

OVERCOMING THE CHALLENGE

Recommended Operating and Capital Budget FY 2017

Work Session Process



```
graph TD; A[Interactive Approach  
Staff presents information  
Board dialogue] --> B[Items that need further  
discussion are identified]; C[March 8] --> D[Board members complete discussion  
and finalize direction]; D --> E[Work together to finalize Proposed  
Budget and to determine tax rate for  
advertisement];
```

The diagram illustrates the 'Work Session Process' for finalizing a budget. It is divided into two main sections. The first section, 'Along the way:', shows an 'Interactive Approach' where staff present information and board dialogue occurs, leading to the identification of items needing further discussion. The second section, 'Finalizing Board's Proposed Budget:', is dated 'March 8' and shows board members completing discussion and finalizing direction, which then leads to working together to finalize the proposed budget and determine the tax rate for advertisement.

Along the way:

Interactive Approach
Staff presents information
Board dialogue



Items that need further
discussion are identified

Finalizing Board's Proposed Budget:

March 8



Board members complete discussion
and finalize direction



Work together to finalize Proposed
Budget and to determine tax rate for
advertisement

Budget Development Schedule



```
graph LR; Today --> Feb25[February 25]; Feb25 --> Feb29[February 29]; Feb29 --> Mar3[March 3]; Mar3 --> Mar8[March 8]; Mar8 --> Mar30[March 30];
```

Today

February 25

- Overview
- General Government

February 29

- School Division
- Health Care

March 3

- CIP
- Debt

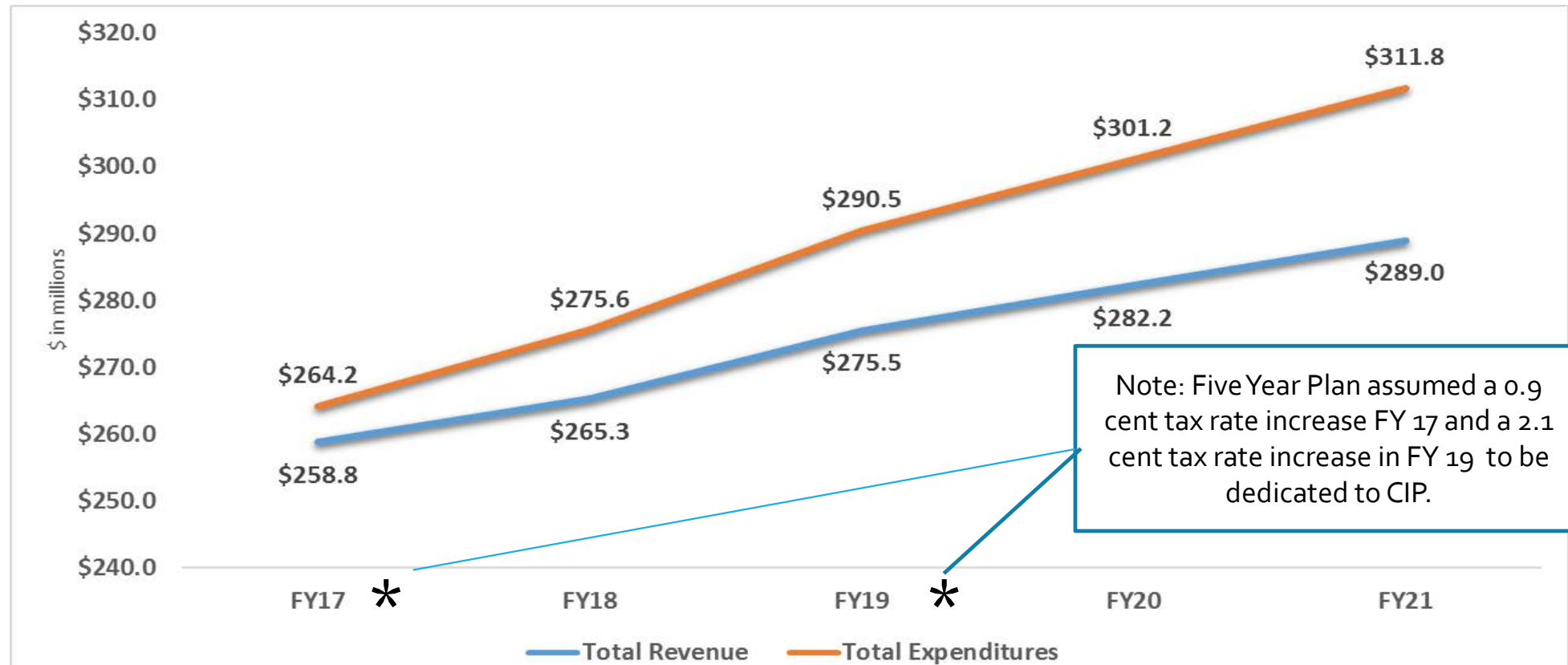
March 8

- Finalize Tax Rate for Advertisement
- Approve Board's proposed budget

March 30

- Public Hearing on Board's Proposed Budget

Five Year Financial Plan - December 9, 2015



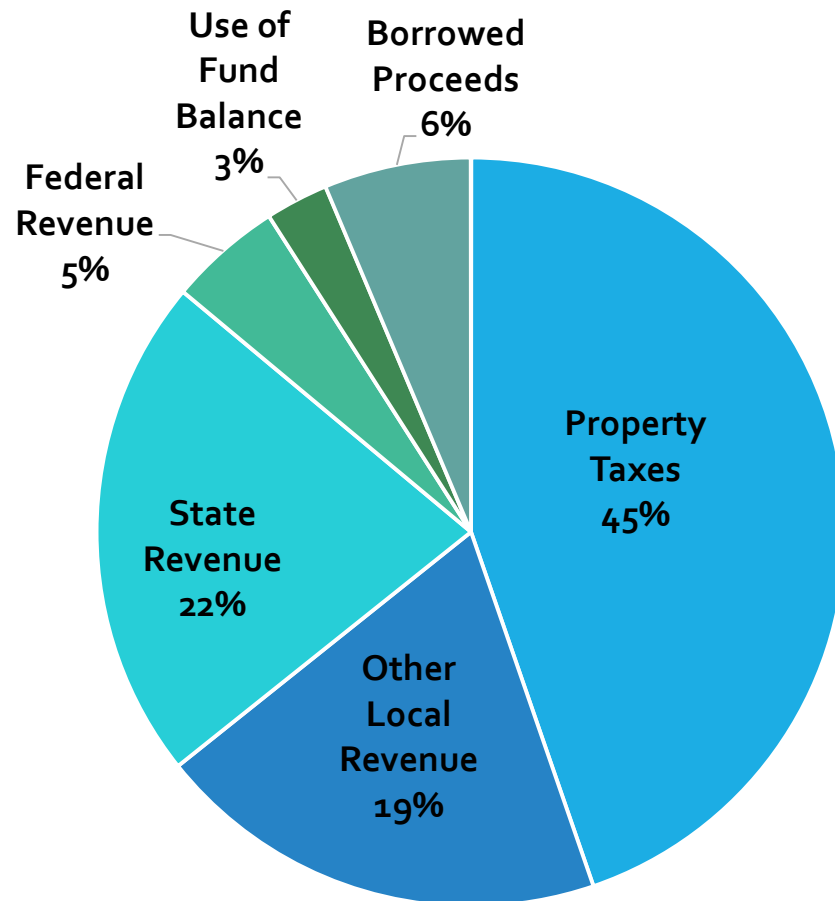
Note: Five Year Plan assumed a 0.9 cent tax rate increase FY 17 and a 2.1 cent tax rate increase in FY 19 to be dedicated to CIP.

| Funding Gap (\$ in millions) | FY 17* | FY 18 | FY 19* | FY 20 | FY 21 |
|-------------------------------|--------------|---------------|---------------|---------------|---------------|
| General Government operations | \$1.9 | \$3.6 | \$5.5 | \$7.0 | \$8.5 |
| School Division operations | \$3.5 | \$6.7 | \$9.5 | \$12.0 | \$14.3 |
| Total - operations | \$5.4 | \$10.3 | \$15.0 | \$19.0 | \$22.8 |

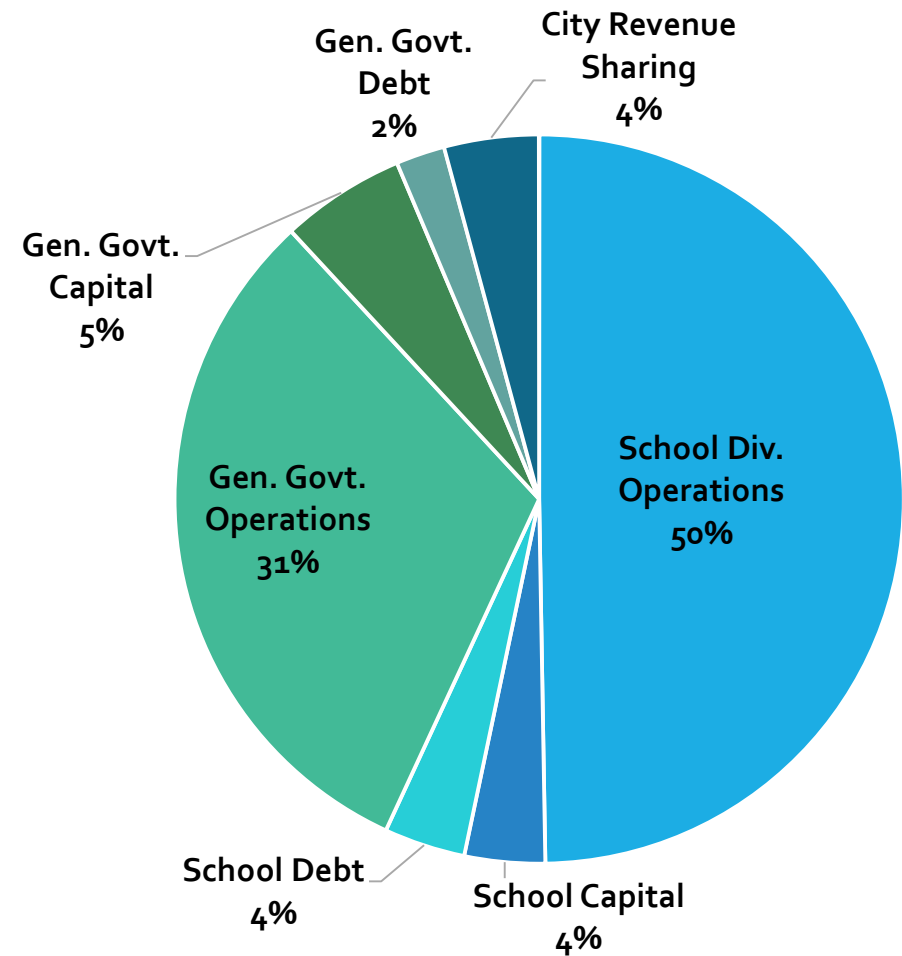
FY 17 Recommended Total Budget

\$375,226,277

Revenues

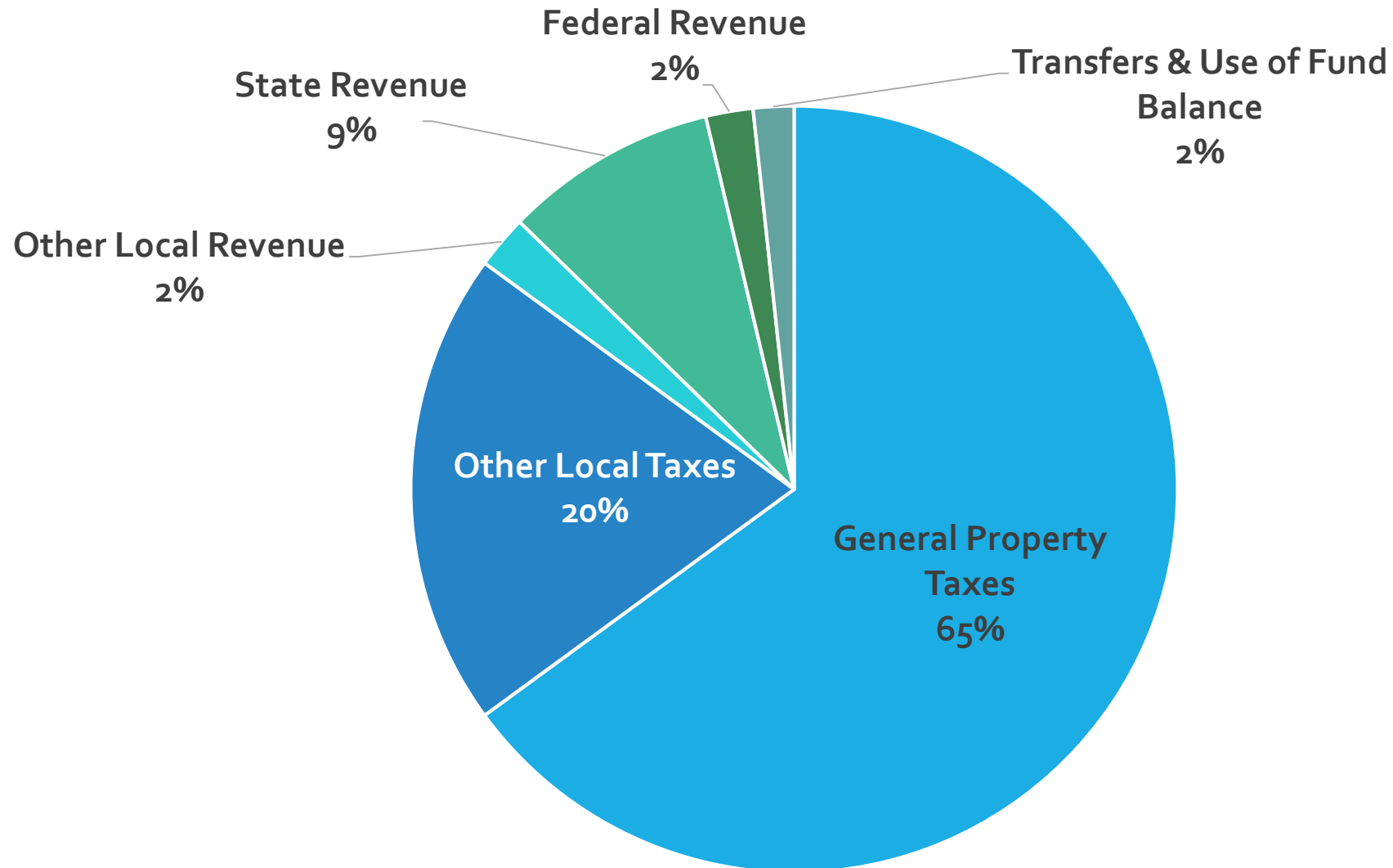


Expenditures



FY 17 Recommended General Fund Revenue Budget

\$258,193,077

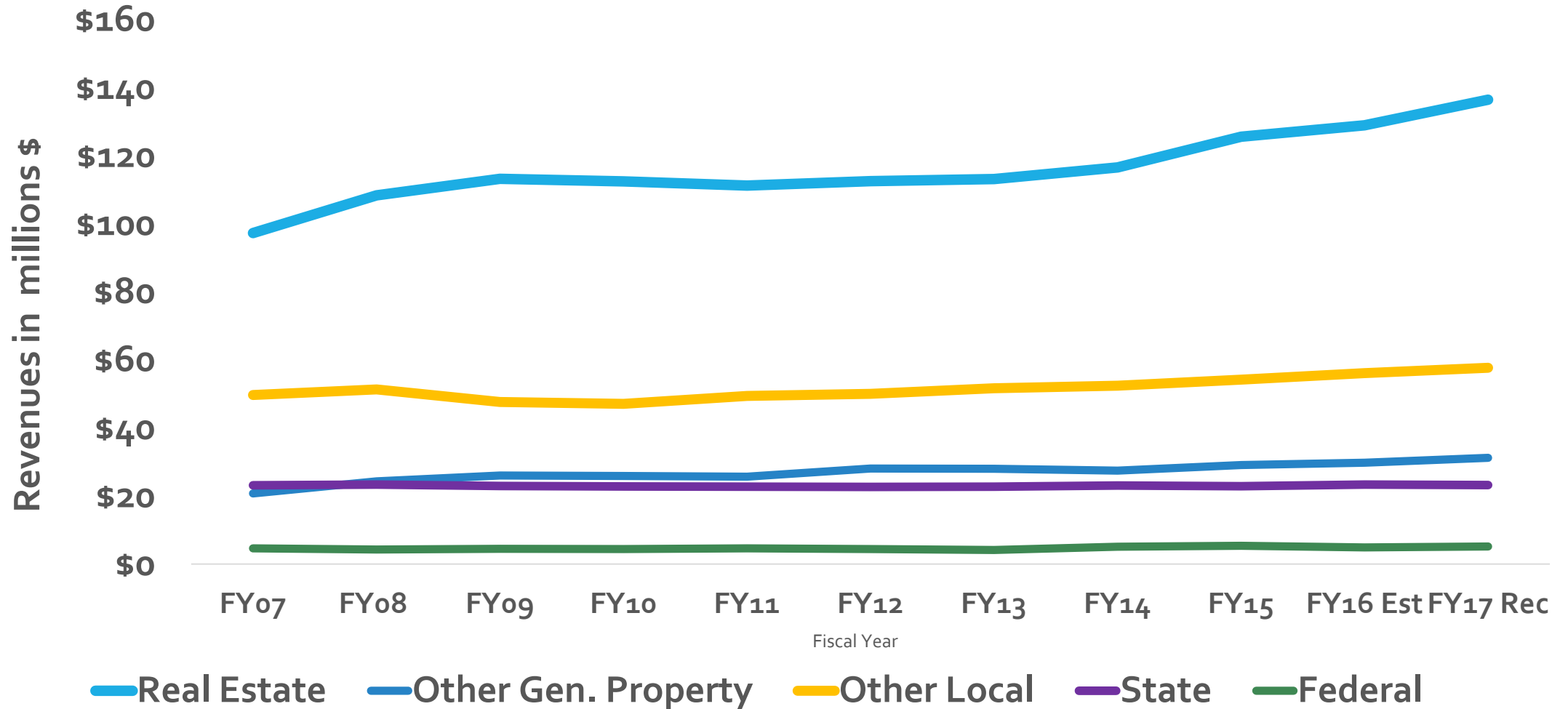


General Fund Revenue

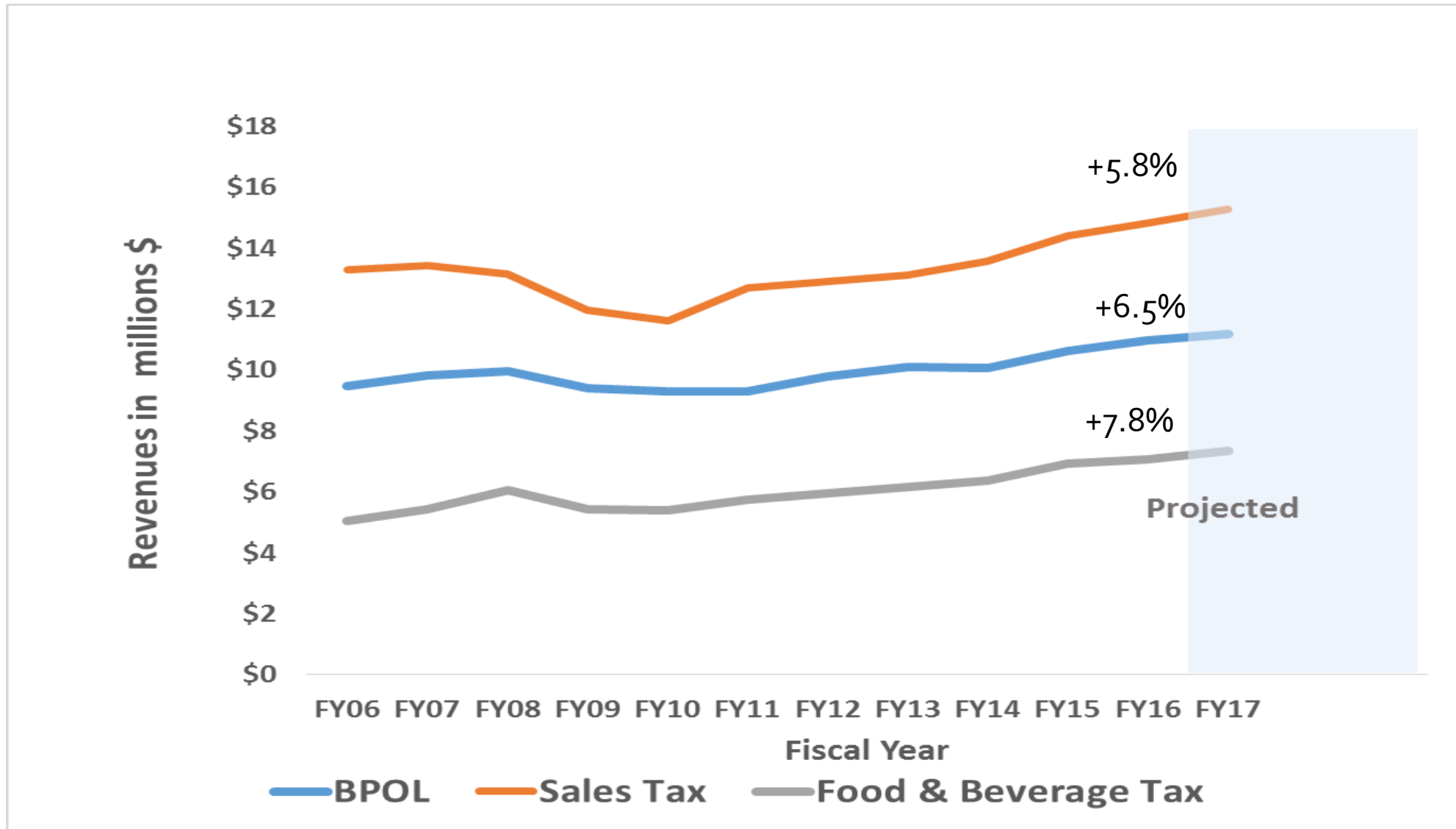
| | FY 16 ADOPTED | FY 17 RECOMM | \$ Change | % Change |
|---------------------------|------------------|-----------------|---------------|-------------|
| Local Revenue | | | | |
| Gen. Property Taxes | \$160.64 | \$167.72 | \$7.08 | 4.4% |
| Other Local Taxes | 50.10 | 51.87 | 1.77 | 3.5% |
| Other Local Revenue | 6.26 | 5.80 | (0.46) | -7.4% |
| Subtotal, Local | 217.00 | 225.38 | 8.38 | 3.9% |
| State Revenue | 23.13 | 23.24 | 0.11 | 0.5% |
| Federal Revenue | 4.81 | 5.14 | 0.34 | 7.0% |
| Transfers | 2.97 | 3.11 | 0.14 | 4.6% |
| Use of Fund Balance | 1.29 | 1.32 | 0.03 | 2.0% |
| Subtotal, Other | 32.20 | 32.81 | 0.61 | 1.9% |
| Total General Fund | \$249.20 | \$258.19 | \$9.00 | 3.6% |

Dollars in millions

General Fund Revenue



Business-related Revenue

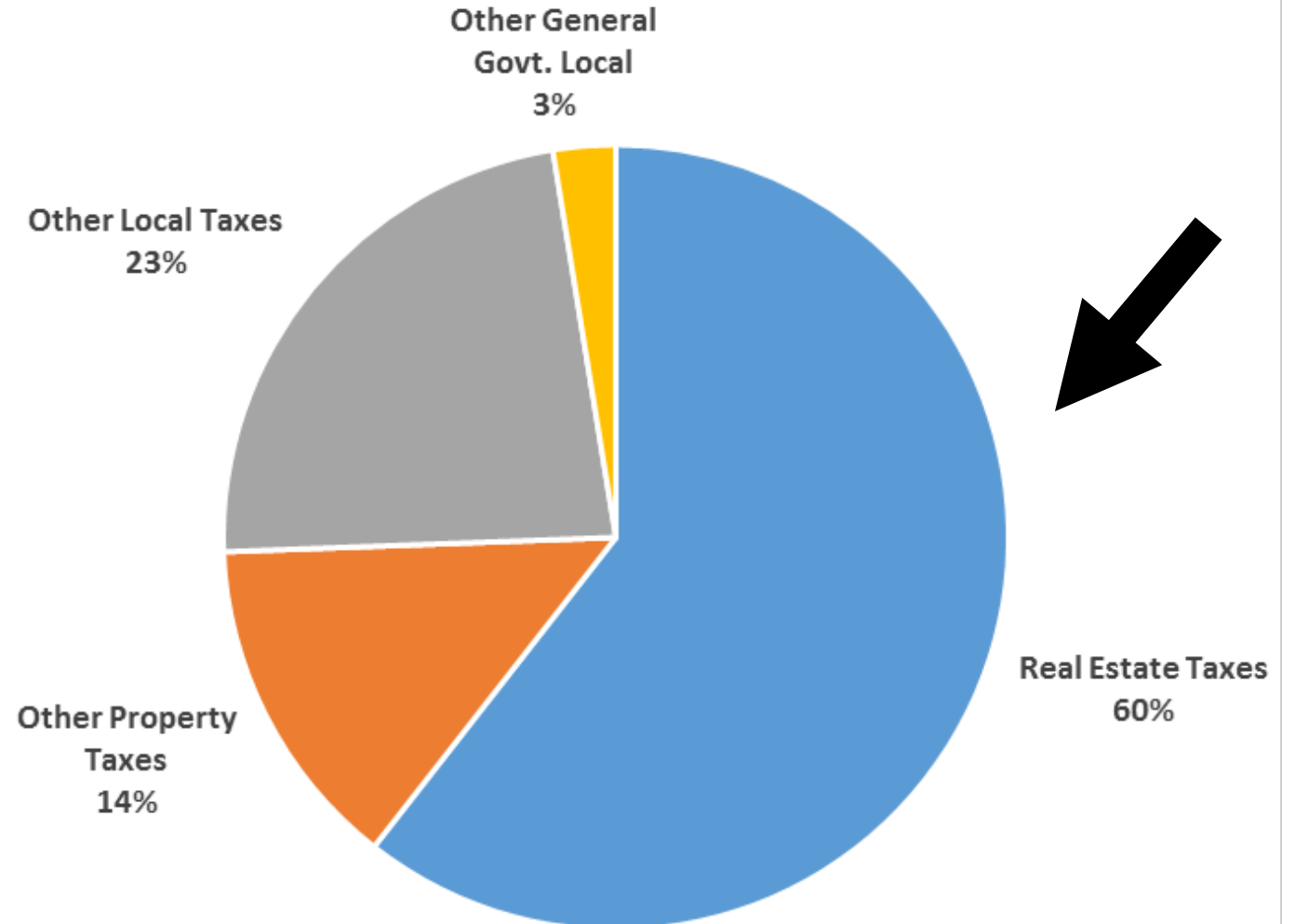


Real Estate Taxes = 60 % of General Fund Local Revenue

FY 17 Real estate taxes

Total: \$136.5M

Increase of \$6.8M, or 5.3%



Comparative Tax Rates – 20 largest Counties – current rates

**Tax rates -
0.84 to 1.135**

- Loudon, Prince William, Roanoke, Fairfax, Stafford, Fauquier, Arlington, Chesterfield, Montgomery, Henrico, Spotsylvania, James City

Tax rates - 0.81 to 0.819

- Albemarle, Hanover

Tax rates - 0.52 - 0.7515

- York, Rockingham, Pittsylvania, Augusta, Frederick, Bedford

How Proposed Tax Rate Increase is Allocated

2.5 cent increase



1 cent

Dedicated to CIP - \$1,652,062

1.1 cents

Dedicated to General Government Operations - \$1,817,268

0.4 cent

Dedicated to the School Division Operations - \$ 660,825

from

81.9 cents

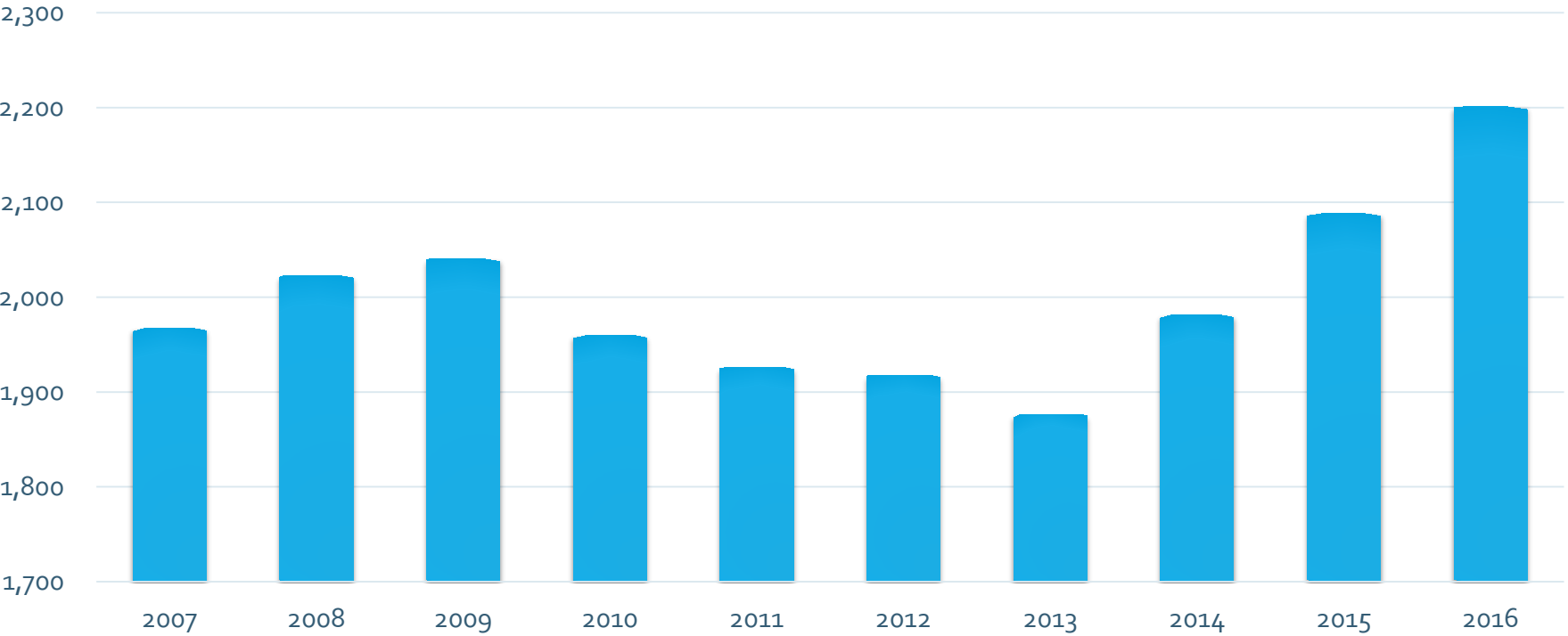
to

84.4 cents

Tax Bill Impacts



Tax Bill for Home Valued at \$289,000 in 2007
Adjusted by Average Annual Residential Reassessment Rate each year



Tax Bill
\$2,201

Home Value
\$260,779

| Year | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Tax Rate | 68.0 | 71.0 | 74.2 | 74.2 | 74.2 | 76.2 | 76.6 | 79.9 | 81.9 | 84.4 |

2016 Real Estate Reassessment of Existing Parcels

| District | Increase |
|---------------------|----------|
| Rio | 2.87% |
| Jack Jouett | 2.96% |
| Rivanna | 1.47% |
| Samuel Miller | 1.45% |
| Scottsville | 2.26% |
| White Hall | 1.8% |
| Town of Scottsville | 0.01% |

| Property Type | Change |
|--------------------------------|--------|
| Residential (less than 1 acre) | +2.82% |
| Residential (1 to 19.99 acres) | +1.62% |
| Rural (20 to 99.99 acres) | +0.05% |
| Rural (100 acres and over) | -0.91% |
| Commercial | +2.02% |
| Multi-family | +5.02% |

Tax Bill Calculator

| Home Value 2016 | Current Tax Rate: \$0.819 Annual Tax Rate | Recommended + 2.5 cents Annual Increase |
|--------------------|--|---|
| \$100,000 | \$819 | \$25 |
| \$200,000 | \$1,638 | \$50 |
| \$300,000 | \$2,457 | \$75 |
| \$400,000 | \$3,276 | \$100 |
| \$500,000 | \$4,095 | \$125 |
| \$600,000 | \$4,914 | \$150 |
| \$700,000 | \$5,733 | \$175 |
| \$800,000 | \$6,552 | \$200 |
| \$900,000 | \$7,371 | \$225 |
| \$1,000,000 | \$8,190 | \$250 |

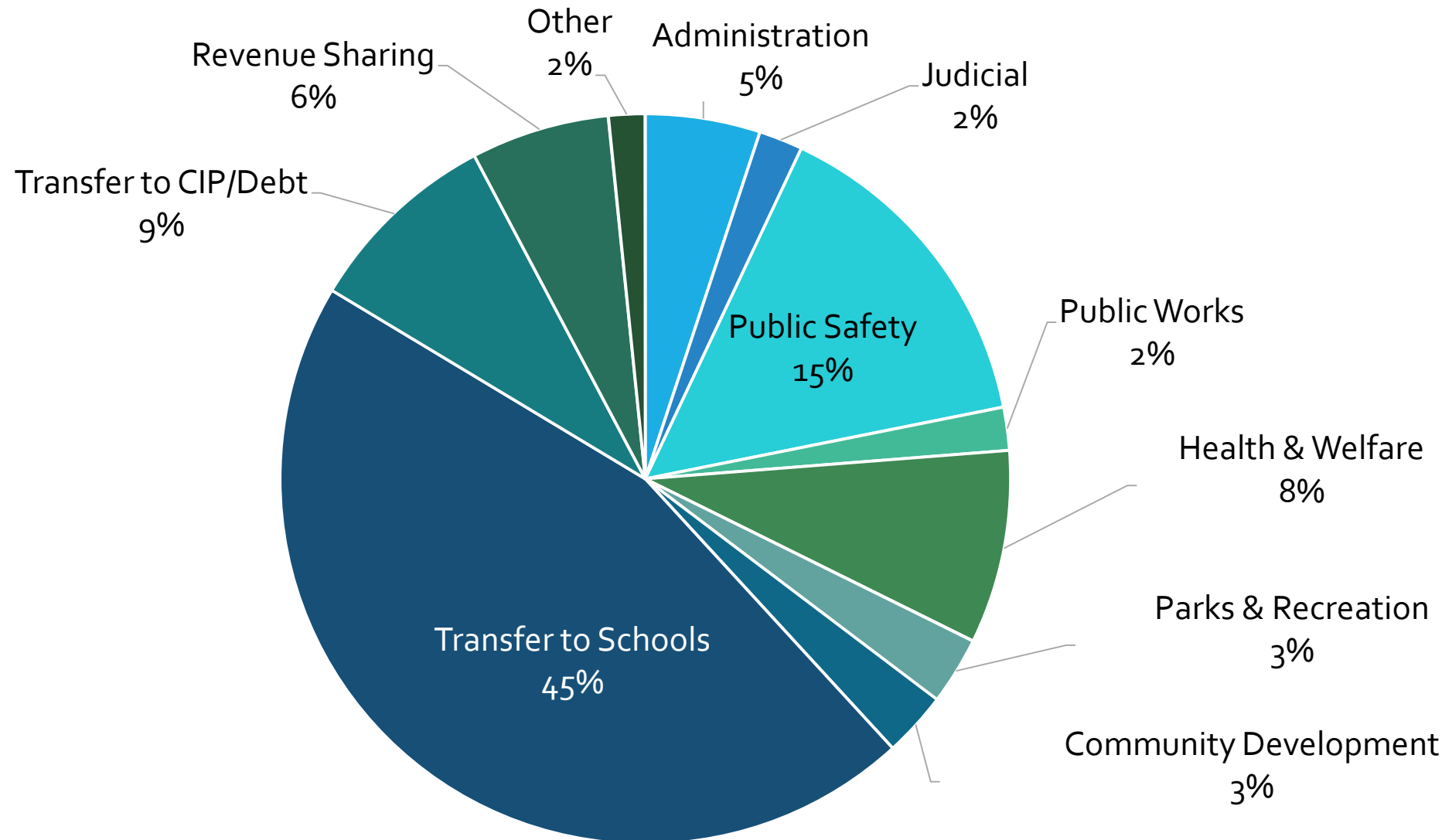
Motor Vehicle Registration Fee Increase




- Proposed increase in the registration fee from \$38.50 to \$40.75 per vehicle
- Increase recommended by Citizen Resources Advisory Committee
- Proposed increase projected to generate an additional \$250,000 per year
- Budget recommends dedicating this \$250,000 to the CIP for transportation revenue sharing projects.
- The annual \$250,000 is proposed to provide \$0.5M in equity funding and to support the debt service on \$2.9M in borrowed local funds that would be matched 50% by the State.
- This change is anticipated to result in a total of \$6.8 M in Board-approved transportation improvements over the next several years.

FY 17 Recommended General Fund Expenditure Budget

\$258,193,077



General Fund Expenditures



| | FY 16 ADOPTED | FY 17 RECOMM | \$ Change | % Change |
|----------------------------------|------------------|-----------------|---------------|-------------|
| Local Revenue | | | | |
| Administration | \$12.68 | \$13.12 | \$0.45 | 3.5% |
| Judicial | 4.83 | 4.98 | 0.15 | 3.1% |
| Public Safety | 38.10 | 38.31 | 0.20 | 0.5% |
| Public Works | 4.93 | 4.95 | 0.02 | 0.5% |
| Health & Welfare | 20.11 | 22.08 | 1.97 | 9.8% |
| Parks, Recreation & Culture | 7.45 | 7.73 | 0.28 | 3.8% |
| Community Development | 7.31 | 7.38 | 0.08 | 1.1% |
| Subtotal, Local | \$95.40 | \$98.56 | \$3.15 | 3.3% |
| Revenue Sharing | 16.06 | 15.77 | (0.29) | -1.8% |
| Transfer to Schools | 114.03 | 117.34 | 3.31 | 2.9% |
| Transfer to Capital/Debt Service | 19.97 | 22.33 | 2.37 | 11.8% |
| Other Uses of Funds | 3.73 | 4.19 | 0.46 | 12.4% |
| Subtotal, Other | \$153.79 | \$159.64 | \$5.84 | 3.8% |
| Total General Fund | \$249.20 | \$258.19 | \$9.00 | 3.6% |



**Meet Current
Commitments
/ Obligations**



**Minimize
Impacts on
Current Levels of
Service**

FY 17 Major Drivers in General Fund Budget

| Support for the School System | \$3.3M |
|----------------------------------|---------|
| Debt Service Obligations | \$2.9M |
| Children's Services Act | \$1.4 M |
| Key Regional Services - Agencies | \$0.98M |
| Local Government Health Care | \$0.62M |
| Local Government Market Increase | \$0.46M |

Revenue Sharing with City

| Fiscal Year | Amount of Payment | Percent Change |
|-------------|-------------------|----------------|
| FY 11 | \$18.5 M | 2.3% |
| FY 12 | \$18.1M | -2.0% |
| FY 13 | \$17.5M | -3.1% |
| FY 14 | \$16.9M | -3.4% |
| FY 15 | 16.5M | -2.7% |
| FY 16 | \$16.0M | -2.5% |
| FY 17 | \$15.8M | -1.8% |
| FY 18 | \$16.1M | +1.8% |

Note: the greater the amount of the County's "relative tax effort" generally lowers the amount of the payment to the City.

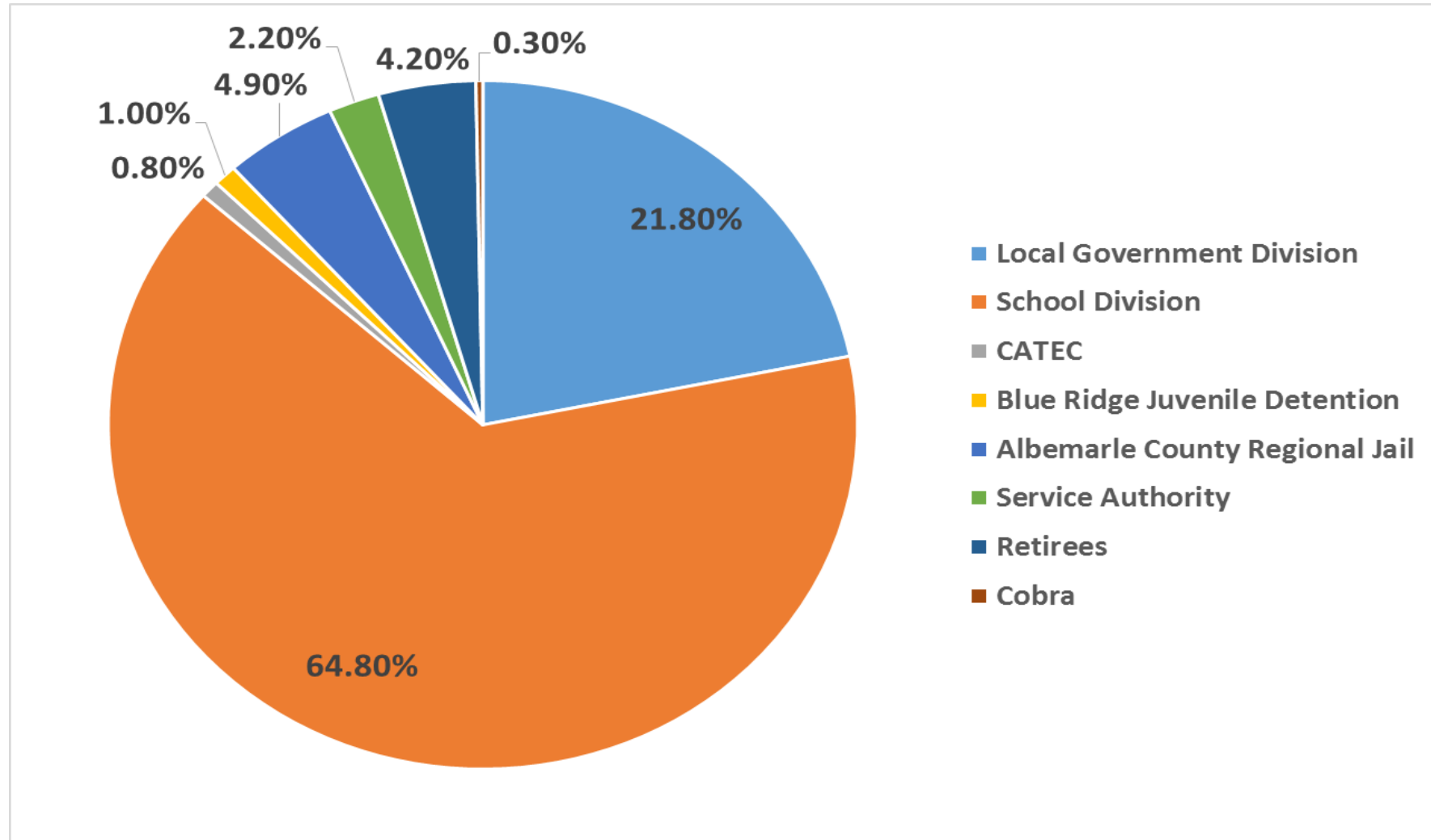
Cross Departmental



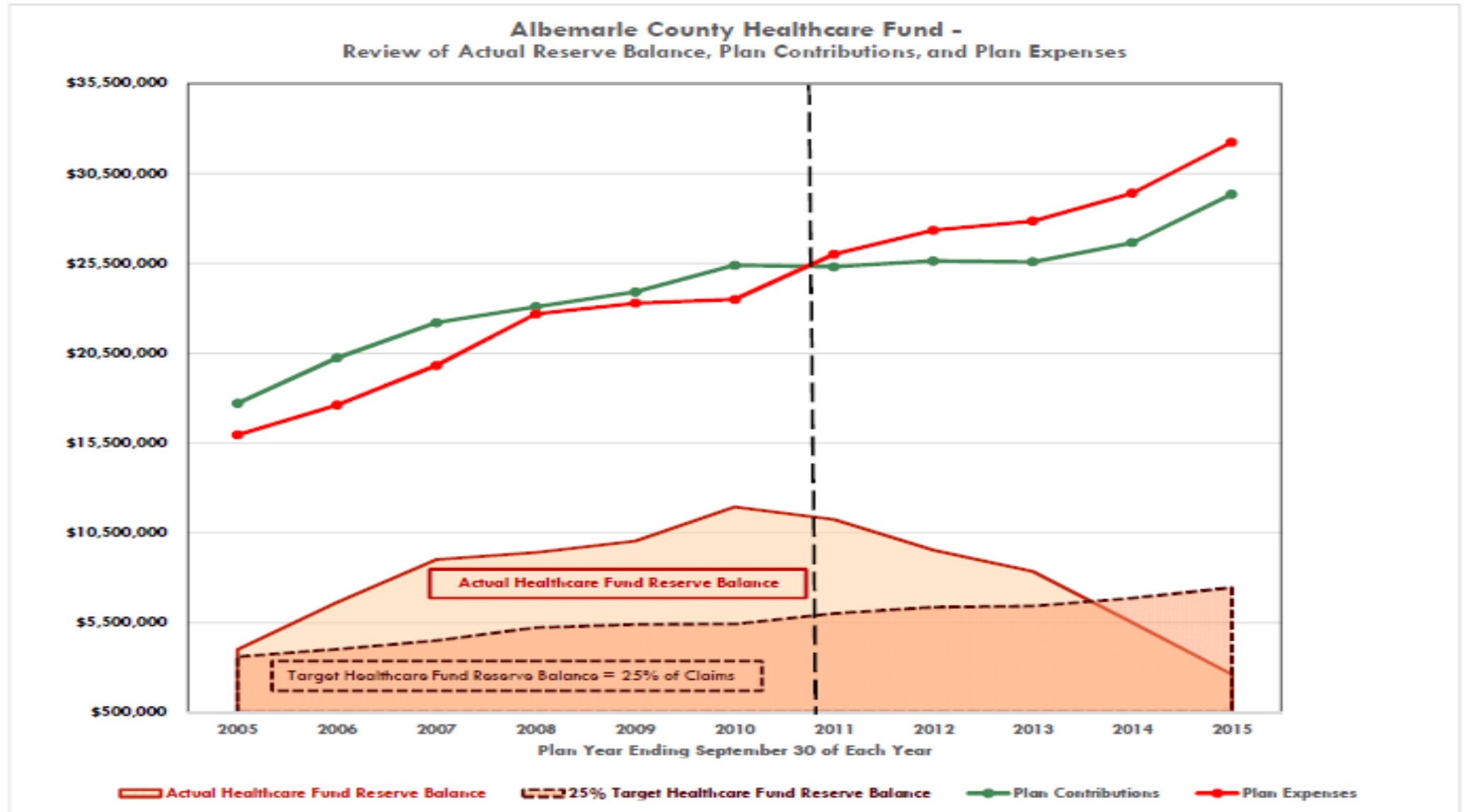
Compensation and Benefits:

- 2 % salary increase effective July 1, 2017
- Decrease of \$330k in Virginia Retirement System costs
- 14.5% increase in Board contribution to health insurance

Health Care Fund Participating Entities



Health Care Fund - 2005 - 2015



Cross Departmental – Agency funding



- Human Services – Reviewed by the Agency Budget Review Team
 - City/County staff and community members
- Cultural Agencies
- Regional Authorities
- Joint Exercise of Power Agreements
- Agencies for which we have written agreements
- Others - discretionary

Unfunded Requests



| Departmental Resource Requests – includes 48 positions | \$4,200,000 |
|--|--------------------|
| Departmental Operational Requests | 360,000 |
| Salary Compression Adjustment | 390,000 |
| ABRT Agency Requests | 412,000 |
| Cultural Agency and Festival requests | 120,000 |
| Other Regional/Community Agency requests | 442,000 |
| Volunteer Fire Rescue agency requests | 657,000 |
| Total* | \$6,581,000 |

*Total does not include unmet Capital Requests or unfunded School Division Requests

Budget Goals



Meet Current Commitments/Obligations



Minimize Impacts on Current Levels of Service



Hold the Line on Existing Expenditures



Invest in Meaningful Solutions



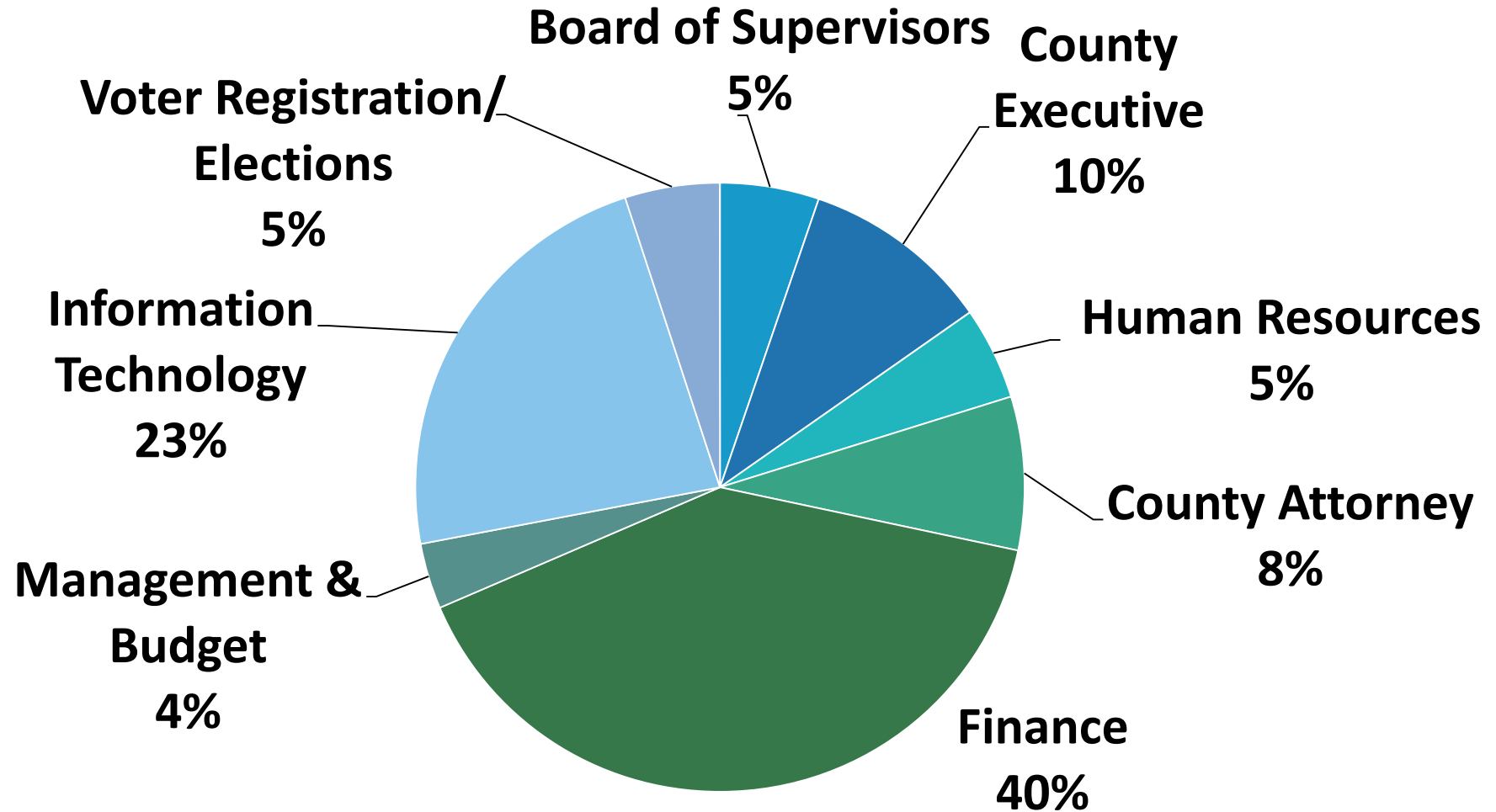
Determine Board and Citizen Priorities



Create a Realistic Two Year Fiscal Plan

Administration Category – \$13.1 M

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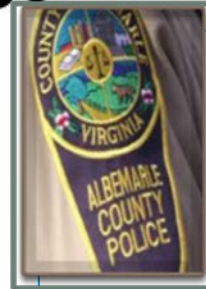
Administrative Category-Page 83



Meet Current Commitments / Obligations



Minimize Impacts on Current Levels of Service



Hold the Line on Existing Expenditures

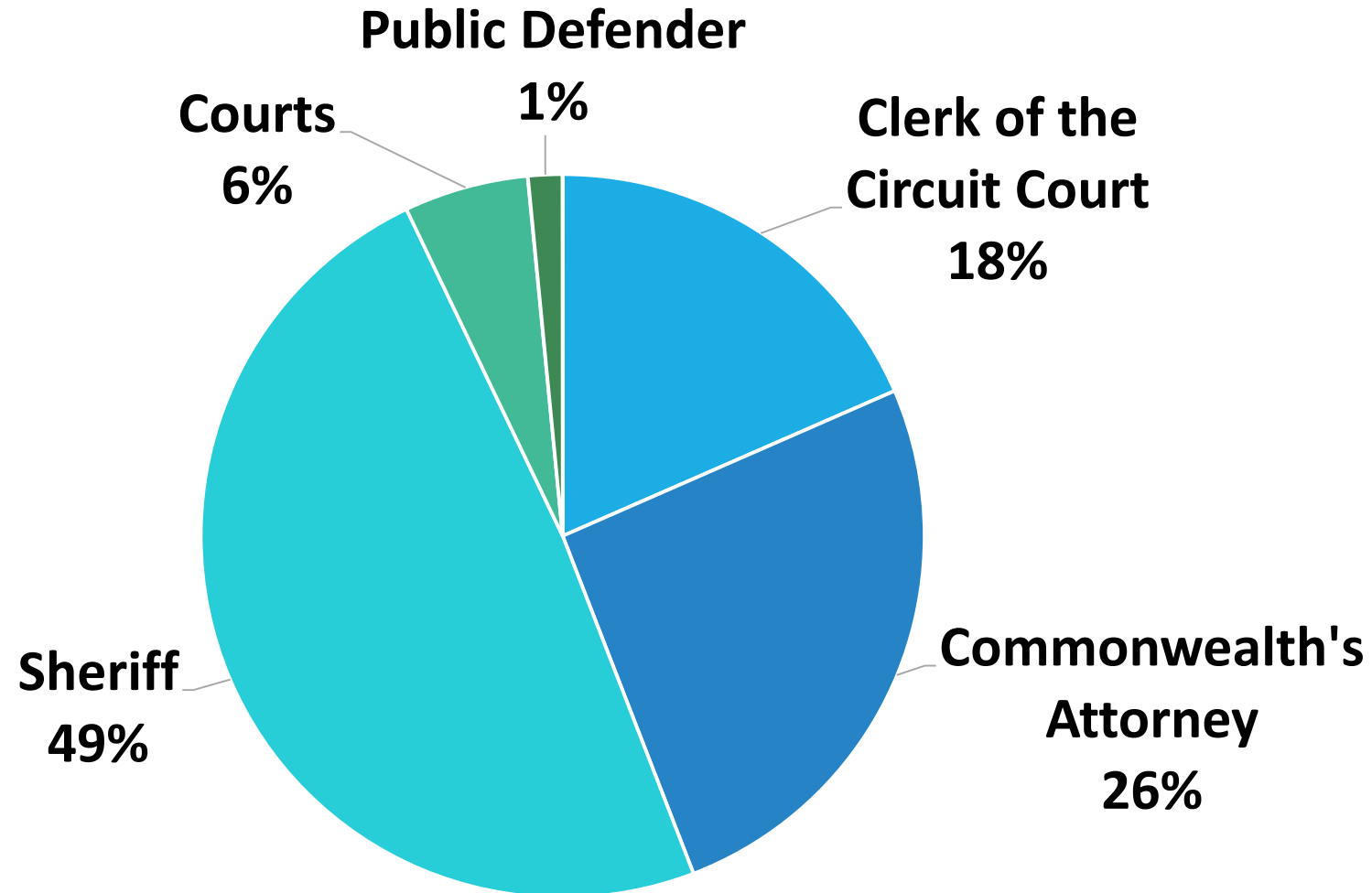


Invest in Meaningful Solutions

- Board of Supervisors
- County Executive
- Human Resource
- County Attorney
- Finance
- Voter Registration/Elections
- Information Technology
- Management and Budget

Judicial Category – \$5.0 M

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Judicial Category

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**Meet Current
Commitments
/ Obligations**



**Minimize
Impacts on
Current Levels of
Service**

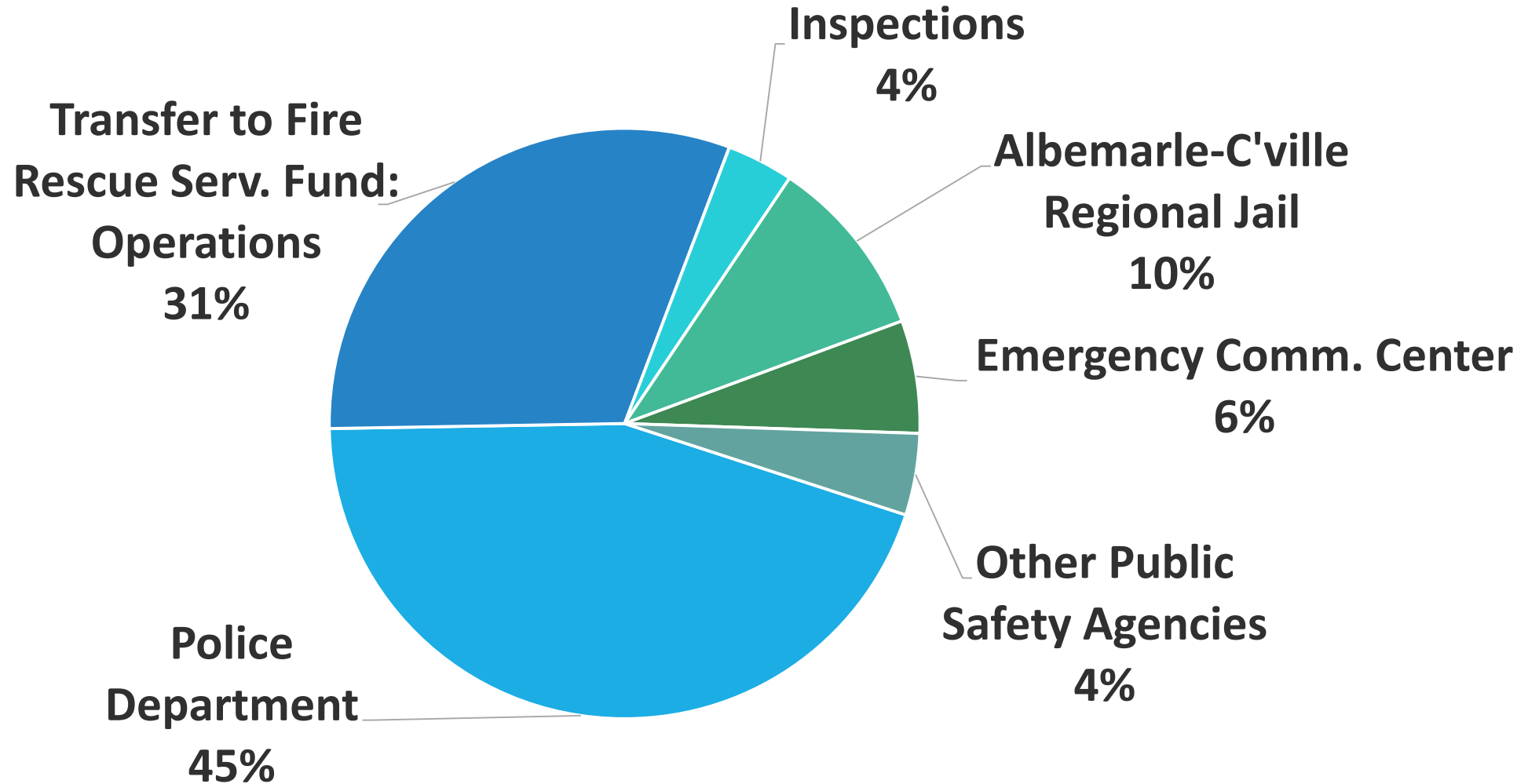


**Hold the Line
on Existing
Expenditures**

- Courts
- Sheriff's Office
- Public Defender's Office
- Clerk of the Circuit Court
- Commonwealth's Attorney

Public Safety Category – \$38.3 M

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Public Safety Category

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Meet Current Commitments / Obligations



Minimize Impacts on Current Levels of Service



Hold the Line on Existing Expenditures



Invest in Meaningful Solutions

- Police Department
- Fire Rescue Service Fund
- Inspections – Community Development

Public Safety Category-Agencies - Page 115



**Meet Current
Commitments
/ Obligations**



**Minimize
Impacts on
Current Levels of
Service**

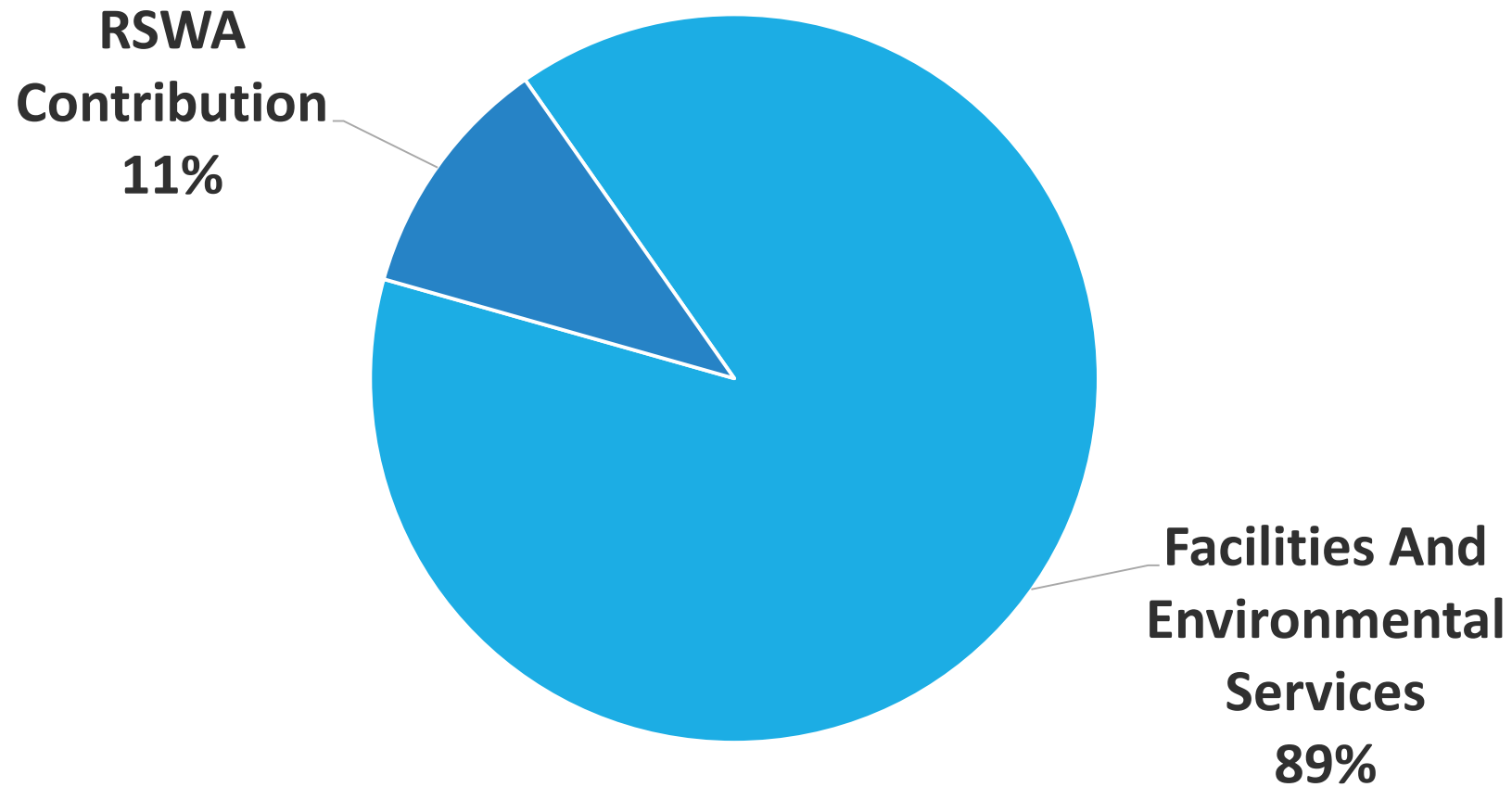


**Hold the Line
on Existing
Expenditures**



**Invest in
Meaningful
Solutions**

- Albemarle-Charlottesville Regional Jail
- Emergency Communications Center
- Blue Ridge Juvenile Detention Center
- Other Public Safety Agencies



Public Works Category – Page 129



**Meet Current
Commitments
/ Obligations**



**Minimize
Impacts on
Current Levels of
Service**



**Hold the Line
on Existing
Expenditures**

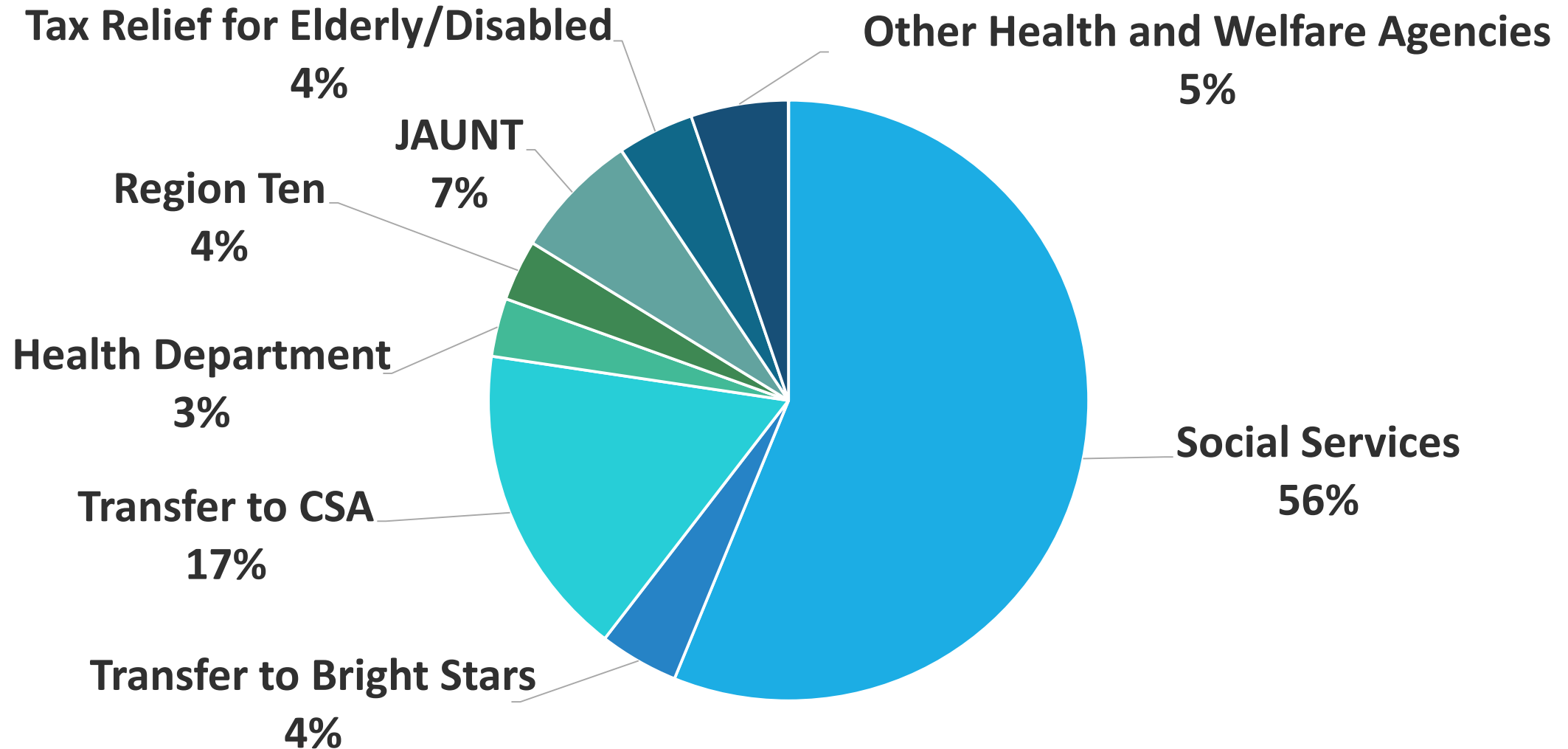


**Invest in
Meaningful
Solutions**

- RSWA Contribution
- Facilities/Environmental Services Department

Health And Welfare Category – \$22.1M

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Health and Welfare Category – Page 139



**Meet Current
Commitments
/ Obligations**



**Minimize
Impacts on
Current Levels of
Service**

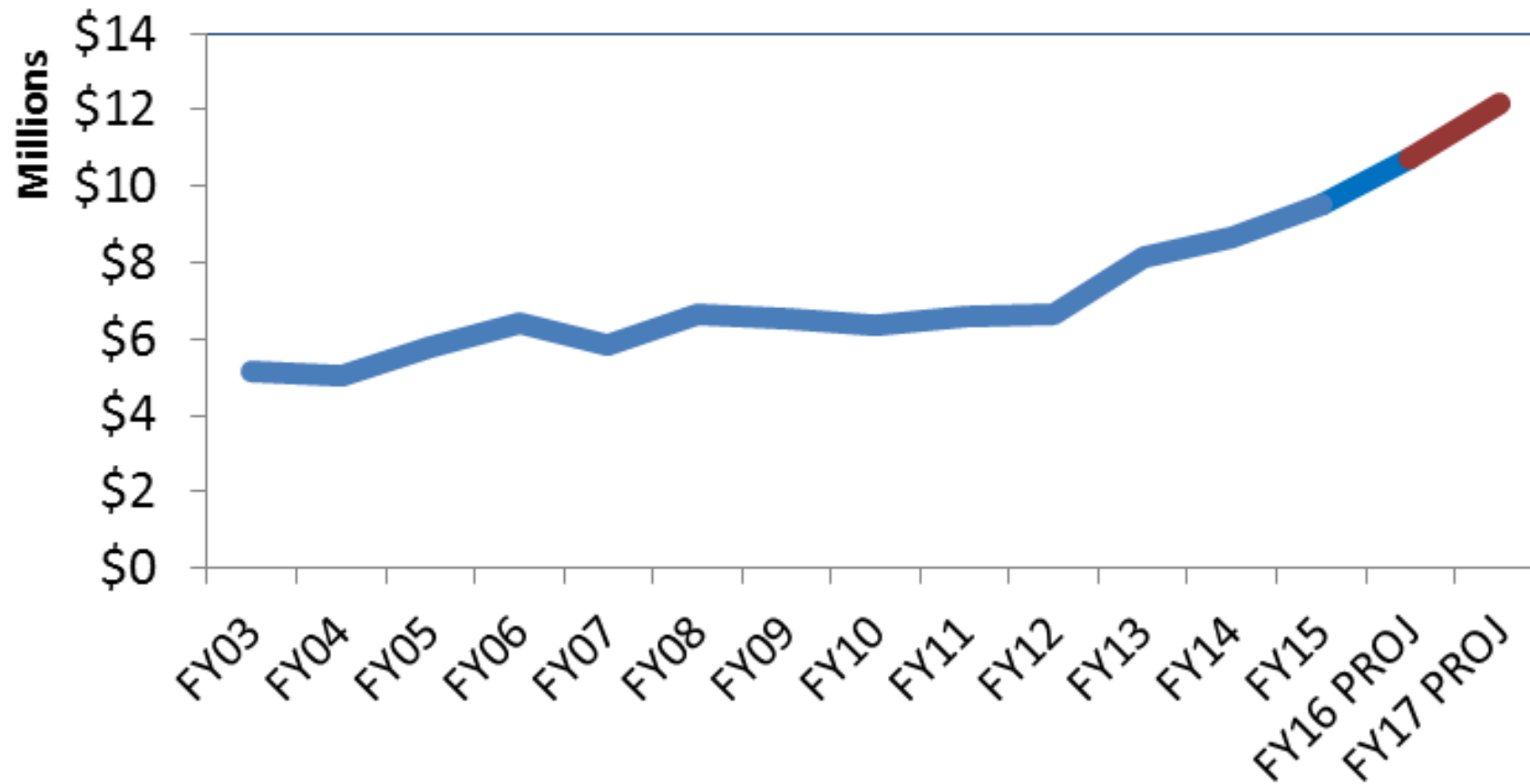


**Hold the Line
on Existing
Expenditures**

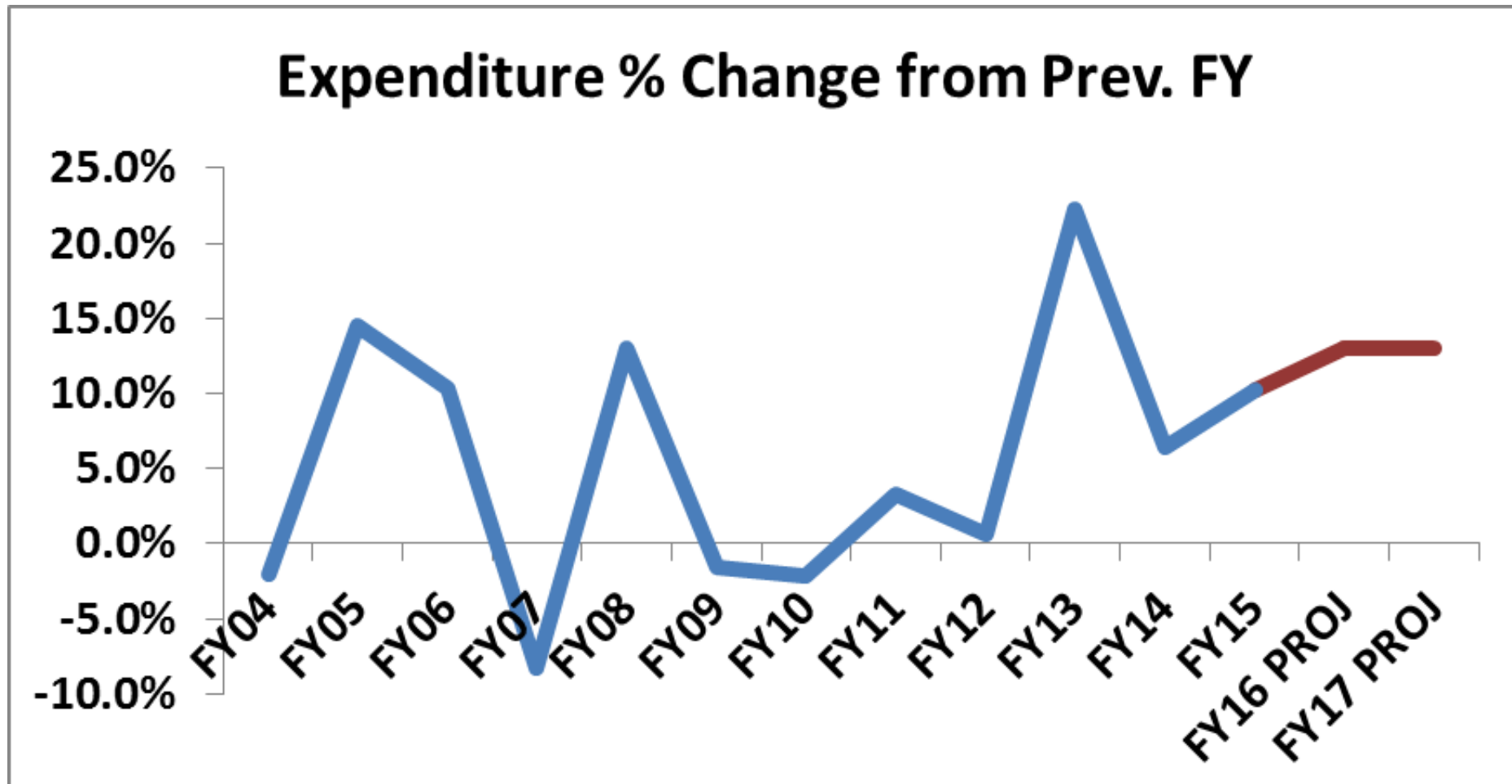
- Social Services
- Transfer to Bright Stars
- Transfer to CSA
- Health Department
- Region Ten
- JAUNT
- Tax Relief for Elderly/Disabled
- Other Agencies

Children's Services Act

Actual and Projected Expenditures

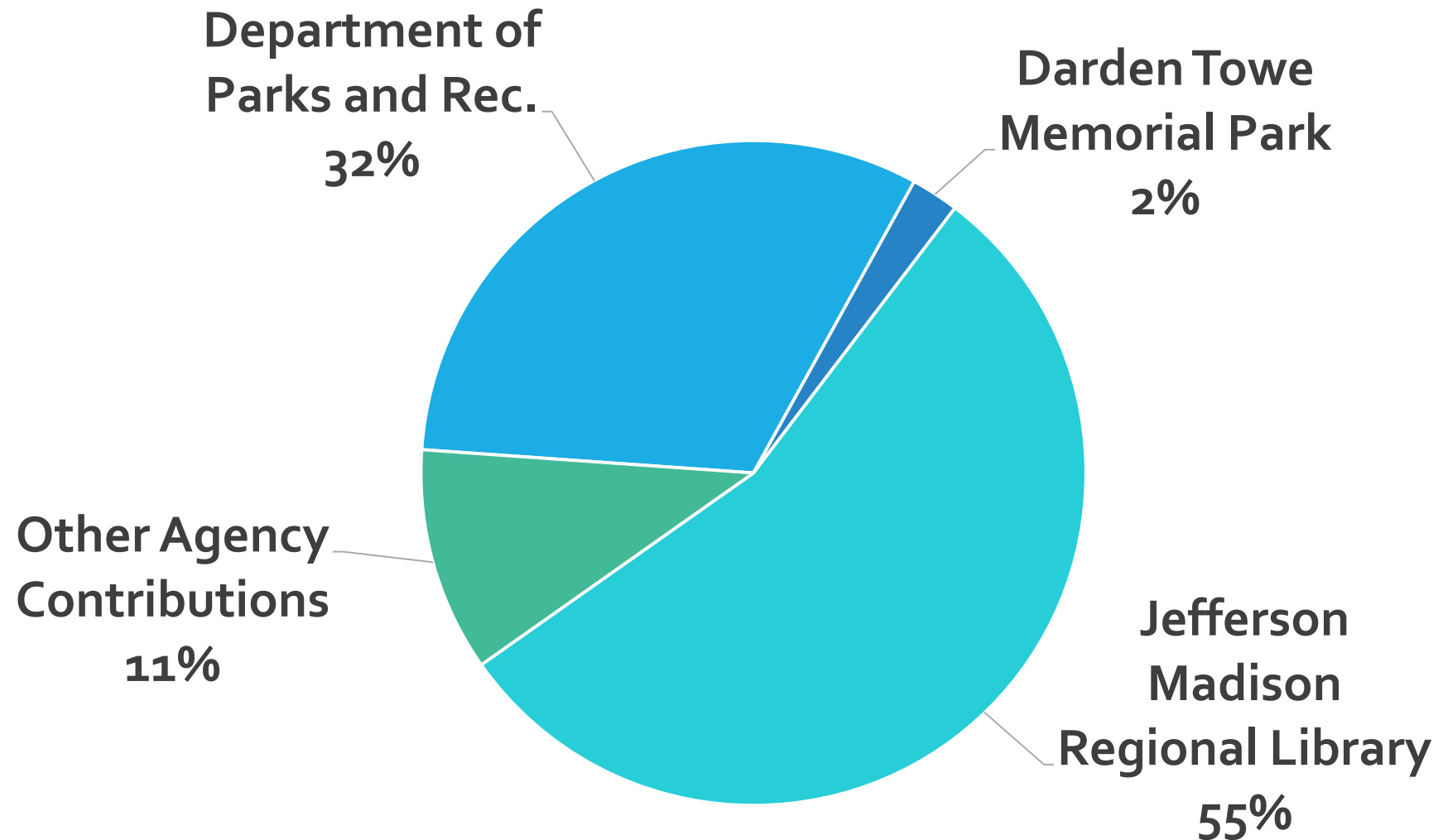


Children's Services Act



Parks, Rec, & Culture Category – \$7.7M

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Parks and Recreation – Page 155



**Meet Current
Commitments
/ Obligations**

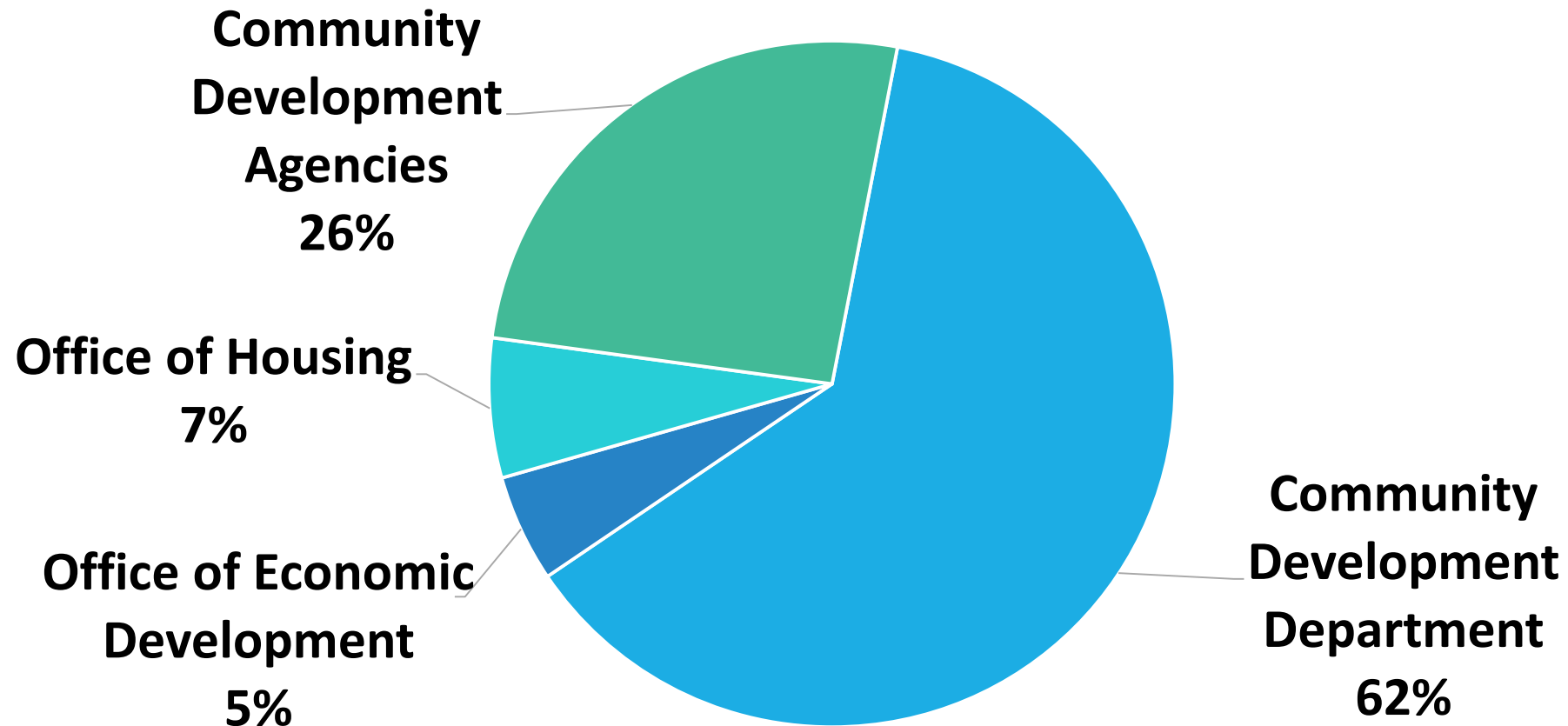


**Minimize
Impacts on
Current Levels of
Service**



**Hold the Line
on Existing
Expenditures**

- Jefferson Madison Regional Library
- Darden Towe Memorial Park
- Department of Parks and Recreation
- Other Agency Contributions



Community Development Category-Page 165



**Meet Current
Commitments
/ Obligations**



**Minimize
Impacts on
Current Levels of
Service**



**Hold the Line
on Existing
Expenditures**

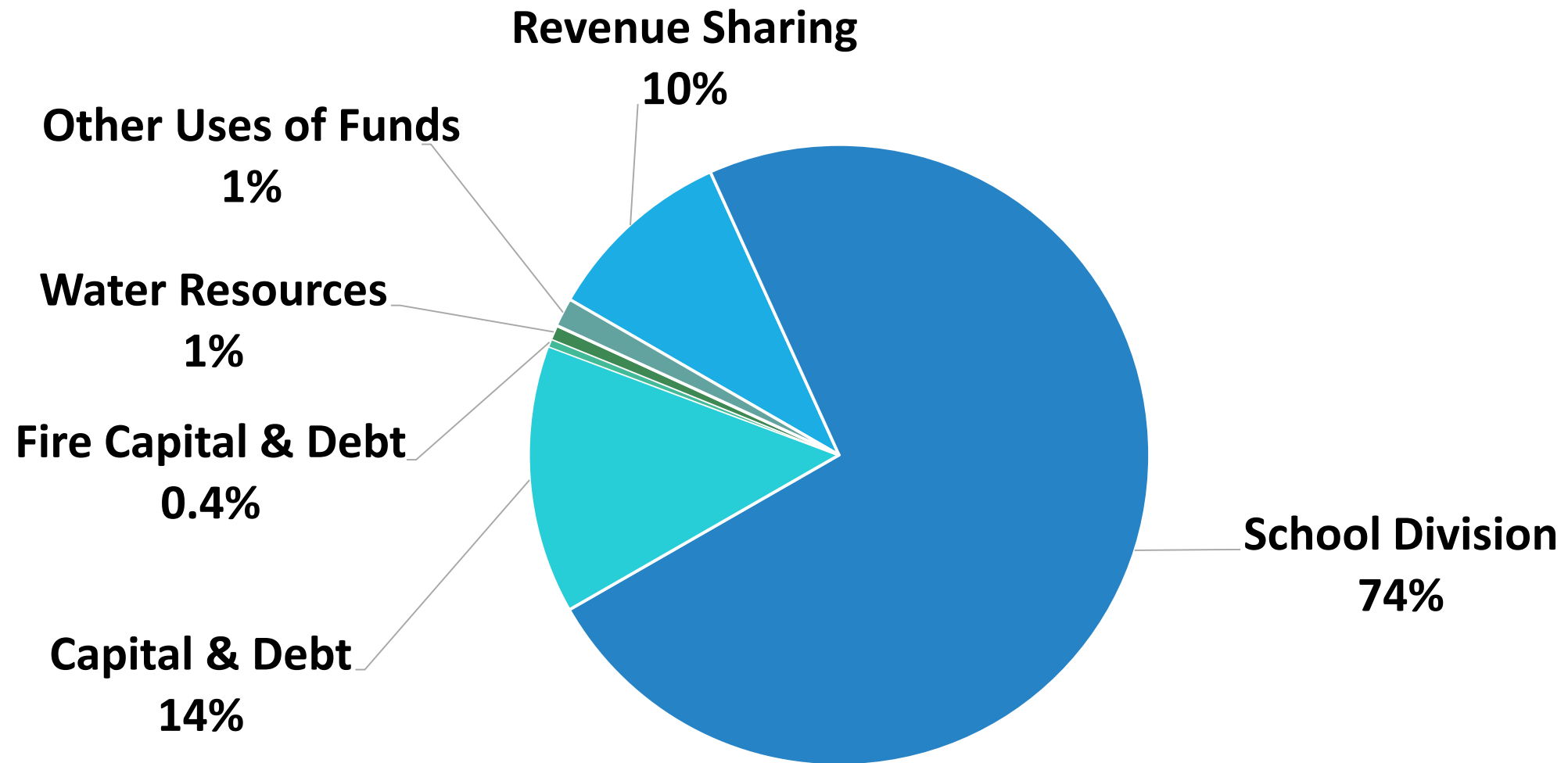


**Invest in
Meaningful
Solutions**

- Charlottesville Area Transit
- Other Community Development Agencies
- Office of Housing
- Office of Economic Development
- Community Development Department

Non-Departmental Category – \$159.6M

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This chapter includes...



Investing in Meaningful Solutions



Determine Board and Citizen Priorities

Urbanization/Economic Development Investment Pool - \$250k

Efficiency Study/Implementation - \$125k

Technology/Productivity Initiative - \$50k

Priority Based Budgeting - \$50k

Shoring Up Fund Balances, Contingencies, and Reserves



Fund Balances

- Unassigned Fund Balance \$30.2 M
- School Reserve Fund Balance 2.3 M
- Rainy Day Fund 2.1 M
- Others:
 - Health Fund
 - CSA
 - CIP

Budgeted reserves/contingencies (General Fund)

- Reserve for Contingencies \$313k
- Fuel & Utilities Contingency 257k
- Salary Reserve 150k
- Disability Reserve 10k
- 5th St Station Bus Stop Reserve 50k
- Grants Leveraging Reserve 100k

Planned Use of Fund Balance

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| | |
|---|------------------|
| Audited Fund Balance June 2015 | \$39.86 M |
| Policy Use of Fund Balance | (32.63 M) |
| FY16 Appropriated Use of Fund Balance | (2.42 M) |
| Currently Unassigned General Fund Fund Balance | \$4.81 M |

Sources

| | |
|--|-----------------|
| Unassigned General Fund Fund Balance | \$4.81 M |
| Anticipated Surplus due to 2.5 cent tax rate increase | 2.07 M |
| Bright Stars Fund Balance | 0.22 M |
| Total Sources | \$7.10 M |

Uses

| | |
|--|-----------------|
| Shore up 10% requirement | \$1.17 M |
| Rainy Day/Stabilization Fund | 2.14 M |
| Bright Stars Contingency | 0.20 M |
| FY16 Planned Uses (Health Fund, CSA, CIP) | 2.27 M |
| FY17 Recommended Uses | 1.32 M |
| Total Uses | \$7.10 M |

- 17 Funds described in this chapter, 5 Funds described in other chapters
- This chapter includes funds such as: Tourism, Proffers, Housing Assistance, Water Resources, Computer Maintenance and Replacement, and Grant Funds

Budget Development Schedule



The diagram illustrates the budget development schedule as a series of steps ascending from left to right. Each step is represented by a blue box with a date, and the tasks for that step are listed below it. The steps are: February 29, March 3, March 8, March 30, and April 12. A large blue arrow points from the title to the first step, and a large blue arrow points from the first step to the second step.

Next
Work
Session



February 29

- School Division
- Health Care

March 3

- CIP
- Debt

March 8

- Finalize Tax Rate for Advertisement
- Board approves Proposed Budget

March 30

- Public Hearing on Board's Proposed Budget

April 12

- Public Hearing on Tax Rate
- Approve Budget and Tax Rate - or on the 13th