

Budget Work Session

FY 2026
Budget Development

March 6, 2025



Agenda

- Revenue Changes – FY25 to FY26
- Current Year Projections
- General Fund Expenditure Categories
- Expenditure Changes – FY25 to FY26
- Tax Rates
- Budget Highlights
- Year-End Surplus Update
- Important Budget Dates



FY 2026 Local Tax Revenues

	FY 2025 Adopted Budget	FY 2026 Proposed	\$ Change	FY 2025 Revised*	
Local Taxes					
Real Estate Tax	\$ 108,438,706	\$ 116,989,377	\$ 8,550,671	\$ 110,638,044	
Personal Property Tax - <i>Still Under Review</i>	13,304,762	14,915,737	1,610,975	14,481,298	
Penalty/Interest on Delinquent Taxes	850,000	900,000	50,000	880,000	
Public Service Tax	1,746,954	1,961,548	214,594	1,961,548	
Utility Taxes	4,700,000	4,800,000	100,000	4,800,000	
Virginia Communications Sales and Use Tax	2,082,500	2,082,500	-	2,082,500	
Tax on Bank Stock	1,171,353	1,171,353	-	1,171,353	
Tax on Wills & Deeds	550,000	600,000	50,000	600,000	
Sales & Use Tax	15,810,000	14,500,000	(1,310,000)	14,000,000	
Rolling Stock Tax	18,040	17,000	(1,040)	18,040	
Transient Occupancy Tax	9,562,500	9,100,000	(462,500)	9,100,000	
Meals Tax	18,217,044	18,200,000	(17,044)	18,100,000	
Short-Term Rental	60,000	61,000	1,000	61,000	
Cigarette Tax	550,000	450,000	(100,000)	450,000	
Vehicle Daily Rental Tax	135,000	135,000	-	135,000	
Plastic Bag Tax	100,000	90,000	(10,000)	90,000	Budget Change
Total	\$ 177,296,859	\$ 185,973,515	\$ 8,676,656	178,568,783	\$ 1,271,924



FY 2026

Licenses, Permits and Intergovernmental Revenues

	FY 2025 Adopted Budget	FY 2026 Proposed	\$ Change	FY 2025 Revised*	
<u>Licenses and Permits</u>					
Business & Professional Licenses - <i>still under Review</i>	\$ 10,100,000	\$ 10,100,000	\$ -	\$ 10,100,000	
Building and Related Permits	855,000	912,000	57,000	1,855,000	
Other Permits and Licenses	370,000	309,100	(60,900)	370,000	Budget Change
Total	\$ 11,325,000	\$ 11,321,100	\$ (3,900)	12,325,000	\$ 1,000,000
<u>Intergovernmental Revenue</u>					
PPTRA Revenue (State Personal Property Tax)	\$ 3,498,256	\$ 3,498,256	\$ -	\$ 3,498,256	
State Highway Assistance	5,591,341	5,742,410	151,069	5,629,814	
Reimbursement/Constitutional Offices	2,453,159	2,430,032	(23,127)	2,453,159	
State Aid for Police Protection	2,640,188	2,734,706	94,518	2,681,084	
Fire Aid - UVA	360,060	402,325	42,265	402,325	
Other Intergovernmental Revenue	508,191	594,672	86,481	555,190	
City-County Revenue Sharing Agreement	9,640,199	11,573,099	1,932,900	9,640,199	Budget Change
Total	\$ 24,691,394	\$ 26,975,500	\$ 2,284,106	24,860,027	\$ 168,633



FY 2026

Charges for Services and Transfers from Other Funds

	FY 2025 Adopted Budget	FY 2026 Proposed	\$ Change	FY 2025 Revised*	
<u>Charges for Service</u>					
Recreation Income	\$ 1,189,113	\$ 1,400,922	\$ 211,809	\$ 1,189,113	
EMS Billing Revenue	1,015,000	1,100,000	85,000	1,015,000	
Payment in Lieu of Taxes	7,288,205	7,856,471	568,266	7,288,205	
Reimbursable Overtime	395,000	559,400	164,400	395,000	
Waste Disposal Fees	1,200,000	1,210,000	10,000	1,200,000	
Other Charges for Services	2,709,302	2,694,921	(14,381)	2,709,302	<i>Budget Change</i>
Total	\$ 13,796,620	\$ 14,821,714	\$ 1,025,094	13,796,620	\$ -
<u>Transfers from Other Funds</u>					
Transfer from Landfill Reserve Fund	\$ 450,000	\$ 450,000	\$ -	\$ 450,000	<i>Budget Change</i>
Total	\$ 450,000	\$ 450,000	\$ -	450,000	\$ -



FY 2026

Miscellaneous and Designated Revenues

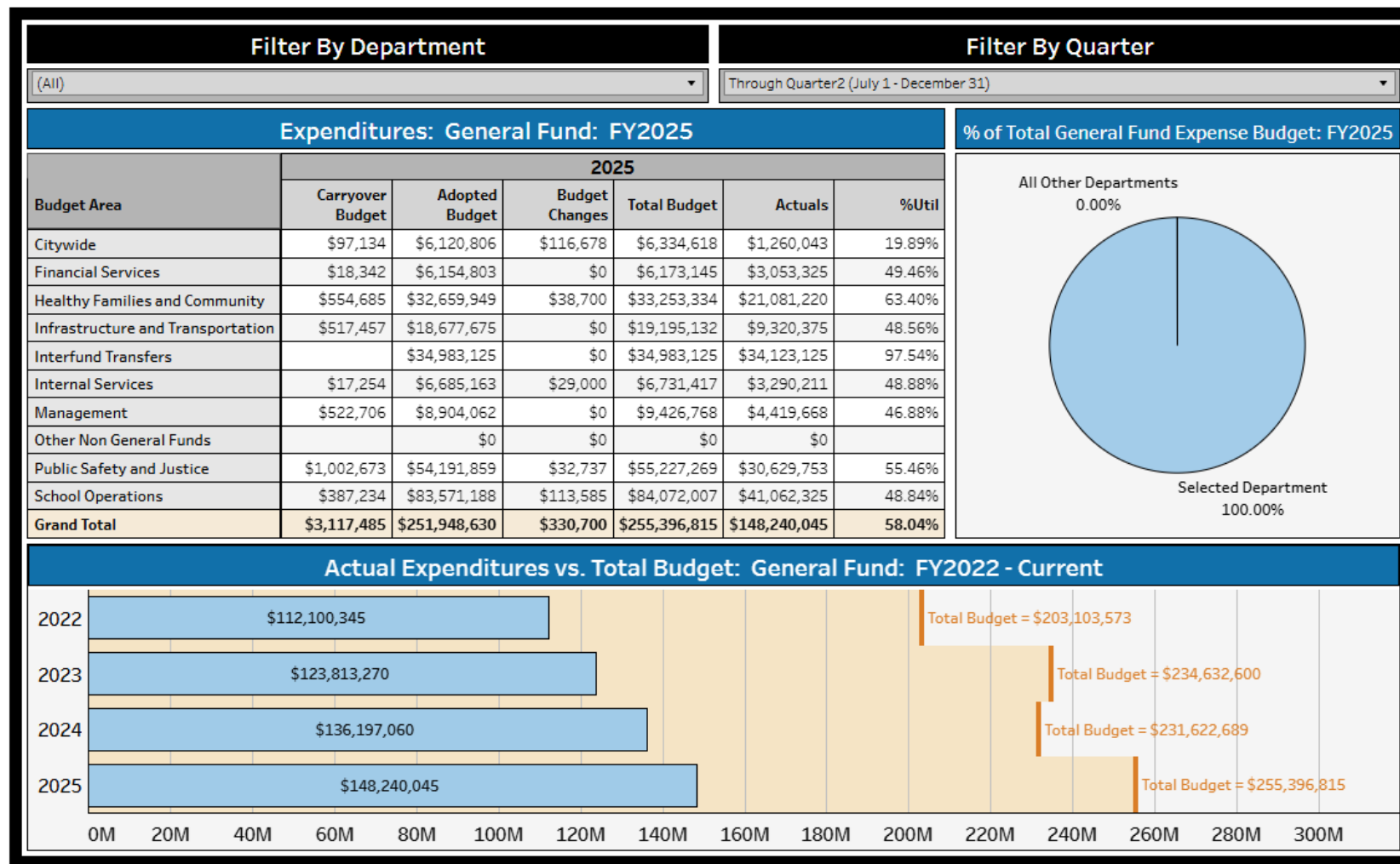
	FY 2025 Adopted Budget	FY 2026 Proposed	\$ Change	FY 2025 Revised*	
<u>Miscellaneous Revenues</u>					
Interest Income	\$ 3,000,000	\$ 2,700,000	\$ (300,000)	\$ 3,000,000	
Rent	225,000	172,000	(53,000)	225,000	
Other Miscellaneous Revenue	450,000	467,350	17,350	450,000	<i>Budget Change</i>
Total	\$ 3,675,000	\$ 3,339,350	\$ (335,650)	3,675,000	\$ -
<u>Designated Revenues</u>					
Meals Tax Designated for the Debt Service Fund	\$ 3,036,174	\$ 3,000,000	\$ (36,174)	\$ 3,000,000	
City-County Revenue Share - Transfer to the CIP	7,798,529	8,302,434	503,905	7,798,529	
City-County Revenue Share - Transfer to Facilities Repair	400,000	400,000	-	400,000	
School Contracted Services	9,479,054	9,890,570	411,516	9,479,054	<i>Budget Change</i>
Total	\$ 20,713,757	\$ 21,593,004	\$ 879,247	20,677,583	\$ (36,174)
Grand Total	\$ 251,948,630	\$ 264,474,183	\$ 12,525,553	\$ 254,353,013	

% Change 4.97%

FY 2025 Projected
Revenue Surplus
\$2,404,383

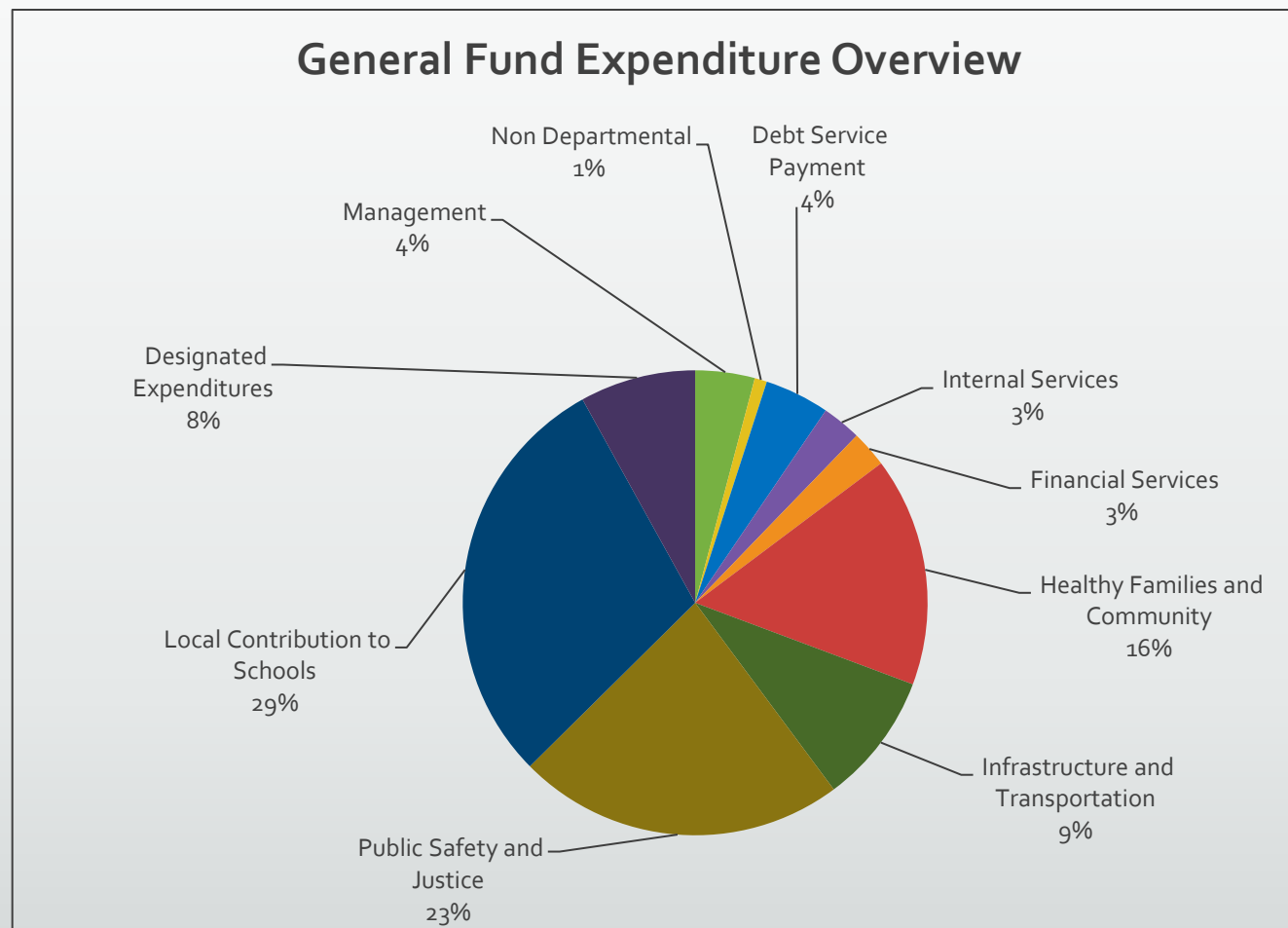


Current Year Expenditure Overview – Quarter 2





FY 26 General Fund Expenditures by Category





General Fund Expenditure Changes City Schools and City Departments

FY2026 Operating Expenditure Changes

(Operating Budget FY2025 to Operating Budget FY2026)

City Schools	\$ Change
City Contribution to Schools	4,934,388
City Department Service Enhancements and Efficiencies	
Rent and Tax Relief	202,000
Short-Term Rental Compliance Software	25,000
NDS - Grant Match - Safe Routes to School Position	47,900
Citywide Learning Management Software Learning Library	50,000
Collective Bargaining Labor Relations Administrator (previously paid with one-time funds)	35,000
Legal and Costing Fees related to Collective Bargaining (previously paid with one-time funds)	105,000



General Fund Expenditure Changes for Compensation and Benefits

Compensation & Benefits

Step + 1% Payscale adjustment for Unaffiliated Employees (with Benefits)	1,280,229
Collective Bargaining Contract Impact - Police Department (with Benefits)	434,663
Collective Bargaining Contract Impact - Fire Department (with Benefits)	826,448
Collective Bargaining Contract Impact - Labor and Trades (with Benefits)	1,855,612
Final Allocation of Lump Sum Budgeted for Employee Compensation in FY 25	(1,758,736)
Budgeted Vacancy Savings	(3,000,000)

New Positions for FY 26

NDS - Zoning Inspector/Urban Forester	131,452
Human Resources - HR Generalist	99,138
Human Resources - Senior HR Analyst	120,504
Police - FOIA and Public Records Officer	125,162
Communications - Assistant Director Communications	148,459
City Manager - Admin Assistant III	91,254
Public Works Concrete Crew - Crew Supervisor (1), Motor Operator (1), Maintenance Workers (3)	360,081

Elimination/Reclassification of Vacant Positions

Environmental Sustainability - Sustainability Engagement	(102,049)
Office of Social Equity - Home to Hope Navigator	(76,793)
Communications - Communications Specialist	(90,895)
Public Works - Project Manager	(131,786)
Public Works - Facilities Development Manger	(168,354)
Public Works - Building Maintenance Mechnic II	(78,584)



General Fund Contributions to Outside & Non- Profit Agencies

Contributions to Outside Agencies & Non-Profits (Major Changes)

Albemarle-Charlottesville Regional Jail	627,234
Blue Ridge Regional Detention Center	120,249
Emergency Communications Center	453,468
Blue Ridge Health District	40,014
Jefferson Madison Regional Library	221,057
Jaunt	176,067
Charlottesville - Albemarle Convention and Visitor's Bureau	(179,296)
SPCA	347,361
Public Defender's Office	2,102
Virginia Cooperative Extension	12,251
JABA	1
Small Business Development Center	(8,641)
TJPDC	5,843
Central VA Partnership for Economic Development	6,062
Virginia Career Works - Piedmont Region	(29)
Vibrant Community Fund (without Fundamental Agencies)	552
Low Barrier Shelter Operational Support	500,000
BRACH	250,000

Fundamental Agencies (Previously part of Vibrant Community Fund)

Offender Aid and Restoration (OAR)	12,077
Pathways	37,143
Foothills	5,000
Child Health Partnership	3,752



General Fund Expenditure Changes

Interagency Transfers

Interagency Transfers

Transfer to Debt Service	1,430,234
Transfer to Charlottesville Area Transit (CAT)	606,308
<i>8 FTEs added - Drivers (funded with FY 25 budget)</i>	
<i>1 FTE added - Transit Mechanic (\$95,118)</i>	
<i>Collective Bargaining Contract Impact (\$1,385,797)</i>	
Transfer to Human Services Fund	527,437
Transfer to Social Service Fund (operational increases)	277,056
Transfer to CSA Fund	(100,000)
Transfer to Parking Fund	900,000
Fund Balance Target Adjustment	(500,000)



General Fund Expenditure Changes

Other Notable Changes

Other Changes

Other Decreases and Increases (Net)	(144,083)
Parks and Recreation - Temporary Salary Budget	(217,412)
Information Technology - Computer and Infrastructure Replacement	(75,000)
Vehicle Repairs/Maintenance/Fuel	131,675
Contractual Increases	323,550
Utilities	193,464
Software Lic/Maintenance	(55,618)
Rent	25,504
Council Strategic Initiatives	140,000
Citywide Reserve	67,647
Solid Waste Disposal Fees	(73,893)
Machinery and Equipment	(37,260)
Reductions of Overtime and Bonus Pay Budgets	(183,847)
Employee Tuition Assistance Program (funding increase)	15,000
Employee Engagement Program	15,000
Worker's Compensation Insurance Premiums	203,433



General Fund Expenditure Changes Designated and Total Changes

Net Operating Expenditure Changes	\$11,566,555
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FY2026 Designated Expenditure Changes

(Designated Budget FY2025 to Designated Budget FY2026)

	\$ Change
Transfer to Capital Improvement Program Fund	481,905
Transfer to Capital Improvement Program - Mall Vendor Fees	22,000
Contracted Services for City Schools - Building Maintenance	514,877
Contracted Services for City Schools - Pupil Transportation	(23,610)
Transfer to Debt Service Fund (Meals Tax Portion)	(36,174)
Transfer to Facilities Repair Fund	-

Net Designated Expenditure Changes	958,998
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Total General Fund Expenditure Changes	\$12,525,553
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Tax Rates

No Tax or Fee Increases are included in the Budget

Tax	Proposed FY26 Rates
Real Estate Tax	\$0.98/\$100 Assessed Value
Meals Tax	7.0%
Personal Property Tax	\$4.40/\$100 Assessed Value
Transient Occupancy Tax	9.0%



FY 26 Budget Highlights

- Provides a pay increase for all employees
- Provides and additional **\$4.9M** to the City Schools
- Adds **\$750k** for on-going funding for Homeless Intervention
- Increases General Fund Transfer to Debt Service by **\$1.4M**
- Increases the City's Contribution to CAT by **\$606k**
- Increases the City's Contribution to Social Services and Human Services by **\$804k**
- Includes a **\$189M** 5-year CIP
 - Increased the School Priorities CIP and Lump Sum
 - Includes **\$7.8M** for New Sidewalks and Sidewalk Repair
 - Includes **\$1M** for Safe Routes to School
 - Includes **\$52.9M** for Affordable Housing
 - Includes **\$8.7M** for the ADA Transition Plan



FY 2024 Year-End Surplus

Potential “House-keeping Items” to Consider:

- Pension Funding for Impact of Teamster’s Contract - \$1.1 million
- Healthcare Fund Reserve Replenishment - \$3.5 million
- Buy-Down future Debt Service Increases



Important Budget Dates

Work Sessions

March 6

March 13

March 27

April 10

Public Hearings

March 17
(Tax Rates)

April 7
(Budget)

Community Budget Forum

March 20

Budget Adoption

April 14



Questions and Discussion

www.Charlottesville.gov/budget

