

An adjourned meeting of the Board of Supervisors of Albemarle County, Virginia, was held on March 8, 2023 at 3:00 p.m. in Room 241 on the Second Floor of the Albemarle County Office Building, 401 McIntire Road, Charlottesville, VA 22902.

BOARD MEMBERS PRESENT: Mr. Jim Andrews, Mr. Ned Gallaway, Ms. Beatrice (Bea) J.S. LaPisto-Kirtley, Ms. Ann H. Mallek, Ms. Diantha H. McKeel, and Ms. Donna P. Price.

ABSENT: None.

OFFICERS PRESENT: County Executive, Jeffrey B. Richardson; County Attorney, Steve Rosenberg; Clerk, Claudette Borgersen; and Deputy Clerk, Travis Morris.

Agenda Item No. 1. Call to Order. The meeting was called to order at 3:00 p.m. by the Chair, Ms. Donna Price.

Ms. Price turned the meeting over to Ms. Nicole Jones, who said that the microphones were in the ceiling, and asked everyone to speak across the table so they could be heard.

Ms. Price introduced the following Albemarle County Police Officers in attendance: Officer Clay Clarkson; and Officer David Sprouse.

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Agenda Item No. 2. Work Session: FY 2024 Operating and Capital Budget.

- Budget Overview (*pgs. 49-51*)
  - General Fund Revenues (*pgs. 59-76*)
  - General Fund Expenditures (*pgs. 77-232*)
    - Summary (*pgs.85-88*)
    - Administration (*pgs.89-108*)
    - Judicial (*pgs.109-120*)
    - Public Safety (*pgs.121-132*)
    - Public Works (*pgs.133-140*)
    - Health and Welfare (*pgs.141-198*)
    - Parks, Recreation, and Culture (*pgs.199-208*)
    - Community Development (*pgs. 209-220*)
    - Non-Departmental (*pgs. 221-232*)

Mr. Andy Bowman, Chief of Budget, stated that the meeting would focus on the County's general fund, and no action was requested of the Board. He said that the Board would take action on March 15 to propose a budget and tax rates for advertisement. He said that the budget could be amended at the Board's discretion after advertisement, but the tax rates could only be approved at the advertised rate or lower.

Mr. Bowman said that staff would allow for questions from the Board between each section of the presentation. He said that staff was looking for items in the budget that the Board wanted to change or add, and that they would bring those items back at the March 15 meeting for consideration.

Mr. Bowman said that he would begin with a brief overview of the total budget, then would talk about the general fund revenues and expenditures. He said that of all the work sessions scheduled, this would be the most volume of information they would cover in terms of dollars and page numbers, and his intent was to be brief so that the Board could dive further into any topics they chose to.

Mr. Gallaway requested that they leave time at the end of the meeting to discuss matters that should be brought back before the next meetings.

Mr. Bowman said that they would. He said that additional topics may be added to the schedule. He noted that they could schedule a work session to discuss the Board's interests.

Mr. Bowman noted that the Board endorsed the strategic plan vision and drafted six strategic plan goals in August 2022. He said that the Board had received information regarding the County's economic outlook, overall revenue projects, and existing commitments in the five-year financial plan. He said that the Board updated the financial policies in September. He said that from August through December, the Board had eight opportunities at public meetings to receive information from and provide direction to staff.

Mr. Bowman said that the all-funds budget total was \$551 million, a decrease of \$35 million, or 6%, from the prior year. He said that local revenues had increased by \$34 million, or 10%, and reflects changes in the overall local economy. He said that the \$34 million increase was divided between county government, public schools, and the capital and debt services. He said that state revenues had increased by \$3 million, or 3%, primarily due to increased support for public school operations. He said that federal revenues decreased by \$22 million, or 45%. He noted that ARPA (American Rescue Plan Act) funding was set up to be separate from the operational funds. He said that the Board's financial policies, ARPA spending frameworks, and guidance from the federal government stated that the ARPA funding should not be used for ongoing costs. He said that there were three areas of the budget where the County was taking on the costs for what had been previously funded with the federal funding, which he would discuss later in the presentation.

Mr. Bowman said that there was a decrease in the capital program because several projects had been funded and started in FY23, and the work would continue through FY24, but they would not be appropriated in FY24 due to the year-to-year change that is natural in the capital budget as projects stop and start each year. He said that borrowed proceeds had decreased by \$31 million, and the fund balance decreased by \$19 million.

Ms. Nelsie Birch, Chief Financial Officer, stated that because there were questions about the budget going down, she wanted to explain that real estate taxes could increase while the budget decreased because the Board needed to focus on the general fund. She explained that the presentation would focus on the general fund, which was where all tax revenue was collected and where the Board had most discretion. She clarified that ARPA was never included in the general fund balance, and it did not impact the ongoing general fund operations. She noted that while the capital program was funded through the general fund, the County had to account for the issuance of bonds in a separate fund and pay the principal and interest from the general fund. She said that when the County issues bonds every other year, that will fluctuate every other year.

Mr. Bowman explained that all tax revenues were received to the general fund, and it was the primary funding source for the ACPS (Albemarle County Public Schools) budget and capital and debt programs. He said that the Board had the most policy discretion with general fund revenues. He said that the majority of general fund revenues were from general property taxes of \$271 million. He said that state and federal revenues were about 9% of the budget.

Mr. Bowman said that the budget was balanced on the Calendar Year 2023 (CY23) tax rates. He said that the impact to FY23 was considered when setting the CY23 tax rates, and if the Board adopted the recommended tax rate, additional revenue would be generated in FY23. He said that the additional FY23 revenue was planned for. He said that staff recommended that after the Board adopted the budget, they perform a one-time transfer into the CIP (Capital Improvement Plan) of \$7.5 million in FY23. He said that they would be able to balance the CIP without delaying projects due to increasing costs.

Mr. Bowman said that of the \$7.5 million one-time transfer to the CIP, \$1.2 million would go to the CIP by formula, and \$6.3 million would go to ACPS operations by formula. He said that they proposed \$6.3 million be directly infused into the ACPS CIP to address increased project costs. He said that the proposal would allow additional renovation funding. He said that the County government portion of the revenue update was about \$3.9 million, and it was recommended to be a one-time transfer into the housing fund.

Mr. Bowman said that they relied on a third-party consultant to provide additional analysis for the County's economic outlook. He said that the base economy was strong, they followed state trends, and it was prudent that they plan for an economic cooling.

Mr. Bowman said that the real estate assessment was stronger than anticipated, and the personal property reassessment was weaker than anticipated. He said that they were monitoring macroeconomic indicators, such as how unemployment changed nationally, how it changed on state and local levels in terms of job creation figures, consumer savings, inflation, interest rates, and the gross domestic product (GDP). He said that they continued to coordinate with Dr. Sheryl Bailey and her team at Virginia Tech. He said that they would continue to review the FY23 projections.

Mr. Bowman said that he would provide revenue projects for an economic cooling environment. He noted that economic cooling did not mean a decrease in values. He said that in terms of the real estate reassessment, there was an increase of 13.46% in CY23, and in CY24, the projected increase of the reassessment was 2.0%. He said that during the Great Recession, there was a different lending environment and interest rate environment than now, and unemployment, foreclosure, and other data looked different.

Mr. Bowman said that sales tax revenues totaled \$24 million in FY24. He noted that sales tax revenues were greatly impacted during the Great Recession with an average yearly decline of 1.7%. He said that during the Great Recession recovery, there was an average 4.8% yearly increase in sales tax revenues. He said that in FY22, there was a 16% sales tax growth. He said that they projected sales tax to increase by 3%, which would be a slowdown, but not a decline in the revenues.

Mr. Bowman said that from FY18 to FY20, business, professional, and occupational licenses increased by about 2.5% per year. He said that in FY21, the rate was flat. He said that in FY22, there was a 12% increase. He said that they projected the rate of growth to decline in FY23 and FY24, but there would be positive growth.

Ms. Birch said that the Board approved hiring an additional FTE (full-time equivalent) in the Department of Finance and Budget. She said that Mr. Robert Wilson was hired as a revenue analyst in the fall, and he would be focused on the County's revenues. She said that they needed to get better at understanding consumer behavior because of the strange economy, and they were unsure about the economic projections, so they wanted to have a thoughtful revenue and expenditure plan for the Board.

Mr. Bowman said that real estate tax revenue was calculated at the recommended rate, unchanged from the prior calendar year. He explained that every cent on the tax rate was equivalent to \$2.7 million. He said that the CY23 reassessments had a 13.46% increase. He said that the lowered or effective tax rate was \$0.753 per \$100 of assessed value.

Ms. LaPisto-Kirtley said she did not understand the lowered or effective tax rate.

Ms. Birch said they had to tell the community what it would take to generate the same level of real estate revenue as the previous year because their assessments had increased. She said they did a calculation to determine that \$0.753 would generate the same level of revenue as the previous year, and that \$0.854 would generate more. She said the Board had an opportunity on March 15 to determine what the maximum tax rate would be, and whether they wanted to bring it lower. She said that the budget was balanced on \$0.854, and that if they lowered the rate, they would have to lower expenditures or increase other revenues to cover the budget. Ms. Price clarified that, if they did that, since each penny on the tax rate equaled \$2.7 million, and that was ten pennies, then that would be a little over \$27 million that would have to be cut.

Ms. Birch said that, or raise money elsewhere, yes.

Ms. LaPisto-Kirtley asked how they would raise that \$27 million.

Ms. Birch responded that personal property taxes were one area.

Ms. LaPisto-Kirtley asked if there would be enough time to make up the cost difference.

Ms. Birch said that the costs differences were about \$27 million, which was a significant cost to account for. She said that there would have to likely be a combination of revenue increases and expenditure reductions.

Ms. LaPisto-Kirtley said that they would also have to make cuts to the schools.

Ms. Birch said yes.

Mr. Bowman said that elderly and disabled tax relief applied to real estate taxes and was an expense that was included in the non-departmental chapter of the budget. He said that the program was a local option program which the County had implemented, and the program had been amended the year prior. He said that an increase of \$240 thousand, or 16%, was provided in the budget for additional relief for the elderly and disabled tax relief program. He said that there were two components to the increase. He said that there was a yearly increase of about 8%, and staff recommended increasing the net income level from \$75 thousand to \$83 thousand to allow more people to be eligible for the program.

Mr. Bowman said that Supervisors had asked what another increase in net income level would look like, and that an analysis was underway. He said that the notice of the public hearing would be on the March 15 consent agenda, and there would be a public hearing and action separate from the budget process planned for April 19. He said that the Board would review the income level and net worth level of the elderly and disabled tax relief program.

Ms. Birch noted that apartment costs had increased by 28% in the projected reassessment. She said that they considered ways to provide more relief through the elderly and disabled tax relief program. She said that they decided not to return to the original rate for personal property taxes for equity purposes.

Ms. LaPisto-Kirtley asked what the age requirement for elderly persons was.

Mr. Bowman said that the age requirement was 65 years old.

Ms. Mallek asked when the staff analysis on the net worth adjustment would be available.

Mr. Bowman said that it should be available by the 15th.

Mr. Bowman said that in CY22, car values increased dramatically, so the Board decreased the personal property tax rate by \$0.86 in response, or a 20% rate reduction. He said that car values had declined by BY23, though not as much as they increased in CY22, but the rate was recommended to be \$3.42 per \$100 of assessed value. He said that the rate represented a \$3.3 million decrease from the FY23 budget. He said that each penny on the personal property tax rate was equivalent to just under \$100 thousand. He said that if the Board wanted to generate the same revenue as the FY23 budget, the rate would have to increase by \$0.34 to a rate of \$3.76.

Mr. Bowman said that the General Assembly enabled localities to implement a separate rate for business tangible and personal property taxes. He said that the business tangible rate was not included in the budget nor a part of the discussion and implementing the new tax rate would require significant communication and administrative work. He said that the Board could explore setting a different rate for business tangible property. He said that in the previous year, had the business tangible property not changed, that would have been approximately a \$1 million impact.

Mr. Gallaway asked what the cost of reducing the rate by \$0.86 in CY22 had been.

Mr. Bowman said that he would have to look up the cost impact, but it was significant.

Mr. Gallaway calculated that they lost approximately \$7 million in the previous year.

Mr. Bowman said that they would have to increase the personal property tax rate above the recommended rate to bring in the same amount of revenue as the previous year.

Mr. Gallaway said that would capture the fact that the values had not dropped as fast as they had climbed.

Mr. Bowman said the percentage of the County's revenues coming from property taxes had increased from the mid-2000s to the present. He said that state and federal funding had decreased since the early 2000s. He said that the General Assembly had granted the Board the authority to increase the food and beverage tax rate and transient occupancy tax rate, and that the Board took action to increase those rates. He noted that the projected percentage of County revenues coming from property taxes remained relatively flat in the FY23 and FY24 estimates.

Mr. Bowman said that 7% of the general fund revenues came from state sources. He said that about half of state revenues came from personal property tax relief which was applied to residents' personal property tax bills. He said that the County received state reimbursements for the Department of Human and Social Services programs. He continued that the state provided support for various public safety costs. He said that the telecommunications tax was collected by the state then distributed to localities. He said that the state provided funding for constitutional officers and the registrar, and it provided other funding, such as the vehicle rental tax, to the County.

Mr. Bowman said that the general fund fund balance was the result of past general fund activity; revenues received compared to budget and expenditures compared to budget. He said that FY22 ended with \$72.1 million in the fund balance. He said that most of the fund balance was committed in FY23. He said that the Board had two financial management policies: a 10% unassigned fund-balance policy and a 2% budget stabilization reserve policy. He said that the Board had appropriated funding in FY23 to continue ongoing projects.

Mr. Bowman said that there was about \$1.9 million of unassigned and unobligated funding in the fund balance for the Board to determine how to use. He said that they proposed to transfer a majority of the \$1.9 million to the capital fund to address increased project costs. He said that there were one-time general fund costs that would be covered by the remaining funding.

Ms. McKeel asked for clarification about whether the fund balance could be considered a surplus.

Ms. Birch responded that if fund-balance funds were spent, then they would be gone. She said that the County had no other reserve if the fund balance were depleted, so they moved the balance forward year after year. She said that the fund balance was not a surplus. She explained that a surplus was when ongoing revenues were greater than the ongoing expenditures. She said that if there was a surplus, then it would be added to the fund balance. She said that the excess revenues were used to offset costs in FY24. She said they were protecting the 10% and 2%, and not using that for ongoing costs, because that was not good budgeting, and they would run out of it if they kept doing that.

Ms. McKeel clarified that it was one of the principals of their Triple Triple A bond rating.

Ms. Birch said it was.

Ms. McKeel asked if the school special revenue change was reflective of additional funding received by the school division during the pandemic.

Mr. Bowman said that the school division did receive federal and state assistance that was not continuing into FY24. He said that he would follow up with ACPS so that they include information in their next presentation.

Ms. McKeel noted that there was a decrease in the revenues from the public service tax and machinery and tools tax. She asked what the implications were of the revenue decrease.

Mr. Bowman said that for the public service tax, there was a decline in the budget from FY23 to FY24. He said that as organizations transferred assets into and out of the County, it generated one-time circumstances. He said that the machinery and tools tax reflected the trends that the County had identified.

Ms. McKeel asked how the data reflected small business trends in the County.

Mr. Bowman said that they could provide a follow-up on the trends.

Ms. McKeel noted that healthy communities received 35% of its revenues from businesses. She clarified that they projected a slower rate of growth for real estate assessments. She asked how County revenues would be impacted if assessments decreased.

Ms. Birch explained that the budget was balanced with a projected 2% increase in assessments. She said that if the assessment was lower, then the County would have to make adjustments to the budget. She said that staff would come before the Board with recommendations on budget amendments. She said that they planned for a small variation in the assessment to be accounted for in the budget.

Ms. Birch said that the County had \$4.9 million in ongoing revenue that was being transferred to the capital program. She said that they made the transfer in the case revenues dropped considerably in FY25 and because they had several expenditures due in FY25. She noted that costs had increased considerably, so they wanted to provide a reserve in case the projections were wrong.

Mr. Jeff Richardson, County Executive, responded that they needed to find one-time funding to infuse into the capital fund to keep pace with the multiyear CIP. He said that the \$4.9 million was a shared fund balance between local government and ACPS.

Ms. McKeel requested a list of the projects which would need to be funded from the infusion.

Mr. Bowman said that they could provide a list, and it would be provided as part of the next work session.

Ms. McKeel asked for clarification about the tax status of the University of Virginia and what was meant by "payment in lieu of taxes".

Ms. Birch explained that the real estate office worked with the UVA Foundation which paid taxes while the university and health system did not. She said that the real estate office maintained a list of the UVA Foundation's properties, and that was used to determine the tax burden. She said that the payment in lieu of taxes was administered through revenue administration, which was technically a surcharge of what she thought was \$0.68, but she did not know the basis of that \$0.68. She said that she was meeting with the County Attorney, Mr. Steve Rosenberg, to discuss the program.

Ms. McKeel requested a list of the properties owned by the UVA Foundation.

Ms. LaPisto-Kirtley said she thought that the budget was cautious, with the 2% projection.

Ms. Birch said that they prepared the budget thinking of the five-year financial plan and the economic cooling. She said they had made decisions and recommended it to the Board that would not put the County in a position to handle what the future might hold.

Ms. LaPisto-Kirtley asked what the prior year's real estate assessment projections were.

Mr. Bowman said that last year, they assumed the real estate assessment would have 3.5% growth, but it had increased by 13.46%.

Ms. LaPisto-Kirtley asked whether they would consider a mid-year budget adjustment if the assessment was significantly different than projections.

Ms. Birch said that a budget amendment may not be necessary, and there would have to be a significant change in the economy for a budget amendment to be required.

Ms. LaPisto-Kirtley noted that the 2% rate was much lower.

Mr. Bowman said that they looked at the local recordation data to determine the projections, and the data indicated lowering demand. He noted that the Fed had also increased interest rates.

Ms. LaPisto-Kirtley asked what the balance of the housing fund would be with the \$2.9 million addition.

Mr. Bowman said that there would be a total of \$4.7 million of unobligated moneys in the housing fund.

Mr. Andrews clarified that the funding values took into account the new assessment.

Mr. Bowman said that the values reflected the Board adopting the proposed rate along with the new reassessments.

Mr. Andrews asked if the budget as adopted took into account the projected increase to the assessment.

Mr. Bowman said that real estate taxes were adopted at under \$198 million, and the increase impacted the last half of FY23 by increasing the revenue projection to \$209 million. He said that they took the projections from the prior year to base the projections for the upcoming year.

Ms. Birch clarified that they built the FY24 projections off of where they think they would end FY23.

Mr. Andrews clarified that the projected 2% increase was built into the FY24 budget. He noted that the total assessed values included new construction.

Ms. Birch said that when the County Assessor provided the reassessment report, it only included reassessments. She said that staff later added in data related to new construction.

Mr. Andrews asked for clarification about how the personal property tax relief worked, and could it work for those who could least be able to afford the tax.

Ms. Birch explained that the personal property tax relief was based on the value of the vehicle, not the taxpayer. She said that from \$0 to the first \$1 thousand, 100% of relief was applied. She continued that up to \$20 thousand in value, a proportion of the value was provided in relief. She said that anything over \$20 thousand in value was taxed at the full rate.

Mr. Andrews calculated that maintaining the same personal property tax rate, which was lowered by \$0.86 in the previous year, at almost \$100 thousand per penny, meant that the County would be providing \$8.5 million in tax relief. He said that the increases in real estate taxes should be considered, and that there was real relief in personal property taxes at the recommended rate.

Ms. Birch said yes.

Mr. Andrews asked whether there was a difference between “estimate” and “projection.”

Mr. Bowman said that there was no difference, and that they would make that language the same for the adopted document.

Ms. Mallek clarified that for the personal property tax, the amount the County received from the state was flat, and the amount each individual received based upon the no car tax business was full.

Ms. Birch said that was correct.

Ms. Mallek said that, when they discussed revenue diversification, and residential versus commercial, that they had a long way to go. She said that it was important and was something the Board’s predecessors worked hard on.

Mr. Gallaway requested information about the macroeconomic indicators that impacted the economic outlook and revenue projections and a summary of how the County’s financial assumptions had changed since the fall.

Mr. Bowman said that much of the work was refining the data and projections. He noted as an example that when considering sales tax, they considered that consumer savings had declined, inflation had kept up, so people would start making different choices, either by making substitutions or by eliminating some purchases, which may cause them to change their projections.

Mr. Gallaway said when making choices, would they equalize the tax rate or increase the car tax rate back up. He noted that inflation was only one aspect of what County residents had been dealing with economically. He said that wages had weakened for 10 years in the community, and residents were seeing weakened wages on top of rising inflation and cost of living. He said they should consider what their residents are contending with as they make decisions.

Ms. Birch said that they had to consider how the 28% increase in apartment evaluations would impact renters and rent prices and said that they could guess that those increases would eventually roll down to the people paying rent. She said that they saw more people needing more services in the County. She said that there was a rent relief program that was funded through ARPA, but they were now proposing local funding to support the program for the first time. She said that they were evaluating needs of the community to determine ways to provide aid.

Ms. McKeel noted there were several budget items to help residents, and which impacted mental health initiatives.

Mr. Gallaway asked what the gross figures were in respect to the real estate tax figures on page 65 of the budget book.

Mr. Bowman said that they could provide the gross amounts.

Mr. Gallaway requested information about the change in the property tax rate over the past 10 years. He said that the County was trying to reduce its reliance on the real estate property tax, and while assessments had increased, the County had not increased the tax rate.

Mr. Gallaway requested information regarding page 70, Miscellaneous, and that the net increase was primarily due to surplus property. He asked what other examples under those undefined categories, while small, would be.

Mr. Bowman said of that \$300 thousand, the surplus properties were about 1/3.

Ms. Price confirmed that, by law, real estate property assessments were determined based upon the value of the property of January 1, even if values softened thereafter.

Mr. Birch said that was correct.

Ms. Price asked whether the tax rate was the same for personal property used for personal and business uses.

Ms. Birch said it was.

Ms. Price questioned how much value difference might be achieved by having different rates for the two uses, as well as enforcement to ensure that the property was properly claimed by the taxpayer.

Ms. Price asked whether the elderly and disabled tax relief that applied to land up to 10 acres meant that for those living on over 10 acres, the first 10 acres would be subject to reduction and the remaining acreage would not be, or they would not qualify at all.

Ms. Birch said they would miss the parameter, and they would be taxed on the overage.

Ms. Price noted that there was no real estate tax relief for apartment tenants. She said that the increase in rental units had increased in the County. She noted the necessity of owning a vehicle. She said that the personal property tax relief was one of the best measures to provide equity to the community.

Ms. Price said that the state limited the local taxing authority. She asked if the County had other leverage in terms of taxing authority.

Mr. Bowman responded that there was a wide range of smaller revenues where the Board may set some of the rates, but the magnitude shift of 1% of the budget was challenging without changes to the policies.

Ms. Price asked what the difference was between the 10% and the additional 2% fund-balance policies. She noted that the Board had increased the budget stabilization reserve rate from 1% to provide greater stability and security in the event of substantial economic changes.

Ms. Birch said that was correct, coupled with the uncertainty of the state.

Mr. Bowman said that he would transfer to general fund expenditures. He said that the general fund had revenue growth of almost \$40 million. He said that the 97% of the revenues went to five categories. He said that ACPS operations would receive an additional \$14.6 million. He said that workforce stabilization efforts would receive an additional \$12.5 million.

Ms. Birch said that ACPS received its budget increase by formula. She said that ACPS also budgeted funding for workforce stabilization. She said that ACPS received state funding to support their workforce stabilization efforts.

Ms. McKeel stated that when the General Assembly say they are providing a specific teachers' salary increase, that amount has to go through the County's composite index, so ACPS would not receive that same amount.

Ms. Birch said that was correct.

Mr. Bowman said that school capital and government capital allocations were determined by formula and included one-time infusions. He said that the total capital allocation was \$8.1 million, and \$4.9 million of the total was a one-time transfer. He said that the funding was proposed to provide stability in FY25 in case costs increased. He said that partner agencies received a \$3.5 million increase in allocations.

Mr. Bowman said that they scheduled time during the March 29 work session to further discuss workforce stabilization funding. He said that they were in the process of conducting a classification compensation study. He said that they had prioritized public safety departments, and there was \$1.8 million to implement the recommendations. He said that they included funding for a 4% salary increase.

Mr. Bowman said that an additional public safety step increase of 2% was included in the budget. He said that there was \$1.4 million for the implementation of the classification compensation study for non-public safety. He said that further details on that would be provided on March 29. He said they also had the impact of DSS positions that had been added in the current fiscal year, picking up a portion of the FEMA SAFER positions, and new positions that were recommended. He said that there was a reporting change of \$2 million, and there was an increase to health insurance costs by 7%.

Mr. Bowman said that there were two changes related to reporting of significance. He said that traditionally funded from the capital budget 17 positions across various departments to support the capital program. He said that the allocation for those 17 positions would now be reported as expenses in the general fund even though they would be funded through the capital fund. He said that the decision simplified the accounting and administration and would allow them to determine the true cost of those various departments.

Mr. Bowman said that based upon a review of technology expenses, they reclassified \$1 million in public safety technology expenses as operating expenses. He said that the general fund would absorb the costs.

Mr. Bowman said that the administration category of the budget was 7%. He said that the two largest expenses in the administration category were Information Technology and Finance and Budget.

Mr. Bowman said that funding had been allocated to the Office of Equity and Inclusion (OEI) to provide additional part-time support. He said that the biennial community survey was a common best

practice among localities, and they would integrate the feedback into their planning processes. He said that they identified funding in FY23 for the program.

Ms. Birch said that there had been a considerable increase in the County contribution to JAUNT. She said that transit was getting more complex, and the County did not have a subject-matter expert to navigate CAT (Charlottesville Area Transit) and JAUNT. She said that staff recommended hiring a consultant with an expertise in transportation funding and policy.

Mr. Bowman said that compensation would be further discussed at the March 29 work session. He said that in development and training, there was an increase of \$52 thousand across the departments of executive leadership and Human Resources (HR) to enhance learning and development programs.

Ms. Kristy Shifflett, Director of Performance and Strategic Planning, said that her team had worked on the core systems modernization strategy. She said that they provided for the item in the budget last year, and they had successfully implemented the HR information system. She said that the system allowed for better reporting and data management of the human resources information, and the system connected to the payroll system.

Ms. Shifflett said that they were moving forward in FY24 with the replacement of the community development tracking system, which was called County View. She said that the system was over 20 years old, and it was due for replacement. She said that they would do an RFP (Request for Proposals) on the financial system, and it would likely begin at the end of FY24. She said that the process to procure and do the RFP was underway. She said that they had hired some consultants. She said that the business process optimization addressed the implementation of the processes and improvement of the processes themselves. She said that they needed to provide proper training to staff so that the new processes and procedures were maintained and implemented.

Ms. Mallek asked how much funding was required.

Ms. Shifflett said that they started the five-year plan the year before.

Mr. Bowman said that there were operating and capital components, and they would follow up with the Board with specific information about the total costs.

Ms. Birch noted that employees provided feedback in the survey about the need for better systems and tools to perform their jobs. She said that it was difficult to keep an engaged staff with complicated systems. She said that the core systems modernization program also addressed customer service.

Ms. Shifflett said that the work was not only focused on replacing systems, but it was also focused on replacing manual workarounds that staff had implemented to increase efficiency.

Mr. Richardson noted that the Board had approved upgrades to several aging County systems over the years, all of which required significant investment. He said that newer generation employees expected to see investments in the systems that they were familiar with.

Ms. McKeel said it was a good way to lose young talented people.

Mr. Bowman said that of the three examples of items that were federally funded that the County would take over when the federal funding was discontinued. The first was a position in Finance and Budget financed by ARPA funding to manage the analysis, compliance, implementation, and reporting for ARPA funds. He said that the position would continue because the ARPA funds had not been entirely spent, but for compliance reasons, it was appropriate for the position to be financed through the general fund in FY24. He said that while ARPA was winding down, there was still strategic grant work that the County needed to do. He said that their ability to receive future federal funding was dependent on their ability to remain competitive.

Mr. Bowman said that the Registrar was a unique budget because it varied year-to-year based on the election cycle. He said that in FY24, there would be presidential primaries in the spring. He noted that they expected to receive state funding to reimburse the primary election costs.

Ms. McKeel requested a copy of the public safety pay scale. She said that she supported the funding for a transit finance and policy consultant. She noted that TJPDC (Thomas Jefferson Planning Department Commission) and the regional transit partnership were considering establishing a transportation authority. She asked to what level of detail the consultant would advise the County.

Ms. Birch said that the consultant would help the County maximize its position to gain the most funding to offset the County's costs in the current structure. She said that the consultant would also help the County transition to a future program.

Ms. McKeel noted that the County's administration budget was lean compared to some companies. She said that the core systems modernization was long overdue.

Ms. LaPisto-Kirtley asked if the public safety salary step increase was for longevity in the position.

Mr. Bowman responded that it was for longevity.



Ms. LaPisto-Kirtley suggested that they implement a step increase for gaining higher certifications or achieving other education requirements.

Mr. Bowman responded that there were components for education among other stipends, but they varied.

Ms. LaPisto-Kirtley said that the modernization aspect was important.

Mr. Andrews asked for examples of where the 17 positions fit into the category.

Mr. Bowman said that a majority of the positions were in the Facilities, Planning, and Construction Division of the Facilities and Environmental Services Department (FES). He said those were the staff who managed the County's construction projects and went out to do that work. He said that positions in Finance and Budget related to the budget, procurement, and fixed asset accounting. He said that there was a transportation position in the Community Development Department (CDD) included.

Mr. Andrews clarified that they were completely replacing CountyView. He noted that users were part of the process in addition to staff.

Mr. Bowman said that the impact on users was considered as part of the project.

Mr. Andrews said he hoped that they could still consider Ranked Choice Voting (RCV) eventually.

Ms. Mallek clarified that for the salary increases provided by the General Assembly, the County had to provide a local match, and some localities were unable to give those salary increases because they were unable to fund the local match.

Ms. Mallek said that Finance is a big chunk of Administration, and that they have to interact with every family in the community. She said that she's looking forward to the advocacy in transit, and that for the core systems modernization and workforce, that training videos should be available to staff and to citizens, and that the core systems modernization would improve the County's ability to provide customer service. She said the grants analysis position would be so wonderful to put the County in a better position to obtain more grants.

Ms. Price noted that the core systems modernization was needed.

Mr. Bowman said that the judicial budget category was about 2% of the general fund. He said that the category was primarily made up of constitutional officers for ACSO (Albemarle County Sheriff's Office), the Commonwealth's Attorney, the Clerk of the Circuit Court, and court operations.

Mr. James Hingeley, Commonwealth's Attorney, said that the budget had a requested increase of 2.25 FTEs. He said that the additional FTEs were to address a projected workload increase, particularly related to the mass killing at the University of Virginia that previous November. He said this would be a case that created an enormous demand for workload in the County Attorney's Office and was a case where the community wanted to see every effort put forward to bring justice. He said, also, that there was an effort on the part of the Commonwealth's Attorney to shift the prosecution of misdemeanors from jail sentences to community diversion. He said that they found that putting people into jail for minor offenses increased the risk for recidivism, and it increased the risk that public safety may be compromised by using jail as a tool. He said that finding jail alternatives increased the workload but produced significantly better results.

Mr. Bowman said that additional funding was provided to the Public Defender's Office for pay adjustments. He said that they had an MOA (Memorandum of Agreement) with the office to provide supplemental funding. He said that the VIDC (Virginia Indigent Defense Commission) had added positions to the Public Defender's Office comparable to positions in the Commonwealth's Attorney's office, so they recommended the increase to add a stipend for the additional employees.

Mr. Gallaway asked if they had information about the cost avoidance from successful diversion programs and jail alternatives.

Mr. Bowman said that they had not prepared a cost-avoidance analysis, but they could provide some examples.

Mr. Gallaway noted that diversion programs came at an increased cost, and when residents questioned the uses of increased revenues, the County should be able to provide an explanation. He said that if the community valued community diversion programs, then they should be able to explain that the increased revenues were used to fund the programs that supported those values. He asked whether the diversion programs caused an actual increase in the budget.

Ms. Birch said that she was unaware of the success rate of the diversionary programs, so that was more information that would have to be gathered.

Mr. Gallaway noted that there had been an increase in violent crime locally, both the very large incident at UVA, as well as smaller incidents, and clarified that the increased help would handle all those incidents, and not just the one major incident.

Mr. Hingeley said that was correct. He noted that there had been an increase in gun violence which generated an increased workload. He said that they generally did not try to address gun violence prevention, but they did try to address accountability. He said that the police agencies of the communities and the Commonwealth's Attorney had been working to address the increase in gun violence in the community.

Mr. Gallaway noted the increased resources required to address major crime events.

Ms. Price noted that violent crimes were not eligible for diversion programs. She said that while diversion programs had increased costs, successful diversions provide reduced costs by reducing interactions with the system. She said that a goal on the legislative agenda was to lobby the General Assembly to provide the County with alternatives to prosecution for minor, non-violent offenses.

Mr. Richardson said that they would discuss broader safety and wellbeing programs and topics beyond the criminal justice system and public safety with their key partners, DSS, UVA, and the City. He said that they should broaden the topic of safety and wellbeing.

Mr. Bowman said that the public safety category comprised 15% of the general fund. He said that public safety primarily consisted of fire rescue systems, largely made up of the Albemarle County Fire Rescue Department (ACFR) and partnering volunteer organizations, and the Police Department, and other agencies. He said that there was funding for three additional police officers to begin mid-year. He said that there was one services position to begin in FY24. He said that the costs for the four positions totaled \$556 thousand because of substantial one-time costs. He said that the police officers were related to ACPD's (Albemarle County Police Department's) squad-based model. He said that the service position was a non-sworn position.

Mr. Bowman said that there was \$124 thousand proposed for emergency management operations. He said that function was contained within ACFR, but it worked with all of public safety and the organization to support coordinated public response trainings and continuity of response planning.

Mr. David Puckett, Deputy Chief of Fire Rescue, said that ACFR underwent an annual planning process, and they reviewed the County's strategic plan, the Board-adopted standards of cover and FR service standards, as well as the call volume. He noted that from 2021 to 2022, there was a 9% increase in call volume. He said that they reviewed the ability to meet the community needs with the existing crews and volunteer staff. He said that budgeting for, hiring, training, and deploying fire fighters took a long time.

Deputy Chief Puckett said that they had to project the needs out by two or three years. He said that after the process, they recommended that the County pursue a third FEMA (Federal Emergency Management Agency) SAFER (Staffing for Adequate Firefighters and Emergency Response) grant for a total of 30 fire fighters to address two needs. He said that they needed staffing for an additional fire engine in southern Albemarle. He said that the southern portion of the County had fewer stations and resources than the northern portion. He said that Scottsville was rated as the highest-risk area in the Rural Areas in 2018. He said that the social vulnerability index rated the Scottsville and Esmont areas as the most vulnerable populations in the Rural Areas. He said that in 2020, while the County overall saw a reduction in calls to Fire Rescue, the Scottsville district had a 17% increase.

Mr. Puckett said that the second need was for ladder truck staffing. He explained that the County did not have a dedicated ladder truck staff. He said that a ladder truck staff was essential as developments built larger structures. He said that the ladder truck unit would be located at Station 11 in the Monticello District.

Mr. Puckett said that the SAFER grant provided funding for base salary and benefits for three years. He said that the total cost for 30 fire fighters was over \$7 million. He said because they were not hiring, the grant would actually cover four fiscal years, and assuming the Board would continue those positions, they would pick up a half-year of funding in FY27 and a full year of funding in FY28.

Mr. Puckett said that they were finalizing an application, and the deadline was March 17. He said that they would likely receive notice of approval by September. He said that if they received the grant, they intended to hire in January, and service would start in early 2025.

Mr. Bowman said that they have regional partners. He said that there were increases for the Emergency Communications Center (ECC), the Albemarle County Regional Jail (ACRJ), and the CASPCA (Charlottesville-Albemarle Society for the Prevention of Cruelty to Animals), and decreases for the Blue Ridge Juvenile Detention Center, largely driven by the terms of the regional agreements, contracts, and funding formulas.

Ms. McKeel said that she was supportive of the ladder truck and asked if they were at the appropriate ratio for police officers to the population.

Mr. Bowman said that they were below the ratio. He said that the standard in the Comprehensive Plan was 1.5.

Ms. McKeel asked whether they had to increase the ratio based on the County's urbanization.

Mr. Sean Reeves, Chief of Police, said that he had worked with the County Executive to establish

a long-term roadmap to achieve the best practices. He said that the additional three sworn officers were part of the plan.

Ms. McKeel clarified that the ratio would be reviewed.

Chief Reeves said that was correct.

Mr. Bowman said that they were at about 1.3, but the exact ratio would be provided as a follow-up.

Ms. LaPisto-Kirtley said that she was supportive.

Ms. Mallek clarified that the HART (Human Services Alternative Response Team) was currently in the regular operational funding.

Chief Reeves said it was.

Ms. Mallek clarified that stations 8 and 12 currently had ladder trucks, and that 11 would get one.

Mr. Puckett said that there was one at Seminole, Hollymead, and Crozet. He said that they were replacing an existing truck.

Mr. Gallaway said that a police staffing ratio was too simplistic for the County because of the changing nature of the County. He said that staffing had changed in the County, and he thought that the staff ratio would be different in the urban ring than outside of the urban ring. He asked whether the County had the resources to provide adequate policing in the urban ring.

Ms. Birch said that they had focused on ensuring they set appropriate salaries to attract police officers to the County. She noted that there had been significant vacancies in ACPD.

Chief Reeves said that they were in a better place than a year ago, and the workforce was about 6% below in vacancies. He said that they were optimistic that they would be fully staffed by the summer. He said they were looking at modernizing equipment and the technologies that were out there.

Mr. Trevor Henry, Deputy County Director, noted that they considered a potential expansion of the drone program.

Mr. Gallaway requested information about how the reserve and contingency planning worked for the public safety department. He asked how they budgeted for those contingencies.

Mr. Henry said that as part of the ACPD budget request, strategic planning sessions were held in the fall. He said that they were looking to add resources where most of the activity was. He said they could share that with the Board.

Ms. McKeel clarified that they had not approved renovations to ACRJ, but they were in a position to move forward with the renovations financially.

Ms. Birch said that renovations would begin in FY25, and the need had been accounted for in the five-year plan.

Mr. Bowman said that \$4.3 million was included in the budget for health and welfare. He said that the Agency Budget Review Team (ABRT) was composed of County staff who received support from community volunteers who reviewed applications for community services and nonprofits. He said that the review teams ranked the applications, and funding was based on the rank. He said that there was new funding for four programs in FY24.

Ms. Marta Keane, CEO of JABA (Jefferson Area Board for Aging), noted that there was a continuing need exhibited by elderly residents in the County, and COVID exacerbated the needs.

Ms. McKeel requested more information about the mental health response team.

Ms. LaPisto-Kirtley asked for more details about the four new programs recommended by the ABRT.

Mr. Bowman said that they would provide more details as a follow-up.

Mr. Gallaway asked for details about the return on investment for things in which they are investing. He said that it was not just about the costs, it was also about where the County was able to find savings from modernization. He requested information about the proposed security assistance and job description in the school budget. He asked how many FTEs were programmed to satisfy the work and policies of the County's strategic goals of climate action and Housing Albemarle. He said that they should seek to maximize their return to achieve their policy goals.

Ms. Mallek noted that it was dry season and to practice fire safety.

Agenda Item No. 4. From the County Executive: Report on Matters Not Listed on the Agenda.

There was no report.

Agenda Item No. 5. Adjourn to March 13, 2023, 3:00 p.m., Room 241.

At 6:04 p.m., the Board adjourned its meeting to March 13, 2023, 3:00 p.m., Room 241 on the Second Floor of the Albemarle County Office Building, 401 McIntire Road, Charlottesville, VA 22902. Opportunities for the public to access and participate in this meeting are posted on the Albemarle County website on the Board of Supervisors home page and on the Albemarle County calendar. Participation will include the opportunity to comment on those matters for which comments from the public will be received.

Chair

Approved by Board
Date: 02/19/2025
Initials: CKB