit to the Council a tentative budget for the next fiscal year. Such budget shall be in conformity with the provisions of the Charter and of this Code and the general law and shall contain estimates of the financial needs and resources of the City for such fiscal year and a program of activities which in the City Manager's judgment will best meet the needs of the City and its people, considering resources available.

Department Submissions  
Budget Guidelines  
Council Priorities  
Forecasts and Projections



Proposed Budget

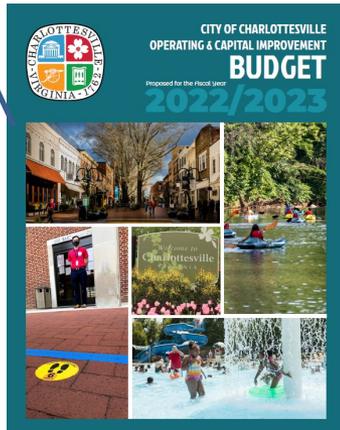


# City Council's Budget Role

## City Code Sec. 11-2

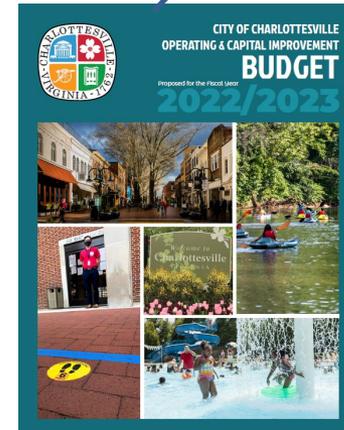
The council shall cause to be prepared by the City Manager an annual budget containing all proposed expenditures and estimated revenues and borrowing for the ensuing year, and at least thirty (30) days thereafter shall order a city levy as provided for by state law and sections 14, 19 and 20 of the Charter. The Council shall adopt or approve the annual budget and shall make such city levy prior to April fifteenth in each year.

Proposed Budget



Budget Details  
Public Input  
Council  
Amendments

Adopted Budget



# Important Dates

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- **Feb 14- 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 17)
  - FY 2023 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 7** - Proposed City Operating and Capital Budget and Adopted School Budget Formally Presented to Council
- **March 21** - First Budget and Tax Rate Public Hearings
- **April 4** - Second Budget Public Hearing/Budget and Tax Levy First Reading
- **April 12** - Budget and Tax Levy Second Reading and Final Approval



# Budget Worksessions

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<b>Feb 2</b>	Joint City Council/School Board Meeting
<b>Feb 3</b>	Budget Worksession (Budget Development)
<b>Mar 10</b>	Budget Worksession #1
<b>Mar 17</b>	Budget Worksession #2
<b>Mar 23</b>	Community Budget Forum
<b>Mar 31</b>	Budget Worksession #3
<b>Apr 7</b>	Budget Worksession #4

[Link to detailed calendar](#)



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# FY 2023 Budget Guidelines



# Budget Guidelines

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1. Annually review major local tax rates.
2. Develop operational budgets within projected available revenues.
3. Focus on Council's Strategic Plan Goals:

## *Strategic Plan Goals*

1. An Inclusive Community of Self-Sufficient Residents
2. A Healthy and Safe City
3. A Beautiful & Sustainable Natural & Built Environment
4. A Strong, Creative and Diversified Economy
5. A Well-managed and Responsive Organization



# Budget Guidelines

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4. Continue to incorporate the use of performance measures to assist in making decisions that support budget priorities related to City's Strategic Plan.
5. Continue the strong commitment to education by allocating up to 40% of new City real estate and property tax revenue to schools.
6. Invest strategically in employees by providing adequate pay, benefits, training, technology resources, support, and appreciation.
7. Annually review the living wage ordinance "so that every City contract for the provision of non-professional services will require that the contractor pay each employee assigned to perform services a living wage equal to no less than the lowest starting salary for City employees."
8. Fund no new programs or major expansion of existing programs without fully offsetting revenues or reductions in expenditures.



# Budget Guidelines

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9. Balance reinvestment in the City's existing infrastructure and facilities and creation of new opportunities for investing in the future of the City.
10. Transfer at least 3% of general fund expenditures to the Capital Improvement Fund (CIP).
11. Budget a reserve for Council Strategic Initiatives.
12. Budget a Fund Balance Target Adjustment pool of funds to help ensure that the City continues to meet the important financial policy of maintaining an unappropriated fund balance in the General Fund .  
(See Long Term Financial Policies)



# Long-Term Financial Policies And Debt



# Long Term Financial Policies

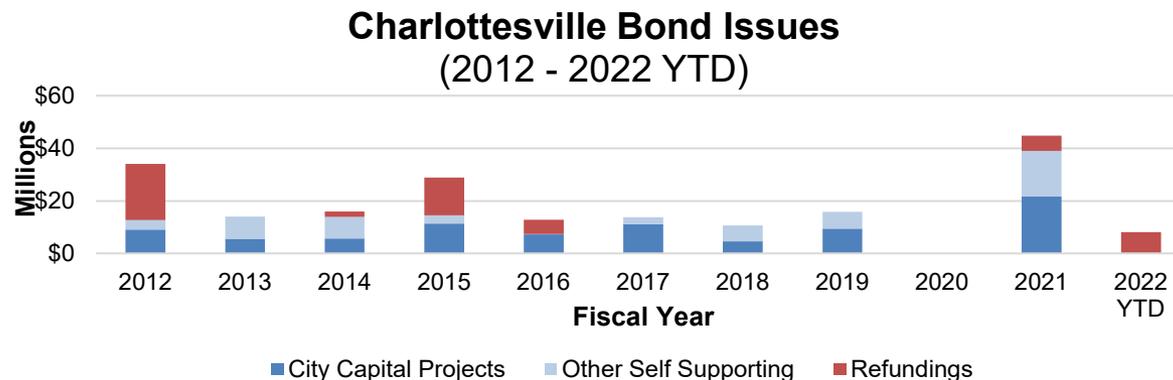
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1. Maintain a minimum General Fund balance of at least 14% of General Fund budget.
2. Maintain a minimum Downturn Reserve Fund balance of no less than 3% of General Fund budget.
3. Maintain sufficient working capital in the utilities funds (Water, Wastewater and Gas).
4. Stabilize all non-general funds by ensuring they have a positive fund balance.
5. Debt service as a percentage of the general fund total expenditure budget has a ceiling of 10%, with a target of 9%.
6. Transfer 1-cent of the meals tax revenue to the Debt Service Fund to be used for debt service.



# City's Outstanding Debt

- The City has \$152.3 million of general obligation debt outstanding as of June 30, 2021
  - \$93.9 million of outstanding general obligation debt is supported by General Fund
  - \$58.4 million of outstanding general obligation debt is Self Supporting
  - The City historically issues bonds annually to fund its cash flow needs for capital projects for the following 12 to 24 months. The graph below includes bonds issued for both general fund supported (City) as well as self-supporting (Water, Wastewater, Storm Water) projects.



- Over the last 10 years, the City issued \$9.6 million on average in general fund supported new money borrowings each year
- When interest rate environments are low, the City has also refunded existing, outstanding debt for future cash flow savings.
  - Since 2012, the City has saved \$4.6 million in interest expense through refinancings



# The City's Bond Ratings

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- Credit ratings are an independent view on a municipalities creditworthiness and ability to repay its debt
- Charlottesville has maintained the highest possible general obligation credit ratings:
  - Aaa from Moody's Investors Service since 1973
  - AAA by Standard & Poor's since 1964
- A high credit ratings allows the City to borrow funds at the lowest possible borrowing cost and ensures more money is going toward capital projects than interest payments.
  - Given a debt portfolio in excess of \$100 million, the City's AAA bond ratings have allowed the City to reduce its debt service by \$3-4 million versus if it had been rated AA
- A high credit rating is also helpful in attracting economic development prospects.
- The City talks with the rating agencies on an annual basis.



# Aaa/AAA Municipalities

- The City is one of only 125 cities nationwide that maintains a “Aaa/AAA” General Obligation rating from Moody’s and S&P
- Only 10 Virginia cities or towns maintain the distinction of being Aaa/AAA rated

Municipality	Moody's	S&P
Alexandria, VA	Aaa	AAA
<b>Charlottesville, VA</b>	<b>Aaa</b>	<b>AAA</b>
Chesapeake, VA	Aaa	AAA
Fairfax, VA	Aaa	AAA
Falls Church, VA	Aaa	AAA
Herndon, VA	Aaa	AAA
Leesburg, VA	Aaa	AAA
Suffolk, VA	Aaa	AAA
Vienna, VA	Aaa	AAA
Virginia Beach, VA	Aaa	AAA



# Rating Agency Factors

- Rating agencies focus on four key factors:
  - **Economy** – demographics, employment base, property values and taxpayer composition
  - **Management** – policies and procedures, strategic planning and ability to achieve budgetary targets
  - **Financial** – budget practices, investments and fund balances
  - **Debt** – outstanding debt, future needs and pension/other post employment benefit obligations

## Key Financial Policies

Maintain a minimum General Fund Balance of 14% of General Fund Budget

Maintain a minimum Downturn Reserve Fund of no less than 3% of General Fund Budget

Maintain a debt service to operating expenditures ratio below a ceiling of 10% with a goal of under 9%



# Overview of CIP

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- For presentation purposes, we have divided the Capital Improvement Program (“CIP”) into several categories:
  - **Authorized but Not Issued (“ABNI”)** – this includes projects that were approved by City Council in previous CIP’s that have not been bond funded because of timing or scope issues
    - Totals **\$66 million**
  - **Revised Proposed FY 2023-2027 CIP** – the City’s current five-year CIP funding for both bondable and non-bondable City capital projects and includes \$75 million for School Reconfiguration
    - Totals **\$157 million of which \$124 million is bondable**
  - **Unfunded Project List** – this includes capital projects that have not been included in the current five-year CIP
    - Totals **\$127 million**



# CIP – Authorized But Not Issued

Project	2022 Bonds Authorized but not Issued
Undergrounding Utilities	\$4,430,000
New Sidewalks	630,000
City Schools HVAC Replacement Plan	3,608,640
Street Reconstruction	1,500,000
McIntire Park - Master Plan Implementation	1,998,632
Belmont Bridge Replacement - City Match	12,000,000
City Solar PV Prog	75,000
SIA Implementation	1,400,000
Small Area Plans	750,000
Tonsler Park	2,100,000
City Facility HVAC Replacement	1,050,000
800MHz Radio System Upgrade (ECC)	3,026,341
Citywide ADA S&C	550,000
Meadow Creek Valley Master Plan	175,000
General District Court	6,712,028
CCS Priority Improvements	1,250,000
ADA Pedestrian Signal Upgrades	860,000
Route 250/Emmet Street Bridge Repairs	1,577,500
Penn Park Tennis Court Renovations	95,000
Facilities Lump Sum	4,152,161



# CIP – Authorized But Not Issued (cont.)

Project	2022 Bonds Authorized but not Issued
Downtown Pedestrian Lighting	\$188,000
City/County Joint Parks - Darden Towe and Ivy Creek	1,527,969
Lump Sum to Schools	3,945,491
City Schools Reconfiguration and Design	2,500,000
Energy Performance Audit	150,000
Bypass Fire Station	3,000,000
Minor Bridge Repairs	568,646
State Revenue Sharing	413,218
Riverview Park Restroom	220,000
Public Housing Redevelopment	1,500,000
Sidewalk Repair	500,000
7th Street Deck	1,000,000
Smith Center IAQ	250,000
Fire Apparatus Replacement	228,000
Traffic Signal Replacement	200,000
Blight Remediation	50,000
VDOT Hydraulic/250	150,000
CHS Roof Replacement	120,000
Replacement EMS Apparatus	377,553
East High Signalization - VDOT Rev Share	1,000,000

CIP Totals (Authorized but not Issued)	
GO/CIP Total	\$65,829,179
Bond Contingency	353,583
Total with Contingency	\$66,182,762



# Revised Proposed CIP

<b>BONDABLE PROJECTS</b>						
<b>EDUCATION</b>	<b>Proposed</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>5 Year</b>
<u>Project</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>Total</u>
Lump Sum to Schools (City Contribution)	1,200,000	1,200,000	1,200,000	1,200,000	561,000	<b>5,361,000</b>
City Schools HVAC Replacement	750,000	750,000	750,000	750,000	750,000	<b>3,750,000</b>
City Schools Priority Improvement Projects	1,250,000	1,250,000	0	0	0	<b>2,500,000</b>
Charlottesville High School Roof Replacement	1,200,000	0	0	0	0	<b>1,200,000</b>
Charlottesville City School Reconfiguration	2,500,000	72,500,000	0	0	0	<b>75,000,000</b>
<b>SUBTOTAL</b>	<b>\$6,900,000</b>	<b>\$75,700,000</b>	<b>\$1,950,000</b>	<b>\$1,950,000</b>	<b>\$1,311,000</b>	<b>\$87,811,000</b>
<b>FACILITIES CAPITAL PROJECTS</b>						
<b>Project</b>	<b>Proposed</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>5 Year</b>
<u>Project</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>Total</u>
Lump Sum to Facilities Capital Projects	1,045,491	1,045,492	1,045,491	1,045,491	1,045,098	<b>5,227,063</b>
City Facility HVAC Replacement	250,000	250,000	250,000	250,000	250,000	<b>1,250,000</b>
City and Schools Solar PV Program	75,000	75,000	75,000	75,000	0	<b>300,000</b>
<b>SUBTOTAL</b>	<b>1,370,491</b>	<b>1,370,492</b>	<b>1,370,491</b>	<b>1,370,491</b>	<b>\$1,295,098</b>	<b>6,777,063</b>
<b>PUBLIC SAFETY AND JUSTICE</b>						
<b>Project</b>	<b>Proposed</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>5 Year</b>
<u>Project</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>Total</u>
Replacement Fire Apparatus	0	1,152,415	0	0	0	<b>1,152,415</b>
Bypass Fire Station - Add'l Funding	1,206,976	0	0	0	0	<b>1,206,976</b>
<b>SUBTOTAL</b>	<b>\$1,206,976</b>	<b>\$1,152,415</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,359,391</b>



# Revised Proposed CIP (cont.)

<b>BONDABLE PROJECTS (Cont.)</b>						
<b>TRANSPORTATION AND ACCESS</b>						
	Proposed	Projected	Projected	Projected	Projected	5 Year
<u>Project</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>Total</u>
New Sidewalks	100,000	100,000	100,000	100,000	0	400,000
Sidewalk Repair	500,000	500,000	500,000	500,000	0	2,000,000
SIA Immediate Implementation	200,000	200,000	200,000	200,000	0	800,000
Small Area Plans	100,000	100,000	100,000	100,000	0	400,000
Street Milling and Paving	1,250,000	1,500,000	1,500,000	1,500,000	0	5,750,000
ADA Pedestrian Signal Upgrades	240,000	240,000	240,000	240,000	0	960,000
Minor Bridge Repairs	225,000	225,000	225,000	225,000	0	900,000
Citywide ADA Improvements - Sidewalks and Curbs	200,000	200,000	200,000	200,000	0	800,000
Traffic Signal Infrastructure Replacement	500,000	500,000	500,000	500,000	0	2,000,000
Market Street Garage Concrete Structural Repairs	683,000	0	0	0	0	683,000
<b>SUBTOTAL</b>	<b>\$3,998,000</b>	<b>\$3,565,000</b>	<b>\$3,565,000</b>	<b>\$3,565,000</b>	<b>\$0</b>	<b>\$14,693,000</b>
<b>PARKS AND RECREATION</b>						
	Projected	Projected	Projected	Projected	Projected	5 Year
<u>Project</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>Total</u>
McIntire Park Drainage Corrections	\$350,000	0	0	0	0	\$350,000
Key Recreation Slate Roof Replacement	\$42,000	\$486,000	0	0	0	\$528,000
<b>SUBTOTAL</b>	<b>\$392,000</b>	<b>\$486,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$878,000</b>
<b>AFFORDABLE HOUSING</b>						
	Proposed	Projected	Projected	Projected	Projected	5 Year
<u>Project</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>Total</u>
Public Housing Redevelopment - (CRHA)	3,000,000	3,000,000	3,000,000	3,000,000	0	12,000,000
<b>SUBTOTAL</b>	<b>\$3,000,000</b>	<b>\$3,000,000</b>	<b>\$3,000,000</b>	<b>\$3,000,000</b>	<b>\$0</b>	<b>\$12,000,000</b>
<b>TOTAL BONDABLE PROJECTS</b>	<b>\$16,867,467</b>	<b>\$85,273,907</b>	<b>\$9,885,491</b>	<b>\$9,885,491</b>	<b>\$2,606,098</b>	<b>\$124,518,454</b>

a. City plans to finance approximately \$121 million of bondable projects through bond issuances



# Revised Proposed CIP (cont.)

<b>NONBONDABLE PROJECTS</b>						
<b>EDUCATION</b>	Proposed	Projected	Projected	Projected	Projected	5 Year
<u>Project</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>Total</u>
School Small Capital Improvements Program	200,000	200,000	200,000	200,000	0	800,000
<b>SUBTOTAL</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$0</b>	<b>\$800,000</b>
<b>ECONOMIC DEVELOPMENT</b>	Proposed	Projected	Projected	Projected	Projected	5 Year
<u>Project</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>Total</u>
Economic Development Strategic Initiatives	95,000	120,000	120,000	120,000	0	455,000
<b>SUBTOTAL</b>	<b>\$95,000</b>	<b>\$120,000</b>	<b>\$120,000</b>	<b>\$120,000</b>	<b>\$0</b>	<b>\$455,000</b>
<b>FACILITIES CAPITAL PROJECTS</b>						
<u>Project</u>						5 Year <u>Total</u>
HVAC Contingency Fund - City Facilities	25,000	25,000	25,000	50,000	0	\$125,000
HVAC Contingency Fund - School Facilities	25,000	25,000	25,000	50,000	0	\$125,000
<b>SUBTOTAL</b>	<b>\$50,000</b>	<b>\$50,000</b>	<b>\$50,000</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$250,000</b>
<b>PUBLIC SAFETY AND JUSTICE</b>	Proposed	Projected	Projected	Projected	Projected	5 Year
<u>Project</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>Total</u>
Police Mobile Data Terminals	45,000	45,000	45,000	75,000	0	210,000
Police Portable Radio Replacement	45,000	45,000	45,000	75,000	0	210,000
Fire Portable Radio Replacement	45,000	45,000	45,000	75,000	0	210,000
Sheriff Portable Radio Replacement	18,800	18,800	18,800	40,000	0	96,400
<b>SUBTOTAL</b>	<b>\$153,800</b>	<b>\$153,800</b>	<b>\$153,800</b>	<b>\$265,000</b>	<b>\$0</b>	<b>\$726,400</b>



# Revised Proposed CIP (cont.)

<b>NONBONDABLE PROJECTS</b>						
<b>TRANSPORTATION &amp; ACCESS</b>						
<u>Project</u>	<u>Proposed FY23</u>	<u>Projected FY24</u>	<u>Projected FY25</u>	<u>Projected FY26</u>	<u>Projected FY27</u>	<u>5 Year Total</u>
State Bridge and Highway Inspections	60,000	75,000	100,000	100,000	0	335,000
CAT Transit Bus Replacement Match	139,510	114,400	114,400	114,400	0	482,710
Intelligent Transportation System	150,000	150,000	185,000	185,000	0	670,000
City Wide Traffic Engineering Improvements	100,000	137,800	150,000	150,000	0	537,800
Neighborhood Transportation Improvements	50,000	50,000	50,000	50,000	0	200,000
Bicycle Infrastructure	137,000	150,000	165,200	150,000	0	602,200
Right of Way Appurtenance	25,000	75,000	100,000	100,000	0	300,000
Traffic Sign Retro Reflective Compliance	75,000	100,000	0	0	0	175,000
ADA Ramp Corrections	134,930	138,978	0	0	0	273,908
Historic District and Entrance Corridor Design Guidelines					50,000	50,000
<b>SUBTOTAL</b>	<b>\$921,440</b>	<b>\$991,178</b>	<b>\$864,600</b>	<b>\$849,400</b>	<b>\$0</b>	<b>\$3,626,618</b>
<b>PARKS &amp; RECREATION</b>						
<u>Project</u>	<u>Proposed FY23</u>	<u>Projected FY24</u>	<u>Projected FY25</u>	<u>Projected FY26</u>	<u>Projected FY27</u>	<u>5 Year Total</u>
Parks and Recreation Lump Sum Account	300,000	400,000	400,000	400,000	0	1,500,000
Parks and Schools Playground Renovations	112,000	112,000	112,000	112,000	0	448,000
Urban Tree Planting	75,000	75,000	75,000	75,000	0	300,000
Parkland and Trails Acquisition and Development	125,000	125,000	125,000	125,000	0	500,000
Downtown Mall Infrastructure Repairs	78,000	78,000	78,000	78,000	78,000	390,000
Parks and Recreation Comprehensive Master Plan	150,000	0	0	0	0	150,000
Oakwood Cemetery Drainage and Road Issues	45,700	0	0	0	0	45,700
Hazard and Liability Ash Tree Removal	105,000	105,000	105,000	105,000	0	420,000
City/County - Ivy Creek Preservation Study	66,000	92,400	0	0	0	158,400
City/County - Darden Towe Ash Trees	26,500	0	0	0	0	26,500
<b>SUBTOTAL</b>	<b>\$1,083,200</b>	<b>\$987,400</b>	<b>\$895,000</b>	<b>\$895,000</b>	<b>\$78,000</b>	<b>\$3,938,600</b>



# Revised Proposed CIP (cont.)

NONBONDABLE PROJECTS						
TECHNOLOGY INFRASTRUCTURE	Proposed	Projected	Projected	Projected	Projected	5 Year
Project	FY23	FY24	FY25	FY26	FY27	Total
Communications Technology Account/Public Access	40,000	40,000	40,000	40,000	40,000	200,000
City Wide IT Strategic Infrastructure	250,000	250,000	250,000	250,000	0	1,000,000
<b>SUBTOTAL</b>	<b>\$290,000</b>	<b>\$290,000</b>	<b>\$290,000</b>	<b>\$290,000</b>	<b>\$40,000</b>	<b>\$1,200,000</b>
AFFORDABLE HOUSING	Proposed	Projected	Projected	Projected	Projected	5 Year
Project	FY23	FY24	FY25	FY26	FY27	Total
Charlottesville Affordable Housing Fund (CAHF)	925,000	925,000	925,000	925,000	925,000	4,625,000
Supplemental Rental Assistance	900,000	900,000	900,000	900,000	900,000	4,500,000
Friendship Court Infrastructure Improvements	0	2,500,000	0	0	0	2,500,000
Friendship Court Redevelopment - Phase 2	2,500,000	0	0	0	0	2,500,000
Friendship Court Redevelopment - Phase 3	0	750,000	2,500,000	0	0	3,250,000
Friendship Court Redevelopment - Phase 4	0	0	0	2,250,000	2,250,000	4,500,000
<b>SUBTOTAL</b>	<b>\$4,325,000</b>	<b>\$5,075,000</b>	<b>\$4,325,000</b>	<b>\$4,075,000</b>	<b>\$4,075,000</b>	<b>\$21,875,000</b>
<b>TOTAL NONBONDABLE PROJECTS</b>	<b>\$7,118,440</b>	<b>\$7,867,378</b>	<b>\$6,898,400</b>	<b>\$6,794,400</b>	<b>\$4,193,000</b>	<b>\$32,871,618</b>
<b>TOTAL PROJECT EXPENDITURES</b>	<b>\$23,985,907</b>	<b>\$93,141,285</b>	<b>\$16,783,891</b>	<b>\$16,679,891</b>	<b>\$6,799,098</b>	<b>\$157,390,072</b>



# CIP – Unfunded Projects

Project Title	Requested FY23	Requested FY24	Requested FY25	Requested FY26	Requested FY27	5 Year Total
West Main Streetscape Improvements	35,200,000	-	-			<b>35,200,000</b>
Land Acquisition	15,000,000	5,000,000	5,000,000			<b>25,000,000</b>
Jefferson-Madison Regional Library Renovation	13,080,638	-	-			<b>13,080,638</b>
Energy Savings Performance Contract	5,000,000					<b>5,000,000</b>
Dairy Road over Route 250 Bridge Replacement	750,000	2,000,000	2,000,000			<b>4,750,000</b>
Revenue Sharing Grant Match Funds	2,650,000	1,000,000	1,000,000			<b>4,650,000</b>
City Schools Priority Improvement Projects	-	-	1,250,000	1,250,000	1,250,000	<b>3,750,000</b>
Tonsler Park Master Plan Implementation	3,500,000	-	-			<b>3,500,000</b>
Stribling Avenue Sidewalk	500,000	1,150,000	1,150,000			<b>2,800,000</b>
Housing Rehabilitation	1,000,000	500,000	500,000	500,000		<b>2,500,000</b>
CHS Roof Replacement	2,300,000					<b>2,300,000</b>
Street Milling and Paving	500,000	500,000	500,000	500,000		<b>2,000,000</b>
Undergrounding Overhead Private Utilities	2,000,000					<b>2,000,000</b>
PHA - Gap Funding for MACAA Apartments	# 1,980,000					<b>1,980,000</b>
PHA - Gap Funding for Park Street Christian Church/Hinton Avenue United Methodist Church Apartments	# 1,950,000					<b>1,950,000</b>
Meadowcreek Valley Master Plan Implementation	1,250,000	-	-			<b>1,250,000</b>
New Sidewalks	600,000	300,000	300,000			<b>1,200,000</b>
Crow Recreation ADA Compliance	1,000,000	-	-			<b>1,000,000</b>
Meadow Creek Trail Connection from Michie to Greenbrier	750,000					<b>750,000</b>



# CIP – Unfunded Projects (cont.)

Project Title	Requested FY23	Requested FY24	Requested FY25	Requested FY26	Requested FY27	5 Year Total
Virginia Supportive Housing - Permanent Supportive Housing Project	500,000	250,000	-	-		<b>750,000</b>
Onesty Youth Aquatic Play Features Replacement	712,000	-	-	-		<b>712,000</b>
Key Rec Center Restroom/Locker Room Renovations	600,000	-	-	-		<b>600,000</b>
LED Streetlight Conversion	50,000	275,000	275,000			<b>600,000</b>
Forest Hills Spray Pad Shade Structure	540,000	-	-	-		<b>540,000</b>
McIntire Park Master Plan Implementation	500,000	-				<b>500,000</b>
Meadowcreek Golf Course Cart Trail Paving	500,000	-	-	-		<b>500,000</b>
Citywide ADA Improvements - Sidewalks & Curbs	230,512	124,729	131,225			<b>486,466</b>
Avon Salt Barn	478,791					<b>478,791</b>
Yorktown Drive Sidewalk	456,500	-	-			<b>456,500</b>
Bicycle Infrastructure	400,000	-	-			<b>400,000</b>
Parks and Recreation Lump Sum	400,000	-	-	-		<b>400,000</b>
Schools Small Cap Improvements	100,000	100,000	100,000	100,000		<b>400,000</b>
Park Trails and Land Acquisitions	125,000	125,000	125,000	-		<b>375,000</b>
Downtown Mall Infrastructure Repairs	144,000	72,000	72,000	72,000		<b>360,000</b>
Spray ground Surface Renovations	354,000	-	-	-		<b>354,000</b>
Automation and Processing for AP Invoices	46,690	244,001	25,133			<b>315,824</b>
Fire Bunker Gear (PPE) Replacement	-	-	300,000	-		<b>300,000</b>
Fire Self-Contained Breathing Apparatus (SCBA) Replacement					300,000	<b>300,000</b>
Green Infrastructure Opportunities	150,000	75,000	75,000	-		<b>300,000</b>



# CIP – Unfunded Projects (cont.)

Project Title	Requested FY23	Requested FY24	Requested FY25	Requested FY26	Requested FY27	5 Year Total
Park Lighting Replacements	150,000	75,000	75,000	-		300,000
Washington Park Pool Shade Structure Replacement	250,000	-	-			250,000
Bridge Inspections	242,274	-	-			242,274
Blight and Code Enforcement Fund	150,000	-	50,000	-		200,000
Meadowcreek Golf Course Bunker Renovations	200,000	-	-	-		200,000
SIA Implementation	100,000	50,000	50,000			200,000
Parks and Recreation Facility Security Upgrades 7 Enhancements	190,000	-	-			190,000
Parkland Acquisition Underserved Areas	80,000	100,000				180,000
Fontaine Avenue Fire Station Alerting System					175,000	175,000
Historic Preservation Program - Historic Surveys	50,000	50,000		50,000		150,000
Meadowcreek Golf Course Parking Lot Light Installation	150,000	-	-			150,000
Meadowcreek Golf Course Tee Box Leveling	150,000	-	-			150,000
Preston Corridor Study - leverage funding for Preston-Grady Intersections	150,000					150,000
Land Acquisition - CAT Park-n-Ride Hub 29N		145,685				145,685
Forest Health Improvement Initiative	100,000	-	-			100,000
Safe Routes to School - Prioritize projects, schematic designs and cost estimates	100,000					100,000
Skatepark Lighting	85,000	-	-			85,000
Citywide Tree Planting	25,000	25,000	25,000			75,000
<b>Total for all Requests</b>	<b>97,470,405</b>	<b>12,161,415</b>	<b>13,003,358</b>	<b>2,472,000</b>	<b>1,725,000</b>	<b>126,832,178</b>



# Overview of City's Major Funding Priorities

	ABNI	Revised Proposed CIP	Currently Funded	Unfunded
Education	\$7,815,491	\$85,091,000	\$92,906,491	\$6,450,000
Transportation	\$6,457,364	\$9,857,618	\$16,314,982	\$53,705,925
Affordable Housing	\$1,500,000	\$27,405,159	\$28,905,159	\$32,180,000
<b>Total</b>	<b>\$15,772,855</b>	<b>\$122,353,777</b>	<b>\$138,126,632</b>	<b>\$92,335,925</b>



# Forecasted Impact of Proposed CIP

- The following table illustrates the impact on the City’s Debt Policy of proposed future debt issuances to fund previously authorized but unissued debt and future capital projects

Debt Service Projection				
Fiscal Year	Bond Issue Amount <sup>(1)</sup>	Annual Debt Service <sup>(2)</sup>	General Fund Expenditure Budget <sup>(3)</sup>	Ratio of Debt Service to Total General Fund Expenditures
2016	11,125,466	9,128,798	156,391,435	5.84%
2017	11,140,000	10,103,067	162,018,737	6.24%
2018	4,610,000	10,615,335	171,657,127	6.18%
2019	9,520,000	10,375,167	179,725,535	5.77%
2020	-	10,743,891	188,863,920	5.69%
2021	22,655,000	10,465,180	191,195,873	5.47%
2022	25,000,000	11,943,384	192,212,843	6.21%
2023	25,000,000	13,743,447	205,531,533	6.69%
2024	60,000,000	15,112,453	216,035,122	7.00%
2025	25,000,000	19,474,820	219,275,649	8.88%
2026	25,000,000	20,460,201	222,564,784	9.19%
2027	25,000,000	22,024,024	225,903,255	9.75%
2028	-	23,079,666	229,291,804	10.07%
2029	-	21,987,966	232,731,181	9.45%
2030	-	20,732,166	236,222,149	8.78%
2031	15,000,000	19,767,497	239,765,481	8.24%
2032	15,000,000	19,848,130	243,361,963	8.16%

\*Estimates, subject to change. Timing and amount of debt issuances are based on most recent estimated project draw schedules

(1) Represents the amount of bonds previously issued or amounts we expect to issue in future years

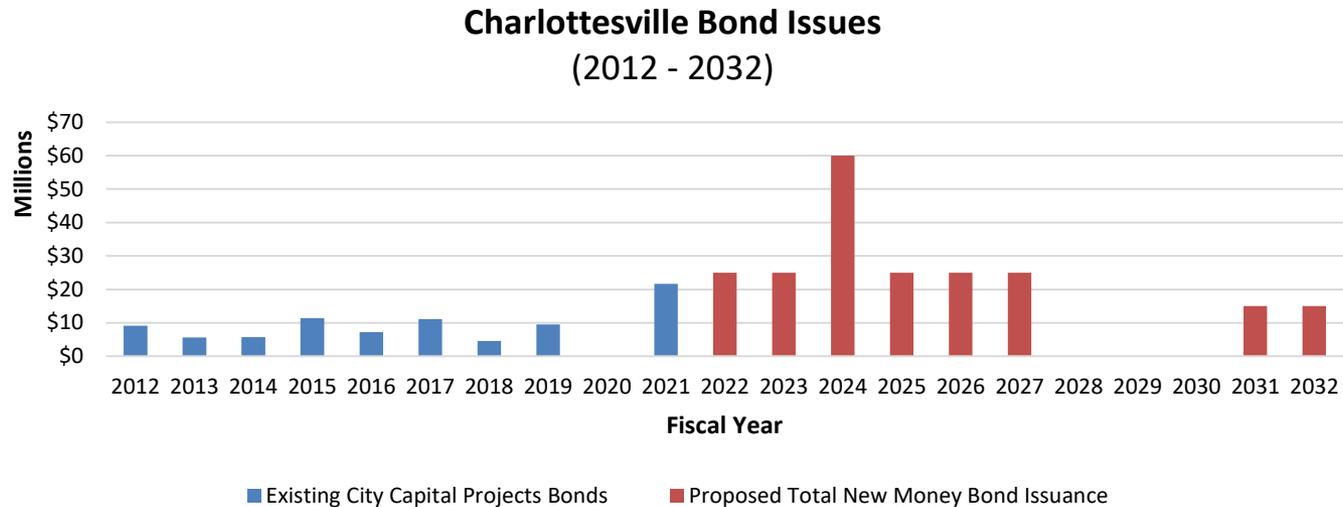
(2) Represents the actual and expected annual debt service payments based on projected issuance schedule

(3) Assumes an annual General Fund budget growth rate of 1.5% and 2% meals tax growth in years 2022 - 2026



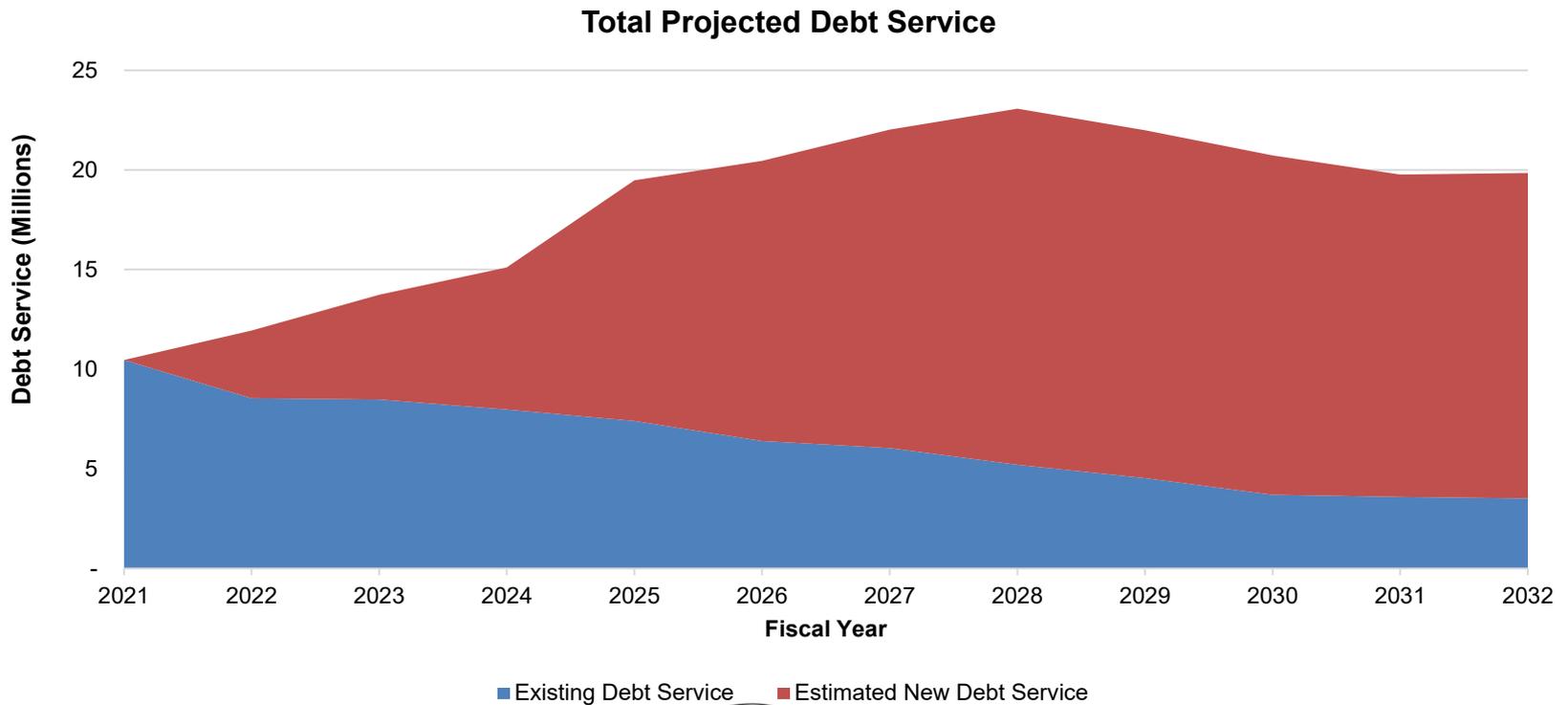
# Historic and Future Borrowing Plans

- From FY12 to FY21, the City borrowed a total of \$86.1 million for City capital projects
- The average annual borrowing amount for City projects from FY12 to FY21 (excluding refundings and self-supporting debt) was \$9.6 million in contrast to the \$30.8 million that is anticipated to be issued annually from FY22 to FY27



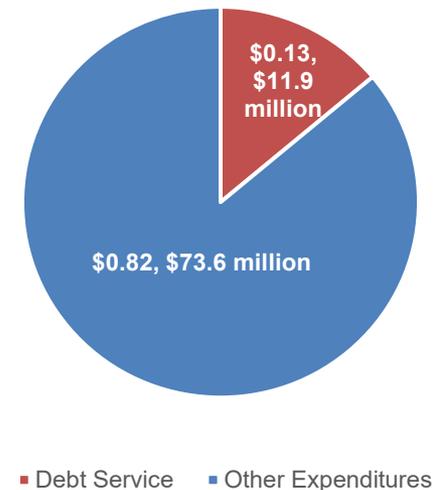
# Estimated Debt Service

- If the City borrows according to the schedule outlined previously, annual debt service is projected to rise to \$23.1 million
- In contrast, FY 2022 annual debt service was \$11.9 million



# Funding Options for Increased Debt Service

- In order to pay for the future increase in debt service, the City has essentially three options:
  1. Use of Existing Funds
    - Current Debt Service Fund balance of \$11.9 million
  2. Increase Revenues
  3. Decrease Other Expenditures
  
- Using \$0.95 Real Estate Tax Rate as a Revenue Source example:
  - Real Estate Taxes generate approximately \$85.5 million
  - FY 2022 Debt Service was \$11.9m (equivalent to 13 cents)
  - Balance of \$73.6m used annually for other City expenditures (82 cents)



# Potential Revenue Sources

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

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# Council Budget



# Council's Budget

Report Group	ZFMI		City of Charlottesville	Date: 01/24/2022
Fund	105	General	Budget vs Actual (BCS)	Time: 16:18:17
Funds center	1001003000	Mayor/City Council	Period 1 to 7 of FY2022	Page: 1 of 1
Func. area	ALL	All Functional Areas	Budget version 0	
Funded prog.	NONE	Operating Budget		
Grant	ALL	All Grants		

Commitment Items	C/O Budget	Original Bud	Budget Chgs	Current Bud	Pur. Req.	Pur. Order	Actuals	Avail Budget	% Util
510010 Full Time Salaries							53,234.20	(53,234.20)	
510015 Full Time Sal Accrue							(4,600.96)	4,600.96	
510030 Temporaries Salaries		92,000.00		92,000.00				92,000.00	
511010 Social Security- FICA							3,862.53	(3,862.53)	
511015 Soc Sec FICA Accrued							(328.06)	328.06	
511038 FICA Temporary Emp		7,038.00		7,038.00				7,038.00	
511040 Health Care Program							15,324.76	(15,324.76)	
511045 Health Care Pr Accru							(1,358.33)	1,358.33	
<b>* SALARIES AND BENEFITS EXPENSES</b>		<b>99,038.00</b>		<b>99,038.00</b>			<b>66,134.14</b>	<b>32,903.86</b>	<b>66.78</b>
520010 Office Supplies		500.00		500.00			115.96	384.04	23.19
520040 Books							166.12	(166.12)	
520690 Awards and Trophies		500.00		500.00			235.50	264.50	47.10
520900 Mach/Equip/Furn (NC)	5,099.21	2,500.00		7,599.21		3,000.00	5,347.62	(748.41)	109.85
520990 Other Supplies		600.00		600.00			192.89	407.11	32.15
525250 Telephone Serv Purch					77.65		544.19	(621.84)	
525251 Cell Phone Serv Purc		2,000.00		2,000.00			809.24	1,190.76	40.46
530010 Professional Services		8,500.00		8,500.00				8,500.00	
530020 Dues and Subscriptions		2,500.00		2,500.00				2,500.00	
530060 Service Contracts		10,613.00		10,613.00				10,613.00	
530105 Meals		7,500.00		7,500.00			89.09	7,410.91	1.19
530107 Reimb Travel Expend		1,250.00		1,250.00				1,250.00	
530109 Non-Local Travel		10,000.00		10,000.00				10,000.00	
530120 Advertising		10,900.00		10,900.00			2,135.25	8,764.75	19.59
530140 Registration Fees		3,000.00		3,000.00			130.00	2,870.00	4.33
530670 Other Contractual Se		4,500.00		4,500.00				4,500.00	
530675 Coun Food/ Refresh							81.86	(81.86)	
540100 Contrib to Civic Grp		155,000.00		155,000.00			155,000.00		100.00
<b>* OTHER EXPENSES</b>	<b>5,099.21</b>	<b>219,863.00</b>		<b>224,962.21</b>	<b>77.65</b>	<b>3,000.00</b>	<b>164,847.72</b>	<b>57,036.84</b>	<b>74.65</b>
<b>** TOTAL EXPENSES</b>	<b>5,099.21</b>	<b>318,901.00</b>		<b>324,000.21</b>	<b>77.65</b>	<b>3,000.00</b>	<b>230,981.86</b>	<b>89,940.70</b>	<b>72.24</b>
<b>*** REPORT TOTAL</b>	<b>5,099.21</b>	<b>318,901.00</b>		<b>324,000.21</b>	<b>77.65</b>	<b>3,000.00</b>	<b>230,981.86</b>	<b>89,940.70</b>	<b>72.24</b>



# Councilor Discretionary Funds

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## Designation of Council Discretionary Funds for FY 2022

For FY 2022, a total of \$5,000 will be designated from the current balance of the Council Strategic Funds to be used for Council discretionary funds. Councilors will be allotted the following amounts to spend from July 1, 2021 to June 30, 2022. Individual Councilor expenditures will be itemized as follows:

### Nikuyah Walker, Mayor

Categories:

Meetings and Events - food/refreshments	\$500
Meetings and Events other	\$250
Constituent Communications and Outreach	\$250
<b>Total</b>	<b><u>\$1,000</u></b>

### Sena Magill, Vice Mayor

Categories:

Meetings and Events - food/refreshments	\$500
Meetings and Events other	\$250
Constituent Communications and Outreach	\$250
<b>Total</b>	<b><u>\$1,000</u></b>



# Councilor Discretionary Funds

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**Heather Hill, Councilor**

Categories:

Meetings and Events - food/refreshments	\$500
Meetings and Events other	\$250
Constituent Communications and Outreach	<u>\$250</u>
<b>Total</b>	<b><u>\$1,000</u></b>

**Lloyd Snook, Councilor**

Categories:

Meetings and Events - food/refreshments	\$500
Meetings and Events other	\$250
Constituent Communications and Outreach	<u>\$250</u>
<b>Total</b>	<b><u>\$1,000</u></b>

**Michael Payne, Councilor**

Categories:

Meetings and Events - food/refreshments	\$500
Meetings and Events other	\$250
Constituent Communications and Outreach	<u>\$250</u>
<b>Total</b>	<b><u>\$1,000</u></b>

<b>Grand Total</b>	<b><u>\$5,000</u></b>
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# Council Initiatives

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City Council Strategic Initiatives provide a source of **one-time funding** for Council to use to initiate new programs, expand existing programs, or to fund initiatives, programs and events that occasionally arise during the fiscal year.

**\$176,639** –  
current unallocated balance



Strategic  
Investment  
Account



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# FY 2023 Expenditure Drivers



# Major FY 23 Expenditure Considerations

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1. Employee Compensation and Benefits
2. Schools Operating Budget Request
3. Restoration of COVID reductions
4. CHAP Tax Relief Program Changes
5. Other Departmental Requests



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# Questions and Discussion

