

**FY 25 Recommend Budget
Board of Supervisors Questions & Answers - #3**

- 1. If the County were to change its Transient Occupancy Tax (TOT), what revenue would the County receive based on a 1% increase?**

Answer: If the transient occupancy tax rate is increased from 8% to 9% effective 7/1/24, it would generate an additional \$871,992 in FY 25. This shared local tax revenue would be allocated:

- \$87,199 Capital & Debt (10%)
- \$470,876 Public School Operations (54%)
- \$313,917 County Gov. Operations (36%)

The City of Charlottesville is considering increasing its rate from 8% to 9%, but City Council has not yet taken any action on that issue as part of the City's budget process.

- 2. What are the County's Business, Professional, and Occupational License (BPOL) rates and is there room to adjust them?**

The County's BPOL rates are shown in the following table published on the [County's website](#). For gross receipts of \$25,000.01 up to \$100,000, there is a business license fee of \$50. The County is currently at the maximum fees and rates allowed under Virginia Code sections [§58.1-3703](#) and [§58.1-3706](#).

- 2. Page 69 of the FY25 Recommended Budget document shows payment in lieu of taxes. How does this amount get determined and estimated?**

Answer: There are three different University of Virginia-related entities in which the County has a relationship that are based on either existing agreements or state law. To break each of these down individually:

1. The University itself (formally the Rector and Visitors of the University)

a. Based on enabling legislation in the Code of Virginia (58.1-3403), the County is authorized to charge a service charge to offset the cost of education, police, fire, and solid waste services for UVA's faculty and staff housing. The calculation equals the allowable expenditures of the prior year divided by the allowable tax base (tax base plus tax exempt properties less federal properties).

b. The service charge cannot exceed 50% of the real estate tax rate of the County, which is 0.427. The calculation used in 2023 resulted in a service charge rate of 0.67, so the rate of 0.427 is used in the calculation.

c. The service charge is then applied to properties that are under the University and used for staff and faculty housing.

d. The total value of the service charge in 2023 was \$126,890.

2. UVA Foundation

a. Under the 1986 Three Party Agreement among UVA, the City of Charlottesville and Albemarle County, the University voluntarily agreed to pay taxes on property held by its Foundation.

b. UVA Foundation pays real estate taxes at the real estate property tax rate established by the Board each year for all properties, or parts of properties, that are not used by the University.

c. As of January 1, 2023, the UVA Foundation is the largest real estate taxpayer in the County, with total assessed value equal to \$226,769,000, equating to \$1,936,607 in real estate taxes.

3. UVA Physicians Group

a. The County receives a Payment In Lieu of Taxes (PILOT) from the UVA Physicians Group under a 2010 Agreement.

b. The PILOT is equal to the real estate property taxes, at the rate established by the Board each year, for all Physicians Group properties that are not used by the University for scientific, educational, or literary purposes.

c. The total value of the PILOT for 2023 was \$36,801.

3. **In the Five-Year Financial Plan prior to the pandemic (FY 21-25), there were assumptions of projected economic growth and tax increases. How does that FY 25 projection from many years ago compare to where we are today in FY 25 total projected revenues?**

In the FY 21-25 Five-Year Financial Plan, FY 25 General Fund revenues were projected to total \$352 million. This included baseline revenue totaling \$341 million and planned tax rate increases of one cent per year for an additional \$11 million. The real estate tax rate in FY 25 was projected to be 90.4 cents.

Total General Fund revenues in the FY 25 Recommended Budget are \$432 million, or \$80 million (24%) higher than projected prior to the pandemic.

- Real estate taxes account for \$50 million, or 62%, of the \$80 million difference. When the FY 21-25 Five-Year Plan was developed in 2019, the value of a penny in FY 25 was projected to be \$2.2 million. The value of a penny in the FY 25 Recommended budget is \$2.9 million, reflecting the strength of the real estate market. Though tax rate increases were planned during this period, the real estate tax rate has been kept flat at 85.4 cents.
- Consumer driven taxes account for \$15 million, or 18% of the difference. This is primarily due to increases in Food & Beverage Taxes and Transient Occupancy Taxes, which the Board increased during the FY 23 budget process. Sales Tax has also grown faster than anticipated.
- All other revenues account for the remaining \$15 million, or 20% of the difference.

- Other local revenue is \$7 million higher than projected, primarily due to interest income, BPOL taxes, and the introduction of the Cigarette Tax that became effective in January 2022.
- State and Federal revenues are \$1 million higher than projected.
- Transfers from other funds are \$3 million higher than projected, primarily due to an accounting change related to capital project management.
- Planned use of fund balance is \$4 million higher than projected.

These revenues fund expenditures not fully contemplated in the Five-Year Financial Plan, such as increased Fire Rescue Department staffing in response to volunteer station requests, new programs such as the MicroCat pilot or Broadband Accessibility and Affordability Office, higher than anticipated inflation, and implementing a Compensation and Classification Study in a very different labor market than projected during the FY 21-25 process. With this increased revenue growth, the County's Capital and Debt program and Public School operations also received increased funding by formula.

4. Please clarify estimated costs and available funding for Rank Choice Voting.

Answer: In 2020, the General Assembly passed HB1103, giving cities and counties the option to adopt ranked choice voting (RCV) for local governing bodies. The next election eligible for RCV under this law would be Board of Supervisors elections in Calendar Year 2025.

The total cost to implement RCV is estimated at \$65,000, which includes \$47,000 in start-up costs (software upgrade and testing, voter education, and staff training) and \$18k in ongoing costs (annual software licensing and ballot printing).

The FY 25 Recommended Budget for Voter Registration and Elections does not currently include funding for RCV. To implement RCV for the November 2025 elections, which fall in FY 26, some start-up costs would likely need to be incurred during FY 25. Should an RCV ordinance be adopted staff believe that start-up costs in FY 25 could be accommodated within existing budgets, and would present funding options for Board consideration should funding above existing budget be required.

The FY 25 capital budget includes \$300k for voting machine replacement. This is for the normal replacement cycle of voting machines and is not a requirement for RCV, but the new machines would accommodate an RCV election, should RCV be implemented during the lifecycle of these voting machines.

5. Would the Core Systems Modernization work include an update to the mobile website?

Answer: An update to the mobile website is currently not within scope of CSM. The 2020 Website Project included a migration to a mobile responsive website design. Despite this migration, several website functions tie into integrations with legacy systems that may not be mobile-friendly or mobile-responsive. The planned upgrade/replacement of several County

systems (including those highlighted in CSM) will improve the user experience for mobile users encountering issues on the website.

6. Would the potential change in court fees from pending state legislation impact locality or would funding deficit accumulate at the state level? If it would affect the locality, when would the impact be seen?

Answer: Proposed State legislation through SB 481 and HB 1263 were stayed until 2025. According to the Clerk of Court, current collections from Juvenile J&DR are so low that we would not expect to see a revenue impact to the Clerk of Court's budget in FY 26 if these changes are adopted.

7. Do we have the ability to identify how many individual disbursements have occurred through the Emergency Assistance Funding?

Answer: Emergency Assistance Funding is available for those who have been threatened with eviction or shut-off notice. Priority assistance is provided for households with children under 5, households with people over 65, households with a medically fragile member, and/or existing clients of ACDSS. In FY 24, 339 individuals have applied for assistance, of which 317 were approved, with 299 approved for either assistance with eviction prevention or utility assistance, and with 18 receiving help for both evictions and utility disconnect. \$307,289 has been spent on eviction prevention and \$74,474 has been spent on utility disconnection prevention.

8. How is the transfer from the Water Resources Fund to the General Fund and Capital Fund determined and calculated?

Answer: The Water Resources Fund (pg. 255 of FY 25 Recommended Budget) was created as part of the FY 15 budget in response to state mandates that have significantly increased the scope and costs of County water resource programs. Revenues for this fund are provided by a transfer from the General Fund. This transfer amount is based on a dedicated 0.7 cents per \$100 assessed value for the real estate property tax rate.

These funds are then transferred from the Water Resources Fund to:

- the County Government Debt Fund, to support the principal and interest payments associated with Water Resources capital projects,
- the General Fund, to support operating expenditures related to water resources. More specifically, the transfer to the General Fund fully funds the Water Resources Operations budget in FES, as well as fully funding the County's contributions to community non-profit partners - Thomas Jefferson Soil and Water Conservation District and the Rivanna Conservation Alliance Streamwatch program, for their Water Resources related programming. The Water Resources Fund transfer also supports a

proportional amount of the costs for other positions and operations whose work is directly related to Water Resources and located in the Facilities and Environmental Services Department and the Community Development Department (net of other related revenues). For the FY 25 Recommended Budget, this transfer to the General Fund is recommended to increase by \$388,091 due to: 1) the related salary and benefit increases for FES and CDD, as explained on pages 133 and 217; and 2) a decrease in Water Resources related revenues for permits and inspection fees collected by CDD.

- After accounting for all the operating expenses, any remaining revenue from the dedicated 0.7 cents is transferred to the Water Resources Reserve, which is available to be appropriated by the Board for future Water Resources programming or capital projects.

The below chart provides a summary of the transfers from the Water Resources Fund from FY 23 to F Y25.

Water Resources Fund						
	FY 23 Actual	FY 24 Adopted	FY 24 Projected	FY 25 Recomm	FY 24 Adopted to FY 25 Recomm	
					\$	%
Expenditures						
Transfer to General Fund	\$1,314,160	\$1,257,137	\$1,257,137	\$1,645,228	\$388,091	30.9%
Transfer to County Govt. Debt Fund	197,399	197,210	197,210	197,515	\$305	0.2%
Reserve	0	461,867	461,867	180,220	(281,647)	-61.0%
Expenditure Total	\$1,511,559	\$1,916,214	\$1,916,214	\$2,022,963	\$106,749	5.6%
Revenues						
Transfer from General Fund	\$1,753,233	\$1,916,214	\$1,916,214	\$2,022,963	\$106,749	5.6%
Revenue Total	\$1,753,233	\$1,916,214	\$1,916,214	\$2,022,963	\$106,749	5.6%

9. The following responses are from the Albemarle County Public Schools in response to questions from the March 11 budget work session.

Thank you for the opportunity to present our FY 25 Funding Request to you. On Thursday 3/14, the School Board unanimously approved the Funding Request as presented to you on Monday, March 11. Please see below for some follow-up items:

1. [Message from the School Board Chair](#)
2. [FY 2024/25 Budget Development webpage:](#)
 - [Link to full document](#)
 - [Staffing Standards \(pages G-4 to G-16\)](#)
 - Administrative ratios on pages G-5 to G-7
 - Student to Teacher Budget Ratios on pages G-5 to G-7 (please note these ratios differ from [actual class sizes](#))
3. Human Resources Annual Report
 - [2023-2024 HR Annual Report](#)
 - [2023-2024 HR Annual Report Appendix](#)

- **Who are the Administrators? Has the number of administrators increased?**
 - For ACPS HR Annual Report purposes, *Administrative* staff are defined as regular employees in positions that are classified at pay grade 18 and above and are FLSA Exempt. The 2022/2023 HR Annual Report (data effective 9/30/22) had 176 Administrators. The 2023/2024 HR Annual Report (data effective 9/30/23) had 181. This is consistent with how the HR Department has counted *Administrators* through the past 20 years of providing reports.
 - [The Administrative staff list effective 9/30/23 is attached](#)

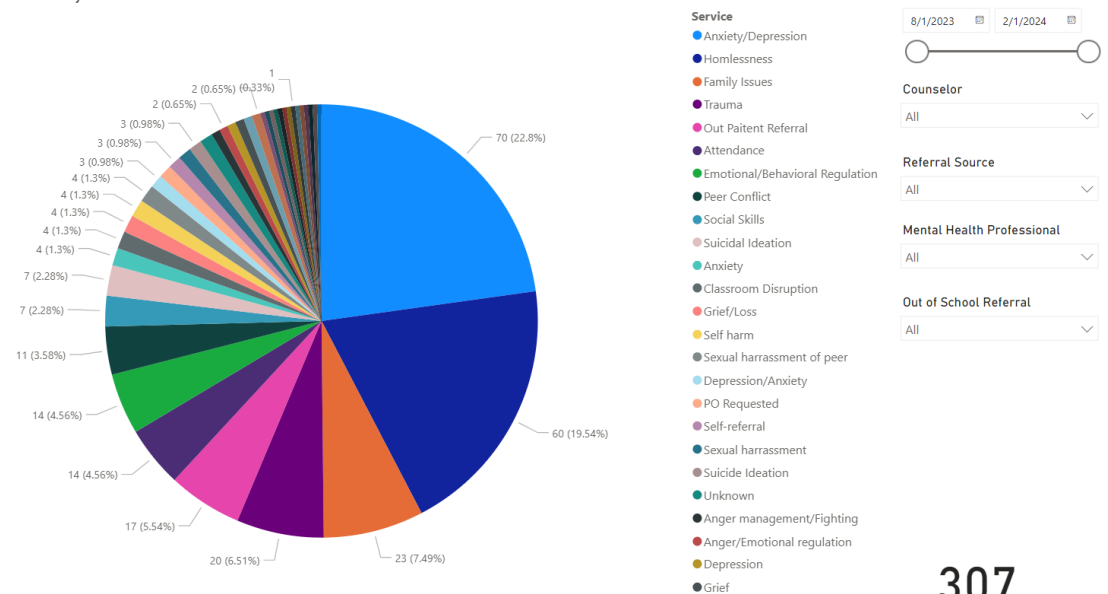
- **Who are the new hires, and why is this number higher than what the retention rate shows?**
 - For 2023/2024 ACPS HR Annual Report purposes, *New Hires* are defined as regular employees that are in active status as of 9/30/2023, with an ACPS Hire or Rehire Date that falls between 10/1/2022-9/30/2023. *Retention Rate* is calculated as the number of regular employees with termination dates falling within the period 10/1/22-9/30/23, divided by the number of active regular employees effective 9/30/22.
 - The number of new hires is higher than (1-retention rate) due to the following factors:
 - As of 9/30/22, the number of active regular employees was lower than it would have been if we were fully staffed. At that time, the Division was experiencing higher than usual vacancy rates.
 - The Division added teacher FTEs and Classified FTEs in the FY 24 budget. This requires hiring for new positions that do not have a corresponding termination.
 - As of 9/30/23, the Division was above 98% full staffing. This means that we were able to hire at a rate that compensated for the understaffing that was reflected in the 9/30/22 active regular employee counts, as well as fill the additional positions added in that subsequent year. We needed to hire more staff than just replacing those that were leaving.
 - Additionally, these numbers reflect “bodies”, not FTEs. We have many positions that are part-time, and there is fluidity in how ACPS may fill an FTE. Even in a situation where Division vacancy rates were constant from year to year, the retention rate vs. new hire numbers will never exactly match because we may change how we choose to staff an FTE.
 - As an example:
 - Classified active regular employee count as of 9/30/22 = 1,134. At this time we were meaningfully understaffed.

- Classified active regular employee count as of 9/30/23 = 1,204. At this time we were nearly 100% staffed to a higher target, as it reflects additions to budgeted FTEs.
- During the period 10/1/22-9/30/23, there were 230 Classified terminations, and 375 Classified New Hires. Per the Retention Rate formula, $230/1134 = 79.7\%$. However, the number of new hires far exceeds the number of terminations, as we needed to backfill not only the 230 terminations, but also make up for the vacancies that existed on 9/30/22, as well as fill the additional FY 24 budgeted FTE positions.
- Also, as mentioned above, the numbers will not be exact due to counting bodies vs FTEs as mentioned above. The Division employs a significant number of part-time Classified staff.

4. Social Emotional Supports Proposal

- **Community Based Referrals** are referrals for programs that sit outside of our schools such as Region Ten, Health Connect America, Family Support Works (ACDSS), and our internal Families in Crisis program (students facing homelessness).
- **School Based Referrals** are students that are being supported through our School Based Mental Health Support teams and for the sake of this data it is calculated through our school counseling program as they are our mental health case managers for schools.
- **Detailed Breakdown** - Albemarle High School mental health supports:
https://app.powerbi.com/links/6eGR4LbnBB?ctid=883957d5-03cb-411a-a6cb-d272a5ad80c6&pbi_source=linkShare

Count of Service by Service



- **State Climate Survey** - We are below the state average due in part to our mental health support structures. Please refer to a presentation to the School Board when we presented on February 10, 2022: <https://www.youtube.com/watch?v=82YE6lBeZA8>