

**CITY OF CHARLOTTESVILLE, VIRGINIA
CITY COUNCIL AGENDA**



Agenda Date:	May 1, 2023
Action Required:	Approval of Resolution
Presenter:	Krisy Hammill, Director of Budget
Staff Contacts:	Samuel Sanders, Jr., Deputy City Manager Michael Rogers, City Manager
Title:	Amendment to FY 2024 Budget for City's Contribution to Jaunt

Background

Jaunt's FY 24 budget request totaled \$1,973,232, which represents a \$530,151 or 36.7% increase over the FY 23 budget request. When City staff met with Jaunt to review the budget request, Jaunt advised the City that it would be returning excess funds back to the City and other shareholders as a result of an operating surplus at the end of FY 22. Several options for distribution of the surplus were being considered by Jaunt's finance committee. Pending a final decision on the distribution, the City Budget included \$1,443,081 as the budgeted contribution to Jaunt in FY 24. This amount was equal to the amount that the City contributed to Jaunt in FY 23. The balance of Jaunt's budget request (\$530,121) was budgeted as part of the Citywide Reserve account pending further discussion with Council.

Discussion

At the end of FY 22, Jaunt ended its fiscal year with a substantial surplus. Some of the surplus was used to create \$6.2 million in reserves (\$3 million Rainy Day Reserve, \$1 million Capital Reserve and \$2.2 million Working Capital Reserve) leaving a little more than \$1.2 million in excess to be returned to shareholders. Two options for calculating the shareholder distributions were considered. One option was to base the distribution on total expenses which would yield a distribution of \$281,171 back to the City. The second option was to base the distribution on local shares which would yield a distribution of \$483,981 back to the City. At the March 16, 2023 budget work session, Ted Rieck, Jaunt's CEO, spoke to Council about Jaunt's budget request. At that time, Mr. Rieck also advised Council that the Jaunt board had voted and approved the use of the total expense option as the means for calculating and distributing Jaunt's FY 22 excess fund balance to the shareholders. As a result, Jaunt will be issuing a check to the City in the amount of \$281,171.

As part of the City Manager's Proposed Budget, staff placed funds to cover the increased funding request from Jaunt in the Citywide Reserve account pending any further discussion and decisions from Council after speaking with Mr. Rieck. No further discussion on the topic occurred after the presentation. This action will change the budget to reflect the Council's decision to fully fund Jaunt's funding request for FY 24.

Alignment with City Council's Vision and Strategic Plan

This item aligns with Goals 1: An inclusive Community of Self-sufficient Residents, Goal 3: A Beautiful and sustainable Natural and Built Environment and Goal 5: A Well-managed and Responsive Organization of the City's Strategic Plan.

Community Engagement

The topic was discussed as part of the March 16, 2023 budget work session and numerous opportunities for public comment were provided throughout the budget development process.

Budgetary Impact

This resolution will amend the City's FY 24 budget to reflect Council approval to fully fund Jaunt's FY 24 budget request in the amount of \$1,973,232. In doing so, the total amount of the FY 24 budget will remain unchanged at the originally approved amount of \$230,390,143. The ~~\$530,131~~ increase added to the Jaunt Contribution will be offset by a reduction of the same amount in the budget amount approved for the Citywide reserve account.

Upon receiving the excess distribution from Jaunt (\$281,171), those funds will be deposited in the Citywide Reserve account and remain available for spending in FY 24 accordingly.

Recommendation

Staff recommends approval of the resolution.

Alternatives

Council could recommend an alternative funding decision for Jaunt.

Attachments

1. Jaunt FY 24 Budget Adjustment