

October 19, 2005 (Adjourned meeting)
(Page 1)

An adjourned meeting of the Board of Supervisors of Albemarle County, Virginia, was held on October 19, 2005, at 4:00 p.m. in Room 235 of the County Office Building on McIntire Road, Charlottesville, Virginia. This meeting was adjourned from October 12, 2005.

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

ALSO PRESENT WERE SCHOOL BOARD MEMBERS: Ms. Sue Bell Friedman, Mr. Stephen J. Koleszar, Ms. Barbara Massie Mouly, Ms. Diantha McKeel, Ms. Pamela Moynihan, Mr. Gordon Walker (arrived at 4:05 p.m.) and Mr. Brian Wheeler.

COUNTY OFFICERS PRESENT: County Executive, Robert W. Tucker, Jr., County Attorney, Larry W. Davis, Deputy Clerk, Debi Moyers, Assistant County Executive, Tom Foley, Assistant County Executive, Roxanne White, and Director of Management and Budget, Melvin A. Breeden.

SCHOOL BOARD OFFICERS PRESENT: Dr. Kevin Castner, School Superintendent, Ms. Pam Moran, Assistant School Superintendent, Ms. Kimberly Suyes, Human Resources Director, Ms. Lorna Gerome, Human Resources Manager for Compensation/Benefits, Mr. Jackson Zimmerman, Finance Director, and Ms. Jennifer Johnston, School Board Clerk.

Agenda Item No. 1. The meeting was called to order at 4:03 p.m., by the Board's Chairman, Mr. Rooker and by the School Board's Chairman, Ms. Friedman,

Non-Agenda. Mr. Forrest R. Marshall, Jr., a former Board of Supervisors' member appeared and asked to be heard. He requested that the Board consider renaming the Meadow Creek Parkway to the John W. Warner Parkway. He said Senator Warner has done much for this community that he needs to be honored in some way. This request was tabled for discussion at the end of the meeting. Mr. Marshall expressed his disappointment that Mr. Bowerman was not running for reelection.

Agenda Item No. 2. Compensation and Medical Insurance Report.

Ms. Kimberly Suyes presented recommendations on compensation and benefits for the purpose of budget planning, stating that the two Boards overall strategy is to be competitive within its market of 30 organizations. This list of organizations was shared with the Board members previously. She explained that the comparison includes counties and schools of similar size within the State of Virginia, those within this same region of Virginia, and local private employers. She mentioned that the goal is to target employee salaries at 100 percent of market median focusing on internal equity with benefits slightly above the market at 105 percent.

Ms. Suyes reported that the adopted Total Compensation Strategy of the two Boards includes targeting the top quartile of the adopted market for teacher salaries. Also, target the median of a subset of the adopted market for positions advertised both regionally and nationally. Data from the WorldAtWork organization is used when developing the teacher scale and salary.

Ms. Suyes stated that in July 2005, the scale for classified employees was adjusted by three percent based on data that showed the scale was below market by 0.9 percent; the merit pool increase was 4.4 percent. She added that nationally and regionally recruited positions saw a merit pool increase of 4.4 percent over a two-year period, noting that teacher increases ranged from 6.9 percent to 9.1 percent. For 2005-06, WorldAtWork, Eastern Division, data projected a total salary increase of 3.65 percent, and a salary scale increase of 2.3 percent. Last year Albemarle started at 0.9 percent below market and gave a three percent increase; the market gave 2.74 percent, making Albemarle 0.64 percent below market. That information is different from what is shown in the Executive Summary, which contains a typographical error; she noted that the recommendation remains the same.

Ms. Suyes said Albemarle County started at 0.7 percent below market regarding the salary scale for classified employees, and gave a 4.4 percent merit pool increase. The comparison market gave a 4.0 percent increase making Albemarle 0.30 percent below market. For positions recruited nationally and regionally, the strategy was phase-in over a two-year period, and it saw an increase calculated from midpoint. She emphasized that for 2004-05, Albemarle was below market between 9.85 percent and 20.0 percent; currently benchmark positions range from 2.83 percent to -7.72 percent below market which is a significant improvement over FY '04-05.

Regarding the teacher's scale, Ms. Suyes said the strategy has been to target the top quartile of the adopted market. She said the strategy for teacher salaries has been to target \$1000 above minimum. The County did not reach the target at the maximum; there is a significant variance between school divisions in the top quartile pay for highly experienced teachers, step T-30. She explained that the minimum shows a slight variation, but the variance increases the further you go down the steps. As a long term strategy, the School Board may wish to examine if the minimum of the top quartile is sufficient to meet competitiveness goals when the variance is more or less 30 percent in pay.

Mr. Boyd asked how many of the teachers are at step 30.

October 19, 2005 (Adjourned meeting)
(Page 2)

Ms. Moynihan responded that the majority of them are, and asked for the top seven comparisons. Ms. Suyes explained that it varies depending on the position, and said that the top quartile from each step is used.

Ms. Gerome added that Loudoun, Prince William, Charlottesville, and Fluvanna are consistently part of the top tier.

Mr. Boyd commented that taking the mean or average might skew the results.

Mr. Rooker said that would depend on whether you're trying to hit the top quartile with each step.

Ms. Gerome emphasized that they are trying to meet compensation goals at each step.

Mr. Zimmerman noted that the greatest variance will probably be at the lower end of the scales. He said that in the T-20 and T-30 areas, the variance is not as much.

Ms. Moynihan commented that she would be interested in seeing teacher retention rates based on levels.

Ms. Suyes responded that more goes into retention than pay, and that exit data would be provided at the November 7 meeting. She reported that relative to the 131 school divisions in Virginia, the newly adopted strategy allows Albemarle to be more market competitive, adding that the County is not as competitive at the top end. She said when the comparison was initially made, Albemarle was at 58, but is now at 16 at a minimum. She added that the County needs to look continuously at the competitiveness of the top quartile, as well as the WorldAtWork data.

Ms. Suyes said the Medical and Dental Insurance design and premiums are the strength of the County's health plan. In 2005-06 there was a very successful electronic enrollment program conducted. She said in 2006-07, the County is looking at a five percent increase instead of the 16 percent increase it saw the previous year. She mentioned that a great effort has been put into wellness and prevention initiatives. There will be health risk assessments done onsite as well as reimbursement allowances and participation incentives. The program will be paid for out of the County's health care fund, adding that the program includes weight loss and weight control, diabetes management, smoking, etc. Southern Health will be looking at the high cost benchmarks and target initiatives to reduce risks.

Ms. Suyes presented information on retiree health insurance explaining that the VERIP program requires employees who are retiring and wish to use this benefit to be age 50 with at least 10 years of service. She added that there are two parts to the VERIP program: retirement income and health income. A benefit is calculated for VRS retirement income and is recalculated adding five additional years of service. The difference between the two amounts is what the County pays the employee through the VERIP program for up to five years.

Ms. Suyes explained that the second piece of VERIP is the health income portion. Retiring employees receive the amount of the Boards' contribution toward health insurance for up to five years. She hopes that employees who see the additional "carrot" at ten years will stay the extra time.

Ms. Suyes noted that school professional employees are actually paid a higher VRS rate because the state has implemented a healthcare credit. As long as the employee has 15 years of service, the current VRS health insurance credit is \$2.50 per month per year of service up to a maximum of \$75 per month. Retiree health insurance for employees who retire prior to age 60 there is a gap that exists prior to Medicare eligibility at 65 years of age. Staff is looking at options to bridge that gap.

Mr. Walker asked if retirees receive information about the different services and health promotion opportunities related to the Wellness Program. Ms. Suyes replied that employees will be informed of wellness programs as they are offered. Wellness is for the purpose of driving down health care costs. She added that Southern Health offers a disease management option that's really effective, and staff is considering an incentive to participate in that program.

Mr. Rooker asked if the five percent increase was in line with the national average. Ms. Gerome replied that the national average has been eight to nine percent, and a lot of employers have implemented cost-sharing and changed the plan design.

Ms. Suyes said as on compensation initiatives, the County has an ongoing long-term classification plan; it is a comprehensive review of all departments in both local government and the schools over the next three years. She said local government was getting a lot of requests for reclassifications. She said priorities are set by identifying internal equity issues, substantial changes to a department's positions such as the changes in Community Development, and existing market data such as the Police Department.

Mr. Boyd asked if any part of the long term classification plan was used in looking at pay banding. Ms. Suyes replied that in looking at skill-based pay, part of what the County is doing now feeds into that. Every employee is required to fill out a detailed position analysis questionnaire. This would be important to look at school-based pay for "broad-banding" pay scales.

Ms. Suyes explained that the Total Rewards Program has been implemented on the local government side; it is being evaluated for the school division. They are looking into an employee recognition program for local government, and a revised merit pool, noting that the skilled competency differentials and broad-banding are still yet to be reviewed.

Ms. Suyes reported that for the school division, the merit pay for school employees for 2005-06 will exist in the structure in place now. However, in order to budget for commonality, a strategy must be developed to further reward high-performing employees. Local government is currently collecting feedback and best practices for implementation in 2006-07.

Mr. Boyd asked if this will include merit pay for teachers. Ms. Suyes said that would require a whole different type of thinking.

Dr. Castner commented that local government has done a nice job in developing the structure they had in place from the beginning of the evaluation cycle because all understood the ground rules. That may lead to opportunities for those employees to receive compensation based on their good work. He said the schools are waiting to see how that works before implementing their own system beginning with the next cycle in one year; however, he indicated they are trying to have some comparable dollars within the existing structure and scale to go to those who exceed expectations. He added that many school employees are working alongside local government employees.

Ms. Gerome explained that "alternative pay" could mean a lot of things – employee recognition (cash and non-cash), stipends for advanced degrees and for teachers receiving national board certification. She added that currently the salary scale is based on "base salary data," and they are going to now look at longevity data.

Ms. Suyes concluded that the recommendations are: For classified employees, a 2.5 percent increase in the salary scale based on the survey data of the comparison market and WorldAtWork projections; a 3.95 percent merit pool increase based on survey data showing the County is below market and the WorldAtWork projection of a 3.64 percent salary increase.

Ms. Suyes reported that for teachers, a 3.65 percent increase to fund increases and to reach and/or maintain top quartile to be distributed along with scale; continue to target \$1000 above minimum looking at the competitiveness within the top quartile; continue the lump sum payment for longevity increases; anticipate a five percent increase in the medical plan; anticipate a seven percent increase in the dental plan costs.

Ms. Thomas asked if when there is a big variance, such as at the 30-year mark for teachers, the School Board suggests doing something other than aim for the bottom of the quartile. Ms. Gerome responded that with T-20 and T-30 where the variances are so large, those ranges are being addressed.

Ms. Thomas asked if anyone knows if there is a loss of employees with that level of experience that seems to be related to pay. Ms. Suyes replied that people leaving does not always indicate they are unhappy with their salary. There are not a lot of people leaving at those points. She added that increasing compensation appropriately would probably yield a retention increase.

Mr. Rooker asked the distribution for teachers in terms of the number of teachers at a step 20+. Ms. Suyes responded that she did not know.

Mr. Wheeler said he believes it was 30 to 35 percent, adding that the variance at the upper scales does not mean people are leaving then; they are probably leaving earlier in their career because they are looking ahead.

Dr. Castner noted that a lot of people go to year 30, then leave, adding that as you make the higher end more attractive, you might be able to keep them until year 35. He added that keeping them a little longer would hopefully make a stronger workforce. The schools have noticed a drop-off in early retirement because staying the extra years makes a difference in their VRS payment.

Mr. Boyd asked if other school systems provide a cap at the upper levels. Ms. Gerome replied that Albemarle doesn't add a longevity step, and other localities do.

Mr. Walker said he finds the trend of retaining higher-performing older teachers encouraging, as the aging baby boomers are expected to be working longer anyway.

Ms. Suyes emphasized that there needs to be flexibility within the entire system, not just at the high and low ends.

Mr. Koleszar said he foresees a debt increase as there are more people working for more pay.

Ms. Suyes replied that there is a check and balance system in place. There has been extensive training with supervisors and managers regarding consistency in the employee review process.

Mr. Koleszar stated that the living wage is considered to be the bottom of the scale, so that it increases when the living wage increases. Ms. Gerome replied that it has been adjusted over the last several years.

Mr. Koleszar indicated he would just like to see a consistent adjustment of scale each year.

Ms. Thomas said she thinks Mr. Koleszar is asking whether the lowest paid employees are making a living wage.

Mr. Walker pointed out that using the Virginia Organizing Project figures, Albemarle County is below it for some positions.

Mr. Koleszar said that it adjusts every year with the scale.

Mr. Walker said there is still a gap.

Mr. Boyd asked for a forecast on revenues. Mr. Tucker said those figures will be forthcoming in November.

At this time, Mr. Boyd **moved** that the Supervisors accept the report as presented today, which included the following projections for FY '06-07 budget preparation: 1) a 2.5 percent increase in the classified salary scale; 2) a 3.95 percent merit pool for classified staff; 3) fund teacher increases to reach and/or maintain top quartile (including 3.65 percent) to be distributed along the scale; 4) continue a longevity increase for teachers; 5) anticipate a five percent increase in medical plan costs; and, 6) anticipate a seven percent increase in dental plan costs.

The motion was **seconded** by Mr. Wyant. Roll was called, and the motion passed by the following recorded vote:

AYES: Mr. Rooker, Ms. Thomas, Mr. Wyant, Mr. Bowerman, Mr. Boyd and Mr. Dorrier.

NAYS: None.

Motion was offered by Ms. McKeel, **seconded** by Ms. Moynihan, that the School Board accept the report also. On a voice call vote, the School Board members voted unanimously.

(At 5:06 p.m., the joint meeting of the Board of Supervisors and the School Board was adjourned.)

Agenda Item No. 3. Other Matters Not Listed on the Agenda.

The Board returned to discussion of the recommendation by Mr. Forrest Marshall to rename the Meadow Creek Parkway as the John Warner Jr. Parkway.

Mr. Rooker said he would support naming the road after Senator Warner, but Mr. Marshall has a letter from Senator Warner specifically requesting that it not be done.

Mr. Dorrier asked how the road was named. Mr. Tucker said there was a lengthy process years ago with the City to choose a name.

Mr. Bowerman noted that Senator Warner has been instrumental in bringing NGIC to the community; perhaps a more formal recognition is necessary.

Mr. Rooker suggested there be a citizenship award made by the County to Senator Warner whereby scholarship money would be awarded.

Ms. Thomas said that has been done in the past, as in the case of Emily Couric.

Mr. Rooker said the Parkway might not have been built if it not been for Senator Warner getting Federal funding for the interchange. He reported that he attended the VDOT transportation meeting in Culpeper yesterday. It was well-attended by local government officials and representatives from localities in the transportation district. He said there was a two-hour panel discussion regarding the VDOT priority list process for primary road projects. He added that it is VDOT's rationale to come up with projects looking into the future, and local government officials expressed their feeling that acute problems should be solved first. He said VDOT provided a list of projects, but didn't provide any background data supporting their recommendations. He stated that Albemarle's priorities and VDOT's priorities for Albemarle County were not the same.

Mr. Rooker said the process would be altered so there could be significant local input into the recommended primary projects. He reported that Senator Ed Houck spoke on the transportation funding crisis, stating that he didn't see it being solved and felt it was going to get increasingly worse with a trend toward providing less money for construction with a higher percentage going into maintenance. He said

October 19, 2005 (Adjourned meeting)
(Page 5)

Sen. Houck was a strong spokesman for linking land use to transportation decisions, and he was very interested in Places 29.

Ms. Thomas mentioned that she would be attending the VML conference on Monday and Tuesday, largely because of the committee she chairs for VACo.

Agenda Item No. 4. Adjourn.

At 5:22 p.m., with no further business to come before the Board, the meeting was adjourned.

Chairman

Approved by the Board of County Supervisors

Date: 04/05/2006

Initials: EWC
