



December 10, 2020

FY 2022 BUDGET DEVELOPMENT WORKSESSION

Agenda

1. Vibrant Community Fund Outside Agency Review Process Update
2. Budget Development Guidelines
3. FY 2022 Budget Development Expectations
4. Council Budget Development Priorities



Budget Process Update

Key Dates

- **January 12** – Planning Commission CIP Public Hearing
- **March 1** - Proposed City and School Operating and Capital Budget Formally Presented to Council
- **March 15** - First Budget and Tax Rate Public Hearings
- **April 5** - Second Budget Public Hearing/Budget Approval First Reading/Tax Levy Approval First Reading
- **April 13** - Budget and Tax Levy Approval Second Reading

Please visit www.Charlottesville.gov/budget for further details



Budget Process Update

Scheduled Worksessions

Jan 26	Budget Worksession (Budget Development)
Jan 28	City Council and School Board Joint Worksession
Mar 4	Budget Worksession #1 (Revenue & Expenditures)
Mar 11	Budget Worksession #2 (Outside Agencies)
Mar 17	Community Budget Forum
Mar 25	Budget Worksession #3 (CIP)
Apr 8	Budget Worksession #4 (Wrap-up)

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Vibrant Community Fund

How We Got Here

- An ad hoc workgroup was convened in 2018 to consider the Agency Budget Review Team process and ways to improve it.
- May 2019, Council held work sessions to explore how to move forward with the multiple expectations of the fund and adopted the name Vibrant Community Fund and adopted 5 broad priority areas to focus decision-making for the process.
- Albemarle County declined to make these same changes and opted to move forward with its own independent processes for funding local nonprofits.
- June 2019, Council created the Measurements & Solutions Workgroup to identify additional priorities and process changes for the VCF.
- November 2020, due to the pandemic, Council extended the deadline for the Measurements & Solutions Workgroup report until May 2021.



Preparing for the FY 2022 VCF Review Process

August 21, 2020, staff sought additional guidance from council in the form of an online survey:

- Retain existing 5 priority areas?
- Add equity as a priority area?
- Rank priority areas?
- Designate percentage of funding to each funding area?
- Increase, maintain or decrease historic funding for arts & culture?
- Provide more funding to fewer agencies or less funding for more agencies?
- Respond to a few specific community needs or more general community needs?



Preparing for the FY 2022 VCF Review Process

FY 2022 Process Changes

- Added equity to list of priorities based on FY21 process feedback
- Provided new method for Arts & Culture applications
- Application and evaluation improvements
- Continue historical funding amount for overall Vibrant Community Fund pool



Preparing for the FY 2022 VCF Review Process

- 53 applications for funding have been received to date in the following priority areas:
 - > Youth/Education - 16
 - > Affordable Housing - 11
 - > Community/Public Safety - 9
 - > Health - 7
 - > Equity - 6
 - > Jobs/Wages/Economic Stability - 4
- 10 applications for Arts & Culture funding
- 9 applications for capacity-building



Impact of the Pandemic on the FY 2022 VCF Process

- Planned community meetings on improving the application process for arts & culture programming did not occur.
- Measurements & Solutions Workgroup interrupted by pandemic, resumed meeting in October. Report due date delayed until May 2021.
- Many agencies pivoted services to focus on emergency need rather than previous goals.
- Many agencies moved to virtual services resulting in fewer people served.
- Community need for financial assistance, food, health & mental health services sharply increased.



FY 2022 Budget Guidelines

1. Annually review major local tax rates.
2. Develop operational budgets within projected available revenues.
3. Incorporate the Council's Strategic Vision Areas and Strategic Plan Goals:

2025 Vision Areas

Economic Sustainability

A Center for Lifelong Learning

Quality Housing Opportunities for All

Charlottesville Arts and Culture

A Green City

America's Healthiest City

A Connected Community

Community of Mutual Respect

Smart, Citizen Focused Government

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

4. Level funding of departmental budgets with a few operationally necessary exceptions.



FY 2022 Budget Guidelines

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, appreciation, and annually review the amount of the living wage being paid by the City to its employees and continue to require the payment of a living wage under City contracts subject to City Code sec. 22-9.
7. Fund no new programs or major expansion of existing programs without fully offsetting revenues or reductions in expenditures.
8. Balance reinvestment in the City's existing infrastructure and facilities and creation of new opportunities for investing in the future of the City.
9. Conduct the Vibrant Community Fund process, to evaluate agency requests for program congruence with Council's strategic areas.
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.



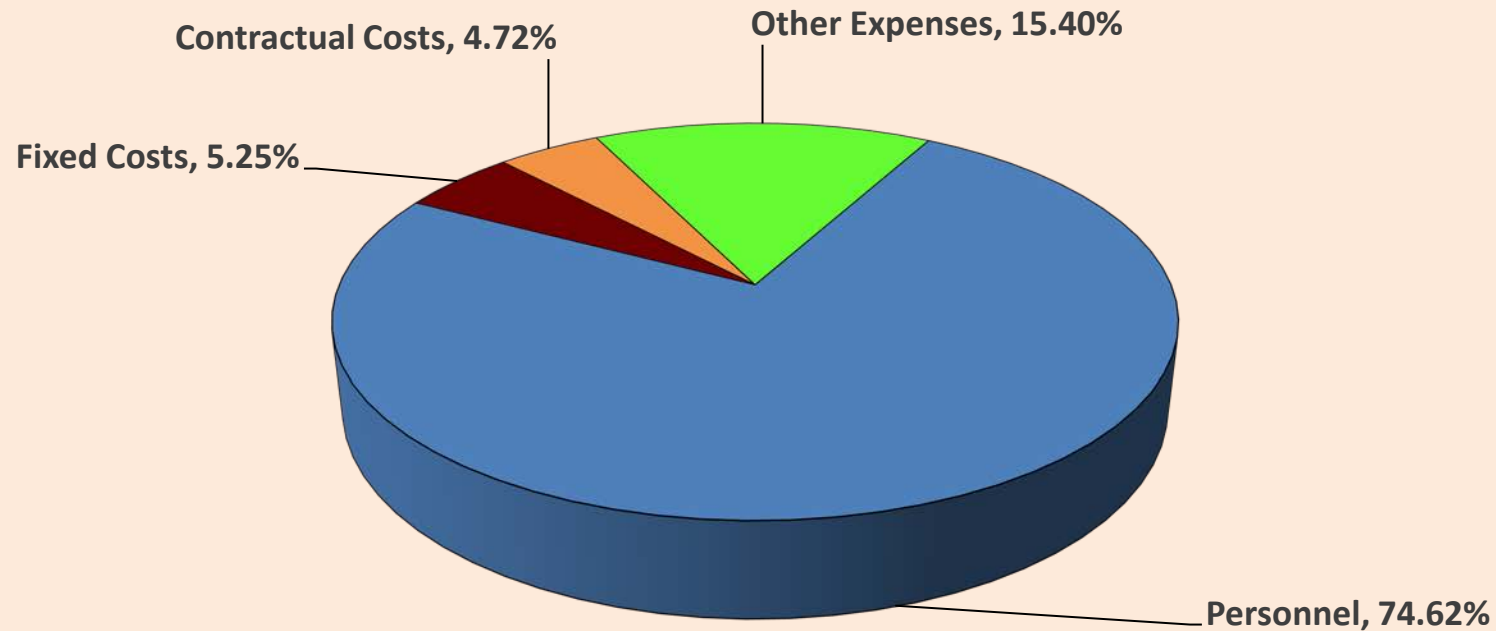
Long Term Financial Policies

1. Maintain a minimum General Fund balance of at least 14% of General Fund budget. This policy provides the City with sufficient working capital and a margin of financial safety to address unforeseen, one-time expenditure emergencies or significant unforeseen declines in revenues in a specific fiscal year. In the event of a drawdown, the reserve must be replenished to the 14% level within three years.
2. Maintain a minimum Downturn Reserve Fund balance of no less than 3% of General Fund budget. Drawdown of this reserve can occur in the event that revenues decline by more than 1.5% of current fiscal year estimate and will be limited to less than half of the balance of the Downturn Reserve Fund. In the event of a drawdown, the reserve must be replenished to the 3% level within three years.
3. Maintain sufficient working capital in the utility funds (Water, Wastewater, Gas, Stormwater).
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%. In calculating compliance with this ratio, the City will exclude debt serviced by dedicated revenues, i.e. self-supporting debt.
6. Transfer an amount equivalent to 1 percent of the meals tax rate to the Debt Service Fund to be used for debt service.



Budget Development Expectations

FY21 General Fund Departmental Budgets



Budget Development Expectations

- Budget is the Financial Plan for the entire City
- Consistency in review and evaluation of all departments
- Year round process where budgets are continuously monitored/tracked



Budget Development Priorities

- Policy concerns for FY 2022 Budget Development
- Council Top 3-5 Budget Priorities for FY 2022



Wrap-Up

Staff Summary

What did we hear today?

