County Executive's Recommended FY 26 Budget

Work Session #2:
General Fund Expenditures

March 12, 2025

FY26 Budget Calendar

March

~~5~~	~~Public Hearing on Recommended Budget~~
~~10~~	~~Work session~~
12	Work session
17	Work session
18	Town hall: The Center
19	Work session: Board proposes budget and sets maximum tax rate for advertisement
20	Town hall: Monticello HS
24	Town hall: Sentara Conference Room
26	Work session (if needed)
27	Town hall: Yancey Community Center

April

7	Work session (if needed)
9	Town hall: WAHS
10	Town hall: North Fork
14	Town hall: Journey MS
23	Public Hearing
30	Public Hearing

May

7	Board approves and appropriates FY 26 Budget and sets tax rates

Work Session Process

- Staff presenting info at level of detail in between County Executive presentation & detailed budget document
- Includes many pauses for Board of Supervisors questions, dialogue and identify items for:
  - “The list” for potential adjustment and future Board discussion
  - General information
- Responses outside of work sessions are posted to the website for transparency

Agenda

Continued from Work Session #1: Allocation of Shared Revenue

General Fund Expenditures: Compensation & Health Fund, pages 79-88

Judicial, pages 105 - 116

Public Works, including RSWA, pages 129 – 136

Break, if Board desires

Health and Welfare, including Affordable Housing Fund & Human Services Funding Process, pages 137 - 200

Community Development, including Transit and Economic Development Fund, pages 213 – 224

Administration, pages 89 – 105

Parks, Recreation and Culture, pages 201 - 212

Allocation of Shared Revenue

Policy Guideline (p 40-41)
The County shares the increase or decrease in available shared revenues among the County Government and Public Schools operating, debt service, and capital budgets.

Step 1: Calculate the increase or decrease in General Fund local tax and State non-categorical aid revenues.

Step 2: Adjust the amount from Step 1 for changes in expenses that reduce available shared revenue: City of Charlottesville revenue sharing, Tax Relief programs, Economic Development Authority tax-related performance agreements, and the designated transfer to the Water Resources Fund.

Step 3: Allocate the remainder 54% to the Public Schools operating budget, 36% to the County Government operating budget, and 10% for the joint debt service and capital budgets.

This guideline may be reviewed annually with Board of Supervisors approval.

Real Property Tax Rate Increase of 4 Cents

Real Property
per $100 of
assessed value

4 ¢

3.2 ¢

Public Safety

($9.9 M in FY 26) to cover FEMA grant-funded firefighter positions, new police officers, and competitive salaries to maintain workforce stability

0.4 ¢

Schools

($1.2 M in FY 26) to support continued education funding. This increase **supplements** the existing tax rate allocation, where 54% is dedicated to Schools

0.4 ¢

Affordable Housing

($1.2 M in FY 26) for Affordable Housing to ensure ongoing investment in housing accessibility

Board Direction

The FY 26 Recommended Budget allocates an increase of 3.2 cents on the real estate tax rate for Public Safety.

Question: In FY 27, how should the **change** in the value of 3.2 cents dedicated to Public Safety be calculated in the "Allocation of Shared Revenue" formula?

The change in the value is…

- **Option A:** Split by the guideline of 54%/36%/10%
- **Option B:** Dedicated 100% for public safety expenses

Comparison of Options

	FY 26 Recommended	FY27 - Option A $ Change	FY 27 - Option B $ Change	Option B compared to Option A
Water Resources	2,168,606	106,262	106,262	-
Affordable Housing	1,239,203	60,721	60,721	-
Capital & Debt	43,340,973	1,755,501	1,706,924	(48,577)
Public Schools - Ongoing	209,302,695	9,479,703	9,217,388	(262,315)
County Gov., including Public Safety	148,478,151	6,319,802	6,630,693	310,891
Total		**17,721,988**	**17,721,988**	**0**

The **change** in the value is…

- Option A: Split by the guideline of 54%/36%/10%
- Option B: Dedicated for public safety expenses

Potential Considerations

1. Both options support the policy intent to have a guideline, and that it may be reviewed annually with Board of Supervisors approval.

2. Long-term Financial Planning

- Option B provides greater flexibility to address future public safety challenges, such as those discussed at the March 10 work session
- Option B reduces recommended CIP revenues by approximately $250k combined over 5 years
  - Impact will be discussed at 3/17 work session

3. Complexity

- Option B adds an additional step in the calculation; however, the calculation remains much simpler than the pre-2022, when the Board streamlined the formula.
- Not a barrier to implementation.

4. Communication to residents

- Which provides simpler communication for Board members?

Board Direction

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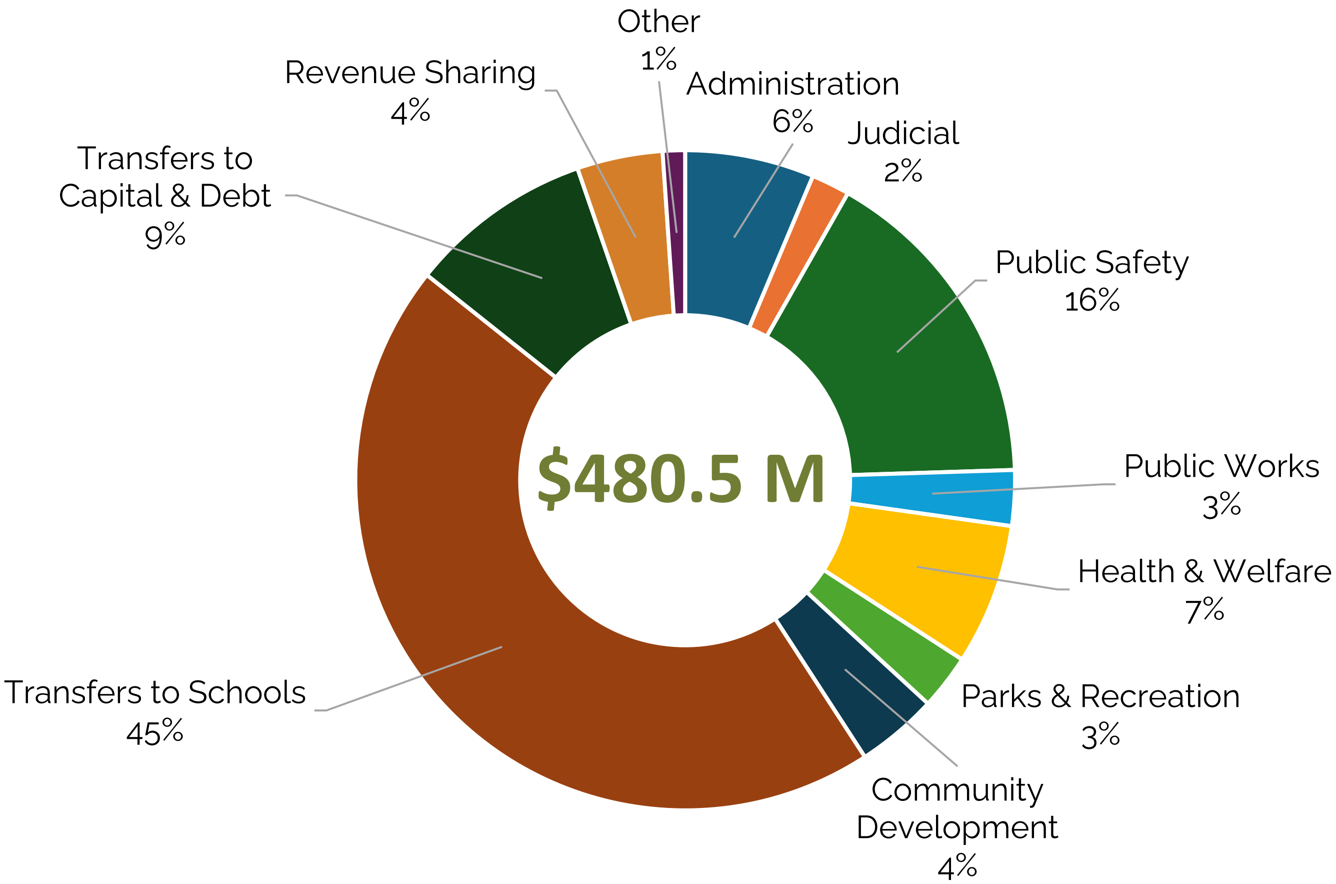
Six Strategic Goals

General Fund Expenditures

Pages 79 – 88



General Fund Expenditures

INVESTMENT IN
WORKFORCE & SERVICE DELIVERY

Support for Workforce

SUPPORTS GOAL: 6

$3.5 M MARKET ADJUSTMENT

$9M TRANSFER TO THE HEALTHCARE FUND

24% INCREASE IN HEALTHCARE RATES

Workforce Stabilization & Personnel Budgeting

Salaries & Related Benefits

- +$2.8 M for 3% cost of living adjustment, effective July 1, all scales

- +$0.7 M for 2% Public Safety Pay Scale step increases

- +$0.4 M for Salary and Benefit Reserve, total of $1.45 M includes
  - $1.3 M market-based benchmarking and reclassifications
  - $56k Extend Police & Fire Rescue Pay Scales from 26 to 30 steps
    - Sheriff and ECC currently at 30 steps
  - $54k Fire Rescue Career Development Adjustment

Turnover, impact of Comp/Class implementation

FY 23

- Actual Turnover rate 13.4%
- 80 vacancies at peak

FY 24

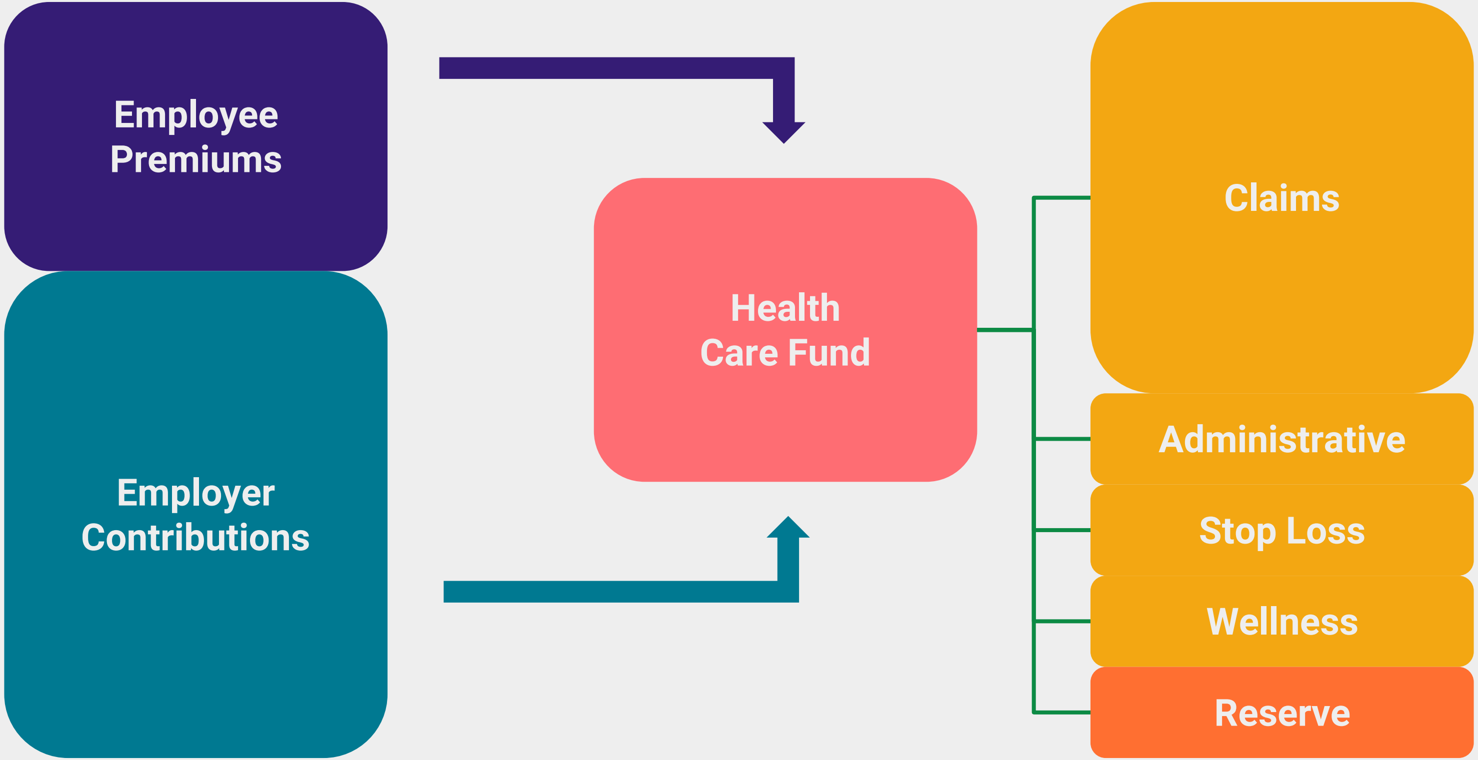
- Actual Turnover rate 12.8%
- 64 vacancies on average

FY25 (Projected)

- Turnover rate is 8.5%
- Less than 40 vacancies currently

Health Fund Overview

Self-Funded Plan Structure



Health Fund Overview

- FY 26 Recommended Budget
  - Plan Year 2026 (Calendar Year 2026) increase of 24%
  - $9.0 million one-time transfer
    - County Executive’s Recommended Budget includes Public School share of that transfer, $6.2 M, funded by County Government
- How have the Health Fund expenditures changed?
- How have revenues from employee & employer contributions changed?
- What is the Health Fund’s available fund balance?
- What is the impact of the Employee Clinic?

Expenditures

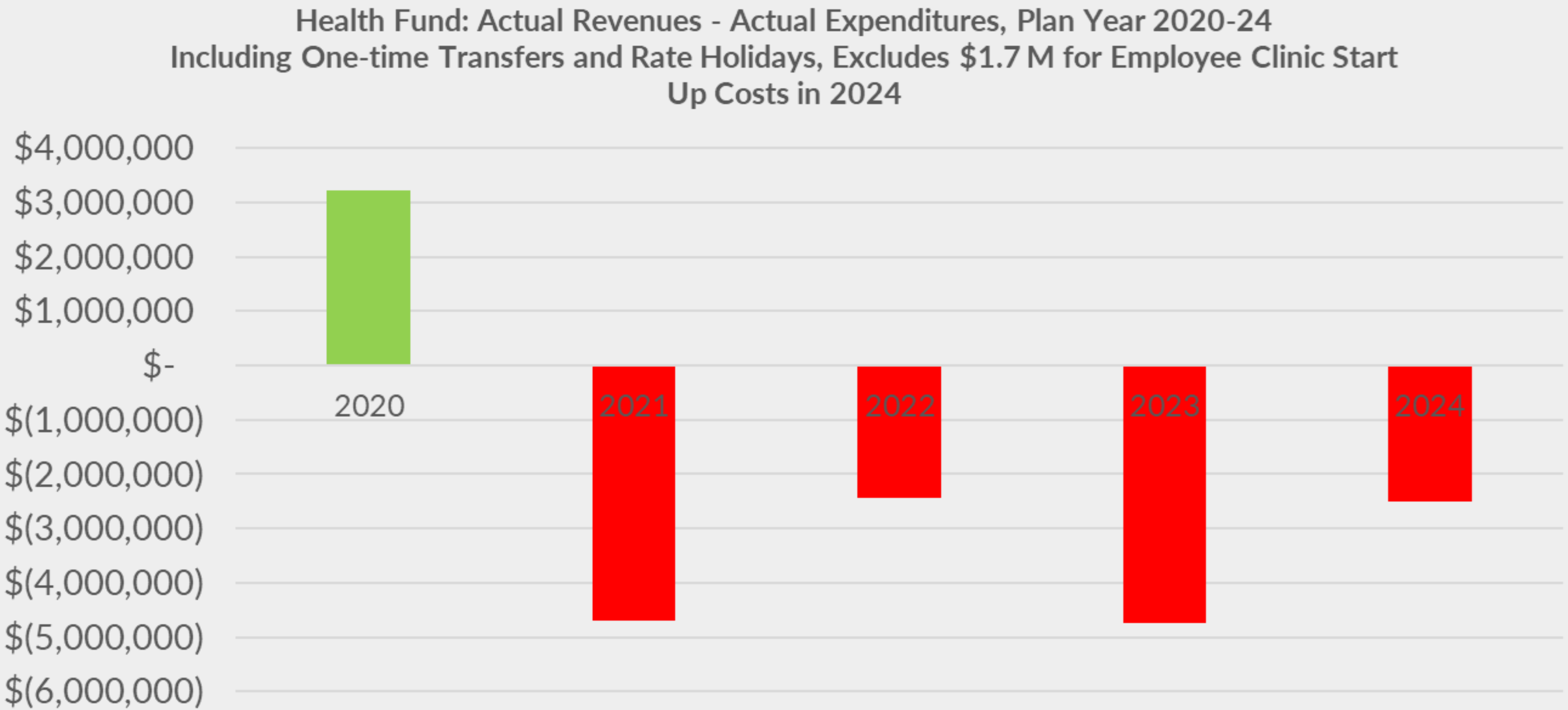
- Plan Year 24: $54.2M in actual expenditures
- Average annual expenditure growth of 16% (prior 4 years)
- High Cost Claimants (greater than $75k) impact this trend in PY 24:
    - 16 members with $325k+ claims, net of stop loss: $5.2 M
    - 53 members with $100k-$325k claims, $8.9 M
    - Additional 33 members with claims between $75-$100k totaling $2.8 M
- These 102 claimants, which are less than 2% of total covered lives, totaled $16.9 M

Revenues

Plan Year	Employee Increase	Employer Increase
2020	0%*	**
2021	0%	7%
2022	0%	7%
2023	7%	14%
2024	10%	11%
2025	18%	26%

Table shows rates for PPO, Individual Tier
*Rate unchanged since October 2018
**Employer Contribution rate structure changed to tiered

Past and Present



Health Fund's Fund Balance

- Policy
  - Minimum: 17% (2 months of expenditures)
  - Maximum: 33% (4 months of expenditures)
- End of Plan Year 19
  - Balance of $16.7 million or 51% of Plan Year 20 budget
  - Advised to draw down through premium holidays and rates decisions
- End of Plan Year 24
  - Balance of $3.0 M or 4.7% of Plan Year 25 Budget
- Projected, End of Plan Year 25:
  - 12% fund balance

Employee Clinic

- Provides improved access to employees
- Utilization during the first month
  - 152 visits, 127 of those were by employees
  - All available Saturday slots were filled
- No impact in PY 25 and PY 26 rates
  - Planned to slow future cost increases

Health Fund Summary

- **How have the Health Fund expenditures changed in recent years?**

  Average annual expenditure growth of 16% the prior 4 years, impacted by high cost claimants

- **How have revenues from employee and employer contributions changed?**

  Contributions have been less than the rate of expenditure growth

- **What is the Health Fund's available balance?**

  Balance of $3.0 M or 4.7% of Plan Year 25 Budget

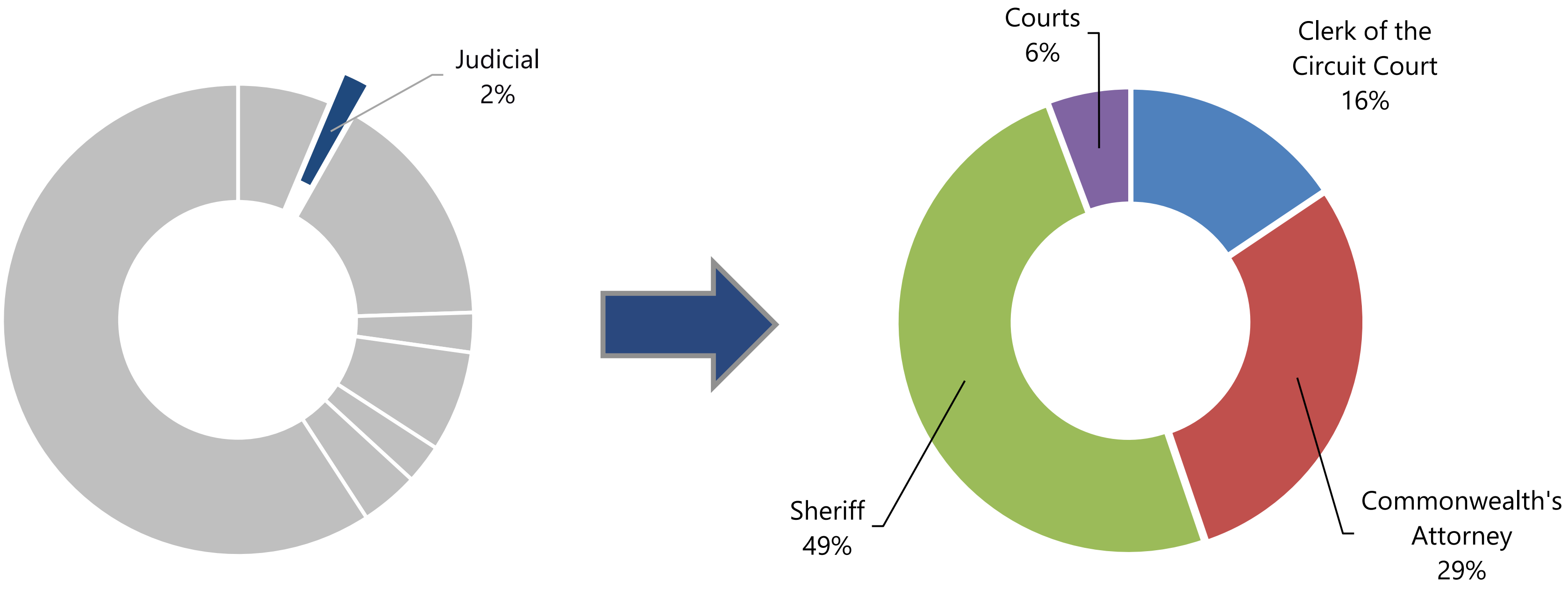
- **What is the impact of the Employee Clinic on contribution rates?**

  Short-term: None

  Long-term: More effective cost control, in addition to immediate benefit to employees

Judicial

$9.03 million



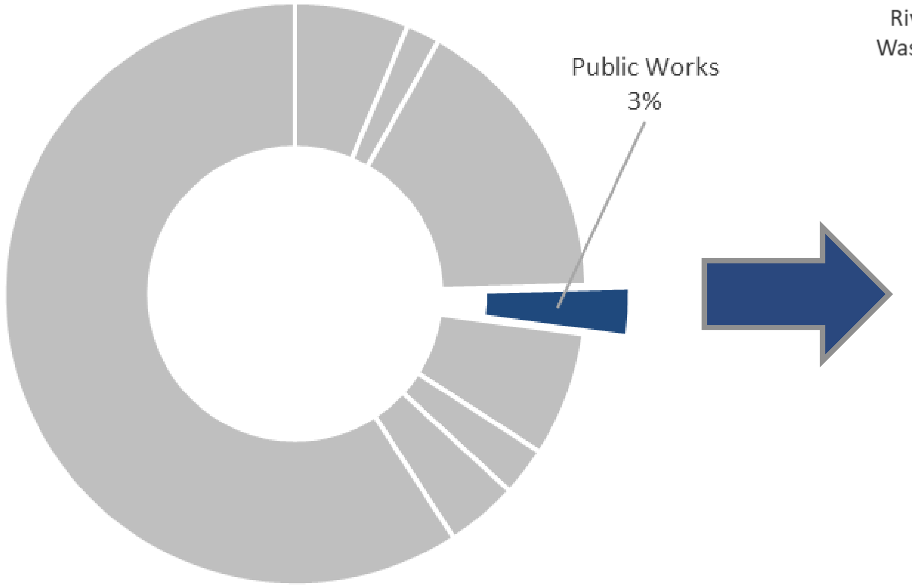
INVESTMENT IN JUDICIAL

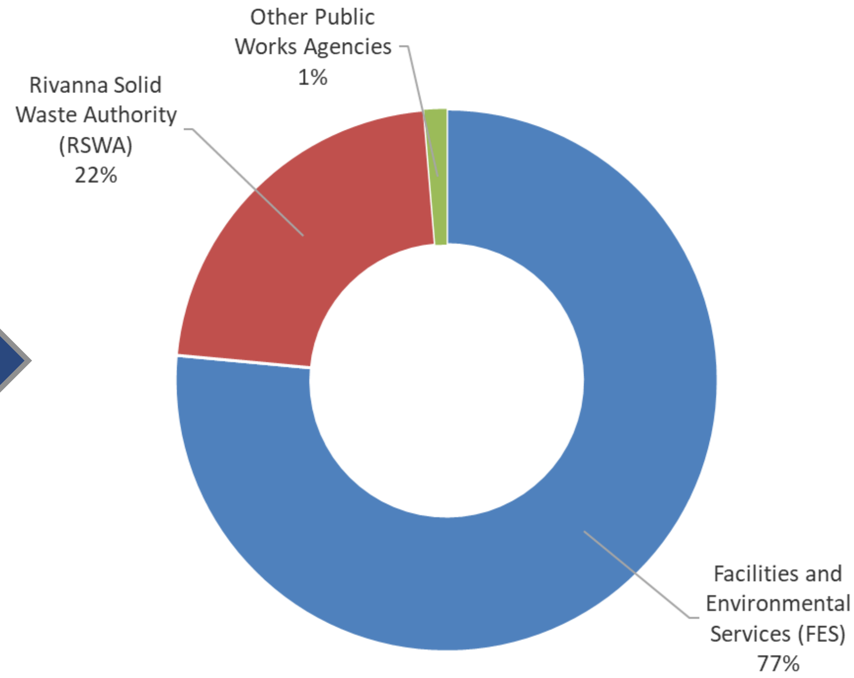
SUPPORTS GOAL: 1

Commonwealth Attorney	Clerk of Circuit Court	Sheriff	Public Defender
Fully funds operational requests. Reduction of 0.5 FTE at request of Commonwealth Attorney	Fully funds operational requests	Does not include additional requests for staffing	$12k related to pay adjustments

Public Works

$13.1M





INVESTMENT IN PUBLIC WORKS

SUPPORTS GOALS: 2 3 4 6

Courts Operations

$156K in operational costs for new General District Court facility

Roadway Litter Pick-ups

Disposable Plastic Bag Tax Funding

Climate Action

Continue work to meet climate goals

Climate Action & Environmental Sustainability

Ongoing	One-time	Capital Projects
Past uses		
• Environmental Services Division: $564K • Southern Convenience Center operations: $400K • Streetsweeper: $114K • Disposable Plastic Bag Tax and related programming: $50K	• Housing Weatherization, multiple years: $750k • Charging stations at County Office Building: $350k • Community Climate Action Grant Program, multiple years: $200k • Septic to Sewer: $650k	• Southern Convenience Center: $1.6M • Street Sweeper: $385K • County Office Building Weatherization: $1.5M • Baler facility replacement: $4M
Future Uses		
• Program expenditures identified above are FY 26, total of $1.6M	• $350k Septic to Sewer Program • $0.2 M in unallocated Climate Reserve	Northern Convenience Center, construction planned in FY 27, operations in FY 28

Proposed Increase to Tipping Fees

Ivy Solid Waste & Recycling Center

RIVANNA
SOLID WASTE AUTHORITY

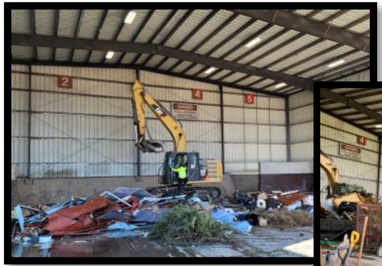
Presented to the Albemarle County Board of Supervisors

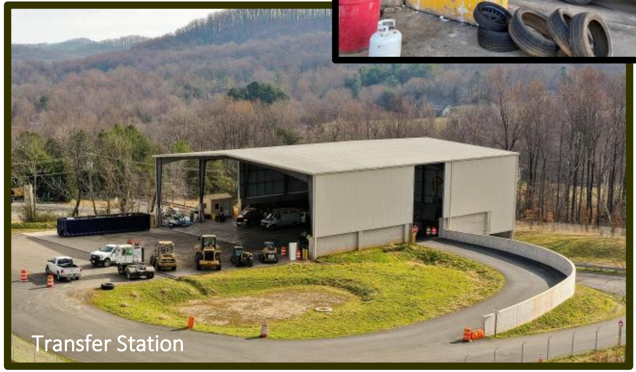
By Bill Mawyer, Executive Director

March 12, 2025

Services we provide for our community

Refuse Disposal





Transfer Station

Post-closure Landfill Care

Ivy SWRC

Mulch

Vegetative Debris

Recycling

McIntire Recycling

Southern Albemarle Convenience Center

Ivy Convenience Center

Paint Collection

Local Tipping Fee Survey

March 2025 Survey	
County/Facility	**MSW/CDD ($/ton)**
Augusta Regional Landfill	$ 52.00
Fluvanna County Transfer Station	$ 60.00
Louisa County Landfill	$ 54.00
Nelson County Transfer Station	$ 55.00
Greene County Transfer Station	$ 70.00
Van der Linde Recycling (CDD only)	$ 60.00
Average:	$ 58.50
Current ISWRC Fee:	$ 58.00
Proposed ISWRC Fee:	$ 60.00
Note: Only Facilities highlighted in **BOLD** allow non-county residents or non-account holders to deposit MSW at their facility.	

Proposed Increase in Tipping Fees

for July 1, 2025

- Domestic Waste (MSW)
- Construction & Demolition Debris (CDD)

  - *Increase disposal fee from $58 to $60 per ton*

Summary

Proposed tipping fee increases of $2/ton will:

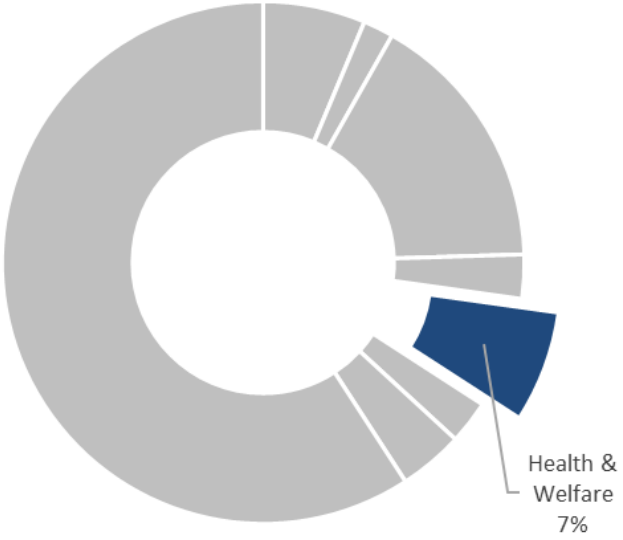
- *align Domestic Waste and Construction & Demolition Debris disposal fees with local markets*
- *support inflationary and operational expense increases*
- *generate about $130,000 in additional annual revenue and reduce the County's allocation to the RSWA*

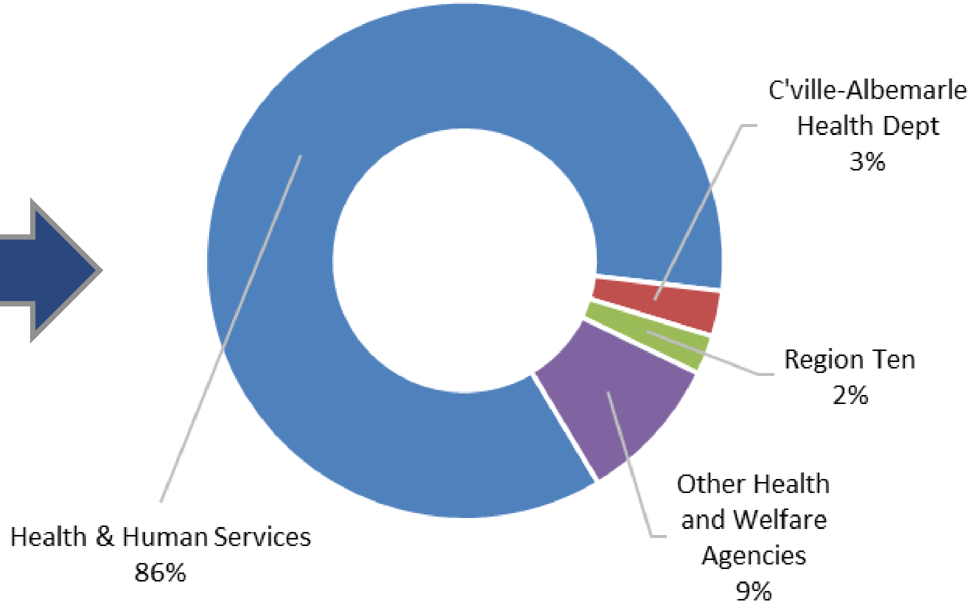
Questions?

Break, if Board desires

Health & Welfare

$33.2 million





INVESTMENT IN HEALTH & WELFARE

SUPPORTS GOALS: 1 4

Children Services Act

$129k increase in transfer to CSA. $750k contribution to fund balance in FY25

Emergency Assistance Funding

Continuing $260k in local funding to address urgent, one-time financial needs

Housing Fund

$3M in FY 25 revenues to advance affordable housing projects. $1.2 in ongoing funding starting in FY26

Health & Welfare Agencies

$5.4M to sustain human service programs delivered through partners

INVESTMENT IN QUALITY OF LIFE

Affordable Housing

SUPPORTS GOALS: 2 4

.4 DEDICATED REVENUE EQUALING $1.2M

$ ADDITIONAL $3M ONE-TIME INVESTMENT

ADDS TO THE $17M IN HOUSING INVESTMENTS OVER PAST 5 YEARS

Affordable Housing Investment Fund

Established in FY 19

Purpose

- The Affordable Housing Investment Fund is intended to support housing initiatives that are one-time costs and will support the County’s strategic and housing goals.

Funding Sources

- Past one-time transfers from the General Fund
- Affordable Housing Proffers
- **New in FY 26**: Ongoing funding equivalent to 0.4 cents on real estate tax rate

Past Uses

- Virginia Supportive Housing– Premier Circle
- Habitat for Humanity – Southwood Redevelopment Phase I & II
- Piedmont Housing Alliance – Southwood Hickory Hope Apts
- Albemarle Housing Improvement Program – Rehabilitation and Energy Improvement programs

Currently, there is $0.2 M in unallocated funding. Recommendation would increase to $4.4 M.

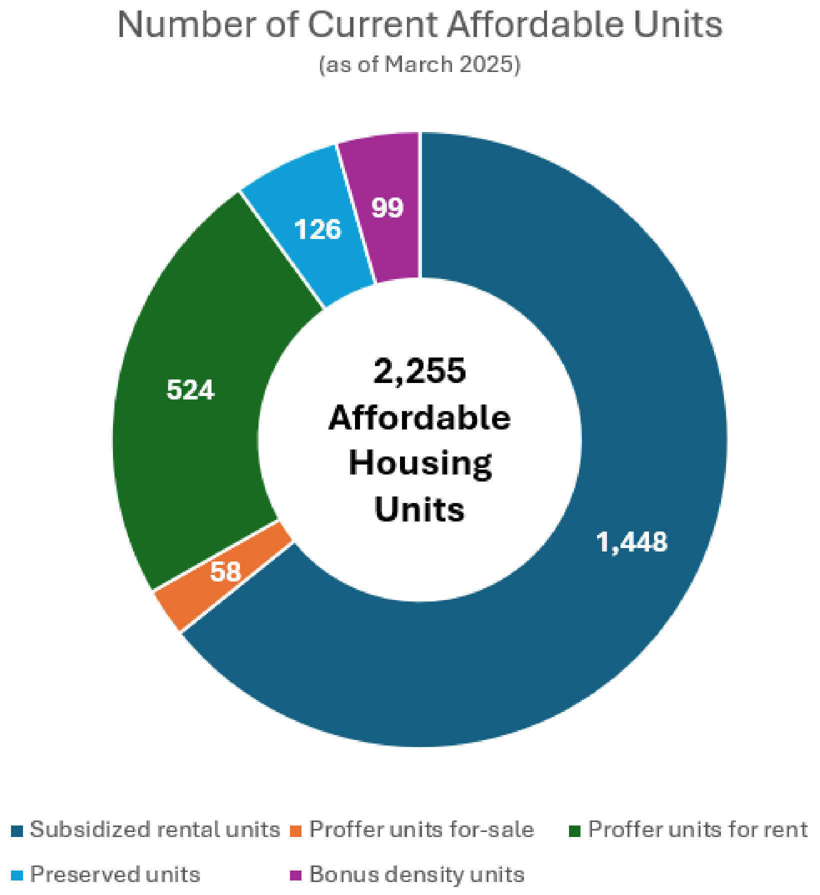
Future Options

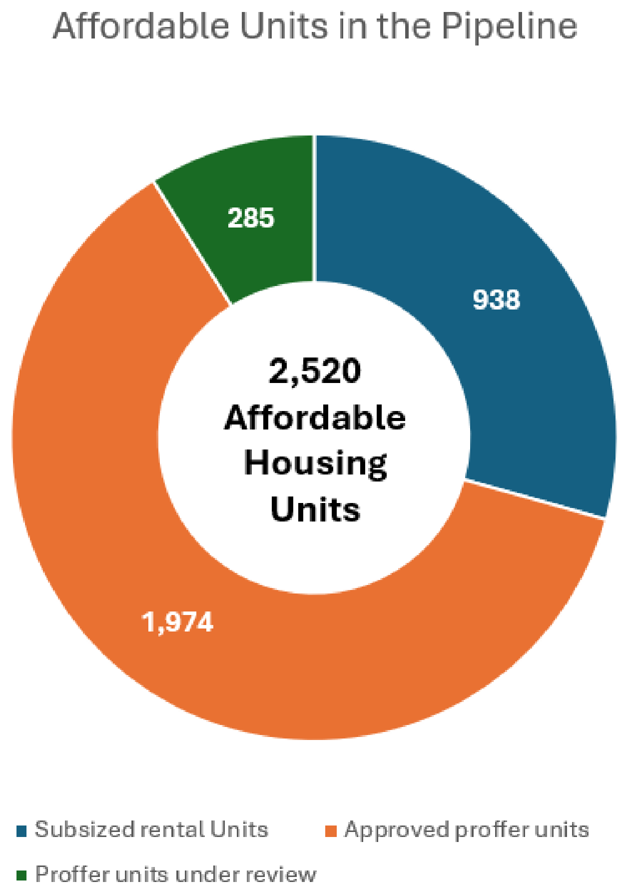
- New housing initiatives
- Homeless services

Investments Supporting Affordable Housing

Funding Source	2019-2025	2026	Total	Total Units/ Households Served
Affordable Housing Investment Fund (AHIF)	$ 13,508,024	$ 1,239,203	$ 14,747,227	626
American Recovery Plan Act (ARPA)	$ 3,899,680	$ -	$ 3,899,680	437
Albemarle County Emergency Relief Program (ACERP)	$ 520,000	$ 260,000	$ 780,000	462
Community Development Block Grants (CDBG)	$ 2,102,841	$ -	$ 2,102,841	58
Housing Opportunities Made Equal (HOME)	$ 608,474	$ -	$ 608,474	65
Albemarle County Human Services Funding Process (ACHSFP)	$ 4,409,091	$ 917,151	$ 5,326,242	3,600
Virginia Housing	$ 5,000	$ -	$ 5,000	-
Housing Assistance Fund	$ 29,669,441	$ 5,645,703	$ 35,315,144	511
Southwood Tax Increment Financing (TIF)	$ 1,400,000	$ -	$ 1,400,000	-
Tax Relief for Elderly/Disabled	$ 9,984,417	$ 2,344,986	$ 12,329,403	857
Staffing	$ 2,677,369	$ 762,288	$ 3,439,657	-
Total	**$ 68,784,337**	**$ 11,169,331**	**$ 79,953,668**	**6,616**
Annual Average			**$ 11,421,953**	**945**

Affordable Housing Units in Albemarle





INVESTMENT IN SAFETY & WELL-BEING

Human Services Funding Program

SUPPORTS GOALS: 1 4

26 PROGRAMS FUNDED

$1.6 M

STRENGTHEN REGIONAL SAFETY NET

Albemarle County Human Services Funding Process (ACHSFP)

July 2023 & July 2024, Board approved updated framework for the process including:

- Funding first prioritized for programs most directly aligned with 4 emerging needs areas in Human Services Needs Assessment: Family Homelessness, Adolescent Mental Health, Community Safety, and Navigation for Seniors.

- Staff would no longer consider the "50% of the funding request" precedent for new County-funded programs.

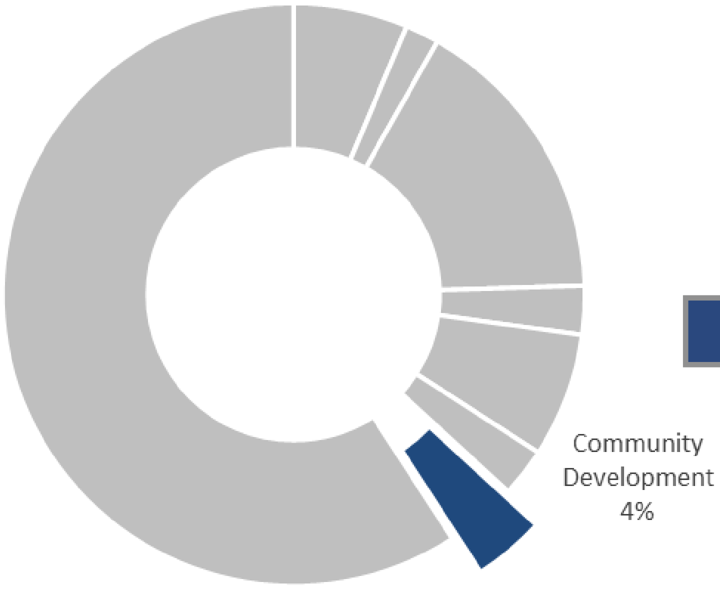
- Applying a prioritization rubric to the recommendations process based upon:
  - Whether the agency contributes to a basic needs safety net or serves a vulnerable population;
  - Whether the program met an identified priority on the Human Services Needs Assessment; and
  - The category of service the program provided (direct urgent response services, prevention services, system leveraging, and/or capacity building).

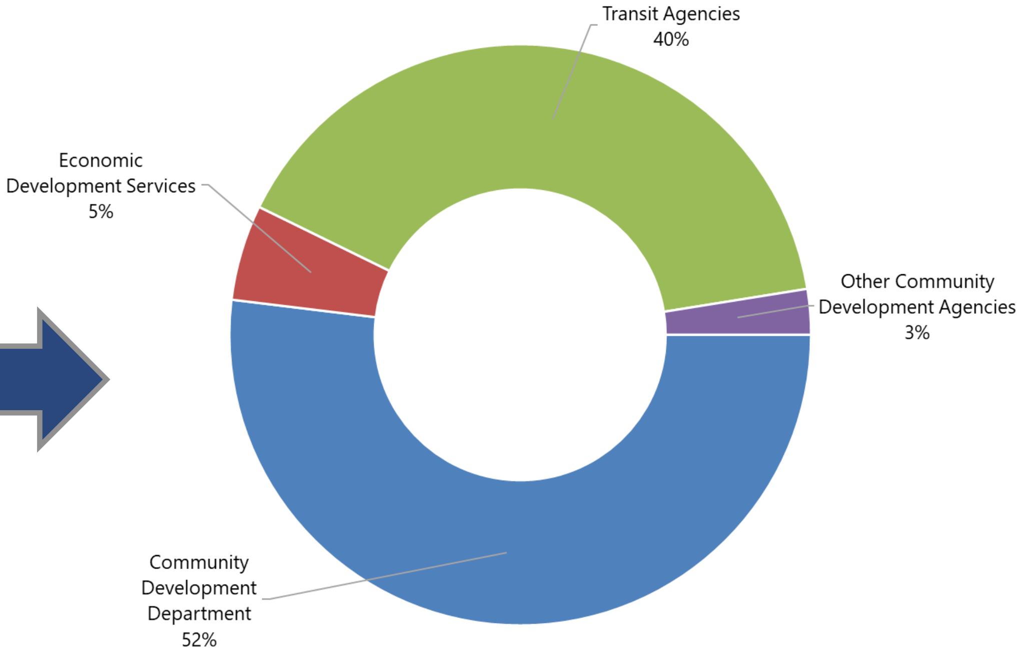
Human Service Funding Process
FY 26 Recommendations

- ACHSFP: volunteer community members & County staff who review human services community non-profit agency requests, but do not make funding recommendations
- Programs applying for funding in the ACHSFP were organized into Tiers based upon the prioritization rubric.
- A greater priority for funding allocation was given to those programs that were classified in the higher Tiers, i.e. programs in Tier 1 would receive priority over programs in Tier 2; programs in Tier 2 would receive priority over programs in Tier 3.
- Funding amounts were calculated based on the overall amount of the FY26 request so that applicants in higher tiers are recommended for a higher percentage of their FY 26 request.

Community Development

$19.2 million





INVESTMENT IN COMMUNITY DEVELOPMENT

SUPPORTS GOALS: 4 6

AC44

Phase 3 development of implementation plan

Zoning Ordinance Update

Ordinance Updates

Form Based Code Phase 2

Data Centers Re-Zoning

Core Systems Modernization & Centralization

Enterprise Permitting & Licensing implementation continues

INVESTMENT IN QUALITY OF LIFE

Economic Development

SUPPORTS GOAL: 4

Project ENABLE 2.0

Develop and launch next Economic Development Strategic Plan

Rivanna Futures

Operations and Project Support

Economic Development Fund

Established In FY 18

Purpose

- Leverage/catalyze other possible investments and will provide an immediate and accessible pool of funds for implementing initiatives that will boost business opportunity and create an improved local economy.

Funding Sources

- Past one-time transfers from the General Fund
- No ongoing funding

Past Uses

- Infrastructure and redevelopment: Woolen Mills and Barnes Lumber
- Grant Matches: Virginia Job Incentive Program (VJIP), Commonwealth Opportunity Fund, GO Virginia
- Site readiness: Rivanna Futures

Currently, there is \$3.3 M in unallocated funding. Recommendation would increase to \$4.3 M.

FY 25 Examples

$61k

Rivanna Futures

Engineering, partner engagement, legal services; leveraged $613k in GO Virginia funds

$540k

Afton Scientific COF Match

Matching funds for expansion - 200 jobs, $200M capital investment; leveraged 1:1 match with State investment

$20k

Wine Scale Up

GO Virginia match for industry support

$15k

Innovation Roadmap

GO Virginia match to develop regional vision

FY26 Potential Areas

Redevelopment

Incentivizing underutilized parcels

Site Readiness

Pipeline of available sites

Attraction

Marketing, site selector engagement

Innovation Corridor

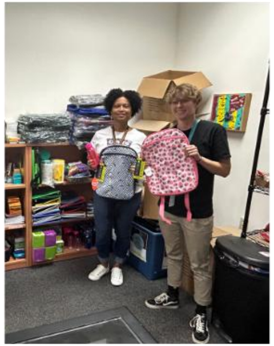
Regional infrastructure

Workforce Development

Training & Upskilling

04

Next Steps



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