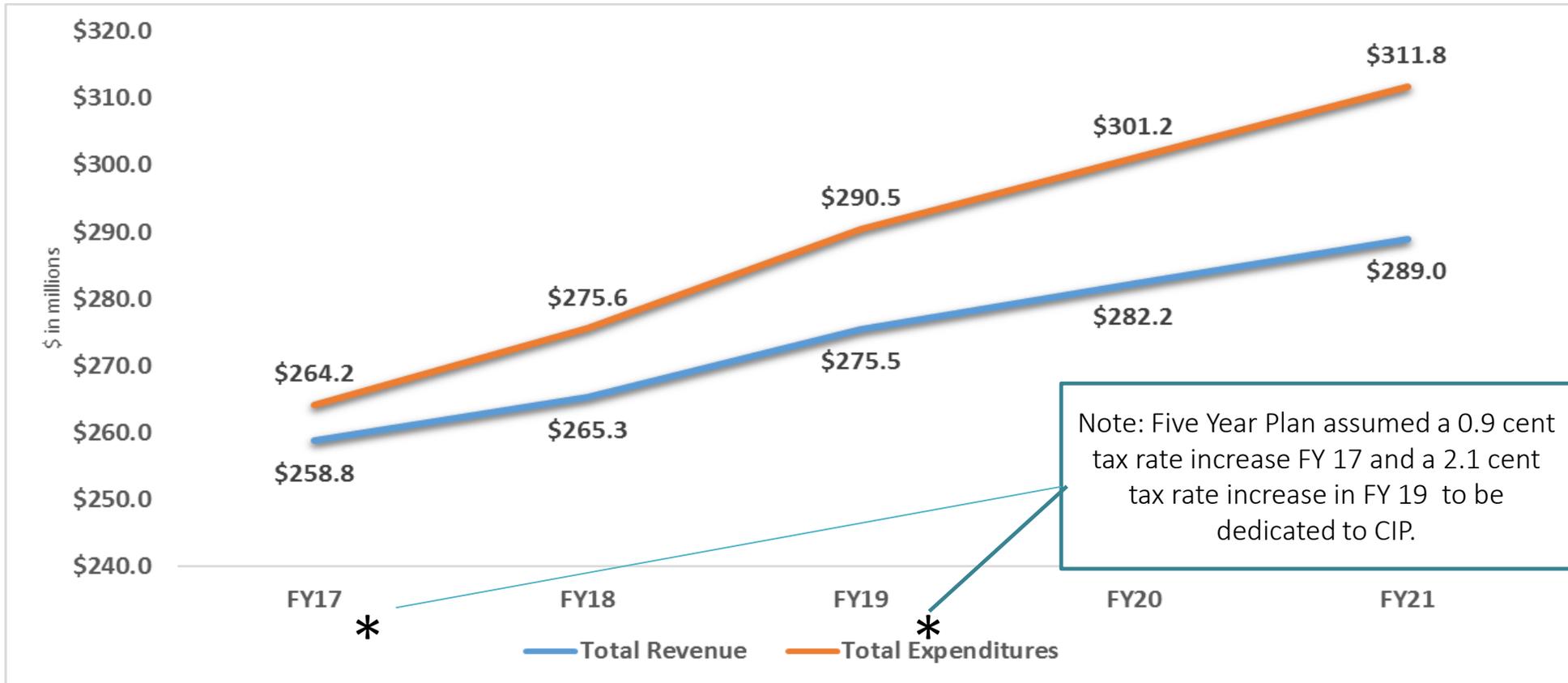


Strategic Investment and Transformation That Reshape our Future

Balanced Two Year Fiscal Plan

Five Year Financial Plan - December 9, 2015



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

1

Take organizational transformation to the next level while making strategic investments that reposition us for the future

2

Determine Board and community priorities

3

Develop a realistic two-year fiscal plan with the Five Year Plan framework

Changing Our Long Term Trajectory

Building Blocks Established by Long Range Planning, Adopted FY17 Budget

Our Decision Framework

Shaped by priority driven budgeting and
strategic objectives

Priority Driven Budgeting Improves Our Ability To . . .

1

Prioritize Services

- Evaluate relative importance of individual programs/services

2

Do The Important Things Well

- Cut back on the rest

3

Question Past Patterns of Spending

- Put all the money on the table

4

Know the True Cost of Doing Business

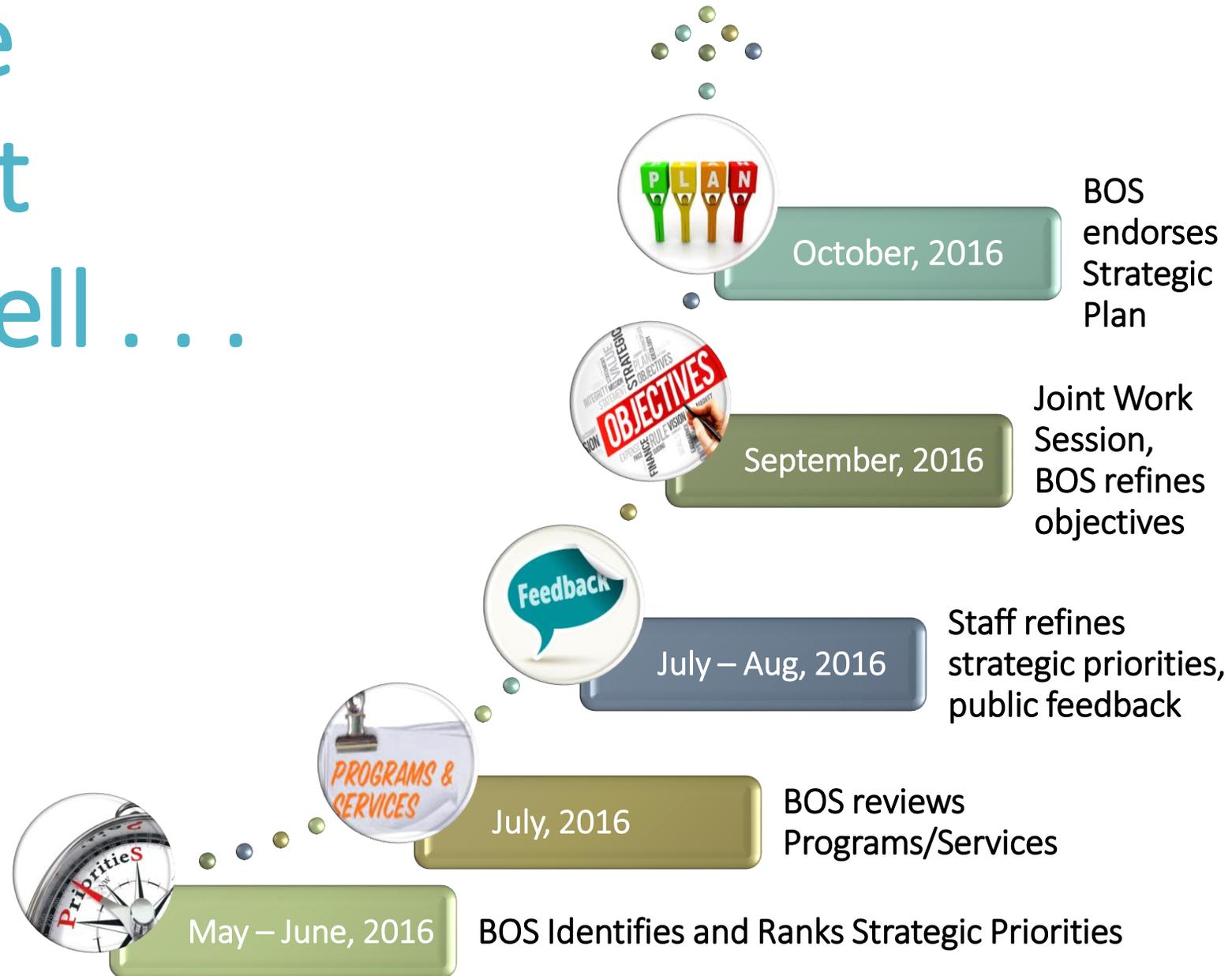
- Focus on full costs of programs

5

Provide Transparency

- Base budget decisions on well understood priorities and results

Doing the Important Things Well ... Strategic Planning



Strategic Priorities

- Redevelopment and Revitalization
- Economic Development
- School Facility Needs
- Educational Opportunities for at-risk four year olds
- Salary compression remedy
- Family Support program
- General District Court expansion
- Water Resources/Stormwater Funding
- Pantops Master Plan including Rivanna River Corridor

Ideas from a Variety of Sources Spark Transformation

EXTERNAL PERSPECTIVES

- ▲ Resource Management Review
- ▲ Citizen Resource Advisory Committee

INTERNAL PERSPECTIVES

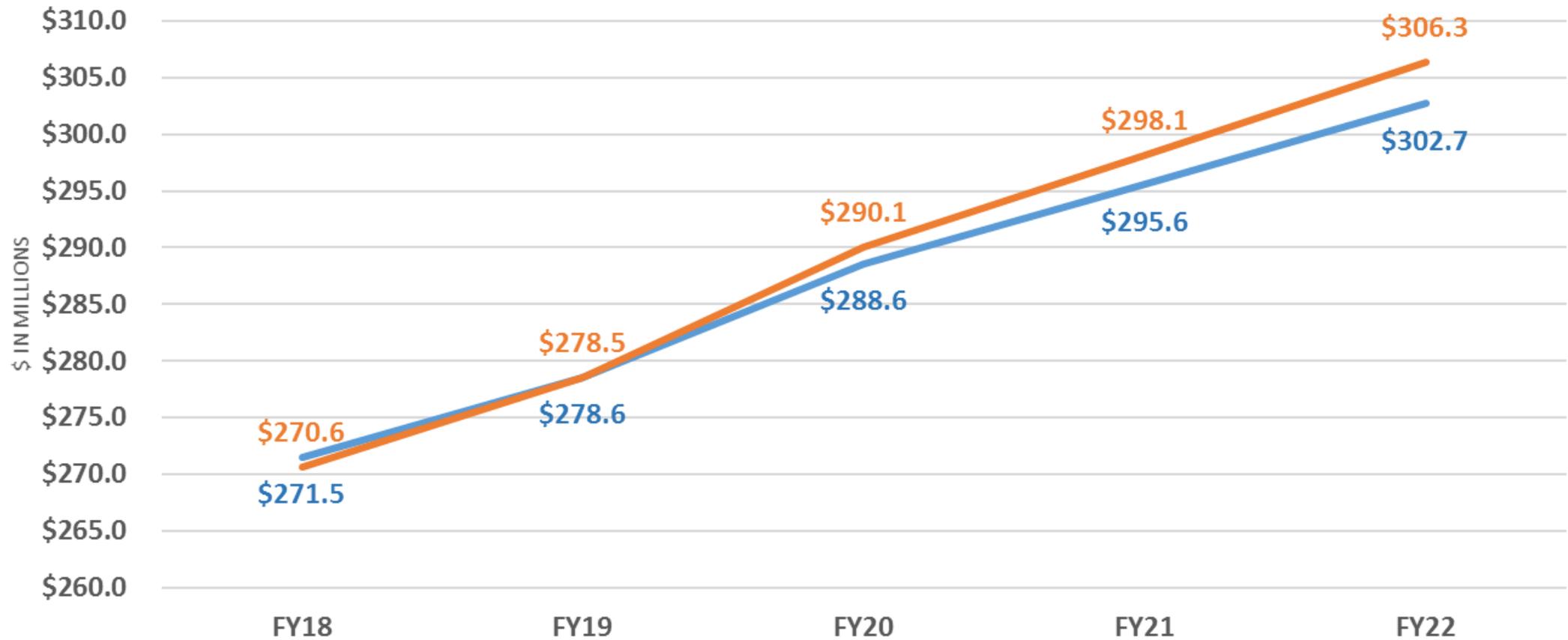
- ▲ Innovation Fund
- ▲ Joint Schools/Local Government Efficiency Study

Five-Year Plan

Revenue and Expenditure

General Fund and Fire Fund

Revenue Expense



A Closer Look At The Two Year Plan

- ❑ Overall Highlights
- ❑ A Strengthening Fiscal Picture – How have things changed?
- ❑ Repositioning for the Future
- ❑ What Still Needs to Be Addressed

- Stronger than projected revenues
- Strategic use of new revenue and one-time money
- Transformation that reduces costs and improves productivity
- Enhanced use of dedicated revenue for specific services
- No tax rate increases for operating, CIP tax rate increases delayed
- Continue to face unmet needs

Highlights

Strategic Investment and Transformation

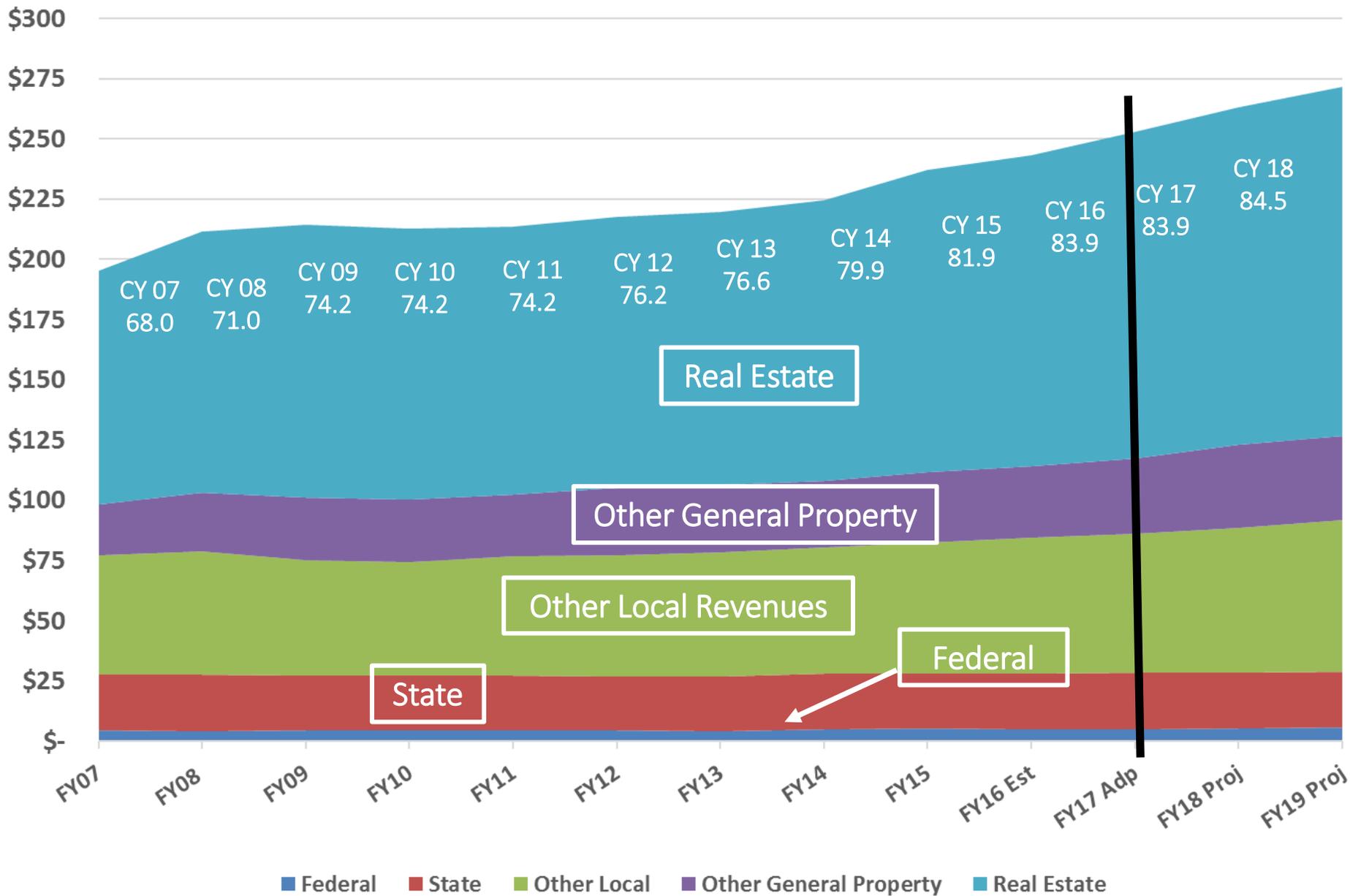
Our Strengthening Revenue Picture _____

Opportunities provided by stronger than
projected revenues and one time year end funds

Where We Are Today – Cautious Optimism

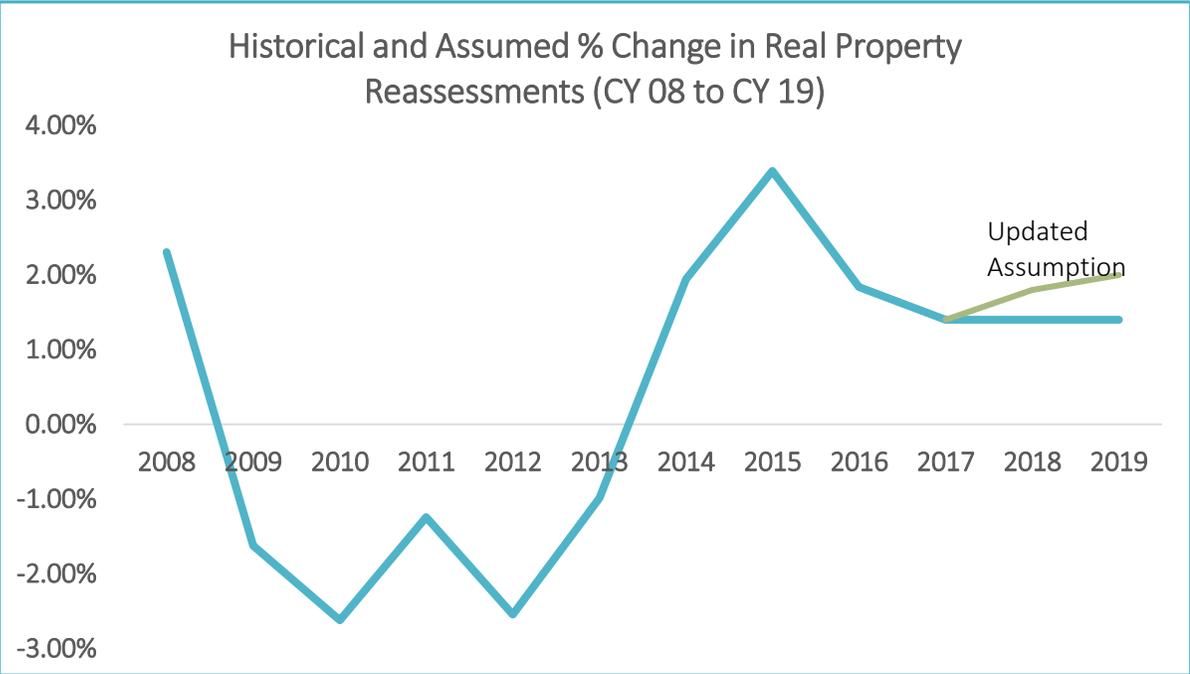
- Positive change in housing market
 - Reassessment
 - New Construction
- Local economy better overall
- Fund balance provides one time money for strategic investment
- Shift burden of stormwater mandates from real estate tax rate to stormwater fees
- Economic uncertainty remains

General Fund Revenues, Over Time

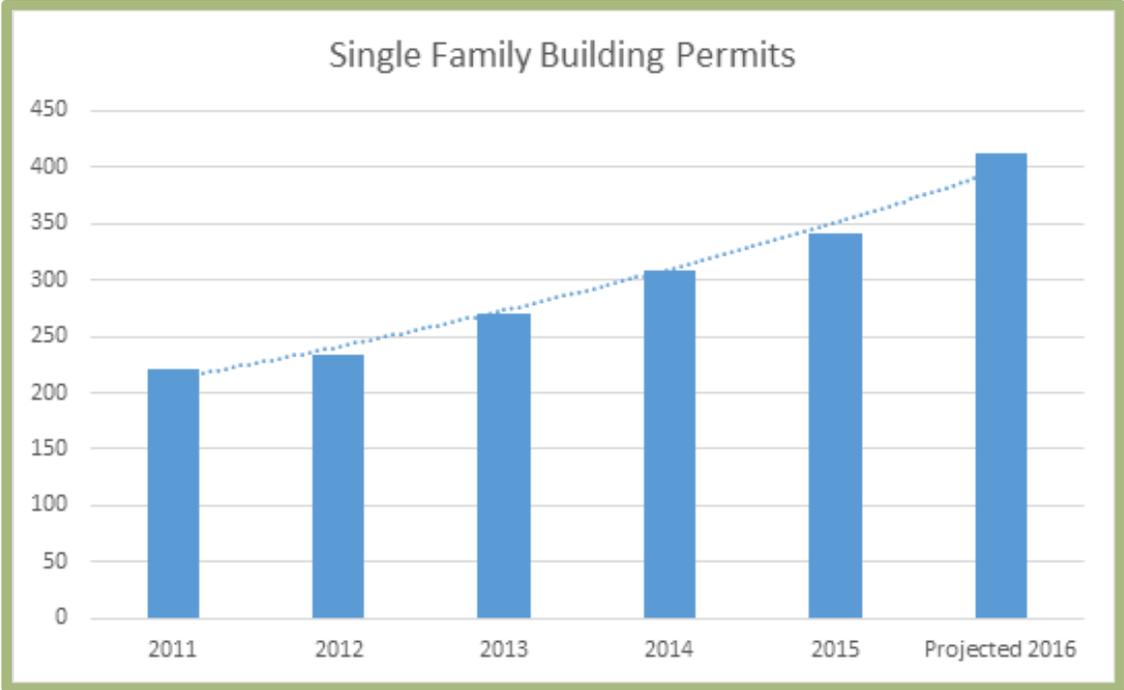


Revenue projection update reflects stronger economic activity than anticipated this time last year

Revised Assumptions for Reassessment Growth



Community Development Department seeing increase in number of building permits



Cautious Optimism Tempered by External Realities

- Continuing uncertainty/volatility in the national and international economy
- Concern about possibility of economic slowdown based on historic trends
- State struggling with its economic outlook
- Local revenue growth not likely to regain steady, significant upward trend

Repositioning for the Future

**Two Year Fiscal Plan Strategies Focus on
Three Areas**

Three Focus Areas

- ▲ Advancing strategic priorities
- ▲ Maximizing transformation
- ▲ Sustaining a quality organization

Strategic Priorities

❑ Redevelopment/Revitalization

- One time funding to catalyze strategic initiatives
- Substantial increase for transportation revenue sharing
- Current year one time staffing resources
- Service district concept

❑ Economic Development

Establishes Economic Development Fund – Three Objectives

1. Match specific state grant opportunities
2. Encourage economic investment in development areas to support neighborhood revitalization
3. Implement Priority Economic Development Initiatives

Strategic Priorities

❑ Remedy for Salary Compression

- Fully implements across the organization including police

❑ Support for other strategic initiatives

- Adoption of Two Year Fiscal Plan based on Priority Driven Budgeting
- Expansion of the General District Court
- School Facilities
- Educational opportunities for at-risk four year olds
- Increased resources for Family Support Program
- Pantops Master Plan/Rivanna River Corridor

Transformation

Restructuring Ongoing Obligations

- Health Insurance
- CSA

Boosting Productivity/Efficiency

- P-card program
- Budgeting lapse, reduced overtime
- Finance process improvements

Reinventing Business Processes

- **Consolidation**
 - Implement OA pool
 - Combine DSS and Housing
 - Fleet Maintenance Consolidation
- **Technology**
 - Convert Copy Center to imaging center
 - Kiosk for Finance Dept customers
 - Records Management
- **Growing Innovation**
 - Innovation Fund expanded

Quality Organization

Supporting Existing Workforce

- Market adjustment for employee compensation
- Health care premiums
- Classification reviews
- Compression Remedy

Building Workforce of the Future

- One time departmental workload support
- Staffing Plan
 - new contractual and full time positions

Capital Improvement Plan

Based on currently Adopted CIP with adjustments:

- Adjusted five-year time-span from FY 17 - FY 21 to FY 18 -FY 22
- Updated Revenue Projections
 - Growth in GF revenues transferred to CIP per formula
 - Use of additional one-time funds
 - Delays capital tax rate increase to second year of the plan
- Updated Expenditure Projections
 - Courts moved out one year based on current timing
 - Transportation revenue sharing increased to address strategic priorities
 - Slight adjustments made by Technical Review Committee
- CIP Oversight Committee beginning review - Amendment year process

Strategic Use of One Time Monies

Provide additional cash to CIP	3,500,000
Provide additional cash to CIP - Transportation Revenue Sharing to support neighborhood revitalization	2,000,000
Board's Strategic Priority Support – Neighborhood revitalization i.e. small scale planning and improvements	320,000
Economic Development Fund – Economic Development Investment Opportunities Support	480,000
Economic Development Fund – Economic Opportunities Fund	150,000
Board's Strategic Priority Support - At risk four year olds, Pantops Master Plan/Rivanna River, and Family Support	100,000
Transformational Initiatives –i.e. Records management, fleet management, fundraising efforts, OA pool	275,000
Grants Matching Fund	100,000
Innovation Fund	150,000
Departmental Workload Capacity - Contractual/Temp Support	500,000
Staffing Plan – One-Time Costs – Buyer position, Asst. Co. Attorney one-time costs, Police Officer one-time costs	230,000

What the Plan does not address _____

Meaningful Progress - Continuing Challenges

- Constrained CIP
- Staff capacity challenges
- Aspirations not fully met
- Continued threat of uncertain economy

Stronger than projected revenues

- Strategic use of new revenue and one-time money
- Transformation reduces costs and improves productivity
- Enhanced use of dedicated revenue for specific services
- No tax rate increases for operating, CIP tax rate increases delayed
- Continue to face unmet needs

Highlights

Strategic
Investment and
Transformation

Next Steps

Thursday, November 17 – 11:30am-1:30pm - BOS Work Session

Wednesday, December 7 – 6:00 pm –BOS Work Session – Two Year Balanced Fiscal Plan in context of Five Year Financial Plan with Public Comment on 2 Year Balanced Fiscal Plan

Wednesday, December 14 – 3:00pm-5:00pm - BOS Work Session – Approve Balanced Two Year Fiscal Plan / Guidance for Annual Budget