Financial Planning & Strategic Plan Prioritization

August 17, 2026

Agenda

- Financial Planning
    - FY27 budget process feedback
    - GFOA’s “Bedrock of the Budget Process”
    - Updated Five-Year Plan (FY27-FY31)
    - Long-Term Capital Planning
- Strategic Plan Prioritization
    - FY24-FY27 Strategic Planning progress & programming
    - New Strategic Plan timeline
    - Strategic Plan prioritization for FY28

Fall Board Calendar – Strategic Conversations

- **Board of Supervisors Retreat**

- **Joint School Board/Board of Supervisors meeting**
- **Joint City Council/Board of Supervisors meeting**

- **Economic Outlook with Dr. Bailey**
- **Five-Year Financial Plan**

Budget Process Feedback

Feedback to staff was very consistent with Board's conversation in May

<u>Strengths:</u>

- Budget document and work sessions organized, easy to follow
- Publicly posted Q&A follow-ups from work sessions very helpful
- Staff were very responsive to Board requests for additional data, which helped decision-making

<u>Opportunities:</u>

- More coordinated planning with Public Schools, particularly for multi-year budgeting
- Board wants more opportunities to weigh-in on budget priorities earlier in the process
- Request for more discussion & Board Member-led Q&A in Town Halls (less staff presentation)
- Board requested more time to work together in work sessions re: trade-offs
- Tailor Economic Outlook in October to Board's areas of interest
- Room to strengthen Board's understanding of decisions around non-profit funding recommendations (addressed in July 15 meeting)

GFOA's "Bedrock of the Budget Process"

- Strategic Planning
- Develop a Service Baseline
- Set Policy Boundaries
- Set Boundaries with Long-Term Financial Planning and Forecasting
- Develop the Capacity for Public Engagement
- Build Networks with Outside Organizations

Strategic Planning

GFOA

- Strategic planning in public budgeting embraces uncertainty, defines problems before solutions, and maintains focus by introducing constraints.

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- FY24-FY28 Strategic Plan
  - Budget themes/message delivered through Strategic Plan lens
- AC44 Comprehensive Plan
- Housing Albemarle
- Economic Development Strategic Plan

Develop a Service Baseline

GFOA

- A service baseline creates an inventory of government services, detailing cost, performance, and demand, to support more transparent budgeting and identify inefficiencies or service trade-offs.

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- Mandated services, service levels
- Re-engineering efforts
- Class and compensation philosophy
- Department & Staffing studies
- Data Modeling and Analysis
- Other dept performance reporting
- SPEAR report

Set Policy Boundaries

GFOA

- Financial policies set boundaries for budgeting, such as using reserves wisely, ensuring fees cover costs, and aligning revenues with expenditures.

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- Financial Policies approved Nov 2025
  - Revenue & Real Estate Assessment
  - Budget
  - Fund Balance
  - Grants
  - Capital Assets
  - Debt
  - Investment

Set Boundaries with Long-Term Financial Planning and Forecasting

GFOA

- Long-term financial forecasting helps governments identify risks and future trends by setting tailored time horizons, assessing key financial risks, and linking to other strategic planning processes like capital investment and land use.

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- Economic Outlook reports with Dr. Bailey
- Five-year Plan review in November
- Capital Improvement Plan conversation with Schools in December
- Debt modeling & forecasting

Develop the Capacity for Public Engagement

GFOA

- Considers trade-offs in how resources will be used and build or maintain the legitimacy of the local government in the eyes of its stakeholders.

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- Comprehensive Budget Document
- Budget Town Halls and Public Hearings
- Public education resources
- BOS budget work sessions

Build Networks with Outside Organizations

GFOA

- Local governments can address complex community challenges more effectively by building collaborative networks with public, private, and nonprofit organizations, which requires teamwork beyond just the budget officer's role.

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- Human Services Funding Process
- Arts, Cultural, and Festival
- Community Non-Profit Capital Request Process
- State and federal lobbying
- Charlottesville, UVA

Two Periods in Projected FY 27-31 Five-Year Plan November 2025

FY 27 - 28	FY 29 - 31
Revenue Outlook: "Continued Uncertainty"	**Revenue Outlook: Improved Revenue Projections**
• Changing federal landscape • Virginia & federal relationship • Local economy	• Changing tax base composition
Significant Expenditure Obligations	*Obligations & More Robustly Advance Strategic Plan Goals*

Two Periods in Projected FY 27-31 Five-Year Plan August 2026

FY 27 - 29	FY 30 - 31
Revenue Outlook: "Continued Uncertainty"	**Revenue Outlook: Improved Revenue Projections**
• Changing federal & Virginia landscape • Local economy • Phase out of bridge funding • AstraZeneca timeline refinement	• Changing tax base composition
Significant Expenditure Obligations	*Obligations & More Robustly Advance Strategic Plan Goals*

Long Term Capital Planning: Capacity versus Affordability

Capacity

Government's maximum amount of debt that it can legally and/or prudently incur while maintaining financial sustainability and acceptable debt ratios

Individual: *What is the maximum loan amount the bank has approved for you to purchase a home?*

Affordability

Government's ability to pay the annual debt service (principal and interest) within its operating budget without compromising essential services or financial health

Individual: *Realistically, how much should your monthly mortgage payment be based on your income to account for other expenses and priorities that you may be responsible for?*

County Government & Public Schools Debt Service

- Years 1-5, County's projected debt is:
  - Substantially growing; five generational projects
  - Within Board's Financial Management Policy limits
  - Gap between projected debt service of revenues and policy limit is narrowing

- Years 6-10, Challenges & Opportunities
  - Potential pressure on Affordability in overall budget
  - Opportunities to impact pressure with continued economic development strategies including Rivanna Futures
  - Opportunities on future decisions/reprioritization of CIP projects, revenue growth, property taxes (rates or composition of tax base), County-owned parcels.

BREAK

FY24-FY28 Strategic Plan

Progress In Action

FY24
- YR 1 Complete

FY25
- YR 2 Complete

FY26
- YR 3 Complete

FY27
- YR 4 In Progress

FY28
- Last year of plan

Multi-year planning

Fall/Winter 2026

- Long range planning
  - Financial planning
  - FY28-32 CIP

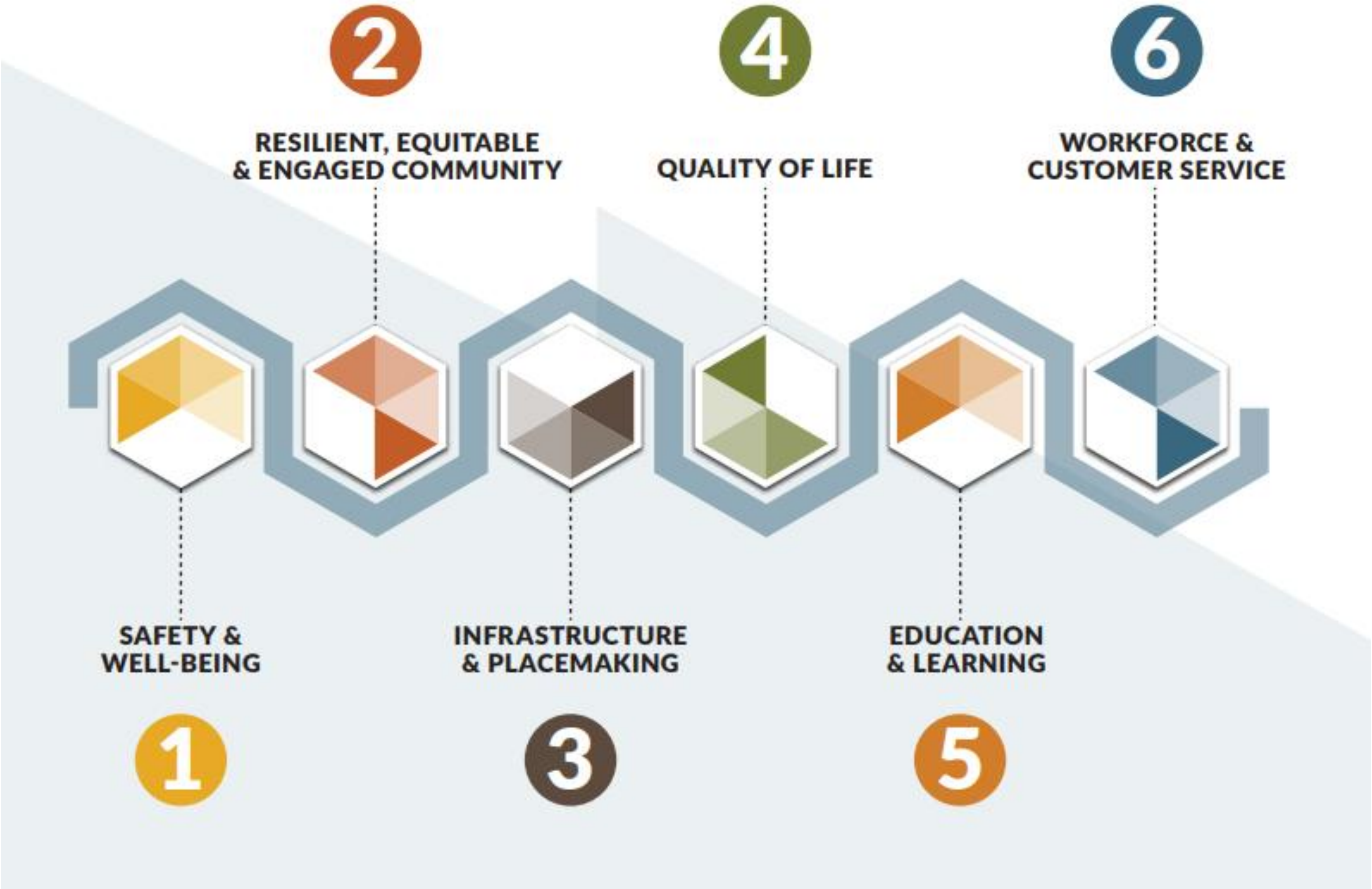
Spring 2027

- Determine priorities of last year of the SP
- Adopt FY28 Budget and CIP

Summer/Fall 2027

- Development of next Strategic Plan

FY 24 – 28 Strategic Plan 5-Year Roadmap



Strategic Plan Priorities

- Broadband
- Climate Action
- Economic Development
- Affordable Housing
- Human Services
- Schools Capital
- Public Safety
- Transportation
- Parks
- Multi-modal connectivity
- Workforce
- Partnerships

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STRATEGIC PLAN EXECUTION ANALYSIS & REPORTING (SPEAR)

Albemarle County Local Government

FY2026 REPORT

Strategic Planning Prioritization

Last Year of FY24-28 SP	Inform FY29 – 34 Strategic Plan
Revenue Outlook: *Significant Expenditure Obligations*	**Revenue Outlook:** *More Robustly Advance Strategic Plan Goals after YR 1*
What objectives do you believe have progressed enough as a strategic item? What objectives are needing prioritization or more progress in FY28?	Items for future development and scoping beginning in FY29?