



Albemarle County

Legislation Text

File #: 22-241, Version: 1

AGENDA DATE: 5/4/2022

TITLE:

Adoption of Calendar Year 2022 Tax Rates, Budget-Related Ordinances, Fiscal Year (FY) 23 Budget, Borrowing Resolution, FY 23-27 Capital Improvements Plan (CIP), and Appropriation of the FY 23 Budget

SUBJECT/PROPOSAL/REQUEST: Request adoption of Calendar Year 2022 Tax Rates, Budget-Related Ordinances, Fiscal Year (FY) 23 Budget, Borrowing Resolution, FY 23-27 Capital Improvements Plan (CIP), and Appropriation of the FY 23 Budget

ITEM TYPE: Regular Action Item

STAFF CONTACT(S): Richardson, Hudson, N. Birch, Sumner, Bowman

PRESENTER (S): Andy Bowman

LEGAL REVIEW: Yes

REVIEWED BY: Jeffrey B. Richardson

BACKGROUND: At the Board's May 4, 2022 meeting, staff will ask the Board to consider the following items:

- 1) Adoption of the Resolution to Set Calendar Year 2022 Tax Rates:** The Board held a public hearing on the proposed 2022 calendar year tax rates on April 27, 2022. The 2022 calendar year tax rates are for the year beginning January 1, 2022 and ending December 31, 2022.
- 2) Adoption of Various Budget-Related Ordinances:** On April 20, 2022, the Board held public hearings on the adoption of ordinances to increase the Food and Beverage tax rate, increase the Transient Occupancy Tax rate, and impose a Disposable Plastic Bag Tax.
- 3) Adoption of the FY 23 Operating and Capital Budget:** The Board held a public hearing on the Fiscal Year 23 (FY 23) Proposed Budget on April 27, 2022. The budget presented for adoption includes the Board's FY 23 Proposed Budget plus any adjustments made by the Board or School Board in subsequent work sessions and is for the fiscal year beginning July 1, 2022 and ending June 30, 2023.
- 4) Adoption of the Annual Resolution of Appropriations:** To provide the authority from the Board to spend these funds, the Board's adoption of an Annual Resolution of Appropriations for the fiscal year ending on June 30, 2023 is required.
- 5) Adoption of the Resolution of Official Intent to Reimburse Expenditures with Proceeds of a Borrowing:** In addition, the Board's adoption of a Resolution of Official Intent to Reimburse Expenditures with Proceeds of a Borrowing is required to provide the County with the authority to use bond proceeds to reimburse capital program expenditures for the specified projects.

6) Adoption of the FY 23 - 27 Capital Improvement Plan (CIP): This reflects the adopted FY 23 Capital Budget plus the out years of the plan, FY 24 - FY 27, reviewed with the Board of Supervisors during the budget development process. FY 24 - 27 will inform future long-range financial planning and are not requested for appropriation.

STRATEGIC PLAN: Mission - To enhance the well-being and quality of life for all community members through the provision of the highest level of public service consistent with the prudent use of public funds

DISCUSSION:

1) Adoption of the Resolution to Set Calendar Year 2022 Tax Rates: The FY 23 budget is based on a real estate tax rate of \$0.854 per \$100 of assessed valuation and a personal property tax rate of \$3.42 per \$100 of assessed valuation, as set forth in Attachment A.

2) Adoption of Various Budget-Related Ordinances:

a. Food and Beverage Tax

If adopted, the proposed ordinance (Attachment B) would revise Chapter 15, Taxation, Article 10, Food and Beverage Tax. The food and beverage tax would increase from four percent to six percent, effective July 1, 2022.

b. Transient Occupancy Tax

If adopted, the proposed ordinance (Attachment C) would revise Chapter 15, Taxation, Article 9, Transient Occupancy Tax. The transient occupancy tax would increase from five percent to eight percent, effective July 1, 2022.

c. Plastic Bag Tax

Virginia Code § 58.1-17.45 through 58.1-17.48 grants localities the authority to impose a five cent per bag tax on disposable plastic bags provided by grocery stores, convenience stores or pharmacies. Durable plastic bags designed for repeated use are exempt from this tax, as well as plastic bags used solely to wrap, contain, or package certain goods to prevent damage or contamination. This exclusion would include packaging for ice cream, meat, fish, poultry, produce, unwrapped bulk food items, perishable food items, dry cleaning, prescription drugs and multiple bags sold in containers for use as garbage, pet waste, or leaf removal bags. Revenues from such tax must be used for programs supporting environmental cleanup, litter and pollution mitigation, environmental education efforts or to provide reusable bags to SNAP or WIC benefit recipients. If adopted, the proposed ordinance (Attachment D) would create a new article (Article 8.1) to County Code Chapter 15, Taxation. Collection of the plastic bag tax would be performed by the State Department of Taxation. State Code requires localities to provide a certified copy of the ordinance to the Tax Commissioner of the Commonwealth at least three months prior to the date the tax is effective. The effective date for the disposable plastic bag tax would be January 1, 2023.

3) Adoption of the FY 23 Operating and Capital Budget: The FY 23 Budget for the Board's approval is detailed in Attachment E and is based on the FY 23 Proposed Budget plus the adjustments detailed below:

Recommended Budget-Neutral Adjustments

The County Executive recommends the following budget-neutral adjustments to the FY 23 budget:

- Reallocate \$100,435 from the Office of Equity and Inclusion to the Department of Parks and Recreation for one position and associated operating costs with the Yancey Community Center.
- Reallocate \$541,132 from the Community Development Department (CDD) to the Department of Information Technology (IT) for Geographic Information Systems (GIS) services. This includes 4 positions, part-time and overtime wages, and operating costs associated with GIS services.
- Reallocate \$132,752 from the IT Department to CDD for Records Management Services. This includes 2 positions and related operating expenses.

- Reallocate \$2,950,600 from the Business Process Optimization Reserve to various departments for the following purposes:
 - \$1,157,426 to the Office of Performance and Strategic Planning (P&SP) to support implementation of the Core Systems Modification (CSM) project. This funding includes 4 positions and their associated operating costs and consulting services.
 - \$915,600 to P&SP for project management services.
 - \$877,574 to IT to support implementation of the CSM project. This funding includes 2 positions and their associated operating costs and ongoing system maintenance costs.
- Reallocate \$20,000 in anticipated Plastic Bag Tax revenue and expenditures from the General Fund to a Plastic Bag Tax Special Revenue Fund.
- Reallocate \$25,000 from the Central Virginia Small Business Development Center to the Community Investment Collaborate. In the Proposed Budget, these programs were combined and should be shown as two separate agencies.

Board of Supervisors Adjustments

All amounts in this executive summary and attachments reflect budget decisions made through the April 6, 2022 work session. Adjustments made during subsequent meetings will be made within the attached Resolution prior to adoption and reviewed as part of the staff presentation on May 4, 2022.

Public Schools Adjustments

All amounts in this executive summary and attachments reflect budget decisions made through the April 6, 2022 work session. The School Board held a budget work session on April 28, 2022. Adjustments made during that meeting will be made within the attached Resolution prior to adoption and reviewed as part of the staff presentation on May 4, 2022.

4) Adoption of the Annual Resolution of Appropriations

The Resolution of Appropriations appropriates the total County Budget, including both County government and Public School operating and capital funds, Public School special revenue funds, and other County government funds appropriations in a single resolution (Attachment F). The Annual Resolution includes the following:

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County Executive Authority

The appropriation resolution authorizes the County Executive to do the following. In accordance with current practice, all of these transfers or distributions will be reported to the Board of Supervisors as part of the County's quarterly financial reports.

A) Transfer funding between specific Board approved FY 2023 non-departmental reserve accounts and the appropriate department accounts for expenditures. For FY 2023, these specific General Fund reserve accounts are:

- Business Process Optimization Reserve
- Climate Action Pool

- Pandemic Reserve
- Reserve for Contingencies
- Salary and Benefits Reserve
- Space Reserve

The specific Capital Fund reserve accounts are:

- Transportation Leveraging Program
- Advancing Strategic Priorities Reserve
- Economic Development Funding for Public-Private Partnerships

B) Administratively approve budget transfers of unencumbered funds for up to \$500,000 per fund in the fiscal year from one classification or project to another within the same fund:

- allocate the County-wide salary lapse budget between department budgets to appropriately reflect where salary lapse actually occurs.

C) Administratively approve the carry forward of outstanding grants and capital projects and programs from year to year.

D) Close out grant funds and capital projects, including the transfer of any unencumbered residual funds to the appropriate fund's fund balance.

E) Administratively approve the carry forward of outstanding balances up to \$18,000,000 for estimated encumbered purchase orders.

5) Adoption of the Resolution of Official Intent to Reimburse Expenditures with Proceeds of a Borrowing: The Resolution of Official Intent to Reimburse Expenditures with Proceeds of a Borrowing allows the County to use bond proceeds to reimburse the County for capital program expenditures.

6) Adoption of the FY 23 - 27 Capital Improvement Plan (CIP): All amounts in the executive summary and attachments reflect budget decisions made through April 6, 2022 work session. Adjustments made during subsequent meetings will be made within the attached resolution prior to adoption and reviewed as part of the staff presentation on May 4, 2022.

BUDGET IMPACT: Adoption of the budget, tax rates, and related ordinances by the Board will establish the Fiscal Year 2023 Operating and Capital Budgets and Calendar Year 2022 tax rates and provide the authority from the Board to spend funds included in the budget. For the adoption of the Capital Improvement Plan, FY 24 - 27 will inform future long-range financial planning and are not requested for appropriation.

RECOMMENDATION:

Staff recommends that the Board:

- 1) adopt the attached Resolution to Set Calendar Year 2022 Tax Rates (Attachment A);
- 2a) adopt the attached ordinance to amend the Food and Beverage Tax Ordinance (Attachment B);
- 2b) adopt the attached ordinance to amend the Transient Occupancy Tax Ordinance (Attachment C);
- 2c) adopt the attached ordinance to impose a Disposable Plastic Bag Tax (Attachment D);
- 3) adopt the attached FY 23 Budget Resolution approving the FY 23 Budget as recommended by the County Executive and amended by the Board of Supervisors (Attachment E);
- 4) adopt the attached Annual Resolution of Appropriations (Attachment F);
- 5) adopt the attached Resolution of Official Intent to Reimburse Expenditures with Proceeds of a Borrowing (Attachment G); and
- 6) adopt the FY 23 - 27 Capital Improvement Plan

If adjustments are desired today, changes will be made within the attached Resolutions prior to adoption.

ATTACHMENTS:

- A - Resolution to Set Calendar Year 2022 Tax Rates
- B - Amendment to Food and Beverage Tax Ordinance
- C - Amendment to Transient Occupancy Tax Ordinance
- D - Disposable Plastic Bag Tax Ordinance
- E - Resolution to Adopt the FY 23 Operating and Capital Budget
- F - Annual Resolution of Appropriations
- G - Borrowing Resolution
- H - Resolution to adopt the FY 23 - 27 Capital Improvement Plan