



September 19, 2008

Dear Community Agencies:

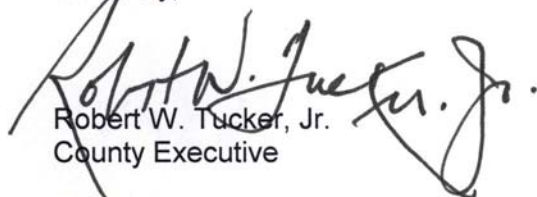
We would like to provide you with an update on the City's and County's evolving financial picture as you prepare your submittals for the FY 09/10 budget. As you may know, citizens and businesses across the nation are struggling with a significant economic downturn that is also adversely impacting state and local revenues, including in the City of Charlottesville and County of Albemarle. While the duration and severity of this current downturn is unknown, we do know that it is and will significantly impact revenues in the current and coming fiscal year.

Both the City of Charlottesville and County of Albemarle governments have been responding to this as proactively as possible. The County has expanded its hiring freeze to a total of 32 positions, reduced discretionary spending, and is preparing contingency plans should it face additional severe budget cuts from the state. Furthermore, in preparing next year's budget we are targeting to limit non-personnel operational increases to below 2% and our departments have agreed to not submit any new programs or initiatives for funding consideration. The frozen positions and limited operations will result in reduced budgets in many departments.

The City has instituted a hiring freeze, is reducing capital expenditures funded by the general fund, taken action to reduce fuel and energy consumption, and also is preparing plans should additional cuts arrive from the state. The City is going to be asking departments to submit level operational budgets and budget reduction options starting at 5-10%.

Given this current financial outlook, please be aware as you prepare your agency submittals that it will be very challenging for both the City and County to fund new programs or initiatives beyond minimal baseline budget increases. Despite these difficult times, we want to thank all of you for the excellent service you provide to our community and if you should have any questions regarding this matter, please feel free to contact either the City's or County's budget offices.

Sincerely,

  
Robert W. Tucker, Jr.  
County Executive

RWT, Jr/d  
08.020



Gary O'Connell  
City Manager