

COUNTY ADMINISTRATOR

Neil A. Morgan



BOARD OF SUPERVISORS

Walter C. Zaremba
District 1
Sheila S. Noll
District 2
W. Chad Green
District 3
G. Stephen Roane, Jr.
District 4
Thomas G. Shepperd, Jr.
District 5

March 16, 2021

The Honorable Chairman and Members
York County Board of Supervisors
224 Ballard Street
Yorktown, VA 23690-0532

Dear Member of the Board:

Subject: County Administrator's Budget Message-Fiscal Year 2022

I am pleased to present to the Board of Supervisors and citizens the FY 2022 County's Proposed Budget. The preparation of the annual budget is one of the most important processes undertaken by the County each year. The Budget is a financial plan that is the County's roadmap to implementing the Board's strategic priorities.

In preparing the Proposed Budget we were mindful that our budget environment continues to feature an unusual degree of uncertainty with contradictory economic signals and potential shifts in national fiscal policy. Our revenue estimates for FY 2022 assume a return to normal tourism behavior and accommodating federal fiscal and monetary policy.

My recommended expenditure priorities were to first try to restore previously endorsed Board of Supervisors' initiatives that were unfortunately removed from the FY 21 Budget in response to the COVID 19 pandemic. This budget achieves that goal. Specifically, I am recommending an additional \$1.6 million investment in the York County School Division operating budget consistent with last year's original budget recommendation. Secondly, our six year Capital Improvement Plan and first year appropriation restores and continues County and School projects by funding the necessary School debt service in the amount of almost \$750,000 and increasing the transfer for cash capital projects by \$2,500,000.

Critically, this budget includes a meaningful compensation increase for County employees combining a 1.5% general increase and an annualized increase of \$1,500. This strategy provides all employees in good standing a raise and proportionately favors the large portion of the workforce that generally earn lower salaries. The compensation strategy is particularly critical this year because many of our neighboring communities ended up providing a raise this fiscal year while we were unable to do so.

To achieve the priorities described above and maintain other important programs and services, this budget includes a cigarette tax of \$0.40 per pack which was allowed for counties by last year's General Assembly action. We estimate a positive revenue impact of \$600,000 annually. I am also recommending inflationary fee increases in the following categories:

224 Ballard Street • P.O. Box 532 • Yorktown, Virginia 23690-0532 • (757) 890-3320

Fax: (757) 890-4002 • TDD (757) 890-3621 • Email: bos@yorkcounty.gov

A Hampton Roads Community

Description	FY 2021 Base Fees	FY 2022 Proposed Base Fees
Permits	\$8-\$275	\$10-\$340
Additional Building Safety Fees	\$75-\$225	\$90-\$280
Sewer Maintenance Fees	\$52 bi-monthly	\$54 bi-monthly
Subdivision Examination Fees	\$25-\$250	\$30-\$310
Taxation Application Fees	\$50	\$60
Planning and Zoning Permits	\$100-\$450	\$130-\$560
Rezoning, Variances, Misc. Zoning	\$50-\$600	\$60-\$750
Development Review	\$50-\$150	\$60-\$190
Assessment for Civil and Criminal Convictions	\$10	\$20

In most cases these fees have not been increased since 2008. The sewer fee was last increased in 2015. The Courthouse Security Fee increase is a result of legislation passed during the 2020 General Assembly Session to offset expenses of courthouse security.

After reviewing all areas of the budget many different small changes in expenditures, both increases and decreases, are included in the recommended budget as occurs every year. The single largest reduction is the permanent closure of the Crossroads facility that included six positions and saves approximately \$250,000 on an annual and ongoing basis.

Having adequately addressed the Board’s strategic priority of education both in the operating and capital base budget I have described, the Budget Committee and I further scrutinized your other strategic priorities and concluded that more resources are needed for Public Safety as well as storm water response within the Department of Public Works. In response to this conclusion I am recommending an increase in the Personal Property Tax Rate from \$4.00 per \$100 of value to \$4.25 per \$100 of value. This increase would generate approximately \$1,000,000 annually and would allow us to achieve several programmatic priorities.

Over the next 16 months, the increase would allow us to increase the Sheriff’s Law Enforcement Patrol staff by four positions. In addition to the general need to stay proactive regarding crime control and prevention, this initiative would allow the Sheriff’s Office to create a Yorktown Patrol District by the summer of 2022.

As the Board is well aware, the County needs to continue to incrementally expand staffing for Fire & Life Safety. We have made progress and this budget continues that strategy by directly funding two new positions and anticipating the future cost of Safer Grant positions previously approved and those we may receive in the future.

The Personal Property Tax increase would afford us the ability to stand up a second Public Works “Hybrid Crew”. The four person crew as well as a service technician with equipment

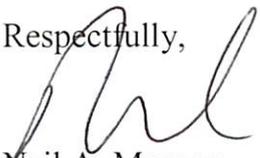
gives us excellent, flexible capacity to respond to stormwater emergencies, ongoing litter control challenges and enhanced grounds maintenance capability. Frankly, given the ongoing resource limitations facing VDOT, this is the County's only practical option if we wish to continue quality citizen customer service with this type of work.

The decision to recommend a Personal Property Tax increase while maintaining one of the Region's lowest real estate tax rates deserves discussion in this summary. I doubt the County will be able to maintain such a low real estate tax rate in the future (compared to our full service neighbors). However, at least for this year, I am able to recommend no real estate rate increase while still making progress on the County's most critical priorities.

The Personal Property Tax rate largely applies to automobiles. Although it is at a higher rate than real estate, it mostly is applied to a much smaller base such that the actual tax is much smaller for citizens and businesses. As a matter of policy, it does allow the County to shift a small amount of the tax burden to some of our citizens who choose not to purchase a home, but now live in some of our expensive, newer apartment complexes. Many of these citizens have relatively high incomes and high value vehicles. On the other hand, for those that choose to or can only afford a modest vehicle, the annual cost is minimal. In terms of our regional competitiveness, a recent survey indicates that the \$4.25 rate would put us about at the mid-point for Hampton Roads localities. Again, keep in mind that our Real Estate Tax rate remains the lowest of any major, full service local government in Hampton Roads.

County staff remains committed to providing the community with high quality services and programs that meet the needs of our citizens. We recognize the need to balance service demands with revenue growth to maintain a sustainable operation and financial position that adheres to strategic priorities, organizational policies and maintains our fiscal health.

I would like to acknowledge the excellent work of our budget staff. Further, I wish to thank all the County Departments and Constitutional Officers for their assistance in preparing this recommended County budget. Finally, I greatly appreciate the hard work of our senior staff Budget Review Team comprised of the Deputy County Administrators, Vivian McGettigan and Mark Bellamy; Director of Human Resources, Amy Etheridge; Director of Public Works, Brian Woodward; and Director of Finance, Theresa Owens.

Respectfully,

Neil A. Morgan
County Administrator

Copy to: Deputy County Administrators
Department Directors
Constitutional Officers
Superintendent of Schools