

July 1, 2007

Mayor and Members of City Council
City Hall
Charlottesville, VA 22902

Dear Mayor and Council:

I am proud to present the City Council Adopted Fiscal Year 2007-2008 City Budget, a total operating budget of **\$122,154,764, an 11.34%** increase over the current year's budget. In addition to this, there is a designated portion of the budget, totaling \$12,508,036, which is funded from dedicated revenue sources, such as school funding for pupil transportation and building maintenance, City/County Revenue Sharing funds for the Capital Improvement Program, Equipment Replacement Fund, Facilities Repair Fund, and the dedicated portion of Meals Tax revenue (1-cent) to Debt Service.

As is appropriate, this budget serves as a vehicle to move Council's vision forward, focusing on excellent customer service, enhanced citizen-focused governing, and a commitment to lifelong learning. The FY 2007-2008 Budget serves as a blueprint for the upcoming year, frames the City's future fiscal picture and continues to be presented in a format that details City services and programs in terms of costs, in a manner that is easy to read and understand. Actual cost allocations are shown in the individual departmental budgets. Finally, this budget is a work plan of objectives to be accomplished over the coming year.

For several years, the City has recognized the need to develop and implement a strategic plan to serve as a critical tool when making program and funding decisions on the future of our city. A strategic plan would not only be beneficial during times when meeting needs is not as difficult a task, but absolutely essential during those times when hard decisions need to be made that require thoughtful assessments of service and program reductions. It is with that goal that City staff, with engaged participation from the public, began last year to develop a strategic plan, one which continues to be a work in progress.

In January 2006, City management and a team of staff began a process of developing the City's first comprehensive Strategic Plan. During a series of focus groups and meetings with a community driven Strategic Planning Steering Committee appointed by City Council, and the community at large, this citizen-guided group developed several strategic priority areas. Once these priority areas were refined and presented to City Council, Council developed them further at your fall 2006 annual retreat. Since that time, and over the course of several months, City Council has shaped those priorities into a **2025 Vision for the City**.

While this adopted budget does reflect many of the priorities found in this **2025 Vision**, over the course of the next year City departments will take these strategic priority areas and create strategic business plans that will align with the broader areas and eventually the budget. In addition, performance measures will be developed that will measure success and progress of strategic initiatives. Future budgets will incorporate this full strategic planning process, which will serve as a powerful tool to assist with critical funding decisions.

FY 2007-2008 - Funding City Council's Course

2025 Vision for the City

Charlottesville: A Great Place to Live for All of Our Citizens

- A leader in innovation, environmental sustainability, and social and economic justice
- Flexible and progressive in anticipating and responding to the needs of our citizens
- Cultural and creative capital of Central Virginia

Under this vision, eight broad goal areas have been developed. This FY 2008 City Council Adopted Budget supports each of these goal areas in several ways:

1. Economic Sustainability

Our community has an effective workforce development system that leverages the resources of the University of Virginia, Piedmont Virginia Community College, and our excellent schools to provide ongoing training and educational opportunities to our residents. We have a business-friendly environment in which employers provide well-paying, career-ladder jobs and residents have access to small business opportunities. The Downtown Mall, as the economic hub of the region, features arts and entertainment, shopping, dining, cultural events, and a vibrant City Market. The City has facilitated the development of significant infill commercial and mixed use sites within the City.

- Provides \$10,000 to the Central Virginia Small Business Development Center, which provides management, marketing, planning, operational, financial and other assistance to existing and pre-venture small and medium sized businesses.

- Fully supports the City Market, including the return of a Wednesday Farmers' Market that will be held at Meade Park.
- Fully supports local economic development non-profits, including the Thomas Jefferson Regional Partnership for Economic Development and the Planning District Commission.
- Continues and expands, at a cost of \$30,000, the Summer Youth Internship Program for a second summer to provide 32 students, aged 14-18, with an opportunity to work and be exposed to job settings in City departments, City schools and various non-profit agencies.
- Supports workforce development initiatives in economic development.
- Provides sponsorship for Piedmont Virginia Community College's Licensed Practical Nurse workforce development program.

2. A Center For Lifelong Learning

In Charlottesville, the strength of our education is measured not by the achievements of our best students, but by the successes of all our students. Here, an affordable, quality education is cherished as a fundamental right, and the community, City schools, Piedmont Virginia Community College and the University of Virginia work together to create an environment in which all students, and indeed all citizens, have the opportunity to reach their full potential.

- Unprecedented support for the City schools, in the form of a total increase in funding of \$4,328,584, a 12.73% increase over FY 2007. The City's policy is to allocate up to 40% of new real estate and personal property tax revenue to the schools. This adopted budget provides 71.97% of these new revenues representing a significant policy shift, important due to decreased State funding.
- Funds the City School's capital improvement program at \$1.6M in FY 2008, and an additional \$400,000 to accelerate ADA improvements in the City schools.
- Supports local and regional non profit agencies dedicated to providing educational opportunities for all ages, totaling \$1.5 million.

3. Quality Housing Opportunities for All

Our neighborhoods retain a core historic fabric while offering housing that is affordable and attainable for people of all income levels, life stages, and abilities. Our neighborhoods feature a variety of housing types, including higher density, pedestrian and transit-oriented housing at employment and cultural centers. We have revitalized public housing neighborhoods that include a mixture of income and housing types and enhanced community amenities. Our housing stock is connected with recreation facilities, parks, trails, and services.

- Establishes a new Charlottesville Affordable Housing Investment Program, at an initial investment of \$1.75M, to meet the housing challenges facing our

residents by dedicating, consolidating and expanding financial support for the preservation and production of affordable housing in our community.

- Maintains current Tax and Rent Relief for the Elderly programs with a total budget of over \$845,000.
- Expands the Charlottesville Tax Grant Relief Program by increasing the house value limit to \$350,000 and increasing the grant amounts to \$350 for those earning between \$25,000 and \$50,000 and \$500 for those earning less than \$25,000.
- Maintains both the Housing Trust and Housing Initiatives funds in the Capital Improvement Program totaling \$400,000 in FY 2008.

4. C'Ville Arts and Culture

Our community has world-class performing, visual, and literary arts reflective of the unique character, culture, and diversity of Charlottesville. Charlottesville cherishes and builds programming around the evolving research and interpretation of our historic heritage and resources. Through City partnerships and promotion of festivals, venues, and events, all have an opportunity to be a part of this thriving arts, cultural, and entertainment scene.

- Enhances the programming of several community events offered by Parks and Recreation, including an additional Movie in the Park, improved Halloween Festival and Christmas Party, and other additions such as a Mother-Daughter Tea Party and Amazing Race – C'Ville.
- Supports various arts and culture non profit agencies and area festivals. Many of these festivals also receive in-kind services from the City during their respective events.
- Fully funds the Charlottesville/Albemarle Convention and Visitors Bureau and their mission of promoting the region's culture, heritage and history.

5. A Green City

Charlottesville citizens live in a community with a vibrant urban forest, tree-lined streets, and lush green neighborhoods. We have an extensive natural trail system, along with healthy rivers and streams. We have clean air and water, we emphasize recycling and reuse, and we minimize storm-water runoff. Our homes and buildings are sustainably designed and energy efficient.

- Adds a new item to the Capital Improvement Program for Green City Initiatives (\$50,000) that will provide funding for recommendations made by the Council appointed Sustainability Committee.
- Adds funds for weed cutting in the City's right-of-way areas (\$25,000).
- Includes one time funding necessary to implement a Stormwater Utility Program, starting in FY 2009, to address the City's stormwater and environmental needs.

- Continues funding to address the City's neighborhood drainage needs and any emergency drainage projects that occur during the year (\$275,000).
- Continues expansion of the City's recycling program that now includes curbside pickup of plastic bottles and cardboard.
- Fully funds next year's needs and puts funds aside for the environmental remediation of the Ivy Landfill, total funding of \$1.61 M.
- Adds funds to the Capital Improvement Program for urban tree preservation and planting (\$150,000).
- Funds a 4PM pickup of refuse on the Downtown Mall, making permanent a successful pilot program done last year, at a cost of \$25,000.

6. America's Healthiest City

All residents have access to high-quality health care services. We have a community-wide commitment to personal fitness and wellness, and all residents enjoy our outstanding recreational facilities, walking trails, and safe routes to schools. We have a strong support system in place for families and for the elderly and disabled. Our emergency response system is among the nation's best.

- In response to an increase in service calls to the region, this budget establishes an EMS/ambulance service, with a total budget of \$966,122, which will supplement the important and high quality volunteer EMS services provided by the Charlottesville Albemarle Rescue Squad (CARS). This will be paired with a billing system in order to re-coup a portion of the cost of the operations (projected revenue for FY 2008 is \$414,375). The service is expected to be fully operational and the billing process in place by January 2008.
- Funds a full complement of mobile video cameras and computers for all patrol cars, replacement and new defibrillators to be installed in various City buildings and GIS data terminals for Fire command vehicles.
- Adds funding for City employee education programs, including nutrition counseling and education, smoking cessation, and to underwrite the cost of programs such as employee fitness days.
- Expands Parks and Recreation after school program opportunities for the City's youth.
- Funds area non profit agencies focused on providing services to children, youth and families, totaling over \$3.27M.

7. A Connected Community

The City of Charlottesville is part of a comprehensive, regional transportation system that enables citizens of all ages and incomes to easily navigate our community. An efficient and convenient transit system supports mixed use development along our commercial corridors, while bike and pedestrian trail systems, sidewalks, and crosswalks enhance our residential neighborhoods. A regional network of connector roads helps to ensure that residential neighborhood streets remain safe and are not overburdened with cut-through traffic.

- Adds an Assistant Traffic Engineer position, which will provide assistance and support to the City's existing Traffic Engineer on various aspects of transportation and traffic planning issues, including addressing citizen concerns, traffic calming initiatives, making recommendations on traffic signals and developing a regional Intelligent Transportation System (ITS) plan, and acting as the City's liaison with UVA and VDOT on various traffic issues.
- Dedicates funding in the Capital Improvement Program for city wide traffic improvements and the Intelligent Transportation System implementation, a total of \$370,000.
- Infuses a one time investment of \$350,000 to begin catching up on city wide paving needs that have been neglected in past years due to limited funding.
- Increases the new sidewalks and trails budget by \$650,000.
- Continues a dedicated source of funding for sidewalk repairs and new sidewalks to better address connectivity issues between neighborhoods.
- Infuses new funding, \$200,000, into citywide wayfinding/signage initiatives that will improve all levels of signage into and around the City, resulting in more efficient movement of pedestrian and vehicular traffic.
- Adds funds to the Capital Improvement Program for trails and greenways development, a total of \$100,000 in FY 2008.
- Increases transit services by adding a Sunday route to Charlottesville Transit Service's Route 7 bus, the Free Trolley and JAUNT at a cost of \$129,030.
- Implements a piloted Fare Free Month to encourage ridership and promote the benefits of public transportation.

8. Smart, Citizen Focused Government

The delivery of quality services is at the heart of Charlottesville's social compact with its citizens. Charlottesville's approach to customer service ensures that we have safe neighborhoods, strong schools, and a clean environment. We continually work to employ the optimal means of delivering services, and our decisions are informed at every stage by effective communication and active citizen involvement.

- Through departmental reorganization and the elimination of a vacant Assistant City Manager position, resulting in over \$94,000 in savings in the City Manager's Office, continues Council's highly prioritized centralized customer service initiative by funding a new Director of Customer Service Care Center

who will guide the City through full implementation of centralized customer service.

- Increases funds for the preservation, appearance, improvement and maintenance of the City's buildings and infrastructure, especially in physical areas that experience a high volume of customer service transactions with citizens and visitors.
- Provides funds for major renovations to Onesty Pool at Meade Park, Carver, Tonsler, Crow and Smith Recreation Centers, all places heavily used by the public.
- Continues to fund park and school playground renovations to create a better play environment for the youngest of our community.

The FY 2008 City Council Adopted budget clearly starts to progressively fund many of City Council's top priorities and the **2025 Vision for the City**. This budget continues and enhances our high quality city services that help keep Charlottesville a World Class City.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary O'Connell". The signature is stylized and cursive, with a large loop at the end.

Gary O'Connell
City Manager



FY 2008 Revenue Changes
(Operating Budget FY 2007 to Operating Budget FY 2008)

Operating Revenue Increases

Real Estate Tax	7,115,000
Personal Property Tax (local portion)	899,256
Sales and Use Tax	1,100,000
Transient Room Tax	310,000
Meals Tax	395,500
Business License Tax	1,176,000
Other Local Taxes	337,519
State Revenue	359,355
Other Intergovernmental Revenue	149,693
Interest Earned	100,000
City/County Revenue Sharing (<i>portion that supports operating budget</i>)	1,589,326
Parking Garage Revenue	300,000
Parks and Recreation Income	117,000
Payment in Lieu of Taxes: Utilities Funds	343,963
Reimbursable Public Safety Overtime	108,000
EMS/Ambulance Service - Billing (<i>6 months</i>)	414,375
FY 2006 Fund Balance Surplus (<i>dedicated to EMS</i>)	551,747
Misc. Revenue, Taxes and Fees	87,544

Total Revenue Increases 15,454,278

Operating Revenue Reductions

Real Estate Tax - 4-Cent Rate Reduction	(2,000,000)
Utility Taxes/Virginia Communications Sales and Use Tax/E-911/Franchise Fee	(601,738)
Public Service Corporation Tax	(80,100)
Waste Disposal Fees	(275,000)
UVA Trolley Revenue (To be credited to Transit Fund)	(55,000)

Total Revenue Reductions (3,011,838)

Net Operating Revenue Change 12,442,440

FY 2008 Expenditure Changes
(Operating Budget FY 2007 to Operating Budget FY 2008)

City Schools

City Contribution to Schools 4,328,584

Contributions to Outside Agencies/Transfers

Contributions to Outside Agencies and Civic Organizations 631,877
 Contribution to Jefferson/Madison Regional Library 51,043
 Transfer to Department of Social Services, Community Attention and Comprehensive Services Act 614,356
 Transfer to Charlottesville/Albemarle Convention and Visitor's Bureau 47,636
 Contributions to Regional Jail, ECC and Juvenile Detention Center 162,555
 Transfer to Transit Fund 78,143

New Initiatives/Expanded Services

EMS/Ambulance Service (New user revenue supported) 966,122
 Neighborhood Development Services - Assistant Traffic Engineer Position 80,000
 Transit Sunday Service - CTS Route 7, Free Trolley and JAUNT 129,030
 Transit Fare Free Month 30,000
 Parks and Recreation
 Expanded After School Youth Programs 69,875
 Grounds and Tree Maintenance 173,770
 Improvement and Expansion of Community Events 20,300
 Downtown Mall Refuse Collection (4PM Pickup) 25,000
 Weed Cutting in City Right-of-Way Areas 25,000
 Summer Youth Internship Program 30,000
 Housing Affordability Tax Grant Program (\$350K house value; \$350/\$500 grants based on income up to \$50,000) 168,767

Salary and Benefits

4% Salary Increase and Associated Benefits 1,337,000
 Adjustments in Police for Compression (*supervisory positions*) 145,000
 Adjustments in Fire for Compression (*supervisor positions*) and Career Development 125,000
 City Wide Market Rate Adjustments 250,000
 Public Safety Employee Retirement 633,505
 General Government Employee Retirement 498,747
 Salary Adjustment (all full-time employees to minimum \$11 per hour wage) 23,000
 Employee Parking Benefit 120,000
 Employee Appreciation Day/Week 10,000
 Unemployment Compensation 20,000

Other Changes

Landfill Remediation 610,000
 Refuse and Recycling Contracts (includes pickup of plastics and cardboard) 69,000
 Parks and Recreation Maintenance Services (*moved from Capital to Operating budget*) 293,590
 Police Department Training Funds 50,000
 Fixed Costs 272,325
 Misc. City Departmental Changes 353,215

Total Operating Expenditure Changes 12,442,440
