

Albemarle County Cost of Community Services Study

Board of Supervisors Meeting

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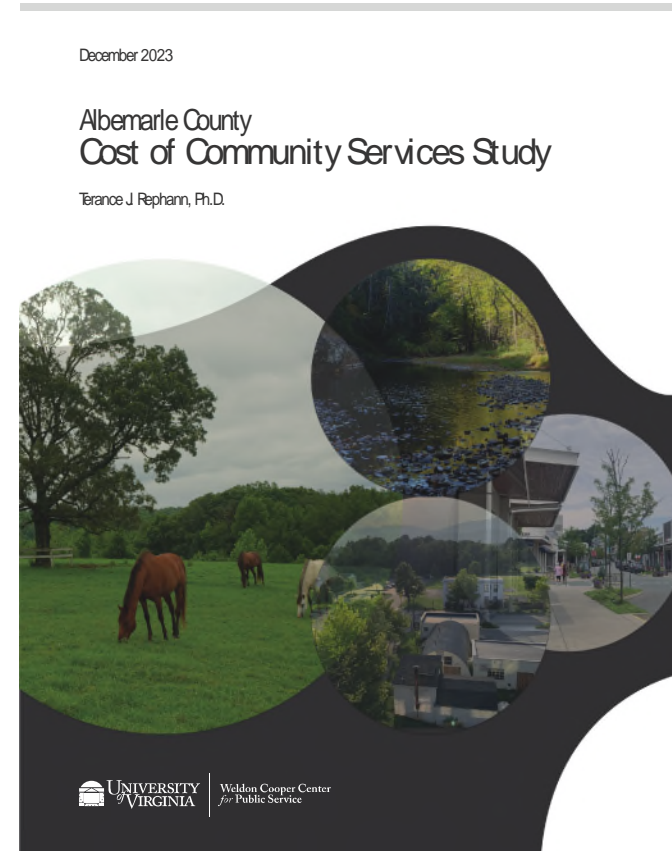
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Weldon Cooper Center
for Public Service

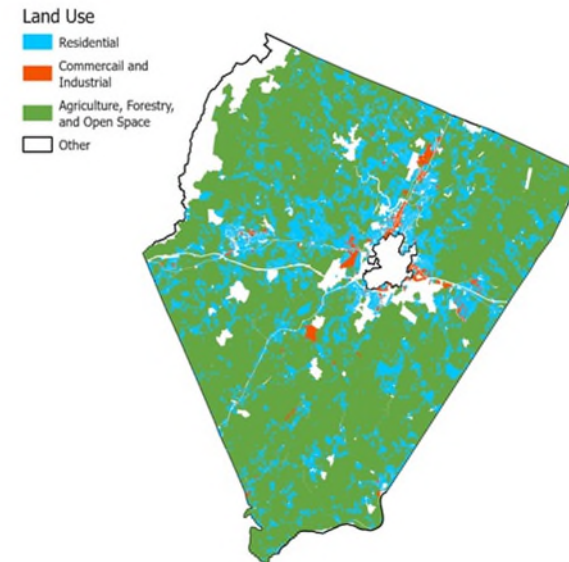
Outline

- ❑ Purpose
- ❑ Cost of Community Services Methodology
 - ❑ History and purpose
 - ❑ Methodology
 - ❑ Limitations
 - ❑ Data Collection
- ❑ Results
 - ❑ Baseline results
 - ❑ Sensitivity
 - ❑ Comparison to other studies



Purpose of Study

- ❑ Quantify revenues and expenditures associated with different land uses in Albemarle County
- ❑ Compute expenditure to revenue ratios by land use (COCS ratio)



Cost of Community Services Methodology

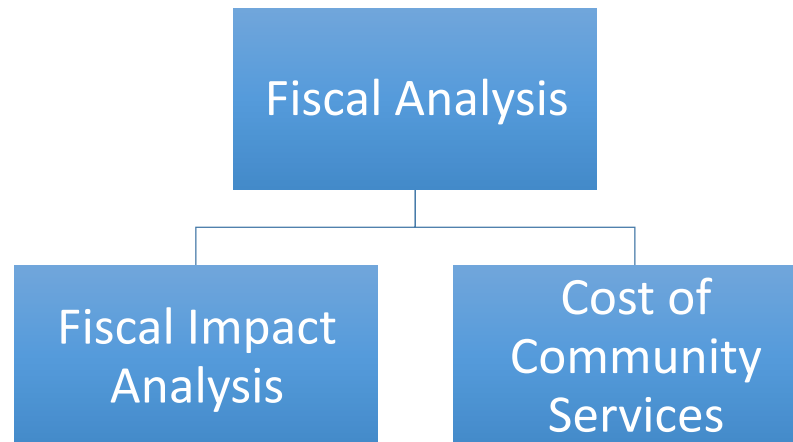
History

- ❑ American Farmland Trust pioneered methodology in the mid-1980s
- ❑ Concern that development placed large demands on public services, while often generating insufficient revenues
- ❑ Hundreds of studies conducted across U.S. by AFT, universities, and private consultants



COCS Methodology

- ❑ Assign government revenue and expenditures to particular land uses
- ❑ Compute ratio of total expenditures for land use by total revenues generated by land use

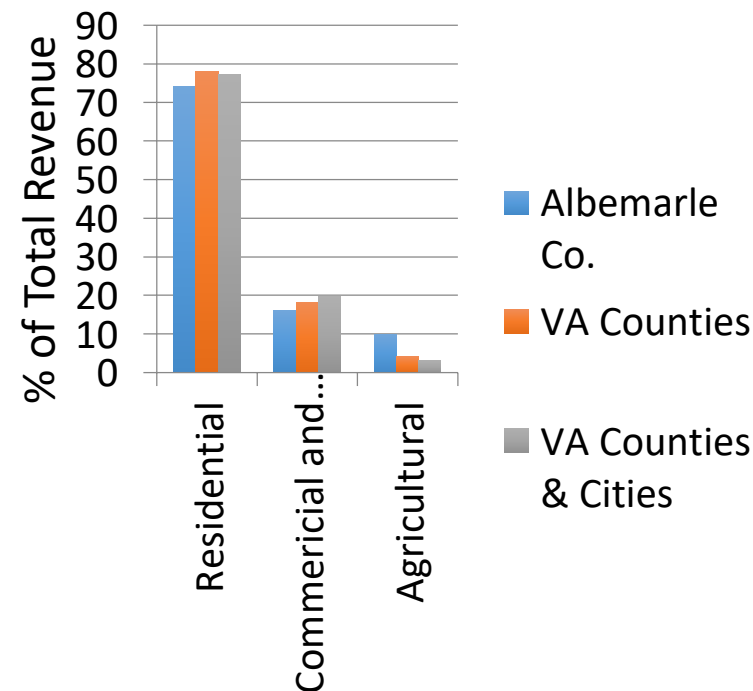


Limitations of COCS Studies

- ❑ Sensitivity to methodological choices
 - Political jurisdictions
 - Land use definitions
- ❑ Average versus marginal analysis
- ❑ Market failures and tax incidence
 - Public goods and externalities
 - Tax shifting and exporting
- ❑ Metrics of community welfare
 - Fiscal (revenues-expenditures)
 - Economic (e.g., number of jobs, \$ of economic activity)
 - Social benefits (\$ of value)

How is Albemarle County Different?

- ❑ Relatively high percentage of local real property tax revenue from agriculture real property tax
- ❑ Albemarle County has a conservation easement program which many other communities don't have



Source: Weldon Cooper Center for Public Service, 2019 Virginia Local Tax Rates

Define Land Use Categories

Residential. Land and improvements used as place of residence (e.g., single family homes, apartments, mobile home and associated yards)

Commercial/industrial. Land and improvements used for buying, selling, and storing products and services and manufacturing goods.

Agricultural/Open Space. Farms, forests, and other privately owned open space

Revenue Administration Office uses particular definitions for tax purposes

Land Category	Assignment
Agriculture: 20-99 acres	Agriculture
Agriculture: 100 or more acres	Agriculture
Commercial and Industrial	Commercial/Industrial
Multiple Family	Residential
Single Family-Suburban	Residential
Single Family-Urban	Residential
Exempt (government, religious, charitable)	NA

COCS STEPS

- ☐ Define land use categories
- ☐ Collect County revenue and expenditure data from ACFR
- ☐ Collect information to help identify revenues and expenditures by land use from individual departments
- ☐ Allocate expenditures and revenues to land uses
- ☐ Calculate expenditure/revenue ratios by land use

Collect Data

- ☐ FY 2022 Comprehensive Annual Financial Report
 - ☐ Governmental Funds and School Board Component Unit
- ☐ County Assessor, Real (CAMA) and Personal Property Assessment Data
- ☐ Public Safety Incident Reporting Systems
- ☐ Caseload Statistics of the Circuit and District Courts
- ☐ Additional information from County Staff

Allocate Revenues and Expenditures

- ☐ Administrative records on revenue source and service use
- ☐ Fall-back ratio
 - ☐ Property taxes by land use
- ☐ Hybrid Methods (e.g., combination of administrative records and fallback ratio)
- ☐ Professional guestimates

Results

Budget Allocations by Land Use

Category	Residential	Commercial/Industrial	Agriculture/Open Space
Revenue	\$264,824,385	\$103,094,225	\$9,420,033
% Revenues by Land Use	70.18	27.32	2.50
Expenditures	\$346,721,736	\$32,989,582	\$5,059,085
% Expenditures by Land Use	90.11	8.57	1.31
Gap	-\$81,897,352	\$70,104,643	\$4,360,949

COCS Ratios

	Residential	Commercial/ Industrial	Agriculture/O pen Space
Ratio (Expenditures/Revenues)	1.309	0.320	0.537
Balanced Budget Ratio	1.284	0.314	0.527
Remove Federal and State Revenues and Expenditures	1.358	0.282	0.481
Remove Use Value Assessment	1.323	0.314	0.391
Adjust Public Safety Land Use Assignments to Regional Benchmark	1.285	0.324	0.359
Add Dwellings to Ag/Open Space Land Use	1.342	0.314	0.377

COCS Ratio Comparisons

	Residential	Commercial/ Industrial	Agriculture/Open Space
Albemarle Co. Ratio (Expenditures/Revenues)	1.309	0.320	0.537
Albemarle Co. Balanced Budget Ratio	1.284	0.314	0.527
AFT (125 studies)	1.18	0.44	0.50
Virginia (8 studies)	1.189	0.363	0.349

Questions or
Comments?

