Albemarle County

Repositioning the Organization
(FY 07/08 – FY 09/10)

October 16, 2009

Staffing Reductions

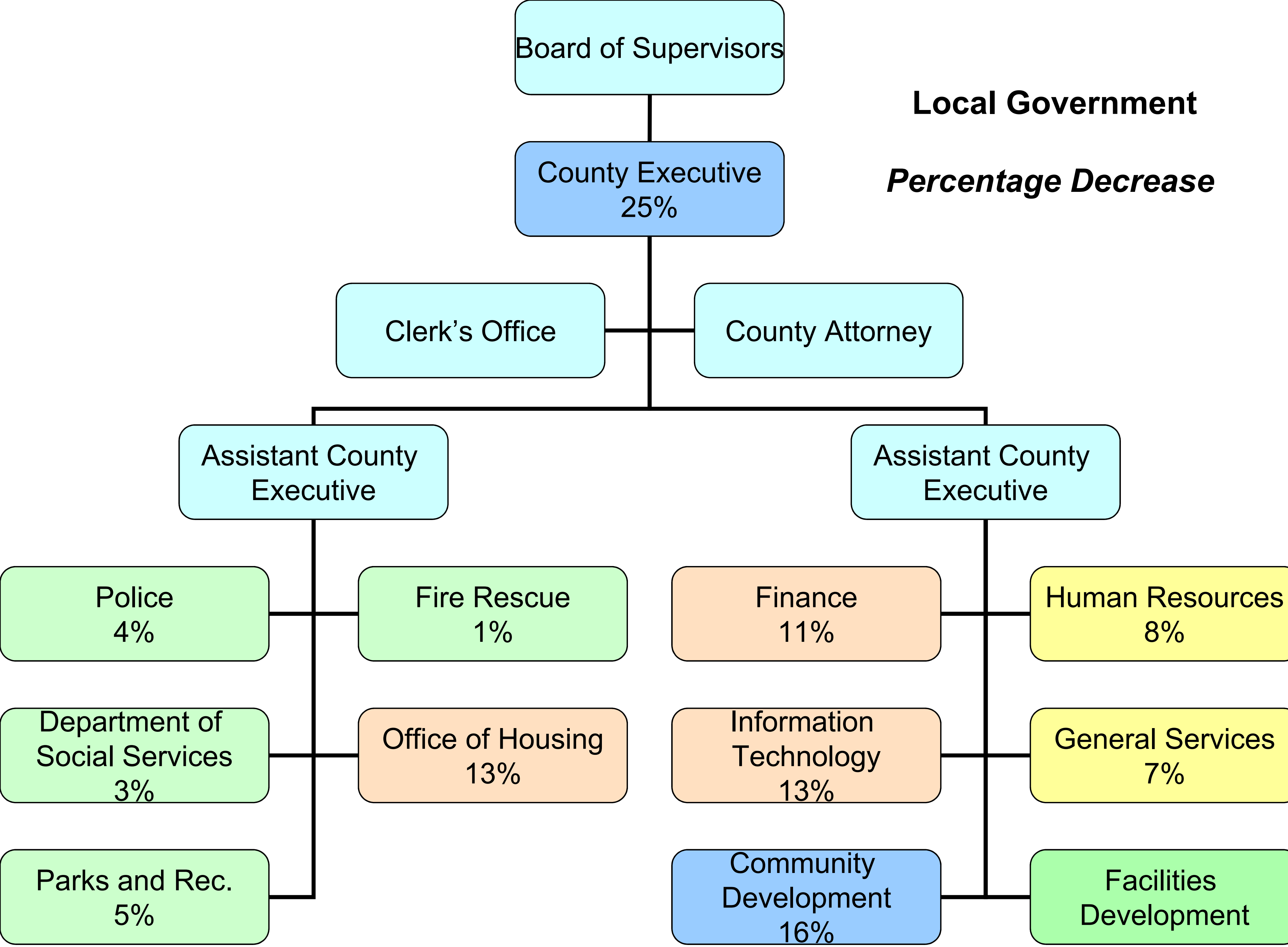
The County has 55 positions that have been eliminated, frozen, or offset with alternative revenue sources

Staffing per capita has decreased

Near
FY 04/05 level

Local Government

Percentage Decrease



Examples of Repositioning Efforts Underway

- ✓ **Departments decreased their operating expenditures by 10%**
- ✓ **Implementing recommendations in Resource Utilization Study**
- ✓ **Transferring employees within organization to fill essential positions whenever possible**
- ✓ **Building inspectors now conduct Construction and Revalidation Inspections as well as Erosion and Sediment Control Inspections**
- ✓ **Exceeded Energy Star Benchmark of 75 in COB McIntire, COB 5th Street and Court Square – reducing energy costs**
- ✓ **Parks and Recreation has reorganized its maintenance system**
  - ***Reduced fuel usage***
  - ***Reduced number of seasonal employees***

Examples of Repositioning Efforts Underway

✓Increasing dependence on volunteers

- **769 Fire/Rescue volunteers (increase of 8% since FY 07/08) and 40+ citizen volunteers in Sherriff's Dept.**
- **University Internship Program – increased in FY10 (equivalent to 3+ FTE)**
- **9% increase in volunteers and inmate hours for Parks maintenance (equivalent to 3+ FTE)**

Examples of Repositioning Efforts Underway

✓Encouraging use of website for on-line government services

- **5,100 online tax bill transactions last year**
- **624 *County View* visits in August 2009**
- **52% increase in *Police On-line Incident Reports* since last year**
- **26,000 visits to *GIS Web* in August 2009**

Examples of Repositioning Efforts Underway

✓Becoming more focused on the pursuit and management of grants

- **In FY 08/09 County administered 30 grants – totaling ~$1.9 million**
- **Within the first three months of this fiscal year, the County received 16 grants – totaling $556,000. If one includes the SEEA grant and the Energy Efficiency Stimulus grant, the total is ~$1.4 million**.

Service Impacts

- **Closed Visitor Assistance Centers at both County buildings**
- **Closed Finance Drive-thru Window except for 2 weeks each year**
- **Abolished the Community Policing Division, and not making progress meeting police response time goals**
- **Delays in providing services to citizens - slower response to phone calls and e-mail returns**
- **Reductions in our custodial services - now at 1 FTE per 42,000 sq. ft. (Industry standard = 1 per 25,000 sq. ft.)**

Service Impacts, cont.

- **Forwarding environmental concerns to DEQ, DCR, or SWCB without County follow-up**
- **Delays in addressing non-safety related zoning violations**
- **Providing less support to Committees, Boards, and Commissions**
- **Professional development limited to certifications and/or in-house training**
- **Due to increasing caseloads, Department of Social Services unable to meet performance targets in the areas of Medicaid reviews, client employment retention, and adult safety goals**

In Summary

- **Our revenues are down: funding from the State has decreased during a time that City revenue sharing costs have increased**
- **CIP reduced by $100 million over next 5 years**
- **55 positions have been eliminated, frozen, or offset with alternative revenues… and the County needs to reach a total of 65 positions this year**
- **Departmental operating costs reduced by 10% - totaling $1.4 million**
- **We have utilized County contingency funds and reduced funding for ACE and Affordable Housing to meet this year’s shortfall**

Even with the following efforts…

- **Cross training and moving employees within organization to support most essential services**
- **Increasing our focus on volunteers, grants, and technology innovations**
- **Continuing to implement efficiencies and process improvements**

Citizens are beginning to experience a reduction in services

Repositioning the County for the Future

Five-Year Financial Plan
Preliminary Outlook

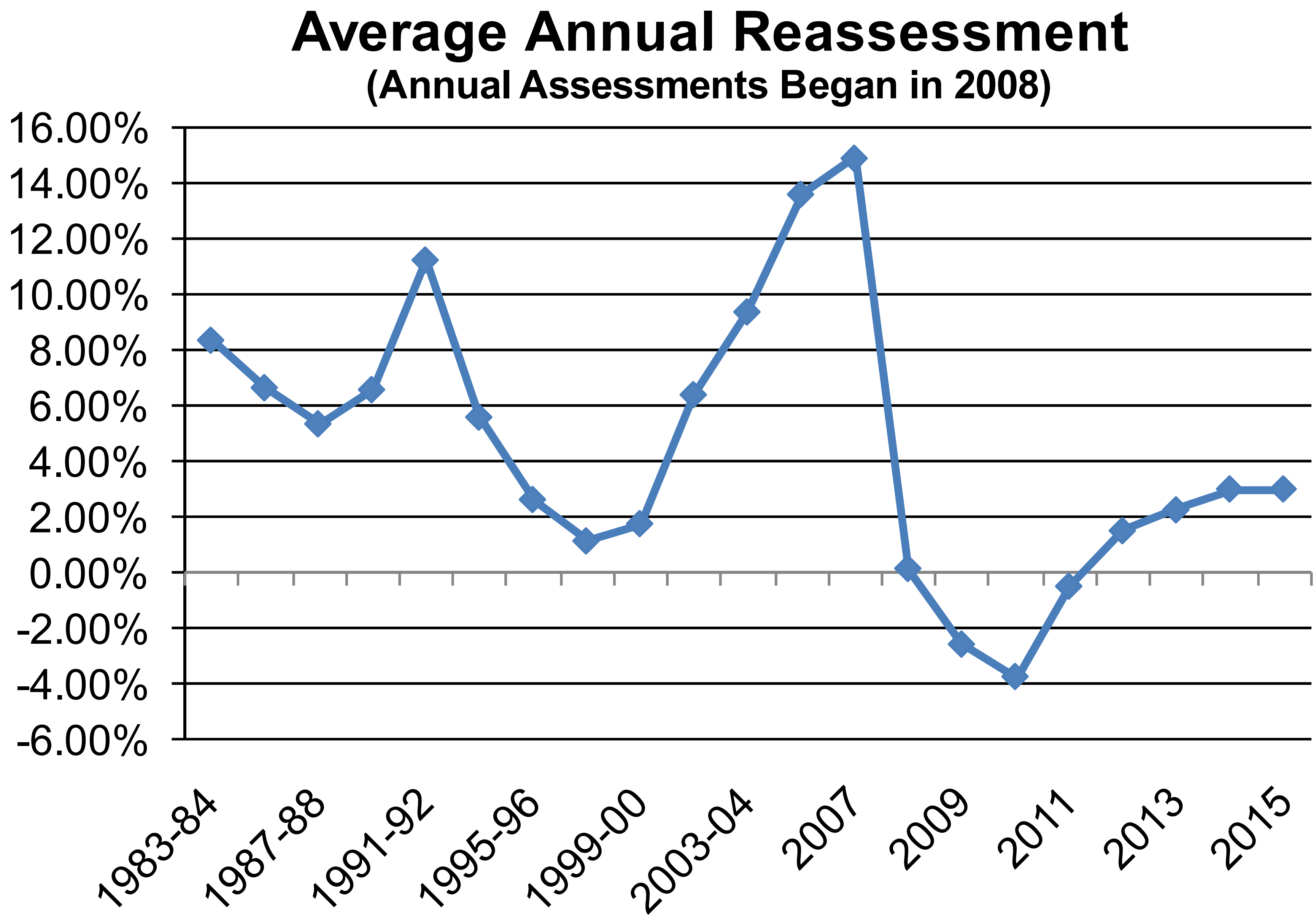
October 16, 2009

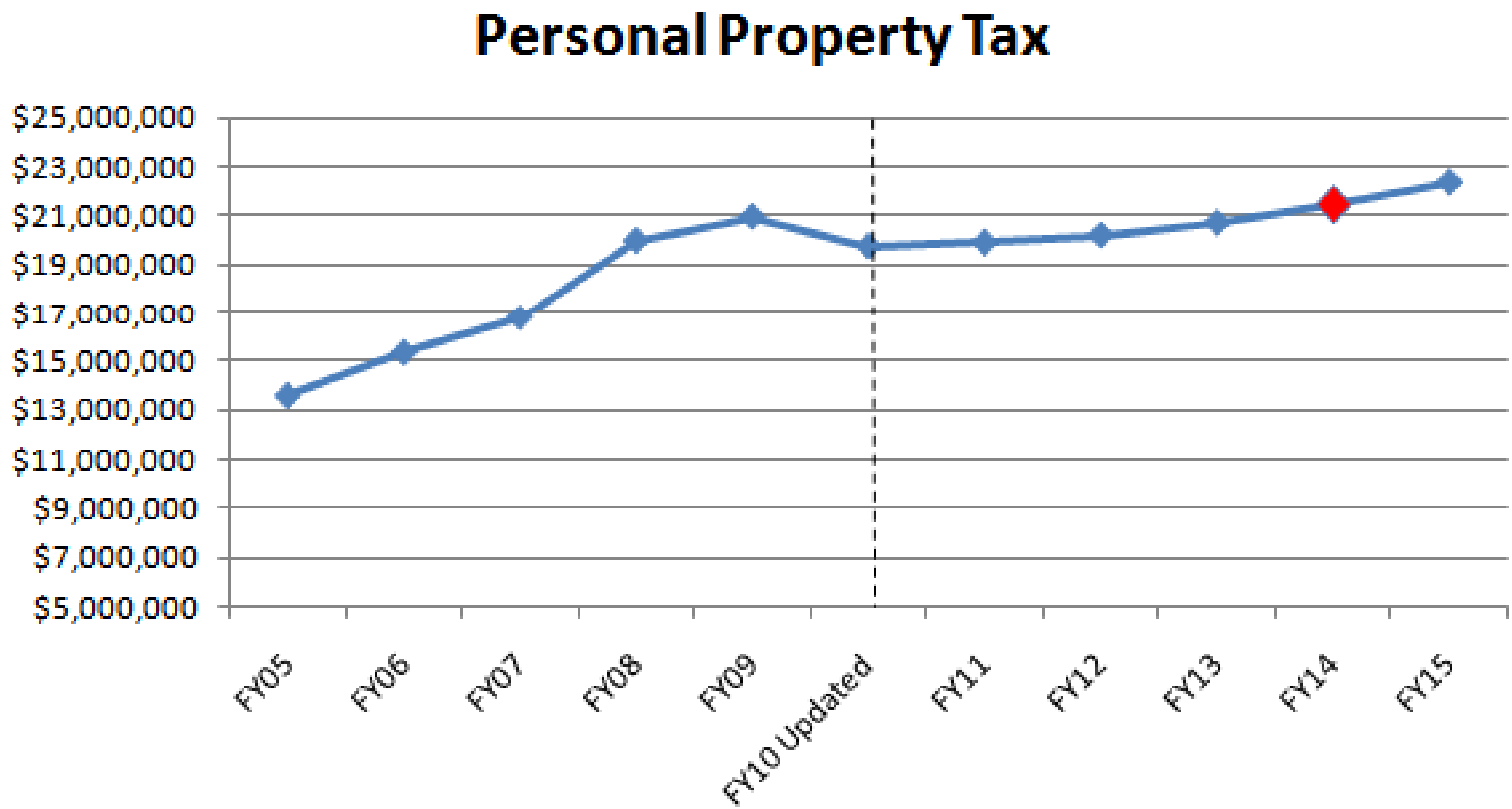
Five-Year Financial Plan
FY 2011 - 2015

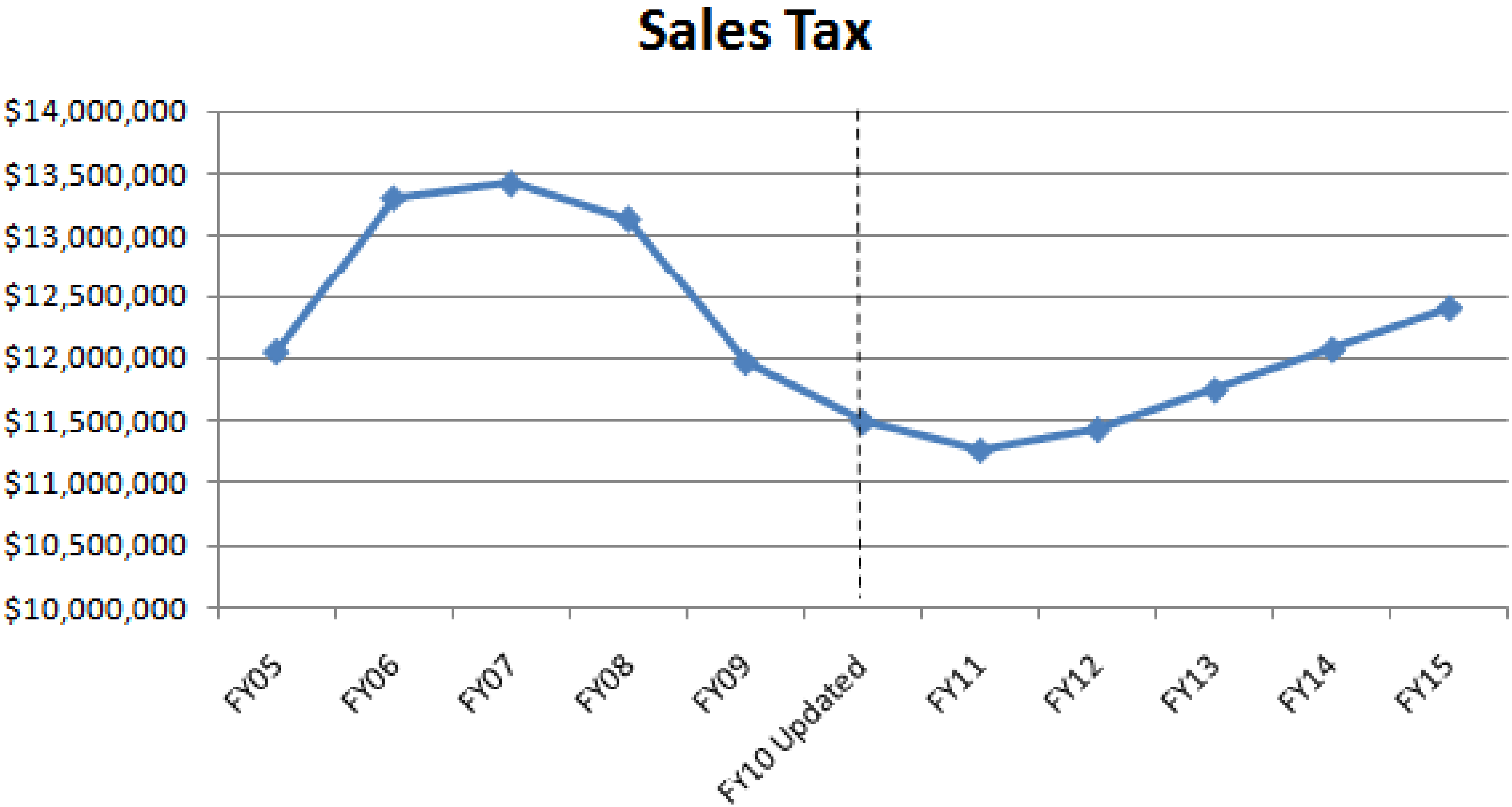
- Preliminary Outlook
  - Revenue Assumptions
  - Expenditure Assumptions
  - Bottom Line
- Options for Consideration
  - Leadership Council Input
  - Board Discussion
- Five-Year Financial Plan Review – Nov/Dec

Revenue Assumptions

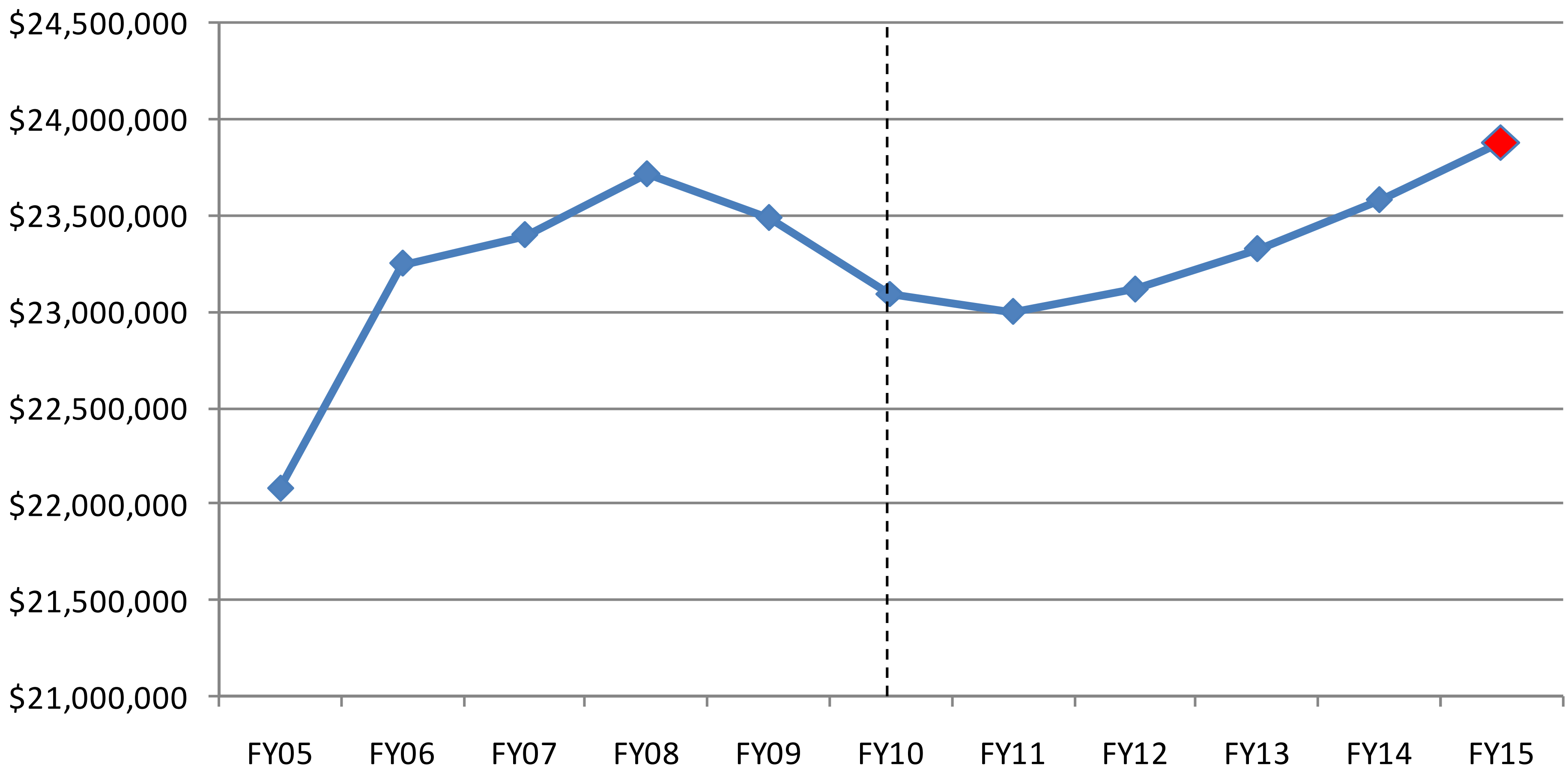
	FY11	FY12	FY13	FY14	FY15
Real Estate Tax Rate	74.2	74.2	74.2	74.2	74.2
Reassessment Rates	(3.75%)	(0.50%)	1.50%	2.25%	3.00%
New Construction	1.00%	1.00%	1.50%	2.00%	2.50%
Sales Tax	(2.00%)	1.50%	2.75%	2.75%	2.75%
State Revenue Reduction	($150,000)	($150,000)	($150,000)	($150,000)	($150,000)
EMS Revenue Recovery	$400,000	$400,000	$400,000	$400,000	$400,000


Average Annual Reassessment
(Annual Assessments Began in 2008)
16.00%
14.00%
12.00%
10.00%
8.00%
6.00%
4.00%
2.00%
0.00%
-2.00%
-4.00%
-6.00%
1983-84
1987-88
1991-92
1995-96
1999-00
2003-04
2007
2009
2011
2013
2015


Personal Property Tax
$25,000,000
$23,000,000
$21,000,000
$19,000,000
$17,000,000
$15,000,000
$13,000,000
$11,000,000
$9,000,000
$7,000,000
$5,000,000
FY05
FY06
FY07
FY08
FY09
FY10 Updated
FY11
FY12
FY13
FY14
FY15


Sales Tax
$14,000,000
$13,500,000
$13,000,000
$12,500,000
$12,000,000
$11,500,000
$11,000,000
$10,500,000
$10,000,000
FY05
FY06
FY07
FY08
FY09
FY10 Updated
FY11
FY12
FY13
FY14
FY15

Total State General Fund Revenue



Revenue Change

- Major revenue sources will be slow to recover
  - Property values not expected to fully recover until year five of the plan
  - Sales tax not expected to fully recover over the five years of the plan
- Overall General Fund revenues not expected to recover to current budget levels until FY2013 (Year 3)
- Modest General Fund revenue growth in FY2014-15 (Years 4 & 5)

Expenditure Assumptions

	FY11	FY12	FY13	FY14	FY15
Market & Merit Increase	0.00%	2.70%	3.70%	3.70%	3.70%
Frozen Positions	65	65	65	65	65
VRS Rates	13.54%	13.54%	13.54%	13.54%	13.54%
Health Insurance	***8%***	8%	8%	8%	8%
Dental Insurance	5%	5%	5%	5%	5%
Department Operations	0%	2%	2%	2%	2%
Regional Jail	8%	12%	12%	12%	12%
SPCA (per capita cost)	$4	$5	$5 +CPI	$5 +CPI	$5 +CPI
Other Agencies	0.00%	2.70%	3.70%	3.70%	3.70%

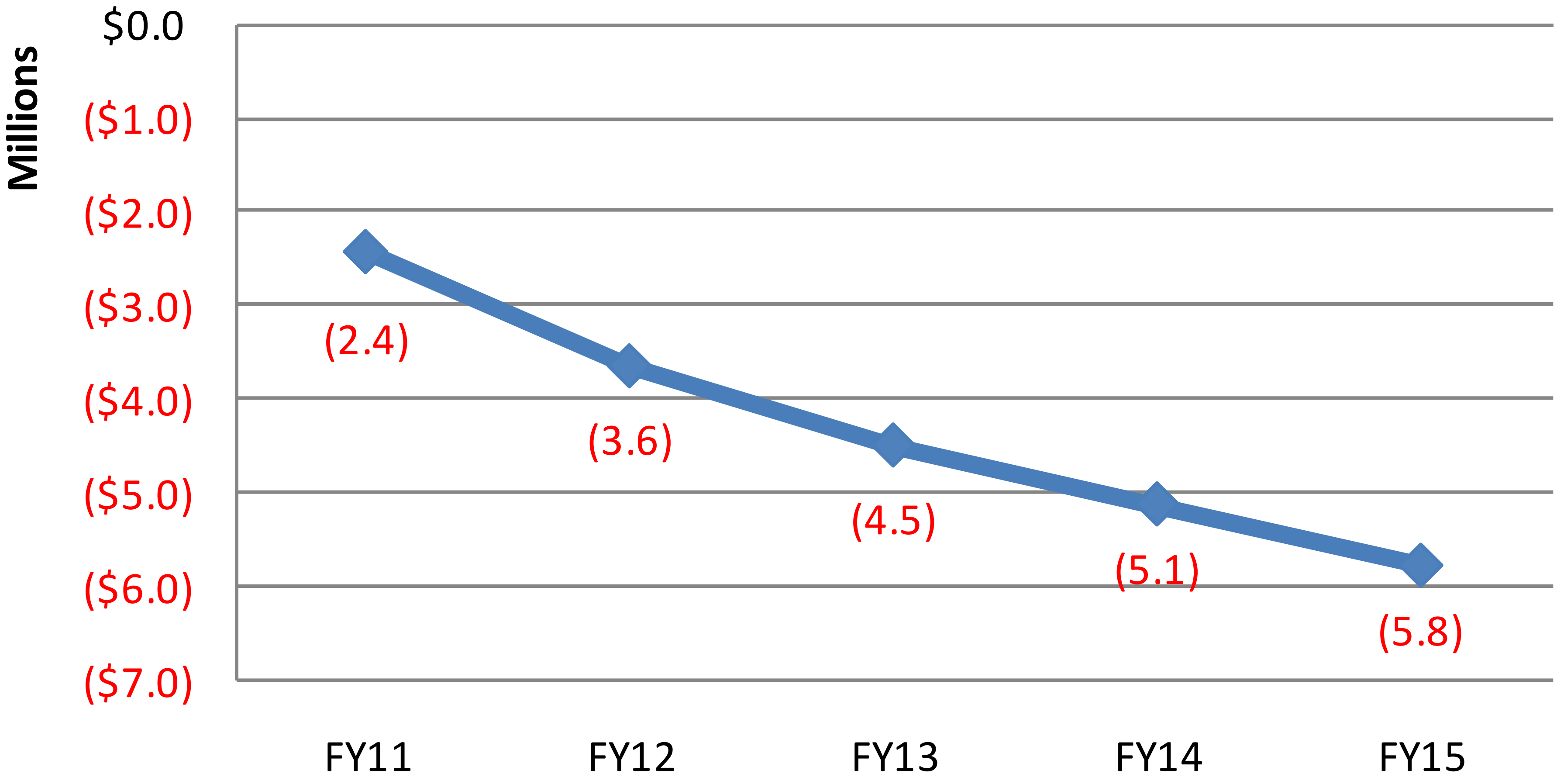
Expenditure Assumptions

	FY11	FY12	FY13	FY14	FY15
School Transfer by 60/40 Policy	($100k)	+$2.5M	+$3.7M	+$4.8M	+$5.8M
Capital/Debt Transfer	***+$1 M***	+$500k	+$800k	+$1 M	+$1.2 M
CIP Operating Impacts •Pantops F/R Station	$0	$0	$250k	$1 M	$1.1 M
•Ivy F/R Station	$0	$0	$200k	$1 M	$1.1 M
•Crozet Library	$0	$0	$190k	$200k	$210k
•Recycling Centers	$0	$0	$180k	$380k	$590k
•Other	$170	$210	$70k	$280k	$600k
Revenue Contingency	$0	$0	$0	$0	$0
General Fund Balance	+1.1 M	+500k			

What's not in the Five-Year Plan?

- No replacement of funding for the frozen positions
- No replacement of cuts to ACE, local transportation funds, urban infrastructure funds and other capital projects reduced last year
- No funding for basic operating items such as professional development, training, etc.
- No funding to address future demands for core services such as Police Officers, Social Services Workers, etc.
- No funding for previously identified Board priorities
  - Transit expansion
  - Affordable housing increases
  - Environmental initiatives
  - Other expenditures to meet emerging needs

Local Government Shortfall



Conclusions of the Preliminary Five-Year Financial Plan

- Significant imbalance between revenues and expenditures based on current assumptions
- Current service levels are not sustainable
- While restructuring, reallocation and efficiencies will need to continue, more significant changes will be necessary – beginning in year one
- Plan provides no funding to address increased service demands or Board priorities

Options for Balancing the Plan

Recommendations of the
Leadership Council

Leadership Council's Budget Reduction Process

- Discussed service needs and community issues
- Reviewed relevant data
- Established organization-wide guiding principles
- Prioritized organizational realignment opportunities

Principles Guiding the Leadership Council Reduction Recommendations

- Remain committed to existing employees
- Decisions should reflect our values and be sustainable over the long term
- Maintain High Performance Organization focus

Principles Guiding the Leadership Council Reduction Recommendations

- Continue to use data for decision making
- Countywide priorities should supersede departmental priorities
- Be cognizant of the value of any suspended programs – reinstate funding when possible

Long-term Considerations

- New budget realities should drive the next strategic planning process – Spring/Summer 2010
- Reconsider the school/local gov't revenue allocation formula
- Consider use of service districts and other structures
- Maximize use of volunteers and grant funding

Revenue Assumptions: LC Recommendations

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Real Estate Tax Rate	77.2	77.2	77.2	77.2	77.2
Reassessment Rates	(3.75%)	(0.50%)	1.50%	2.25%	3.00%
New Construction	1.00%	1.00%	1.50%	2.00%	2.50%
Sales Tax	(2.00%)	1.50%	2.75%	2.75%	2.75%
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Expenditure Assumptions: LC Recommendations

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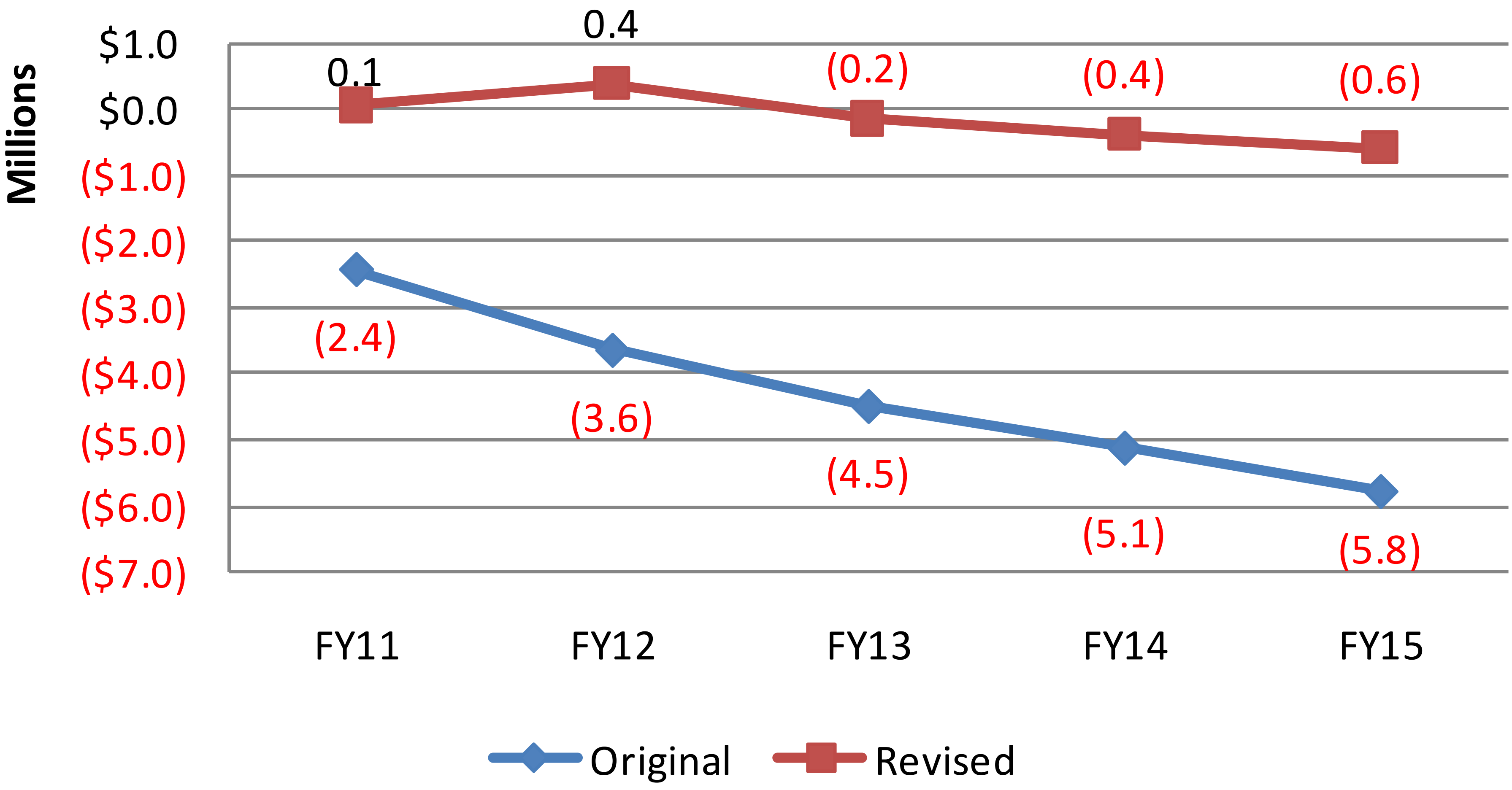
Market & Merit Increase	0.00%	2.70%	3.70%	3.70%	3.70%
Frozen Positions	65	65	65	65	65
VRS Rates	13.54%	13.54%	13.54%	13.54%	13.54%
Health Insurance	8%	8%	8%	8%	8%
Dental Insurance	5%	5%	5%	5%	5%
Department Operations	0%	2%	2%	2%	2%
Reduce $190k annually for Affordable Housing					
Regional Jail	8%	12%	12%	12%	12%
SPCA (per capita cost)	$4	$5	$5 +CPI	$5 +CPI	$5 +CPI
Other Agencies	0.00%	2.70%	3.70%	3.70%	3.70%

Expenditure Assumptions: LC Recommendations

	FY11	FY12	FY13	FY14	FY15
School Transfer by 60/40 Policy	+$1.2M	+$2.6M	+$3.9M	+$5.0M	+$6.0M
Capital/Debt Transfer	($900k)	+$500k	+$700k	+$900k	+$1.1 M
Reduce $2.1 M annually for ACE and VDOT Revenue Sharing					
CIP Operating Impacts •Pantops F/R Station	$0	$0	$250k	$1 M	$1.1 M
•Ivy F/R Station	$0	$0	$200k	$1 M	$1.1 M
•Crozet Library	$0	$0	$190k	$200k	$210k
•Recycling Centers	$0	$0	$0	$0	$0
•Other	$50k	$110k	($40k)	$100k	$380k
Revenue Contingency	$1.5 M	$0	$0	$0	$0
General Fund Balance	+1.1 M	+500k			

Local Government Shortfall



Long-term Community and Organizational Implications

- **Service Levels**
- **Service Quality**
- **Community Expectations**
- **Current revenue allocation and other policies**