The Honorable Members of the Board of Supervisors
County of Albemarle
401 McIntire Road
Charlottesville, Virginia  22902

Dear Honorable Members of the Board of Supervisors of Albemarle County:

On behalf of the administration of the County of Albemarle, I present to you and the citizens of Albemarle County the County’s Fiscal Year 10/11 recommended combined capital and operating budget totaling $293,850,901 which is a decrease of $10,312,084 or 3.4% from the FY 09/10 adopted budget and a decrease of $39,864,784 or 11.9% from the FY 08/09 adopted budget. This proposed budget is balanced on a 74.2 cent tax rate following direction provided by the Board of Supervisors in January.

This budget confronts the difficult realities of reshaping our organization and crafting a new and vital future while attempting to establish reasonable expectations for local government services in a time of significantly reduced revenues. Like many local governments Albemarle County is experiencing a significant structural budget imbalance – without major adjustments we face ongoing projected expenditures that outpace ongoing anticipated revenues over the short to long term. Also, changing economic conditions have shifted workload in the organization and have reduced it substantially in some functional areas while increasing it in others. Since the fall of 2007, we have implemented aggressive expenditure reductions including service level decreases, position reductions and staff reallocations to insure that the finances of the County are in a stable situation so that our organization is responsive to changing workload levels and is sustainable over time in the new economic reality we face.

To this end, the budget incorporates principles of zero based budgeting by not automatically assuming that current year expenditure levels are justified but rather systematically reviews,
reprioritizes and shifts funding support from activities that no longer align properly with our objective to support core public safety and human service functions. The significant expenditure reductions and staff reallocations outlined below demonstrate how we have followed our customary budgeting practice - services have been assessed, evaluated and reprioritized as opposed to simply basing budgeting decisions on previous year’s funding levels.

Our financial planning is working towards a reconfigured yet vital and productive organization capable of meeting critical needs, delivering core services and responding to new challenges. As a result, we are positioned to add new strategic investments and organizational capacity in the future as conditions improve. Reconfiguring within available revenues involves very difficult choices that will change the nature of our service levels and funding support in some very fundamental ways – for example, while we had been able to maintain at least level funding for community agencies as we reduced funding for local government departments for the past two years, we were not able to accomplish that in this budget.

This proposed budget is the start of the important community conversations that should take place over the next several weeks regarding all the proposed reductions and how they reflect the current and future priorities and desires of our citizens.

Financial Realities in the Current Environment

It is important to begin these conversations by understanding very clearly the realities of the financial situation we find ourselves in. To provide some perspective, between the budget adopted in FY08/09 and the proposed budget for FY10/11, Albemarle County is projecting a total decline in revenues of $11.9 million, or 5.3%, including a $1.6 million reduction in state revenues.

During this two-year time period when revenues have significantly declined, the County has been required to meet substantial increases in obligations and mandates. Some major examples of those areas include the Revenue Sharing Agreement with the City of Charlottesville which increased $4.8 million or 35%, the Tax Relief for the Elderly and Disabled Program which increased $321,362 or 47%, and the SPCA contribution which increased $203,450 or 115.8%.

The School Division also faces significant fiscal pressure, with a loss of $5.2 million in local revenues based on the current funding formula to support school operations between the budget adopted in FY08/09 and the proposed budget for FY10/11 in addition to state reductions including potential adjustment of the composite index and other reductions anticipated during FY10/11.

Budget Goals

It is especially important that the very challenging budget decisions we make are based on sound principles that reflect the goals and values of our organization. The proposed budget recommendations reflect the results of a very thoughtful and deliberate process utilized by County staff that carefully assessed our services from a variety of perspectives including results/outcomes, workload levels, citizen priorities, strategic objectives, and direction provided by the Board of Supervisors. Following are the high level goals staff used in developing this budget:

- Reduce and reposition the organization to ensure long term sustainability
- Maintain essential health and public safety services to the greatest extent possible
- Provide reductions based on established criteria across all service areas including community agencies which have not seen any reductions to this point
- Respond to reduced workloads and service level reductions by eliminating/freezing positions and reassigning staff to core services
Continue our **commitment to school funding** based on our established funding policy
Maintain proactive approach to **identifying and implementing efficiencies**
Fund **obligations & commitments**
Establish a dedicated and ongoing **revenue contingency fund** equal to one (1) percent of departmental expenditures
Shore up undesignated General Fund balance to **ensure continued strong financial position**
Maintain **competitive compensation and benefits** to the greatest extent possible

**Budget Highlights**

While reductions and repositioning efforts are included throughout this budget proposal, here are the most critical elements of this proposed budget:

- **Budget is balanced on existing tax rate of 74.2 cents, or 62.2 cents after 12 cents is deducted for revenue sharing with the City of Charlottesville, resulting in a decrease in annual tax payments for the average homeowner.**
- **Expenditures are reduced by $10.3 million, or 3.4%, from FY 09/10.**
- **General Government expenditures are reduced by $938,667 or 1.2%.**
- **Decreases local government staffing to FY 01/02 per capita levels - a total of 78 positions eliminated/frozen or offset since repositioning began in 2007.**
- **Reductions are based on criteria applied across all service areas and impact a majority of community agencies.**
- **Allocates approximately 61% of the budget to the School Division for operations, debt service, and capital needs.**
- **Reduces general fund contribution to school operations by $4 million, or 4.1%, in local support of school operations in accordance with the established funding formula.**
- **Reflects an increase of $415,780, or 2.3%, in revenue sharing with the City of Charlottesville, to a total of $18.45 million in FY 10/11.**
- **Funds benefit increases but provides no increases in employee compensation.**
- **Reflects $444,500 in revenues from EMS Cost Recovery.**
- **Continues to provide $1 million for Tax Relief for the Elderly and Disabled.**
- **Creates a local government revenue shortfall contingency fund of $800,000.**
- **Uses $ 2.0 million in revalidation roll back taxes to increase the fund balance and to assure the County’s sound financial position.**

**Revenue Realities**

The County continues to face a dramatic downturn in revenues due to the broader economic conditions facing the Country. That downturn is reflected in the proposed FY10/11 budget when compared to the adopted FY 09/10 budget in the following ways:

- Overall property values are down 3.18% - the average single family residence is down 3.96%, reducing real estate tax revenues by 1.7% or $1.9 million
- Sales tax is down 11.4% or $1.4 million
- Personal property tax is down 9.3% or $2.0 million
- State funding is down 6.5% or $1.5 million

**Expenditure Reductions**

To address the combination of reduced revenues and significant increases in obligations, the County has aggressively scrutinized all expenditures. Many of the proposed reductions respond to declining workloads in some areas of the organization, primarily Community Development. Everything we do as a local government supports individuals, families and our community, and all services have a constituency that has good reason to believe that service is essential. But this
sobering budget situation demands that we make a deliberate and thorough examination of where we invest available resources, prioritizing those services that are truly core to protecting health, welfare and personal safety. This proposed budget reflects county staff’s best judgment of the highest priority programs and services that can be funded within existing revenues based in large part on budget reduction principles that recognize services that directly protect life and safety such as social services, police and fire; that enhance continued efficiency and cost-effectiveness in county operations; and that support operational sustainability and restructuring for the long term.

In addition to the reduction principles, budget decisions presented in this plan considered a variety of other indicators that provide important perspectives on the outcomes and relative value of various programs and services including workload measures, citizen survey data, Agency Budget Review Team recommendations, the Board’s strategic plan and results of the Strategic Planning Retreat in October of 2009, recommendations of the Resource Utilization Study, and other criteria. Use of these indicators allowed staff to gain a holistic assessment of potential reduction impacts.

It is important to again note that reductions to community agencies were avoided for the first two years of the recession as local government operations and staffing have absorbed significant decreases. In fact, in FY08/09 when the County was experiencing declines in revenues related to the economic downturn and responded by freezing/eliminating county staff positions and reducing operating budgets, community agencies received an average increase of 4% in funding. In FY09/10 while local government expanded its frozen/eliminated/offset positions to 55 and reduced non-personnel expenditures significantly, agencies maintained at least level funding while several again saw slight increases. So while it is not our desire to recommend reductions to these valuable community agencies, we do so out of necessity only after we have very aggressively reduced our own department expenditures to the point where core services must now be preserved.

It is also important to note that a wide variety of strategies were considered during development of the budget. County staff has carefully analyzed possibilities including employee furloughs, salary reductions, reduced hours, etc. If we were facing a short term situation that could be solved through one-time savings, these strategies might be effective. However, because we need to make ongoing structural adjustments to our organization to get to a level that can be sustained within projected revenues over the long term, these possibilities have very limited value and are not realistic as an ongoing way of doing business.

**Expenditure Reduction/Repositioning Summary** – A detailed list of specific expenditure changes proposed in the FY 10/11 budget follows immediately after this letter in the budget document. Below is a summary by major functional area that provides a multi-year look at reduction/repositioning efforts. These changes include positions that were eliminated due to workload reductions or because they were determined not to be core positions. Other staffing changes reflect positions that have been privatized or offset by other revenues and core positions that have been frozen but should be reconsidered for hiring once the economic situation improves.

As these summaries demonstrate, we have focused reductions to the greatest extent where workload decreased and where administrative expenses could be reduced. This has served to provide some protection to our core services in public safety and human services.

**Fiscal and Management Services** - *encompasses our internal business operations (County Executive, Board of Supervisors, Information Technology, Human Resources, Finance and Voter Registrar) and our Facilities Management and Support (Buildings & Grounds Maintenance, Custodial Services, Copy Center, Environmental Management, Stormwater/Water Resources and Solid Waste & Recycling)*
This functional area reflects a 5.7% or $834,000 decrease from the FY08/09 Adopted Budget to the proposed FY 10/11 budget.

24 frozen, eliminated or offset positions or approximately 29% of staffing changes throughout the organization over the two years occurred in this functional area.

Community Development Services – encompasses Department of Community Development, Office of Facilities Development, community development and regional planning agencies, public transportation.

This functional area reflects a 11.5% or $940,000 decrease from the FY08/09 Adopted Budget to the proposed FY 10/11 budget.

33 frozen, eliminated or offset positions or approximately 44% of staffing changes throughout the organization over the two years occurred in this functional area.

Community Services and Agencies – encompasses public safety (Police and Fire Rescue Departments, Volunteer Fire/Rescue Agencies, Emergency Communications Center, Regional Jail, Community Attention, Detention Home, Offender Aid and Restoration and SPCA), human services (Social Services Department, Office of Housing, Bright Stars, CSA and 27 Community Agencies) and parks, recreation and culture (Parks and Recreation Department, funding support for 10 community festivals, library system and Convention & Visitors Bureau).

Public Safety –

This functional area reflects a 0.6% or $166,000 decrease from the FY08/09 Adopted Budget to the proposed FY 10/11 budget.

10 frozen, eliminated or offset positions or approximately 13% of staffing changes throughout the organization over the two years occurred in this functional area.

Human Services –

These functional areas reflect a 1.4% or $285,000 decrease from the FY08/09 Adopted Budget to the proposed FY 10/11 budget.

10 frozen, eliminated or offset positions or approximately 13% of staffing changes throughout the organization over the two years occurred in this functional area.

Parks & Recreation/Culture –

These functional areas reflect a 4.4% or $279,000 decrease from the FY08/09 Adopted Budget to the proposed FY 10/11 budget.

1 frozen, eliminated or offset position or approximately 1% of staffing changes throughout the organization over the two years occurred in this functional area.

Strategic Reinvestment

We believe that a major strategic issue involves how we will rebuild and reinvest in our organization as the economy recovers. We are particularly concerned about sustained reductions to core public safety services like police officers and to our capital program. A thoughtful reinvestment strategy that adheres to our guiding principles and continues our focus on core services and sustainable restructuring of our organization will allow us to make the best possible use of any additional funds beyond what is envisioned in this budget. Both operational items and a strategy for building back capital funding should be part of this reinvestment strategy. While a list of “add back” items will be presented during upcoming work sessions for the Board’s consideration, it is very critical that the Board provide direction in strategic discussions planned for early this summer to provide long term guidance regarding their priorities and vision for the future.
High Performance and the Continued Delivery of Quality Services

As an organization that stresses a business model of high performance, we have always focused on efficient operations and responsible fiscal management - stewardship including financial stewardship, is one of the four core values of our organization along with integrity, innovation and learning. We have a strong record of objective measures that reflect our prudent financial approach over time:

- 2008 Citizen satisfaction rankings that show an Overall Quality of Life Ranking of 8.01 on a scale of 1 - 10, not statistically different from survey results in 2004 or 2006
- Generally below the average of Virginia counties in per capita spending
- Smallest county in the Country with a Aaa bond rating
- Tax rate, when adjusted for revenue sharing, remains among the lowest of the 20 most populated Virginia counties

It is important to note that even with the downturn, the County is continuing to work to maintain our customer service standards, to achieve county priorities and to meet important citizen expectations. While this year’s budget reflects the reality of declining revenues and increased obligations, we are focusing available resources on those critical functions that directly serve and protect our citizens while making the best use of our financial resources.

2009 Highlights that Demonstrate Innovation and High Performance

- For the seventh year in a row, Albemarle County was named among the top ten most technologically advanced, cutting edge county governments of its size in the U. S. in the 2009 Digital Counties Survey.
- The Alliance for Innovation chose Albemarle’s Family Support Program to receive a prestigious Outstanding Achievement in Local Government Innovation Award, one of only ten programs nationwide to be honored.
- The Albemarle County Police Department won the 2009 Governor’s Transportation Safety Award in the category of General Traffic Safety
- Albemarle County tied for first place with Arlington County in its population category in the 2009 Go Green VA Challenge, which is part of the Virginia Municipal League’s larger Go Green Virginia environmental initiative
- Albemarle County’s General Services Department was accepted as an Exemplary Environmental Enterprise (E3) into the Department of Environmental Quality’s Virginia Environmental Excellence Program.
- Charlottesville and Albemarle County were selected as the first area in Virginia and one of the first in the nation to benefit from “smart grid” technology
- The Southeast Energy Efficiency Alliance (SEEA) awarded the city of Charlottesville and County of Albemarle, VA $500,000 for their proposal to create a local energy program

Special Thanks

Each year, the Office of Management and Budget (OMB) coordinates the general government operating and capital budget process. I want to thank OMB and recognize, with sincere appreciation, the assistance and cooperation of our Department Heads, constitutional officers, regional agency Directors, School Board and School staff for their many hours of hard work and contributions to this budget. I also want to specifically recognize Laura Vinzant, Steve Allshouse, Richard Wiggans, Robert Walters, Tom Foley, Bryan Elliott, Lee Catlin, Lori Allshouse, Andy Bowman, Diane Mullins, and Lindsay Harris for their efforts.

In closing, this recommended budget is responsive to current economic conditions while still focusing on our essential services to the greatest extent possible. The reality of the current situation does mean that we as a community have some very challenging budget choices ahead.
of us, and I have complete confidence that we will emerge from this downturn as a better organization and a thriving community. I look forward to the upcoming discussions with you and the citizens of Albemarle as we move forward with this FY 10/11 financial plan.

Respectfully submitted,

Robert W. Tucker, Jr.
County Executive
BUDGET REDUCTIONS AND REPOSITIONING RECOMMENDATIONS BY FUNCTIONAL AREAS

While individual chapters in the budget document specifically identify changes proposed in the FY 10/11 Recommended Budget, the following pages summarize the major reductions by the following groupings: Fiscal and Management Services, Community Development, and Community Services.

Fiscal and Management Services
$13.9 million in expenditures for FY 10/11, or 17% of departmental expenditures

Areas Encompassed: Board of Supervisors; County Executive; Human Resources; Information Technology; County Attorney; Finance; Voter Registrar and Elections; and Facilities Management and Support (Buildings and Grounds Maintenance, Custodial Services, Copy Center, Environmental Management, Water Resources and Solid Waste and Recycling – including Rivanna Solid Waste Authority)

Summary of Reductions since FY 08/09:
• These areas have decreased 5.7% or $834,828 from the FY 08/09 Adopted Budget to the proposed FY 10/11 Recommended Budget.
• 24 frozen, eliminated or offset by alternative revenue positions or approximately 31% of staffing changes throughout the organization over the two years occurred in this functional area.

Specific Reductions and Repositioning Efforts Proposed in the FY 10/11 Recommended Budget According to Budget Reduction Principles:

Continues proactive approach to efficient operations through repositioning
• Eliminates IT Enterprise Agreement resulting in an estimated savings of $100,000 in software related maintenance costs, distributed across departments.
• Eliminates county membership in several state and national organizations such as Virginia Municipal League, the Virginia Institute of Government and the Alliance for Innovation to avoid potential overlap.
• Contracts out custodial services resulting in $100,000 savings, eliminating 7 custodial positions anticipated to be reassigned to school or other vacancies.
• Consolidates project management services between several departments by transferring 1 stormwater project management employee to the Office of Facilities Development.
• Includes significant decrease in utilities saving $234,018 based on reduced rates and energy efficiency efforts.

Responds to reduced workloads and service level reductions by eliminating/freezing positions and reassigning staff
• Reassigns a half-time building inspector position from Community Development to General Services to be funded through federal energy management grant program.
• Reassigns County Executive Office position to Finance as a Budget/Management Analyst.
• Continues 18 position reductions implemented prior to this recommended budget.
Reduces and restructures the organization to ensure long-term sustainability

- Unfreezes Business Auditor position as recommended by the Resource Management Study as a revenue generation strategy.
- Reassigns a Community Development position to work on the newly created Revalidation Program to assure proper allocation of tax revenues.
- Includes a $30,000 contingency for the Registrar in anticipation of a potential primary.

Other changes

- Reduces roadway landscaping and median maintenance by 50% ($21,000 savings).
- Eliminates ongoing funding for Bulk Waste Amnesty Days by utilizing one-time funds from the fund balance (saving $22,000 in ongoing expense).
- Reduces ACE Program publicity by $3,300 to a minimum level.

Cumulative Service Impacts since FY 08/09

- Visitor Assistance Centers have been closed at both County Office buildings.
- The Finance Drive-Thru Window has been closed except for 2 months each year.
- Community engagement and public participation activities related to master planning are significantly reduced.
- Committees, Boards, and Commissions not supporting core functions will receive reduced staff support.
- Staff’s professional development opportunities are eliminated except for what is required to maintain certifications and/or in-house training.
- Membership in a number of governmental organizations is being eliminated, which reduces access to information and collaboration opportunities.
- Enhanced landscape maintenance is being reduced on all of the County’s entrance corridors.
- The County’s computer software upgrades and maintenance service will be completed less frequently and software updates will be considered on a limited basis depending on available funding.

Community Development Services

$7.2 million in expenditures in FY 10/11, or 9.1% of departmental expenditures

Areas Encompassed: Department of Community Development (including Inspections); Office of Facilities Development; and Community Development and Regional Planning Agencies including Public Transit (primarily Charlottesville Transit Service)

Summary of Reductions since FY 08/09:

- This area reflects a $939,702 or 11.5% decrease from the FY 08/09 Adopted Budget to the FY 10/11 Recommended Budget.
- 33 frozen, eliminated or offset by alternative revenue positions or approximately 42% of staffing changes throughout the organization over the two years occurred in this area, with 28 of those positions in the Community Development Department.

Specific Reductions and Repositioning Efforts Proposed in the FY 10/11 Recommended Budget According to Budget Reduction Principles:

Responds to reduced workloads and incorporates service level reductions by freezing positions and reassigning staff:
• 9 additional positions in the Community Development Department frozen due to reduced workload.
• 1 position reassigned half-time to General Services and funded with a federal grant.
• 1 position reassigned to Finance to work in the new land use revalidation program, in a revenue-generating capacity
• Continues 19 previously frozen/eliminated or offset positions

Reduces and restructures the organization to ensure long-term sustainability:
• Reflects full implementation of funding the majority of the Office of Facilities Development operation through capital funds rather than the General Fund, will require consideration of future staffing adjustments based on capital project workload.
• Increase in Office of Facilities Development staffing attributable to the following:
  o 2 project management employees previously funded through CIP contracts
  o 1 stormwater employee transferred from General Services
• Maintains level funding for economic development-related agencies: Thomas Jefferson Partnership for Economic Development, Central Virginia Small Business Development Center, Piedmont Workforce Network, and Chamber of Commerce.

Provides equitable consideration of reductions across all service areas:
• Reflects a 5% reduction to the majority of community development agencies’ operations including: Alliance for Community Choice in Transportation; Thomas Jefferson Planning District Commission; Virginia Cooperative Extension Service; Thomas Jefferson Soil and Water Conservation District; and StreamWatch.
• Decreases funding to the Charlottesville Transit Service based on the agency’s request.

Cumulative Service Impacts since FY 08/09
• The County’s stream buffer program is now limited to enforcement.
• The County will forward environmental concerns to other state and federal agencies and will no longer provide County follow-up.
• There will be delays in addressing non-safety related zoning violations.
• Committees, Boards, and Commissions not supporting core functions will receive reduced staff support.
• Zoning determinations and zoning complaints are being prioritized with a focus on violations affecting health and safety and entrance corridors; response to other zoning violations might be delayed.
• Neighborhood traffic calming work is being discontinued.
• The County will only purchase conservation easements and greenways on a year-to-year basis based on available funds rather than through dedicated funding in the capital budget.
• The County’s Capital Program will essentially consist of maintenance and repairs to existing buildings and facilities. The Capital Program reflects no new funding for capital projects including fire stations, schools, roads, libraries, or parks over the next 5 years.

Community Services
$54.3 million in expenditures for FY 10/11, or 68 % of departmental expenditures

Areas Encompassed:
Public Safety: Police, Fire Rescue, Volunteer Fire/Rescue Agencies, Emergency Communications Center, Regional Jail, Community Attention, Juvenile Detention Home, Offender Aid and Restoration (OAR) and Society for the Prevention of Cruelty to Animals (SPCA)
Human Services: Social Services, Comprehensive Services Act (CSA), Bright Stars, Office of Housing and 27 Community Agencies

Parks and Recreation/Culture: County Park System, Recreation Classes, funding support for 10 community festivals, Library system and Convention and Visitors Bureau

Summary of Reductions since FY 08/09:

- **Public Safety:**
  - This area decreases $165,583 or 0.6% from the FY08/09 Adopted Budget to the FY 10/11 Recommended Budget.
  - 10 frozen, eliminated or offset by alternative revenue positions or approximately 13% of staffing changes throughout the organization over the two years are included in this area.

- **Human Services:**
  - This area decreases $285,366 or 1.4% from the FY 08/09 Adopted Budget to the FY 10/11 Recommended Budget.
  - 10 frozen, eliminated or offset by alternative revenue positions or approximately 13% of staffing changes throughout the organization over the two years are included in this area.

- **Parks and Recreation/Culture:**
  - This area decreases $279,370 or 4.4% from the FY 08/09 Adopted Budget to the FY 10/11 Recommended Budget.
  - 1 frozen, eliminated or offset by alternative revenue position or approximately 1% of staffing changes throughout the organization over the two years is included in this area.

Specific Reductions and Repositioning Efforts Proposed in the FY10/11 Recommended Budget Based on Budget Reduction Principles:

Maintain essential health and public safety services to the greatest extent possible:

- Provides level funding to Volunteer Fire Rescue Departments except for a CARS (a decrease of $2,072 or 1.2%) based on the costs and share of calls for service for County-funded personnel that serve both the County and City of Charlottesville.
- Reassigns 5 individuals from other County Departments to fill newly created Eligibility Program positions in Social Services Department.
- Provides level funding to Region Ten, Health Department and increases Community Attention due to reallocated costs from the Commission on Children and Families.

Funds obligations and commitments to the greatest extent possible:

- Provides $603,852 to the Charlottesville Albemarle Convention and Visitor’s Bureau in accordance with existing City/County agreement.
- Fulfills mandated and/or contractual public safety agency obligations including the Emergency Communications Center, SPCA, Regional Jail, and Juvenile Detention Center.

Provides equitable consideration of reductions/repositioning across all service areas:

- **Public Safety**
  - Continues 5 police officer and 4 civilian frozen positions.
  - Reduces Thomas Jefferson Emergency Medical Services Council by 10% or $2,118.

- **Human Services**
  - Eliminates $188,795 and freezes three Family Support positions assuming elimination of funding support from the School Division.
• Freezes Housing Counselor position.
• Eliminates $190,000 for Homebuyers Down Payment Assistance Program. One-time funding for this program in FY 10/11 could be available and considered for reappropriation if this program does not meet its anticipated demand in FY 09/10.
• Begins phase out of funding for Woods Edge program (reduction from $40,000 to $30,000 in this budget).
• Reduces AHIP’s emergency repair program funded in Housing’s budget by 50% or $10,000.
• Follows Agency Budget Review Team (ABRT) recommendation to eliminate funding for Urban Vision and MACAA’s Financial Economic Security program.
• For ABRT reviewed agencies, incorporates the 5% reduction scenario considered by the ABRT.
• The Albemarle Housing Improvement Program (AHIP), Jefferson Area Board for Aging (JABA) and Piedmont Virginia Community College (PVCC) are each reduced 5% based on the County’s consideration of potential reductions as part of the Community Agency review process.
• Reductions beyond 5%:
  o Piedmont Housing Alliance (PHA): Reductions are based on the corresponding elimination of Office of Housing’s counseling and down payment services programs. Also eliminates PHA’s Latino Outreach program.
  o Commission on Children and Families (CCF)
    ▪ Funds only administration and results in two frozen positions.
    ▪ CSA administration transferred to County Department of Social Services.
    ▪ VJCCCA funding transferred to Community Attention.
    ▪ Juvenile Justice Coordinator position transferred to Community Attention at 100% City cost.
• Parks, Recreation and Culture
  • Net reduction to Parks and Recreation operations of $114,862
  • Reduces funding to Jefferson Madison Regional Library by 5%, or $158,657
  • Reduces funding to Parks, Recreation and Culture festivals and arts programs by 10%, or $7,926 total. Includes African American Festival, Ash Lawn Opera, Municipal Band, Festival of the Book, Film Festival, Piedmont Council of the Arts, and Discovery Museum.
  • Reduces total funding for Public Television agencies (WHTJ and WVPT) by $545 or 10%.

Continues proactive approach to efficient operations through repositioning
• Parks, Recreation and Culture
  o Reassigns Parks and Recreation Department Greenways position to fill core park maintenance position
  o Uses tourism funds to partially fund Parks and Recreation’s maintenance program
• Human Services
  o Transfers $50,000 for CSA Administration from CCF to Social Services per Resource Management Review recommendations.
  o General Fund Transfer to CSA reduced $200,000 due to recent trends in CSA services’ expenses and partial use of CSA fund balance.
Cumulative Service Impacts since FY 08/09:

- The County has abolished the Community Policing Division, and is not making progress in meeting police response time goals.
- Prevention and support services (the “Family Support Program”) will no longer be provided to at-risk children and their families at three middle schools and one elementary school based on reductions made by the School Division.
- The Department of Social Service’s Bright Star Coordinators will only provide services to children/families for 11 months each year instead of 12 months.
- The number of individuals who receive some level of financial, credit, and fair housing counseling from the County will be reduced.
- The County will no longer provide first-time homebuyers with down payment assistance.
- Thirty households at Wood Edge Senior Apartments will receive a reduction in rental subsidies - between $25 and $35 per month.
- The number of County-supported emergency repairs and rehabilitations to housing in the County will be reduced.
- The County will cease funding support for the operation of the Meadows Community Center and will seek to transfer the ownership of the Scottsville Community Center to a private organization.
- No improvements will be made to restrooms, walking/biking trails, shade trees, drinking fountains and picnic shelters in the County’s Parks. The County will only repair and maintain existing structures and equipment.
- The County will no longer pursue or acquire new greenway sections or make improvements or upgrade existing greenway segments in the County.
- The Howardsville Boat Launch will be closed.
- The County will no longer fund the “Shape Up for Seniors” at the Meadows or the Yancey Open Gym Program.
- The County will transfer costs and responsibility to Sports Leagues for lighting the Lane Field at night and for providing portable toilets.
- The activities associated with the Summer Playground Program will be reduced. Three summer playground field trips and the Mobile Tennis Program will no longer be funded.
- The number of hours that citizens will be able to use swim beaches at the County’s Parks will be reduced (new hours: 12 noon to 7:00 p.m.). The swim beaches will be closed for the season once Albemarle County Schools go back in session.
BUDGET REDUCTION PRINCIPLES FOR FY 10/11 BUDGET DEVELOPMENT

1. Make decisions from a perspective of sustainability and a repositioned organization, being mindful that expenditures need to be balanced within significantly reduced long term revenues

2. Maintain core services to the greatest extent possible, particularly for essential human and public safety services

3. Reduce expenditures that have the least impact on direct services to citizens and that serve the fewest citizens

4. Focus reductions on non-essential programs and services with minimal staffing impacts

5. To ensure equitable consideration across all service areas, evaluate reductions to community agencies previously held harmless using the same criteria utilized for other local government programs

6. Continue to evaluate providing services in less costly ways such as consolidation, privatization, etc.

7. Give priority to programs and services that support the organization and the community’s future over those that respond primarily to past needs and circumstances

8. Evaluate the potential of reductions to centralize functions across the organization and to serve broad organizational needs rather than specific department needs

9. Consider reductions that eliminate discrete non-essential programs and services and lower service expectations rather than simply shifting workload to other county employees

10. Avoid reductions that appear to create savings but that instead shift costs to other areas of the organization or delay costs to some point in the future
County of Albemarle
Recommended Operating and Capital Budget FY 2010/2011
Frequently Asked Questions

What is the County’s total recommended budget for FY 10/11 and how does it compare to the past several years?

The County’s Fiscal Year 10/11 recommended combined capital and operating budget totals $293,850,901 which is a decrease of $10,312,084 or 3.4% from the FY 09/10 adopted budget and a decrease of $39,864,784 or 11.9% from the FY 08/09 adopted budget. This recommended budget is balanced on a 74.2 cent tax rate following direction provided by the Board of Supervisors in January, which results in a real estate tax payment decrease for the average homeowner.

Why is Albemarle County’s budget situation so challenging?

The recommended budget reflects the County’s response to the strategic challenge of crafting a new and vital future for our organization which, like many local governments, is experiencing a significant structural budget imbalance – without making significant adjustments we face ongoing projected expenditures that outpace ongoing anticipated revenues over the short to long term. To provide some perspective, between the budget adopted in FY 08/09 and the recommended budget for FY 10/11, Albemarle County is projecting a total decline in revenues of $11.9 million, or 5.3%, including a $1.6 million reduction in state revenues.

During this two-year time period when revenues have significantly declined, the County has been required to meet substantial increases in obligations and mandates. Some major examples of those areas include the Revenue Sharing Agreement with the City of Charlottesville which increased $4.8 million or 35%, the Tax Relief for the Elderly and Disabled Program which increased $321,362 or 47%, and the SPCA contribution which increased $203,450 or 115.8%.

How are the County’s major sources of revenue being impacted by the economic downturn?

The County continues to face a dramatic downturn in revenues due to the broader economic conditions facing the Country. That downturn is reflected in our major revenue sources in the recommended FY 10/11 budget when compared to the adopted FY 09/10 budget as follows:

- Overall property values are down 3.18% - the average single family residence is down 3.96%, reducing real estate tax revenues by 1.7% or $1.9 million
Sales tax is down 11.4% or $1.4 million
Personal property tax is down 9.3% or $2.0 million
State funding is down 6.5% or $1.5 million

Has the County made any reductions to their budget prior to this year?

Yes. The FY 09/10 budget reflected a total decrease of $30 million, or 9%, from FY 08/09. The FY 09/10 budget reduced General Government departmental expenditures by $2.4 million or 3.1%, reflecting significant reductions, savings and efficiency measures, including:

- expansion of eliminated/frozen/offset positions by 20 resulting in a total of 55 positions since we began staffing reductions in FY 07/08
- continued reduction in non-personnel operating expenditures, resulting in savings totaling $1.4 million, or a 10% decrease, since we began aggressive reductions in FY 07/08

That budget also reduced our Capital Improvements Program budget by $100 million, or 42% over the next five years.

What additional local government reductions does the County propose in the FY10/11 budget?

This year's total recommended budget reduces expenditures by $10.5 million from the FY 09/10 adopted budget; including expanding eliminated/frozen/offset positions a total of 78 which is a staffing level of employees per capita that is the same as we had in FY 01/02. A complete list of proposed reductions is available in the proposed budget document and online at www.albemarle.org/budget. In summary, the FY 10/11 recommended budget continues to reflect the County's focus on protecting core services to the greatest extent possible and being responsive to current economic conditions.

The most significant departmental reductions proposed in the budget are in the fiscal/management and community development areas and the parks, recreation and cultural areas to reflect repositioning to support core services and to respond to declining workload. This budget attempts to protect core services of public safety and human services to the greatest extent possible, although even these areas also were required to be reduced. Our focus on protecting core services and repositioning to meet demands of the current economic climate required that we propose reductions to many community service agencies. While our community services agencies have not received any reductions in county funding until this proposed budget, we are in a position where all services must be considered as part of these very difficult budget choices.

Have the County’s administrative and management functions been reduced as revenues have declined?

Yes. Taken together, these areas have experienced a 5.7% or $834,000 decrease in funding from the FY 08/09 Adopted Budget to the FY 10/11 recommended budget. 24 frozen, eliminated or offset positions or approximately 31% of the staffing changes made throughout the organization over the past two years have occurred in these functional areas. The County groups the following functional areas into its Fiscal and Management Services group: Internal Business Operations which include County Executive, Board of Supervisors, Information Technology, Human Resources, Finance and Voter Registrar; and Facilities Management and Support which includes Buildings & Grounds Maintenance, Custodial Services, Copy Center, Environmental Management, Stormwater/Water Resources and Solid Waste & Recycling.
It is important to note that reductions to community agencies were avoided for the first two years of the recession as local government operations and staffing absorbed significant decreases. In fact, in FY 08/09 when the County was beginning to experience declines in revenues related to the economic downturn and responded by freezing/eliminating county staff positions and reducing operations budgets, community agencies received an average increase of 4% in funding. In FY 09/10 while local government expanded its frozen/eliminated/offset positions to 55 and significantly reduced non-personnel expenditures, agencies maintained at least level funding and several again saw slight increases. So while it is not our desire to recommend any reductions to these valuable community agencies, we do so out of necessity only after we have very aggressively reduced our own department expenditures to the point where core services must now be preserved.

In the case of proposed Jefferson Madison Regional Library reductions, the County has not suggested and indeed would not support the closure of any branches, including those in Scottsville or Crozet. While there has been some question about the County’s support of the library system, we would like to stress that last year, Albemarle provided 58% of the local funding provided to the system. That translates into Albemarle County providing 61% of funding for the Central Library, 55% of funding for the Gordon Avenue Library, 86% of funding for the Northside Library, and 75% of funding for the Bookmobile, along with 100% of funding for both Scottsville and Crozet Libraries. The County will spread any potential decreases to the library across the system and not concentrate reductions in closing branch libraries. We think that is a reasonable and less disruptive approach and mirrors what we have been doing within our local government services for the past two years.

The average residential property owner will see a reduction in their tax bill in this recommended budget. The reduction will occur because the recommended budget is balanced on a tax rate of 74.2 cents, the same rate as last year, and the average reassessment for residential property declined 3.96% this year. As an example of how this reduction plays out, the average single family residential home value as of January 2009 was $308,000 and at the 74.2 tax rate, the homeowner paid $2,285.36 in real estate taxes. After the average decline in residential property value of 3.96% following the recent reassessment, that home is now valued at $295,800, resulting in an annual tax bill of $2194.84 - equating to a reduction of $90.52, at the 74.2 tax rate in this proposed budget. A tax rate of 76.6 cents would equalize the tax bill, or keep payments at the same level they were last year, for the average taxpayer.

Our funding from the state supports a number of different local government programs and services in the County, including critical services in the Police and Social Services Departments, and constitutional officers including the Sheriff, Commonwealth’s Attorney, Circuit Court Clerk and Registrar of Voters. Between the budget adopted in FY 08/09 and the recommended budget for FY 10/11, Albemarle County is projecting a $1.6 million reduction in state revenues which is having a serious impact on those departments/offices. The County School Division is also facing very drastic reductions in state funding in the FY 10/11 budget year.

Our budget process incorporates principles of zero based budgeting by not automatically assuming that the current year’s expenditure levels are justified but rather systematically reviewing, reprioritizing and shifting funding support from activities that no longer align properly with our objective to support core governmental functions. The significant
FY 10/11 RECOMMENDED OPERATING BUDGET  
COUNTY OF ALBEMARLE, VIRGINIA

Expenditure reductions and staff reallocations since FY 08/09 demonstrate how services have been assessed, evaluated and reprioritized as is our customary practice as opposed to simply basing budgeting decisions on the previous year’s funding levels. This recommended budget reflects county staff’s best judgment of the highest priority programs and services that can be funded within existing revenues based in large part on the budget reduction principles outlined in the budget. Generally, these reduction principles recognize the priority of services that directly protect life and safety such as social services, police and fire; that enhance continued efficiency and cost-effectiveness in county operations; and that support operational sustainability and repositioning for the long term.

In addition to the reduction principles, budget decisions considered a variety of other indicators that provide important perspectives on the outcomes and relative value of various programs and services. Services considered for reduction were examined relative to citizen survey data, Agency Budget Review Team recommendations, the Board’s strategic plan, and recommendations of the Resource Management Study, among other criteria to gain a holistic assessment of potential reduction impacts.

**What are “core” services?**

Everything we do as a local government supports individuals, families and our community, and all services have a constituency that has good reason to believe that service is essential. But this sobering budget situation demands that we make a deliberate and thorough examination of where we invest available resources and prioritize those services that are truly core to protecting health, welfare and personal safety and that should appropriately be provided by local government. None of the reductions proposed by this budget are easy or desirable, and we recognize that they all come at some level of cost to the community. It is important to realize that even core services may need to be reduced in this challenging time - for example, we have had to freeze some positions and reduce other expenditures in our police department not to mention the significant reductions that our School Division is making.

**How does the recommended budget support core services?**

This budget provides for the reassignment of non-core County staff to fill positions in Social Services that are very critical due to increased workload and community needs. Although the County has had to make reductions to some areas of public safety and human services, these functions have received less significant decreases than other areas of county government. This budget continues level funding or proposes less significant reductions for those community agencies determined to be providing direct services that protect health and safety.

**How does the recommended budget continue efforts in efficiency/savings?**

This budget continues a strong focus on efficiencies and savings across the organization. For example, the budget reflects a savings of $235,000 due to energy conservation and efficiency efforts and continues to fund only training and educational expenses that are required to maintain critical staff certifications. The budget proposes several staff reassignments that support revenue generation possibilities as was recommended in our recent Resource Management Study, for example filling the vacant Business Auditor position. Also, the budget recommends privatization of county services where it results in savings, for example contracting out custodial services that will result in a savings of an estimated $100,000 annually.
We began freezing positions in FY 07/08 in early recognition of the economic downturn. We have increased the total number of positions that are eliminated/frozen/offset by other revenues over the past three years to a total of 78 in the recommended FY 10/11 budget. Our ongoing staff reallocation process has shifted personnel throughout the organization from less essential service areas to core functions, causing us to eliminate some functions like the Visitor’s Assistance Center in the County Office Buildings for example. While these less essential services have value, they were deemed most able to be reduced in the current economic environment.

The reallocation process also has been responsive to how workloads have changed in the current environment. For example, our Community Development Department has frozen/eliminated/offset 28 positions, in large part due to the decrease in development activity. Some CDD staff members have been shifted to handle increased workload in the Social Services Department and others have been reassigned as necessary throughout the organization.

Two years of declining revenues have created a dramatic impact on the amount of money available for capital improvements, requiring even more significant changes to the program than anticipated during last year’s budget process. The only projects that are proposed to remain funded in the CIP are contractually obligated projects and maintenance and repair projects that are considered necessary to protect existing facilities and equipment. Funding for all new capital projects, including all fire stations, parks, libraries, schools, sidewalks, greenways, recycling, etc. has been proposed for elimination or delayed beyond at least the next five years of the CIP in order to balance the plan.

The County provides funds to the School Division based on a long standing practice of allocating 60% of new local revenues to the School Division and 40% of new local revenues to local government. Because of the significant decrease in local revenues, this budget reflects a reduction of $4 million, or 4.1%, in local support of school operations. The School Division faces additional fiscal pressure due to significant reductions in state funding.

The Board of Supervisors and School Board gave joint direction on employee compensation for this year’s budget which included no raises for any employees in the County local government or School Division for 2010-11. This is the second year in a row where employees have not received raises. Both boards believe that the County is not losing ground in our competitive market as other localities and private sector companies are enacting similar salary freezes. The Boards did approve the funding of increases in life insurance and health and dental care premiums as well as increases in VRS rates so as not to pass those costs on to employees and effectively decrease take-home pay.

A wide variety of strategies were considered during the development of this budget. County staff has carefully analyzed possibilities including employee furloughs, salary reductions, reduced hours, etc. If we were facing a short term situation that could be solved through the
kind of one-time savings that are generated by furloughs or these other approaches, these strategies might be effective. However, because we need to make ongoing structural adjustments to our organization to get to a level that can be sustained within projected revenues over the long term, these possibilities have very limited value and are not realistic as an ongoing way of doing business. Also, many of our reductions and repositioning efforts are based on workload changes which would not be addressed through furloughs or salary reductions.

What are individual major areas of expenditure for the County’s budget?

The largest areas of expenditure for the County are School Division operations and General Government operations. Taken together, School Division operations, School self-sustaining and School capital and debt expenditures account for almost 61% of the County’s expenditures in FY 10/11. Other major areas of expenditure include general government, capital debt service and revenue sharing with the City of Charlottesville.

What are the major categories of general government expenditures?

General Government is broken down into eight major functional areas: Administration, Judicial, Public Safety, Public Works, Human Development, Parks, Recreation and Culture, and Community Development.

What is the Revenue Sharing Agreement?

In 1982, Albemarle County and the City of Charlottesville entered into a revenue sharing agreement in which both jurisdictions agreed to share tax revenues in return for total immunity from any annexation attempts by the City. The City was proposing a significant annexation of County territory at that time to increase the City tax base. The proposed agreement was approved by County voters in a referendum.

For as long as the agreement remains in effect, both the County and the City are required to contribute annually to a Revenue and Economic Growth Sharing Fund which is then divided between them on the basis of a formula related to population changes and “true real property tax rates” as determined by the Virginia Department of Taxation. Due to the nature of the formula and the conditions in the City and the County since 1982, the effect of the agreement is that the County has paid the City a revenue sharing amount every year equivalent to the ten cent tax rate cap. Last year, the revenue sharing payment totaled $18 million, this year we anticipate that the revenue sharing payment will increase to $18.5 million.

Can the County discontinue the Revenue Sharing Agreement?

The Revenue Sharing Agreement is legally binding and must remain in effect until one of the following occurs:

- The City and County are consolidated or otherwise combined into a single political subdivision, or
- The concept of independent cities is altered by state law in such manner that real property in the City becomes part of the County tax base, or
- The City and County agree to cancel or change the agreement

What role does the county’s vision, mission and strategic goals play in the budget development process?

Albemarle County’s strategic planning process assists the County in focusing our service and operations delivery. We believe that before we can allocate our available resources, we must
first understand the needs and desires of County residents and the factors that will affect us in the future. Working in partnership with citizens and the Board of Supervisors, we develop goals and measurable objectives to respond to community priorities. While the revenue downturns of the last several years have caused us to delay some of our strategic objectives, we are still focused on community priorities. The Board of Supervisors will be meeting early this summer to further discuss its strategic vision for the County in this new economic reality.

**What is the Five-Year Financial Plan?**

The local government Five-Year Financial Plan is an important long term planning tool that provides the Board of Supervisors with reasonable projections for the next five years so they can provide staff with direction regarding their long range goals and priorities. The Plan is based on a set of assumptions regarding how the County’s revenues and expenditures are likely to change over time, based on the best information available at the time the Plan is reviewed. While the plan is not a budget document, it sets directions that will influence budget decisions in the years to come. The plan is reviewed and updated on an annual basis.

**What are the County’s unfunded mandates?**

Unfunded mandates are instances where the state or federal government establishes laws and/or regulations that require the County to incur costs that are not reimbursed by the state or federal government. A general example would be if Congress required new voting machines and provided no funding to assist local governments with the purchase of these machines. These mandates require the County to divert local tax dollars to support federal and state programs. A significant example of an unfunded mandate in Albemarle County is the Comprehensive Services Act (CSA) which was created by the state in 1993 to provide services for at-risk youth.

**How are property taxes set by the County?**

General property taxes are based on the assessed value of real and personal property owned by businesses, individuals, and public service corporations. Real estate reassessments in Albemarle County are done on an annual basis and, as required by Virginia law, property is assessed at 100% of fair market value. The assessed value is used to calculate property taxes, which are the product of the assessed value and the tax rate, with tax rates being established annually by the Board of Supervisors. Both real and personal property are assessed at 100% valuation with tax rates applied per $100 of assessed value. Real estate and personal property taxes are paid in 2 installments due June 5 and December 5. General property taxes consist of real estate, personal property, mobile home, and machinery and tools taxes.

**How does the County’s tax compare to similar jurisdictions in Virginia?**

Albemarle County’s tax rate historically has been in the lower half of the Top 20 most populated counties in Virginia. Albemarle’s real estate tax rate is consistently among the lowest third of those counties. When the current tax rate of 74.2 cents is adjusted to reflect the impact of revenue sharing, the County actually operates on a twelve cent lower rate, or 62.2 cents because of the amount allocated to the City of Charlottesville.

**What are Albemarle County’s Real Estate and Personal Property Tax Rates?**

The real estate tax rate is $0.742 per $100 assessed value. The personal property tax rate is $4.28 per $100 assessed value. Personal property tax is levied on vehicles and other tangible non-real estate property owned by individuals, businesses, trusts, and taxable non-profit organizations. Qualifying vehicles assessed at $1,000 or less are eliminated.
Is there a calendar of the County’s Budget Process, and how can I participate in this process?

The County’s budget document contains a budget calendar. This document can be accessed from the County’s website www.albemarle.org/budget. This calendar includes information and dates of public hearings. Hearings on recommended budgets and proposed tax rates are held in March and April.

How can I review the County’s Budget?

The County’s Recommended and Approved Budgets, both current and for past years, are available for review on the County’s website, www.albemarle.org/budget. The budgets are divided into sections in PDF format for easier viewing and downloading. In addition to the online budget, a copy of the FY 10/11 budget document is available at local libraries and in the County Executive's Office for public viewing. Bound print and/or CD-ROM copies of the budget are available for purchase in the County Executive's Office.

What if I have questions or comments regarding the Budget?

For more information about the County’s budget or budget process, click the link at the bottom of the Budget webpage on the County’s website. Feel free to email your comments and questions regarding the budget to budget@albemarle.org. Questions and comments can also be directed to the County Board of Supervisors via e-mail at bos@albemarle.org.