An adjourned meeting of the Board of Supervisors of Albemarle County, Virginia, was held on February 9, 2009, at 3:30 p.m., Room 235, County Office Building on McIntire Road, Charlottesville, Virginia.

PRESENT: Mr. David P. Bowerman, Mr. Kenneth C. Boyd, Mr. Lindsay G. Dorrier, Jr., Mr. Dennis S. Rooker, Ms. Sally H. Thomas and Mr. David C. Wyant.

ABSENT: None.

OFFICERS PRESENT: County Executive, Robert W. Tucker, Jr., County Attorney, Larry W. Davis, Clerk, Ella W. Carey, Deputy County Executive, Roxanne W. White, Deputy County Executive, Tom Foley, Director of Office of Management and Budget, Melvin Breeden, and Director of Community Development, Mark Graham.

Agenda Item No. 1. Call to Order. The meeting was called to order at 3:30 p.m., by the Chairman, Mr. Rooker.

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Agenda Item No. 2. Work Session: Business Plan.

Mr. Tucker said he hopes the outcome of this presentation of the County's Business Plan is an understanding by the Board of the major FY06 budget drivers, an understanding of critical funding issues for work sessions, an understanding of the impact of FY06 budget on five-year forecast, and to elicit Board input on critical issues for further research and the value of work sessions.

He explained that in the past, every department created or developed initiatives needed for their section, but now the strategic initiatives are pulled together as the staff creates them, and County administrative staff "provides the nexus of those initiatives to our strategic plan." Mr. Tucker said that those initiatives are reviewed with the Leadership Council – comprised of department heads – and voted on as priorities. He added that the initiatives are then prioritized as top, middle, and bottom. The initiatives give some semblance of order or priority for everyone to look at.

Mr. Boyd asked what the appropriate time is for Board members to bring up specific initiatives. Mr. Tucker responded that during the budget work sessions is the right time to bring them up. Mr. Boyd commented that that seems too late. Mr. Tucker replied that he hoped not. The Board will have an additional $2.8 million available to them this year. He also tries to provide the Board with an amount in its reserve to use as it wants to use; this year that amount is $300,000. Mr. Boyd said he was thinking more about long-term initiatives. He would like to allocate CIP funds towards transportation funding, which is a long-term commitment. Mr. Tucker noted that there are such projects in the CIP, although not all can be funded.

Mr. Rooker stated that there is a substantial amount of transportation funding pending at the state level, although we do not know how that is going to work down to our area. He added that there has been a committee appointed to represent the interests of transportation in the area, to make recommendations on how the community as a whole will fund some projects. Mr. Rooker noted that the state has indicated they would augment joint city-county projects. He thinks the Board needs to create bondable sources of revenue; our general CIP commitment is not a bondable source of revenue. That is his only concern. He hopes that in some way the community will find a way to create joint bondable sources of revenue that could be used to build projects that the city and county both have an interest in.

Mr. Wyant commented that the CIP could be a pot of money to be used. Mr. Rooker noted that the County would have to do a referendum to use the funds that way.

Ms. Thomas said that at the VaCo meeting, Secretary Clements said that lots of localities were very interested in managing more of their transportation projects. She added that "The Governing" magazine gave Virginia one of its highest grades, an A-, and the state will continue to push funding responsibilities down to the local level. She thinks it is very unfair.

Mr. Boyd said he is not trying to advocate this as what we should do; he thinks it is what we are going to have to do.

Mr. Wyant asked for clarification of the $2.8 million figure, as there were some discrepancies in what was in print. Mr. Breeden noted that there was a surplus from last year that was transferred to the CIP, and the $2.8 million is the difference in reassessments this year. They are two different numbers. He said that the $3.4 is made up of $2.8 in reserve, and the rest to go into CIP if the growth-sharing formula is followed. Both amounts are still sitting there.

Mr. Rooker noted that if the tax rate were changed, 2005 available funds would be impacted. Mr. Breeden explained that it would be impacted according to the revenue projection that was made, and reduced by $1.0 million. Mr. Rooker added that it would be $600,000 per penny in 2004-2005.

Mr. Tucker mentioned that the Board is also going to look at issues with community agencies that are funded every year, and talk about critical issues for March work sessions.

Ms. White started the presentation with a discussion of the new operating revenues, and she emphasized that these are all revenues allocated to local government for operations, including share of local tax dollars, fees for services, and state and federal revenues. She noted that it does not include what has gone to CIP or reserve, but just the $5.4 million available to General Government in new revenues for operations, based on current tax rate projections. This is General Governments' allocated share. It does not include the Board's reserve. This is using what General Government has set aside and has for revenues for operations.

Mr. Breeden reminded the Board that the share is a 60/40 split on local tax revenues, and the County gets the 40 percent plus other local revenues of non-tax sources. Ms. White explained that all local taxes are subject to the 60/40 tax. Mr. Boyd commented that the County does not take into account all of the state revenues that come directly to the school system in the formula.

Ms. Thomas asked if the figures for the County portion include pass-through. Ms. White responded that it does not. Mr. Bowerman asked if they stay with the agency. Ms. White said they go directly to a consumer, or directly to a client. Mr. Breeden noted that some programs are paid by the state, and some are paid by the County. Ms. White clarified that on the revenue side, the County's budget comes from the share of local tax revenues, fees for services such as building permits, state revenue reimbursement such as for constitutional officers. Mr. Tucker suggested providing a list of local taxes. Mr. Rooker suggested having two lists, one that shows school revenue and General Government, and which funds are included in the 60/40 split. Mr. Breeden pointed out in the information provided what amounts are shared with the schools, and what amounts are purely General Government. Mr. Boyd emphasized that he thinks it is important to rethink that 60/40 split. Mr. Tucker agreed to provide a list of what is split and what comes directly to the County.

Ms. White continued with her presentation, noting that there is $5.4 million available for General Government to use next fiscal year. She noted that the largest expense is personnel, totaling $2 million+, which is typically the highest cost. Ms. White said that the department operations is only five percent of the budget, and 20 percent of new revenues go to agencies such as jails, juvenile court, libraries, the health department and mental health services. She mentioned that the 21 percent of ongoing initiatives represents new items approved by the Board that are now implemented for the long term. They are things that General Government is already committed to pay the full cost for in the next year.

Ms. Thomas asked if a large portion of that 20 percent ($1.0 million) would be personnel. Ms. White responded that it would.

Ms. White noted that they are trying to transition to more of a strategic budgeting approach. She emphasized that big department increases often reflect ongoing initiatives, such as public safety and law enforcement. They are personnel costs.

Mr. Tucker said ongoing initiatives are things that the Board did this current fiscal year that has to be picked up full cost for next year. He said that next year, those numbers would fold into the regular operations budget.

Mr. Rooker mentioned that it would be helpful to know which positions are new in the budget.

Ms. White explained that there is a 4.4 percent merit increase, based on what the Board approved in November, which keeps salaries at market; there is a 3 percent salary scale increase, which keeps the scale at market rate but applies to new positions and people who are under the minimum. She noted that the $354,000 for reclassifications is a result of the annual human resources review that often uncovers staffing that is below market. Ms. White mentioned that this year, the areas of Parks and Recreation, Community Development, and Information Technology were found to have below-market salaries. She added that Public Safety – police, fire & rescue, and ECC – was also found to be below market, and there is a proposal to bring them up to market at a cost of $165,000 to begin that in January 2006.

Mr. Tucker said that some of the Board's reserve could be used to start the increases in July. Mr. Bowerman said there are so many fluid numbers constantly moving around constantly that it is difficult to take into account everything.

Mr. Rooker asked about the 4.4 percent average salary merit increase, wondering if the reclassifications would already impact those raises. Mr. Boyd said that the WorldatWork data just provides an average increase, and does not talk about base salaries. Ms. White reminded Board members that the County has used the WorldatWork as a projection, and then have gone back and used the annual market survey. She said that sometimes they have gone lower than the WorldatWork, and sometimes they have gone higher.

Mr. Boyd asked if they were still using the 30 localities as market comparisons. Mr. Foley replied that they were still using that group, but in the case of law enforcement, they have used a smaller group within that pool of 30. Mr. Boyd said that the school system is using Northern Virginia comparison markets only.

Mr. Rooker recalled that the Board had intended to support reaching the top quartile of the group of 30, not the top quartile of a select group. Mr. Boyd stated that he believed the schools were trying to reach the top 10 percent. Mr. Rooker said that the schools' budget indicates a goal of reaching the top quartile, not the top 10 percent.

Ms. White continued with her presentation, noting that the County has reduced by three percent the increase in Health and Dental costs, reduced to a 12 percent increase. The County may be able to go lower, but since there is only about three months of data, they will have to wait until more data is available.

Mr. Boyd said that he would not want to see a situation where that cost had to be moved mid-year.

Mr. Rooker stated that national trends are running below double-digits now.

Ms. White continued, going through the strategic goals as previously agreed upon by the Board, with the first goal being "having a safe and healthy community." She explained that the budget presented today shows full-year funding, as the Board funded six months of the positions: EMS Instructor, EMS Supervisor, and Public Safety Systems Analyst; this year the full year's cost will be funded. Ms. White said that three firefighter positions were funded mid-year last year, so they would be funded for the full year next year. She noted that that all of those new positions represent almost a $300,000 increase.

Ms. White reported that the constitutional officers' shift to the County salary scale will require an estimated $75,000. She said that the movement to fund 100 percent of fire and rescue operations will yield a $174,000 increase. Ms. White said that the turnout year replacement cycle – to get volunteers and staff to turn out on a regular replacement cycle – will shift $75,000 to the operating budget next fiscal year.

Mr. Bowerman asked why that was switched to operating. Mr. Foley replied that there is a five-year replacement cycle, and only one year was funded as a capital item, so in order to keep the cycle of replacement going, it is moved to the operating budget as an operating expense.

Ms. White said that the Bright Stars program was funded for a sixth year, and it is funded locally at $117,000, with some money also coming from the state. She said that the state was funding at 60 percent, then 90 percent, then up to 100 percent last year for the number of four-year-olds they say are identified as needing services. Ms. White said that the state estimates $5,000 per child, based on the cost of a composite index, and in Albemarle the County ends up paying 60 percent, with the state paying 40 percent. Mr. Rooker clarified that when the program expanded, the state picked up 40 percent of that expansion cost. Mr. Breeden added that the County's 60 percent is the $117,000.

Ms. White said that the Affordable Housing Trust Fund, as approved by the Board last year, called for $200,000 to be put in, with ongoing revenues to be increased by $50,000 each year, for a mix of ongoing and one-time monies.

Mr. Dorrier asked who the money would be allocated to. Ms. White replied that the money would be in the Housing budget, and there are decisions being made about how that will be used. She said that the Piedmont Housing Alliance (PHA) will probably manage the fund as down payments and leverage for loans.

Mr. Bowerman asked who makes that decision. Ms. White said the decision would come back to the Board, noting that it may be a down payment assistance program. The County has some agreements to set up and some administrative procedures. She added that there will be another $200,000 next year.

Mr. Boyd asked about the additional $50,000. Ms. White replied that the $50,000 is recurring new revenues to put into the trust fund. Mr. Breeden clarified that in the current year's budget, the Board set aside $200,000, and it was funded by using $50,000 of current revenues and $150,000 out of the fund balance to cover this year's budget. The goal is next year – or for the next three years really – keep setting aside $200,000 to start funding out of current revenues. Ms. White clarified that the money is coming from the general fund balance, not the CIP. She emphasized that this is a loan program, not a grant program.

Mr. Wyant asked about proffers developers offer for affordable housing. Ms. White responded that if money is loaned for down payment or a mortgage buy-down, there will be restrictions on selling the house. Mr. Bowerman stated that all of that money would be coming back to the fund. Mr. Boyd said that he believed Mr. Wyant was asking about developers' proffers. Ms. White confirmed that the money does go into the affordable housing fund. She noted that Crozet Crossing is set up as a trust fund, but the larger trust fund has not been set up yet.

Ms. White continued to present ongoing initiatives, including "Effective, Responsive and Courteous Customer Service." She mentioned that there were three items – the Total Rewards program administration at $50,000; the Enterprise Agreement with Microsoft to keep software up to date on an annual basis at $142,000.

Mr. Wyant expressed concern that the Enterprise Agreement may not necessarily make the County more efficient, based on his past experience.

Ms. White stated that they are looking at measuring the effectiveness of the Total Rewards program.

Mr. Boyd noted that the reason for the Enterprise Agreement was to do away with individual department purchases of software. He asked where that money will go; how much we are actually saving, and where does this budget account for that savings? Ms. White said that if new software had to be purchased, the cost license agreements would add up.

Mr. Boyd asked if there was a line item that shows how much was spent on licensing agreements, compared to the Enterprise Agreement cost. Mr. Breeden stated that there is quite a bit of work involved in finding all of the computer expenses, and emphasized that everyone will be on the same platform with the Enterprise Agreement, saving staff time in communication and time with IT staff for support. Those are hard to measure.

Mr. Boyd said that he would like to see the results of how the new money is spent, such as the Loss Control Manager. He asked if there is some kind of effort that staff is making to track some savings. He mentioned that the Total Rewards program is supposed to reward cost savings, and there should be some way to measure that. Ms. White said that IT is tracking some of that, and there will be more tracking over time. Mr. Wyant agreed that tracking of cost savings needs to be considered.

Ms. Thomas pointed out that some items – such as adding four more police officers – will be hard to measure in terms of how successful they've been. The Board agreed to a goal, but it is going to always be almost impossible to be able to tell the citizens that it was worth their money to hire four more police officers. She added that departments have been good about coming in and reporting to the Board on how they are doing.

Mr. Rooker commented that efficiency experts that are often used in private companies could be brought in to evaluate how departments are working. He mentioned the "yellow book," to look at similar operations and see what they are spending to perform the same functions.

Mr. Breeden said that you could look at crime statistics in relation to the number of officers hired and evaluate the success of hiring additional officers, although it might be hard to make a direct connection between the number of staff and crime rate. Mr. Foley mentioned that there is a whole new system for tracking crime data, and the County is now able to track whether the crime rate went down in an area after more resources were put there. He added that each department is moving to a more data-driven focus, so that success can be tracked more closely.

Mr. Boyd emphasized that in the example of the Loss Control Manager, could the money being saved by that person's overview be applied to other new initiatives so that tax revenues are not always sought to cover them. Mr. Bowerman commented that it could be taken out of the fund balance.

Mr. Rooker said that the Enterprise Agreement is a great example of a return on investment, as the County can evaluate the savings made by the purchase. Mr. Breeden stated that one way to look at it is how much would have been spent had the County not invested in it.

Ms. White noted that the County is trying to move towards a strategic budget, and one that is focused on outcomes. That return on investment is one of the outcomes. The staff is still in the process of figuring out what are the things that it can measure and what it can report back on our investments.

Mr. Dorrier said that when there is turbulence in a department that has an effect that is hard to measure. Mr. Tucker responded that the County tries to track it through exit surveys. Mr. Foley said that they track turnover data, and could analyze it quickly to see how it compares to other localities. He added that that is one reason why they are doing the study of salaries, to see if Albemarle is falling behind.

Mr. Rooker mentioned that the City of Lynchburg had lost a lot of officers, and many of them indicated they were looking for jobs elsewhere; he said that changes were made, and the number of exiting officers was reduced by about one-half.

Mr. Dorrier mentioned that he had met a police officer who was trying to get a job in Hanover because he could not afford to work in Albemarle. Mr. Tucker said if Albemarle followed Hanover's pay plan, it would not lose anybody. It is the best for a community comparable to our size; they have one of the best pay plans he has ever seen. He noted that this is throughout Hanover government, not just police. Mr. Boyd stated that they also have a very efficient school system. Mr. Tucker commented that they may have more money. Mr. Wyant said that there are some things that are not monetary that are also incentives for employees that are used in other localities.

Ms. White continued her presentation, stating that the County has over $1.0 million going into ongoing initiatives, which takes a big part of revenues. She reported that allocations for new initiatives are $737,000 for the four police officers, the stormwater program, the parks trail development – a top-five strategic initiative – which would include ongoing maintenance and development of new trails and using the inmate work force.

Mr. Tucker mentioned that the stormwater program was mandated. Mr. Foley said that this is a "realistic step in the stormwater focused on mandated initiatives," and the total cost for the program would be much more. He added that there is very little money being put into operations of stormwater management.

Mr. Tucker said that there needs to be an upgraded general services position to oversee the stormwater initiatives.

Ms. White reported on the unfunded strategic initiatives: Director of General Services; Custodians for COB 5th Street; money to continue the Family Support Program; the 5th Street Transit Service; the Scottsville Rescue staff. She noted that these new unfunded initiatives total $800,000.

Mr. Boyd asked what about the Director of General Services position. Mr. Tucker explained that that person oversees all custodial needs, any capital projects for school or government. He said that a “Chief” position is responsible for that now, and the stormwater program will significantly increase the responsibilities for that person now.

Mr. Foley said that the Public Works Department was pulled out of Community Development with the reorganization, and turned into General Services. He added that the division head now reports directly to Mr. Foley, and the stormwater program will require an entirely different level of leadership.

Ms. White said that a three percent increase was recommended for community agencies, and the Commission on Children and Families ranked the agencies and recommended varying levels from two percent to four percent, with three percent as an average. She noted that there are a few agencies that did not fall within those levels, such as Juvenile Detention at 19 percent - reflecting increased usage.

Ms. White informed the Board that they would be given additional information on the justifications for increases in agencies that did not fit in the two percent to four percent range. Ms. White noted that the Planning District Commission has recommended increasing the per capita rate for the Juvenile Detention Center, as their budget has been level-funded for three years.

Ms. Thomas said that the per capita amount has not increased since 1970, and the population increase in the area has not been considered either.

Ms. White explained that the SPCA increase is a result of the contract and usage.

She said that the Commission on Children and Families increase is due largely to their rent at COB-5th, and they have lost four E-funds and several state funds. She added that the CCF basically manages the budget-funding recommendations for the human service agencies, but they themselves have a budget also.

Ms. White said that there are a lot of local-share formulas that they work on to try to be comparable with the City, and they do not know what impact that will have if the City reduces funding.

She indicated that the Health Department was under-budgeted last year, and made a request that did not include salary increases, and this budget helps to catch them up. Ms. White added that the CTS increase just for base operations is almost 95 percent. Ms. White said that JAUNT funding formulas also changed, and the urban transit funds have been capped for a long time, and there are additional rural transit funds as ridership increases. She explained that the urban area has grown, and some of the rural area is now captured in the urban ring, which translates into more local funds that have to go into subsidize the urban transportation.

Ms. White said that the regional library system would be increased by 6.4 percent to reflect rent increase, minor changes in operating hours, and increased health care costs.

Ms. White provided information on operating budget issues that need further review, such as the CTS budget, which is recommended for a $228,000 increase for this year’s baseline. She explained that in the past, the CTS has received federal revenues to subsidize the transit. For the lines currently in place, the funding formula has had the County share in federal subsidies. Ms. White said that the increase in County lines – such as the run to Wal-Mart – means the County has to pay the full share because those federal funds are capped. She explained that the funds they have had before have always gone to subsidize the existing County routes. Ms. White said that the new director for city transportation is now calculating the County’s share without any federal subsidies. Every route the County has is now calculated on just what it costs to run that, and we pay 100 percent.

Mr. Bowerman asked why the County can’t get any federal sharing. He does not see how the City can do that. The riders are in Albemarle County. Mr. Dorrier said that when he rides the Route 7 bus, many of the riders are not from Albemarle County. Ms. White commented that the understanding is that the urban funds go to the CTS bus system. Mr. Tucker emphasized that the County has tried on the staff level to argue for fund-sharing, and the Board or an MPO group should be the ones to address the situation. Mr. Foley noted that they are still having discussions on the staff level to see if the situation can be resolved.

Mr. Rooker asked how the cost is determined. Mr. Breeden responded that the formula used is to take the total transportation budget and divide it to get an hourly rate; then the County-use hours are calculated and billed to the County at $37 per hour. Mr. Rooker asked what percentage of the bus cost is paid by federal, state, and local funds. Mr. Breeden replied that the County has just been made aware of the situation, and they are still trying to figure out the funding portions. Ms. White commented that very little is paid by the City’s revenues.

Mr. Rooker said that the County routes do not constitute more than five to ten percent of the transit’s total operations, and a huge percentage of the operating costs are paid by federal funds. Ms. Thomas said that VTA might be able to provide information on how other localities share their funding for public transportation. Ms. White stated that the County does not know much about the transit operations.

Mr. Wyant asked if federal money could be allocated to specific routes. Mr. Bowerman said part of their rider-ship is based on County routes. Mr. Breeden explained that the City says federal money is capped, and what the City spends on the program qualifies them for the full federal amount. If the County drops all of its routes, the City is still going to get the same federal dollars. Mr. Rooker said he questions whether the incremental cost of running these routes is $500,000. He does not think their budget is $5.0 million, if the County is using ten percent of their routes. Ms. Thomas reported that all bus systems were asked by the state to put in requests for funding this year, and they are only getting half of their requests of state funds.

Mr. Foley explained that it used to be funded as a regional transit system, and now it is funded as more of a City item. Mr. Tucker said that City Council has set forth several directives to staff to plan on a two-cent rate reduction. He mentioned that the car tax reduction is now affecting them – as it did for the County in previous years. Mr. Breeden noted that they are also being hit with retirement system increases that the County got hit with last year. Mr. Bowerman commented that they fund their own.

Mr. Rooker asked if the City would qualify for all the federal funding they get if they were not able to apply as a regional system. Mr. Tucker responded that he does not know, but would find out. He added that the City qualifies for some Community Development Block Grants only because they use a portion of the County's urban area. The City gets all of that, and they keep it for their own improvements in the city.

Mr. Bowerman asked if the County could stop the City from using the County. Mr. Rooker said that he has heard comments that the City should be running smaller, more efficient buses, and the argument has been that the federal government will fund the larger buses. They are choosing to operate in a way that is less efficient from an operational standpoint, because on the capital side they can get the larger equipment funded easier, apparently, through federal allocation. He asked if the County should be in a mode of having to subsidize inefficient operations because the City has chosen to operate that way so they can get additional capital. Mr. Breeden replied that the City's point of view is the County does not share in any capital costs. He said that in reality, the largest expense of operating the bus is the driver, not the bus size. Mr. Rooker said that JAUNT would be a good comparison.

Mr. Dorrier stated that the County needs to learn more about CTS, and need to be informed to be better advocates for public transportation.

Mr. Breeden said that there has been a major policy change. Mr. Bowerman added that a 100 percent increase cannot be justified. Ms. Thomas suggested that if the state comes up with more money, the County should use that information in their negotiation with the City. Mr. Bowerman commented that the County has no leverage.

Mr. Rooker said that the City is getting funding because they are representing CTS as a regional system. They are using the County to acquire the federal money that they do not want to give any credit for.

Mr. Tucker mentioned that part of the problem has been that the University has not agreed to come into a transportation district function that handles mass transit. He noted that it is unclear whether the City wants others involved or not.

Ms. White continued with her discussion, noting that the retiree health insurance program and stormwater program would be revisited during future work sessions.

Mr. Rooker reported that there is a movement at the federal level to require 100 percent payment if you provide retiree health care, as opposed to qualifying for Medicare "carve-out." He said that if a locality assumes a contractual obligation to assume medical insurance, it is considered discriminatory to stop paying it or lower the payment when a person turns 65. You could be put in a box of having to pay the whole thing, not just the Medicare carve-out portion. Mr. Rooker added that the government would like to see that because it would reduce their Medicare obligation.

Ms. White said that on the Capital Budget issues, the ACE program will be considered noting that there is $350,000 in the capital budget for ACE, but it is not up to the full $1.0 million.

Ms. Thomas stated that the Mountain Overlay District Committee is looking as to whether there could be a "Super ACE" program for purchasing development rights off of the ridge areas, and they are going to strongly recommend that ACE or something like it be firmly funded.

Mr. Breeden reported that there is pending legislation to provide state funding for ACE-type programs.

Ms. Thomas added that there is also legislation that makes it harder to get voluntary conservation easements, because it is drastically cutting what state tax benefits people can get from that.

Mr. Rooker noted that there is a federal legislation to cut the income tax deduction contributions to 30 percent of the total as opposed to 100 percent. Ms. Thomas said that it is the selling of the tax credits that the state is focusing on. Mr. Rooker commented that the federal legislation would be catastrophic for voluntary conservation easements, because the deduction would be 30 percent instead of 100 percent of the value, and it would also eliminate the estate tax benefits.

Ms. White said the capital funding formula discussed January 19th would also need to be discussed again.

Mr. Tucker asked if there were any other items that the Board would like staff to take back to prepare for work sessions.

Mr. Rooker commented that he does not understand how reassessments could be at 27 percent and 17 percent, and the budget is still so tight. He thinks most people expect that there is going to be some kind of tax adjustment, based on the last two back-to-back assessments that have occurred. Mr. Wyant said that is the biggest thing that has been posed to him. Ms. Thomas noted that she has heard from several elderly citizens whose property has increased in assessment.

Mr. Tucker emphasized that there is $2.8 million plus the Board's own $300,000 reserve that they can use as they wish. Mr. Rooker said that would mean not funding new initiatives. Mr. Tucker explained that staff has demonstrated how the costs of new initiatives from the previous year add up. Mr. Rooker said that the Board needs to look at the numbers in the five-year plan, especially in light of reassessments that have gone up and might not be as great in the future. Mr. Tucker responded that initiatives may not be able to be funded. Mr. Rooker said that adopting initiatives now requires future funding.

Ms. Thomas reported that federal funding of Medicaid might be drastically reduced, and that would shift those costs to the County. Mr. Rooker mentioned that states are being squeezed unbelievably by Medicaid expense now, noting that Mississippi has virtually eliminated transportation funding to deal with Medicaid. Ms. White pointed out that Medicaid goes to fund a lot of the JAUNT transportation now – so either that is not funded or the locality jumps in and funds it.

Mr. Dorrier said that since such a large portion of the budget goes to the school, that formula should be reevaluated.

Mr. Rooker emphasized that the School Board needs to be involved in those discussions. He said that Gordon Walker had asked him to attend the meeting, and they discussed having the entire Board at their March 3rd meeting. Mr. Rooker said that everyone agreed, but then he received an email the School Board said they did not want the entire Board at their budget presentation.

Mr. Tucker said that on March 16th, the School Board would present their budget to the Board, and there would then be a joint work session to talk about the capital budget. Mr. Rooker asked Mr. Tucker to clarify whether all of the Board should attend or not. Mr. Tucker explained that for years and years, the County has allocated 60 percent to the schools and it became an "unwritten rule," then the schools used their figure for budgeting and planning purposes. Mr. Tucker added that each year, the schools ask for about $2 million more than their allocation. Mr. Rooker said that the request might be less because of increased state revenues. Mr. Boyd note that the schools' request would increase, though, because of capital requests.

Mr. Tucker stated that the Board can change that formula, and he is surprised that the School Board does not want to sit down and discuss it.

Mr. Rooker said it would be helpful to see how much of the total County revenue goes to schools, noting that there is a substantial amount of money coming directly to the schools. He added that he had asked Mr. Tucker for per-pupil expenditures from other jurisdictions in the competitive market. Mr. Rooker added that the Albemarle County expense is around $10,000 per student, acknowledging that comparative figures might not be "apples to apples." Mr. Tucker said that they are getting that information from the state website. Mr. Rooker asked also to find out how those schools rank in teacher salaries. Mr. Boyd recalled that figures he had seen in the past showed the student spending in the top three percent, and teacher salaries were in the top 13 percent. Ms. Thomas pointed out that as counties become more urbanized, the percentage spent on schools decreases as there are other budget demands. Ms. White noted that the City of Charlottesville has a 40/60 split with schools, just the reverse of the County.

Mr. Breeden presented figures that show assumptions that the County funded salary increases, ongoing initiatives, and operating costs of CIP projects. He noted that salary increases have been left at 7.1 percent for next year, and they are leaving increases at four percent for the next four years, which he described as conservative. Mr. Breeden said that operating costs have been increased 7.1 percent, based on actual projections; agency increases are 8.9 percent and that trend is continued for the five-year period.

Mr. Rooker noted that the scale increase only affects new hires, and asked about the additional 2.7 percent. Mr. Breeden said that salaries approved last year for a one-half year that are now funded for a full year bump that figure up to 7.1 percent. He noted that the Health and Dental costs were increased at 12 percent instead of 15 percent.

Mr. Breeden noted that property tax figures were left at 76 cents, and the 17.5 percent increase in assessments will have the same impact next year on fair market values. He added that that figure would probably drop-off in future years, and a six percent decrease for two years is built into this budget, with a two percent drop.

Mr. Breeden stated that when the new initiatives are put in, the cost is $737,000, which becomes $2.0 million in five years. He noted that the reassessments could fund it if the tax rates were left alone, and mentioned that five unfunded initiatives that were recommended would initially draw $800,000 from the reassessment reserve, but then would increase to $3.0 million over five years. Mr. Breeden explained that capital needs are considered separately. The General Fund funds the policy, but whether that is enough to meet the needs is a different question; it is not going to fund all the requests.

Mr. Breeden explained that the stormwater program has $359,000 in the first year, expanding to $700,000 in the fifth year. Mr. Rooker asked how that was deduced. Mr. Foley replied that staff made some assumptions, and they are finalizing the budget for it based on mandated programs and an eventual County-wide program.

Mr. Boyd asked what would happen if a 74-cent rate was used. Mr. Breeden responded that staff calculated that out for five years, and the reserve absorbs the difference in the first year. Mr. Foley pointed out that any new initiatives that would come out of the Strategic Plan or from the Board over the five-year period are not included in this budget.

Mr. Dorrier indicated that the CTS, operating budget issues, retiree health, and stormwater management need more information. Mr. Tucker and Ms. White stated that they would be bringing more information about all of those items and capital projects to the work sessions.

Mr. Dorrier said that the critical issue is the school formula.

Mr. Breeden mentioned that the retiree health options the Board had considered could make the number anywhere from a few hundred thousand to millions.

Mr. Boyd asked what teachers get as retirees. Mr. Breeden responded that they get a little bit tacked onto their VRS check, an amount per year of service.

Ms. White said that the staff will present a few options at the work sessions.

Mr. Tucker stated that if you follow the City's plan, the price tag would be $1.3 million annually. Mr. Bowerman suggested using a couple hundred dollars per employee per month. Mr. Boyd suggested paralleling what the teachers get. Mr. Rooker asked how years of service would be considered. Mr. Breeden explained that the City funds at 20 percent if the employee has at least five years of service, then funds at four percent for each additional year of service, so the pool is narrowed. Mr. Rooker suggested using 20 years of service as a benchmark.

Mr. Tucker asked if the information provided to the Board by staff was helpful.

Mr. Bowerman said that the numbers were hard to track, because of having to use assumptions instead of hard numbers.

Mr. Dorrier agreed, stating that without actual numbers, it is hard to visualize.

Mr. Bowerman suggested including a list of what is included in local revenues.

Ms. Thomas commented that she hoped staff finds the meetings helpful.

Mr. Tucker stated that it has been helpful to staff.

Ms. White added that she likes using the work session time for critical issues, instead of going through the budget information.

Mr. Breeden added that with issues like CTS, Board members who are involved in other groups like the MPO can actually provide staff with updated information.

Mr. Tucker stated that he feels good about the budget, acknowledging that there is a balance between unfunded requests and taxes.

Mr. Wyant asked about land use tax information. Mr. Tucker indicated that he had provided that at one time, but he would supply it to anyone who needed it.

Mr. Boyd emphasized that the public perception is that assessments increased by 27 percent, so County revenue did also. Mr. Rooker noted that the actual realized amount was eight percent. Board members asked staff for some actual figures that they could have on hand.

Mr. Bowerman suggested changing the calendar to annual, not fiscal, so that it is easier for the public to grasp.

Mr. Rooker said that he received a call from a constituent who assumed all real estate assessment increases would directly impact the revenue by the same percentage. It would be helpful for him to have some talking points.

Mr. Boyd asked if there should be a reasonable rate for government to grow each year, whether it is tied to a growth rate or inflation rate. Mr. Tucker responded that the County uses figures on the growth rate and CPI.

Ms. Thomas reported that she asked Jim Campbell, Executive Director of VACo, if they can provide any figures about state mandates and reductions, and he agreed to after the session.

Ms. White added that it does not come out in the papers if there is not a big reduction.

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Agenda Item No. 4. Adjourn. The being no further business to come before the Board at this time, the meeting was adjourned at 5:10 p.m.

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Chairman

Approved by the Board of County Supervisors
Date: 04/06/2005 Initials: DBM