

March 15, 2006 (Afternoon - Adjourned Meeting)  
(Page 1)

An adjourned meeting of the Board of Supervisors of Albemarle County, Virginia, was held on March 15, 2006, at 1:00 p.m., County Office Building on McIntire Road, Charlottesville, Virginia. This meeting was adjourned from March 13, 2006.

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

ABSENT: None.

OFFICERS PRESENT: County Executive, Robert W. Tucker, Jr., County Attorney, Larry W. Davis, and Deputy Clerk, Debi Moyers.

Agenda Item No. 1. The meeting was called to order at 1:00 p.m., by the Chairman, Mr. Rooker.

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Agenda Item No. 2. Work Session: FY 2006-07 County Budget.

Item 2a. School Division Budget. Present at this time were members of the School Board: Ms. Sue Friedman, Chairman, Ms. Diantha McKeel and Ms. Pam Moynihan. Also present was Ms. Pam Moran, Division Superintendent, and Mr. Jackson Zimmerman, Fiscal Services.

Ms. Friedman reported that all schools continue to meet Virginia's 2006-07 requirements for full accreditation. All schools made adequate yearly progress as stipulated by the "No Child Left behind Act of 2001." She said students in grades 3, 5, 8 and 11 continue to make progress toward the School Board's expected outcome of 90 percent pass rates on the Standards of Learning assessments. She noted that the percentage of students earning an Advanced Placement or Advanced Studies diploma increased to 65 percent in 2004-05, the third highest percentage of any school division in Virginia.

Ms. Friedman said Albemarle schools would like to eliminate achievement gaps and ensure that all students earn the number of course and verified credits necessary for graduation; improve students' ability to apply knowledge and skills in the context of solving real-life problems for the careers they will enter; reduce variance in the implementation of best practice instruction and assessment; enhance and extend professional development opportunities to foster the adult skills needed to meet the high expectations in and out of the classroom; maintain the Divisions' market competitiveness; and, keep pace with increased operational and growth costs.

Mr. Wyant asked if there is a way to track students and see how they perform once they get out of school. Ms. Moran said the Schools are working to make sure students have the knowledge and skills they need to lead them to be successful in the real world, not just on paper and pencil. She said they are looking at education broadly so students will also have "soft skills" when they leave school.

Mr. Slutzky said a lot of young people do not vote because they don't have an awareness of how much local government profoundly affects their daily lives. He asked if the Schools actually teach about the specific issues of local government and if there is a way to create something more proactive. Ms. Moran responded that they have developed lifelong learning standards, which speak to students about their roles in the community. She added that there are already classes in the middle and high schools that actually require students to attend meetings and watch government at work.

Mr. Slutzky added that Board members are able to address classes in the high schools. He encouraged the School Board members to look further into inclusion of local government topics in the broader curriculum. Ms. Moynihan mentioned that the Schools have received an Anneberg grant. Her son just graduated last year and part of her son's senior year was spent on local government. He did a lot of research on local government around elections, and he was required to register to vote. Ms. Friedman said that even before the grant was received, students had to work on projects related to the School Board and Board of Supervisors in all government classes, adding that government classes are a part of the required curriculum along with performing 10 hours of community service.

Mr. Slutzky said his daughter, who graduated three years ago, went all the way through the curriculum at Albemarle schools and did not know anything about the role of the Board of Supervisors. He emphasized the importance of including that information in the classroom. Ms. Moynihan expressed surprise at this, as her daughter attended the same school and did have this class in her coursework.

Mr. Dorrier commented that people start paying attention to government when they start paying taxes.

Ms. Friedman said the Schools' five major goals are: prepare all students to succeed as members of a global community and in a global economy; eliminate the achievement gap; recruit, retain and develop a diverse cadre of the highest quality teaching personnel, staff and administrators; achieve recognition as a world-class educational system; and, establish efficient systems for development, allocation, and alignment of resources to support the Division's vision, mission and goals. She indicated that for the proposed budget, the Schools have prepared a needs-based budget that matches expected revenues, as well as seeking additional grant moneys.

Ms. Friedman said while the School Board does not want to measure success in dollars, the Schools do want to measure success by movement to a system that is world-class for all, and said the funding request from the School Division reflects the goals mentioned. In the end, it is about the students. She stated that in FY 2005-06, they had a commitment to competitiveness in the market to hire and retain the best staff, and that will continue this year through professional development and provision of resources in support of high-quality teaching and learning.

Ms. Friedman said everyone knows the world is growing smaller and is increasingly more complex. The capabilities of other countries to produce competent, knowledge workers cause this to be truly a nation at risk unless necessary actions are taken to provide students a world-class education. Success should not be measured by dollars. Success should be measured by a move from competence for most to world-class excellence for all students.

Ms. Friedman said the key objectives of this funding request are: prepare all students to enter the global community and economy in which they will work, live, compete, and collaborate with knowledge workers across the globe; provide the infrastructure needed to meet the service demands of students, staff and the larger school community; and, ensure communications with parents and the public represent 21<sup>st</sup> century citizens' expectations for interconnectivity and transparency. She said the process used to communicate the unfortunate arrest of four of Albemarle's students was a process they want to use for good, as well as not so good. She said business leaders and parents thought the Schools were honest and timely in this instance. That is the kind of interconnectivity and transparency they want to have day to day.

Ms. Friedman said the Schools' will continue to support services. The computer replacement cycle is critical. They support adequate staffing and the provision of resources. They will continue the market competitiveness initiative. This year they will be looking at the teachers in the higher ends of service. They will continue quality instruction for all as they implement the Framework for Quality Learning, and building capacity through teacher and administrator performance appraisals.

Ms. Friedman said for Intervention and Prevention there will be increased K-1 teacher assistant time, increased student contact with school counselors, the English as a Second Language newcomer center, and a collaborative partnership with the Department of Social Services. Under Professional Development, they are looking at opportunities for teachers to be supported in the performance appraisal system, at implementation and expansion of the Professional Learning Community model, support of School Improvement Planning, and enhanced technical training for classified staff.

Ms. Friedman said for Technology Resources and Support, there will be support for new communications, management and accountability systems, and support for the increased cost of doing business. Under Community Engagement, there will be improved communication structures and strategies, and systemic actions reflecting respect for cultural and socio-economic diversity, especially if that continues to increase.

Mr. Slutzky said at the public hearing at the beginning of this budget cycle comments were received about the need to increase teaching assistant class time, and nurse availability. He asked if there is an increase there. Ms. Friedman responded that currently the Schools use a model of 1.5 hours of teaching assistant time per 20 students per day. In this budget, they are proposing four hours, and nursing time is proposed to go to six hours per day, which is just shy of full-time.

Mr. Boyd expressed concern about the Community Engagement piece of this budget. He said when he was a member of the School Board, the budget for this activity was at \$15,000 for a part-time person, and now that expenditure has increased to almost \$500,000. That is a huge increase, and he is lost as to the justification for the expenditure. Ms. Friedman said several existing functions have been rolled into this category – equity and diversity, service learning, business partnerships, communications, etc.

Mr. Boyd said it is still a huge increase over last year's funding. Ms. Friedman said the increase is close to \$200,000 as opposed to the entire budget amount for this category. She is a huge proponent of this. Without two-way communication and a reliable source of facts, people often times feel negative things are happening.

Mr. Boyd said Local Government has the same concerns, but it does not have a half million dollar department to deal with those concerns. Mr. Tucker said the School System is much larger than Local Government. Mr. Boyd said the community size is the same.

Mr. Rooker asked how much of the proposed budget is devoted to Community Engagement versus what was already being done. Ms. Moran said one of the biggest items in the School budget is the addition of a half-time position to do outreach to the Latino and Hispanic community. They see that as one of the most critical areas in terms of the growing population. During redistricting this need became evident. When it was found that a significant population of children were going to be redistricted, there was a need to both translate and interpret to the parents what that would mean, and whether their children would be "grandfathered" from this redistricting.

Ms. Thomas said she has been attending the Hispanic Task Force, and one of the things she is learning about is the cultural differences. She had thought it was a language difference, but the Mexican

and Central American school systems do not have any parent participation. It is not just a matter of being able to speak the language correctly, but there is a distinct cultural difference. She understands that CASBA has closed, and she wondered if this new position will pick up on that organization.

Mr. Boyd said the guidance counselors have been working in that area, particularly with Workforce training. He asked Ms. Moran if the Schools are increasing the number of guidance counselors. Ms. Moran said the core specialists have only been part-time employees. Part of their job involved special education transitions, so those career specialists are being made full-time in the high schools, and the responsibility they had for special education is being moved to special education staff. That creates a slight increase in funding needs.

Ms. Friedman said School staff will note existing expenditures for Community Engagement to demonstrate where the increases are and where the realignments are. She said it actually looks like more new money than it really is. They can also note what the new money will purchase.

Mr. Rooker asked what staff in Community Engagement handled publicity regarding the bomb incident. Ms. Moran said her office was supported by Christy Sinatra, who is the comparable to Lee Catlin on the Local Government side. She helped map the communications and basically developed them so there was a timely, transparent and factually-based communication. She added that Ms. Sinatra has helped the Schools figure out the difference between public relations and communications.

Mr. Rooker said he felt it was especially well done.

Ms. McKeel noted that parents felt they were well-served, and that is very important.

Ms. Friedman presented a pie-chart showing expenditures and total funding requests - \$141,732,877, which is exactly the revenue figure the Schools were given to use in building their budget. She mentioned that Instruction gets 74 percent; Building Services gets 10 percent; Administration, Attendance, and Health gets seven percent; Transportation comprises six percent; and, Transfers and Financial Accounting comprises three percent.

Mr. Boyd asked if those figures cover the CIP or Debt Service. Ms. Moran responded that these figures are just operational costs.

Mr. Rooker asked what items are included in the area called "Attendance." Mr. Zimmerman responded that it is a State-defined area. Many school divisions have employees who are defined as Attendance Secretaries and Truant Officers. Albemarle does not have those positions, so it is more in the area of Administration and Health.

Mr. Rooker said there is not much difference in the budget the School Board approved and the one originally submitted to the School Board by the Superintendent. He asked the areas in which cuts were made. Ms. Moran said they focused on areas that would have the least impact on direct services in the classrooms, areas where the principals agreed there would be the least impact – such as computer replacements, building level staff development, matching funds, etc. They will revisit this decision in a year.

Mr. Rooker asked about the FTE level for teaching assistants. Ms. Moran said they heard from both parents and teaching staff that these assistants are absolutely critical. Some of the early childhood programs have been shorthanded by not having enough teaching assistant time provided. This request came from the Schools' Budgeting Committee which is made up of principals, staff and parents.

Mr. Rooker said comments were made at the budget hearing about pay for substitutes. He asked how the level of substitute pay was determined. Ms. Moran responded that the Schools look at substitute pay against market, and believe Albemarle is within a comparable range to market. Mr. Zimmerman said part-time wages and pay for substitutes is purely a local issue. No one is being attracted from outside of the region to these jobs.

Ms. Thomas said the issue raised was whether compensation is based on the degrees held by the employee. Ms. Moran said it is expected that the teachers do the planning for the substitute. If a long-term sub is needed that employee moves into a pay scale that is comparable to that of teachers. For a day worked here and there, the substitutes do not have to do the planning.

Mr. Dorrier said sometimes classified employees feel left out. He said there was a school bus accident on Route 29 North which focused everyone's attention on school bus drivers. He asked if anything was done in relation to that accident as far as training is concerned. Ms. Moran said a debriefing is done after every accident to make sure a correction plan is implemented, if necessary. She added that if it is a single-driver error, whatever action is needed is taken. In respect to the salary issue, all employees – including bus drivers, cafeteria workers, secretaries, and teaching assistants – are considered part of the group looked at in regard to market, much as Local Government positions are benchmarked against market. If there is something out of sync with market, a recommendation is made to do an adjustment. She said money is built into the budget each year for any needed adjustments.

Mr. Tucker said those items are addressed each October when the Supervisors meet with the School Board and receive the recommendation from him and the Superintendent in terms of classified positions, teacher salaries, etc.

Mr. Dorrier said he thinks it significant that the Board heard from no classified employees during the budget hearing to express dissatisfaction with their salary levels. This must mean that they are satisfied.

Ms. Thomas asked what is referred to as a "living wage." Ms. Moran said the Schools know there are some positions below that level, and those jobs are being restructured to correct the difference. Ms. Roxanne White, Assistant County Executive, said staff has looked at and identified a number of employees who are below \$9.37/hour.

Mr. Rooker said University students think the "living wage" should be \$10.50 per hour.

Ms. White said staff is looking at how those dollars are calculated and the basis for that figure. That discussion will be before the Supervisors and the School Board at their meeting in April. More School employees than Local Government employees would be affected. Ms. Moran said this was discussed a year ago, but because there is a joint-adopted market strategy it was said a living wage would need to be negotiated across both functions.

Ms. Friedman said the Schools communicate when creating funding requests and the eventual budget. They start by meeting with principals, all staff, the Teacher Advisory Council, the Parent Advisory Council, hold public hearings, put out information on the website and to the media. They try to make the full budget available to anyone who has an interest. She said in the future the School Board would be happy to work with the Supervisors in putting together some budget dates, particularly around public hearings and so forth, so the dates are open and accessible to the community, particularly for those who are in town during Spring break.

Ms. Friedman said successful execution of the Schools' vision, mission and goals can only occur if the organization has the capacity to produce desired results. She said the School Board pledges to be disciplined in executing plans, aligning resources, and following through on their commitments, which is their Strategic Plan.

Mr. Wyant asked how many new teachers were hired last year. Ms. Moran said there were about 150 teachers hired, but some of them were part-time and some were full-time, so the number was closer to 90 or 95 new people in terms of total FTEs, but only 140 in terms of people.

Mr. Wyant asked about the two mentoring positions, Ms. Moran explained that the Schools have been in a shared grant with the University of Virginia where they have been picking up the cost for those positions for the last two years. As that grant is phasing out, she said, the Schools will be picking up those costs.

Mr. Wyant asked if those positions will be filled internally. Ms. Moran said they are not new teachers, but actually they try to find a master teacher pool and draw from that people who are the "best of the best."

Mr. Rooker thanked the School Board Chairman for the presentation, and for the School Board's work toward creating excellence in education. He added that in the Board's goals it is joining with the School Board to help create a world class education system in Albemarle County. He thinks strides are being made each year.

(At this point in the meeting the Board took a brief recess.)

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Item 2b. CIP Budget Amendments.

Mr. Melvin Breeden, Budget Manager, addressed the Board, stating that this is the "off year" or amendment year for the CIP. Before the Board today are items which deal with emergency needs, adjustments for cost increases, or projects which are prudent to advance at this point. He said that in the FY 2008 budget, there will be cost increases which are not reflected in these numbers; they will be reviewed in more detail for the next full cycle. He then gave a slide presentation of the changes in the CIP.

Mr. Rooker asked if the amount shown for the Northern Fire Station is just an addition to that project. Mr. Breeden said the amounts shown on the slide are just the changes to the projects.

Mr. Breeden said the renovations to the Levy Building were originally to have started in FY 2006-07. Then in FY 2007-08 the actual renovations were to begin. Based on the schedule of the Juvenile Domestic Relations Court, which will be out of its building much longer than had been anticipated, the two projects have been moved forward two years. The slide shows a reduction in cost in both FY '06-07 and FY '07-08; the project shows again in FY '09-10 which will probably increase its costs.

Mr. Breeden said the cost of the Northern Fire Station has increased because an additional tanker will be needed, and due to the policy adopted by the Board as to moving around some equipment. The video cameras for the Police Department have not been lasting as long as anticipated, so the replacement cycle has been moved up, as well as adding seven additional cameras to be used by the School Resource Officers. There is a Records Management System for the Community Development Department, which is a new initiative that is important to that department's storage problems.

Mr. Breeden said some of the playground equipment at Cale Elementary School is almost 20 years old so needs to be replaced. This CIP just reflects the full five years of cost of Access Albemarle. He said part of that project was accelerated and with some contract changes, the figure shown in FY 2006-07 is part of the money appropriated in FY 2005-06. He confirmed that part of this was covered out of an appropriation of operating money, which was added to the Capital Plan for that year. He said the last CIP item is \$650,000 additional money for the next four years for the ACE Program.

Mr. Breeden said the next items are in the Schools' Capital Program. Mr. Wyant asked why the Cale project is not being paid for by the Schools. Mr. Breeden there is cooperation between Parks and Recreation and the Schools. The Parks Department uses the facilities for after-school programs. Mr. Tucker said because the parks at the schools are community parks, Local Government shares in their costs. Mr. Davis pointed out that there is an ordinance that designates School grounds as County parks and it has been in effect for a long time. Mr. Tucker said how the costs are shared is determined on a case-by-case basis.

Mr. Rooker said there is a combined CIP so it really does not matter anyway, although operating budgets are separate.

Mr. Wyant said he has heard complaints about how use of facilities is coordinated for after school hour activities. Ms. Diane Behrens said that at this time there is an unwritten memorandum of understanding with the Parks and Recreation Department, but they are working on making it a written agreement.

Mr. Breeden said the General Fund increase over the five-year period is \$8.018 million. Last year was the first year of the cycle so there was a lot of discussion about the allocation of funds between General Government and the School Fund. While no specific formula was adopted, a mutual agreement was reached that the Schools would make an effort to live within the funds allocated in the CIP for their projects. He said the top four projects on the Schools list (Cale Elementary addition, Jouett/Greer site reconfiguration, Monticello High School auditorium, and Jouett HVAC) show a 19 percent increase in costs. The Schools attempted to fund that increase by delaying \$1.355 million in maintenance projects this year and next year. Also, the two projects at Western Albemarle were deferred based on an increasing population and enrollment which may require some expansion to the school. They used over \$2.0 million from other projects to try and deal with those increases, but there will be consequences from that in the future since those maintenance projects have to be done at some time.

Mr. Rooker asked if the Schools will share in the records management system at all. Mr. Breeden replied that they will not.

Mr. Rooker asked how they store their records now; do they have any digital management system planned for the future? Ms. Behrens responded that student records are usually stored at each school, but they are looking at digital storage.

Mr. Rooker asked how long they keep student records. Ms. Behrens said the records are kept forever; they have people who are applying for social security now asking for records to show when they attended school.

Mr. Boyd asked if the records management equipment being purchased for the County could handle the additional volume for the Schools. Mr. Breeden responded that it is a broader issue; is it a good idea for Local Government to handle School records? With Access Albemarle some issues concerning financial files have been discussed. He added that there is an effort to coordinate that with the project in Community Development so nothing will be duplicated and the equipment that works in one area will serve the other. He said Community Development has different needs as far as size of documents is concerned.

Mr. Wyant said he thinks the County has to be careful how it handles School records and Human Resources records. That is an issue which was discussed by the committee. He thought this management system was for the records the public can look at. Mr. Tucker said that is true.

Mr. Boyd said if the system is going to be run on only one shift, he thinks a second shift might be added and then the School system could utilize the same equipment. Ms. White said the County is looking into that, and is now determining what software will be used for Access Albemarle as far as the imaging system is concerned. Mr. Breeden said the method for doing that is different from what Community Development will be doing in their operation. On the financial side, there will be information coming in from all of the schools in the County. The issues are different but it is a related process.

Mr. Wyant suggested taking record conversion one small step at a time. He said when he worked at VDOT their conversion system was very cumbersome and extremely costly. Mr. Breeden

commented that technology has improved a good deal. The imaging work will be done by a combination of contractors (back filing) and employees (current system). The County is already dealing with this in Shelby Marshall's Office (Clerk of the Circuit Court). Her office is about 15 years behind so is now working on back filing, most of which is contract work. Ms. White said that at this time a lot of what is being done is on paper. Hopefully, the need for imaging will go away as more transactions become electronic. Mr. Wyant said that is easier said than done because the County's specifications would have to be disseminated to the person providing it information.

Mr. Slutzky asked if the staff has looked at some of the larger national database companies who take on massive piles of paper and digitize them very efficiently. Ms. White said staff has not looked at other companies. She said Information Technology is looking at the cost benefits of doing some of this centralized, which would be to have something in the Copy Service so everything would come to that one point and be digitized.

Mr. Slutzky emphasized the importance of considering companies that do large-scale digitizing at what he believes is much cheaper in cost. He suggested that staff look at that option; he offered to talk with staff. Mr. Breeden commented that staff has discussed using jail inmates to do the work. Mr. Tucker said this would teach them a skill which could be used when they get out of Jail.

Mr. Rooker asked if any building plans need to be kept confidential. Mr. Tucker said that information is needed by the Fire/Rescue Department so they know where all exits are to a building. He asked Mr. Graham is there are any Homeland Security regulations regarding building plans.

Mr. Mark Graham, Director of Community Development, replied that certain buildings are exempt for security reasons. Police building plans are kept from the general public, and some records related to zoning violations. Other than that, everything else is open to the public.

Ms. Thomas said she knows of a case where a lady did not want her name and address to appear in the records, but the County's system is unwieldy that it could not be done. Whatever system the County gets, she hopes it will have the flexibility, in an emergency with a court order, to do that.

Mr. Rooker asked if a contract for this work has already been signed. Ms. White said "no." Mr. Breeden said to this point there has only been a consultant hired to do a study. They will recommend the best way to do this, and furnish some approximate costs.

Mr. Rooker asked what the \$559,000 shown in FY '06-07 will cover. Is it the amount provided by the consultant as to the anticipated cost? Mr. Breeden said he has not read their report, but is sure that amount does not cover all the back filing. Mr. Graham said the vast majority of the expense of conversion is not the cost of hardware or software, but costs associated with scanning and indexing. Although staff is looking at contracting out the scanning, part of the scanning is that the material has to be indexed so it can be found when needed. That is the hard part and will be very time consuming. The majority of the cost is actually a one-time conversion cost.

Ms. Thomas said the deferred maintenance costs in the Schools are very large. She does not think this is good policy. She said if this happens only one time that is not too bad, but if this is a School System policy as to how capital improvements will be handled in the future, that is not good. Mr. Breeden said he thinks this was done by the Schools to stay within the agreement last year as to the dollar amounts they were allocated. This is not good policy, and some of these dollars will have to be made up. Ms. White said she does not believe this is a policy, but was done because this is a CIP amendment year.

Mr. Wyant said if these deferred maintenance projects will cost more in the future, he thinks the Board should know which projects are included. Mr. Breeden said there was \$1.199 million in projects scheduled for FY '06-07, and they are being deferred with the assumption that it will have to be dealt with when doing a new CIP budget in FY '07-08. He has a list which he can share with the Board; most projects cost individually around \$100,000.

Mr. Wyant said he would like to see the list. Sooner or later replacements will be needed instead of maintenance.

Mr. Rooker said if the General Assembly funds Transportation at the level projected in the Senate Transportation Plan, over the near term that might free up some money the County has put aside in Capital to take care of some things, such as this deferred maintenance. The Senate plan would double the projected Secondary Road funds for the area. Mr. Tucker said if the money is borrowed, there is a Debt Service cost associated. The Board has some one-time moneys, some operating funds in reserve, and some one-time reserve which will be transferred to the CIP anyway. Plus, if the amount put into the CIP is changed from one-cent to one and one-half cents, there will be even more money available.

Mr. Slutzky asked if there is an argument for borrowing more heavily in the near-term in anticipation of Debt Service costs going up with rising inflation. Mr. Breeden said staff has looked at that idea in terms of the County's Financial Policies.

Mr. Slutzky asked if there is a limit to the amount of Debt Service that can be covered without changing policies. Mr. Breeden said the policy is related to the Triple "A" bond rating, etc.

Ms. Thomas asked if the 800-MHz project has been completely funded. Mr. Tucker replied that it was funded previously and the project is almost complete. Mr. Breeden said the cost of the project is within budget.

Mr. Breeden brought the Board's attention to FY '06-10 projected CIP revenues. He said Local Revenues show an increase of \$6.859 million which is a combination of the additional funding the Board has already put in this year (\$1.7 million for Access Albemarle; the one-half cent increased allocation to Capital for FY 2007, not for a full five years; transfers of surpluses from prior years; refund money for loans that were refinanced; and \$650,000 from the General Fund to Capital for the ACE Program). He said the County is not anticipating any changes to the Tourism Fund, or miscellaneous State and local revenues. The biggest change is in borrowed funds. Last year there was an estimated \$11.519 million surplus over the five-year period. With the additional revenues that may drop to \$7.822 million, so less money would be borrowed for these projects.

Mr. Breeden said School Fund borrowing from VPSA is not anticipated to be changed at this point. He said \$7,822 of the Reserve will be used as part of the recommended budget. He said that last year there was an \$11.519 million reserve at the end of five years, but it was reduced down to \$3.697 million. He said this looked good when staff was working on this amendment, but now seeing some of the cost increases, they realize those numbers will need to be changed by next year.

Mr. Rooker asked about the 19 percent increase on some of the projects. Mr. Breeden said that is based on the cost estimates the Schools had last year. Now they are getting ready to do projects and in that period of time costs have increased by a factor of 19 percent.

Mr. Rooker said applying that percentage to the estimated \$156.0+ million cost of projects is a \$30.0 million cost in projects.

Mr. Boyd asked if that might level out.

Mr. Rooker said if the cost has already increased by 19 percent over what was previously projected, there will be that "hit" no matter what happens.

Mr. Breeden reported that the first major policy of the Financial Plan concerns Capital Improvements and it states that long-term debt should remain within two percent of the assessed value of taxable property. That is a well-accepted industry standard by the rating agencies used by many localities. He said the County will never reach that point because it could not afford the debt service costs.

Mr. Breeden said the second policy, which is the more important policy, states that associated debt service levels should remain below ten percent of General Fund and School Fund revenues. He pointed out that there is a Contingency Reserve which is used to meet unanticipated capital needs, provide funding for emergency projects, offset anticipated increases in construction costs and any downward fluctuations in five-year revenue projections. It is not available just to do additional projects.

Mr. Breeden next presented a slide showing what would happen if project costs increased by the 19 percent mentioned earlier. Over the five-year period the reserve would go down from \$2.605 million to a negative \$3.668 million. He then went over the assumptions used to arrive at this figure.

Mr. Rooker asked the current inflation figure built into project estimates. Mr. Breeden said it ranges from four to seven percent depending on the project itself.

Mr. Rooker said these projects have been in the plan year after year based on a four to six percent increase in costs, and then at the point of actually building it is found that the project is 19 percent short. Mr. Breeden said that is 19 percent of the inflated figure.

Mr. Slutzky asked if that means the County is experiencing 25 percent inflation. Mr. Tucker said that is possible. He has talked with some University officials who said they are seeing an increase in projects costs between 50 and 60 percent. Mr. Breeden said there are several things which are impacting these costs; fuel costs, hurricane damages in the south priced the cost of construction materials out of sight, there is a lot of construction activity in this area so contractors are hard to find, and contractors are charging a premium; there are multiple issues impacting costs.

Mr. Slutzky said at this scale of out-of-control costs, he thinks it might be worth examining different strategies to keep those costs down. He related a story concerning Southwest Airlines and their forward thinking strategies. He suggested the County do some examination of different things to lessen the huge impact on the County in the future. Mr. Breeden said a lot of that is innovative, but in government it is tough to make those risky moves.

Mr. Rooker said he agrees with Mr. Slutzky. If everybody is worried about construction costs continuing to inflate, he thinks it is worth looking at strategies to deal with that scenario other than just saying 25 percent will have to be spent in a few years. Mr. Tucker said construction goes through these cycles periodically.

Mr. Boyd said general inflation is at about three and one-half percent. He does not think construction costs will continue at 19 percent. Mr. Breeden said current projects show the 19 percent increase and it will probably not go down.

Mr. Boyd asked how much is kept in the CIP contingency reserve. Mr. Breeden said no policy has been adopted setting an amount. The County tries to keep no less than \$3.0 to \$4.0 million in reserve. He said the surplus from this year will enable the County to move \$3.0 million into reserve after this fiscal year. While there is a surplus in the short-term, there will be a deficit in the long term.

Mr. Slutzky said if debt were accelerated while it is at a lower rate that might offset some of those increased costs. Mr. Breeden said the issue often concerns when the funds are needed as well as the staffing needed to deal with the projects all at one time.

Mr. Breeden then presented a chart entitled "County Debt to Revenue." He said the maximum debt is shown at ten percent, but the target line on the chart is set at a little below seven percent, which is the average for the other Triple "A" localities in the State of Virginia.

Mr. Breeden presented a chart entitled "CIP Reserve Projection." He said it shows the impact on the reserve balances and indicates some steep changes if the "What if" scenario is applied. He said there were a couple of other issues to be presented, and Mr. Foley will do that.

Mr. Tom Foley, Assistant County Executive, said the issue with the Juvenile Court renovations can be carried to another agenda. He reported that the new Crozet Library is likely to be 20,000 square feet instead of the 15,000 square feet originally planned, based on State standards for libraries. That will impact that project's cost.

Mr. Rooker asked about the population figures for the Crozet area and how that might impact the size of the Library. Mr. Foley responded that there has not been an adjustment made to the CIP yet, but it would be one of the things in the 19 percent adjustment. He added that staff went back and evaluated all this based on population. Mr. Graham noted that staff used a seven-mile radius from the Crozet area – extending from Ivy to the western County line – to calculate the population figures. Mr. Foley said staff used State library standards to calculate the needed square footage, but there is still some analysis to be done.

Mr. Slutzky asked if staff knows the assumptions about the Crozet population that were originally used to set the square footage needs. He said it presumes there will be an increase in rural area population even though the Comprehensive Plan does not contemplate that. Mr. Foley said staff did not assume much growth for the rural areas; it has been driven by what will happen in the growth area of Crozet.

Mr. Tucker said there are different assumptions used for branch libraries. They are not built to an ultimate number. He said the Northside Library needs to be expanded, and the County knew it would need to be expanded.

Mr. Rooker asked if that Northside Library would still need to be increased in size if a library is built in the Hollymead area. To him, that library seems to be adequate for the number of people it serves. He suggested that the Board rethink whether or not both of those projects are needed in the near-term CIP.

Mr. Boyd asked if the libraries keep statistics on where their customers come from. Ms. White confirmed that they do.

Mr. Foley reported that construction estimates for the Northern Fire Station reflect the projected increase in costs based on what is happening now. He mentioned that a tanker was added to the fleet for this station based upon its proximity to some rural areas that need assistance from a back-up type of source. In a few minutes he is going to talk about the entire volunteer fire department apparatus replacement plan which is included in this CIP. He said Fire and rescue staff has looked at the County as a whole and determined where equipment is needed so stations can back each other up rather than putting certain pieces of equipment in every station in the County. He said this tanker is a part of the whole concept of having a reserve fleet rather putting something in every station. There will be reserve equipment in three different stations in the County that can be moved around depending on need.

Mr. Foley said the Stony Point Volunteer Fire Department is not an issue in this budget, so he will skip that topic and continue with discussion of apparatus. He said that before FY 2005-06 there was \$2.0 million set aside for no-interest loans to fire companies, but that money has all been used. There were no countywide specifications for equipment and there was a lack of operability. Basically, even with the \$2.0 million, it did not replace the equipment when it was needed. Over the last two CIP budget cycles the County has moved to a system where apparatus is replaced using money from the CIP based on established replacement criteria such as age, mileage and mechanical condition. A countywide fleet size has been defined. Rather than having station reserve fleets, this has been set countywide. Countywide specifications have been developed on all equipment and recently the Board talked about co-titling of apparatus since the County is paying 100 percent of the cost.



Mr. Slutzky asked how co-titling will work if the equipment is part of a floating reserve of equipment that might serve out of a different station. Mr. Foley said the Fire Rescue Advisory Board has approved the concept of a reserve piece. The old equipment is being put into a system-wide reserve, and then assigned to a station; if the equipment is sold, based on County policy, the company still shares in the proceeds of that sale. He said East Rivanna is an example because they have a reserve tanker, but they have agreed it can be used wherever it is needed and then come back to them when it's not needed. They will maintain it. When it is sold, the proceeds will be dispersed according to the policy adopted by the Board.

Mr. Wyant expressed concern that fire stations should be clear on where the equipment will go.

Mr. Rooker said the equipment will still be co-titled. That is part of the compromise staff recommended originally. Even though the equipment is assigned to a station, it may be pulled out when necessary to be loaned to other stations. Mr. Tucker said if the policy does not work, the Board can reevaluate the process.

Mr. Foley said a reserve fleet has been established around the County for the first time. Some equipment scheduled for replacement in the future has actually come out of the CIP. There have always been extra pieces of equipment at the stations. They did not want that equipment taken away, so it was said that if it served as a reserve it could stay. It is being replaced now because it is part of that reserve fleet. He said each station has a need for a command vehicle, which would be used for the Chief or others to get to the scene of a fire. For the first time, one command vehicle is included in the CIP.

Mr. Foley said that in the first year during which this policy was implemented, there were questions about whether the County should be replacing any equipment at the CARS station because of the City's lack of involvement. In that first year the County did not put any money in the CIP for CARS. Staff now suggests that half of the CARS' fleet be paid for by the County. He emphasized that 60 percent of the calls to CARS are from the County and 40 percent from the City. The ambulance discussed the other day will not always go into the City if there is another crew available. That is how staff arrived at the 25 percent cost-share. In this scenario, the County is basically replacing half of the CARS ambulances through the CIP on a regular basis. He said CARS has been worked into the five-year CIP.

Mr. Boyd asked how CARS used to pay for their ambulances. Mr. Tucker said it was done through fundraising and private funding.

Mr. Boyd commented that CARS is going the way that the volunteer fire companies did, with the County picking up the tab. Mr. Tucker emphasized that their fundraising has dwindled just like other volunteer organizations.

Mr. Rooker asked if the City was doing its share. Mr. Tucker responded that is a concern. The County wants to ensure that the City does its fair share.

Mr. Rooker said he is bothered by the fact that the County will replace half of the ambulances, but those ambulances are part of a fleet. They replace the other half through fundraising while the County's partner in this situation does not replace any ambulances. Mr. Foley said staff does not disagree with that concern. Mr. Tucker said he hopes the Board will share those concerns with CARS and/or the City.

Mr. Rooker said the time to share those concerns is not to adopt a CIP that includes replacement of vehicles at CARS until there is some agreed upon arrangement. Mr. Tucker said it would be subject to funding from the City for CARS vehicles.

Mr. Rooker said the City should pay their share. Mr. Foley said if fundraising were taken out of the equation, the County would need to be replacing 60 percent of the ambulances rather than 50 percent.

Mr. Rooker said this is an operation that serves both the City and the County on an equal basis. He assumes that is the only ambulance serving calls from City citizens unless then County sends an ambulance into the City. They should fund on a fair and equal basis the ambulance service. If CARS cannot get enough funds through fundraising, subsidization should take place on an equal basis. He asked if the Board can make it clear that it is not going to commit to funding these things until there is some understanding about funding. Mr. Tucker said in the past, when there were similar issues, the Board has made its funding contingent on the City paying its fair share.

Mr. Slutzky asked what will happen if the City says "no."

Mr. Rooker said the County could get to a point where it was running its own ambulance service, just as what has happened with fire services.

Mr. Boyd asked if CARS has come to the County with a business plan. What prompted all of this? Mr. Tucker said CARS came to the County as they saw how the County was funding the Scottsville and Western Albemarle rescue squads.

Mr. Boyd said the Board has already talked about funding an ambulance at the Northern Fire Station, so there will be three County stations.

Mr. Slutzky asked if the Board could agree with what staff has proposed doing with the ambulances if the City pays its fair share. If they choose not to fund CARS, then the ambulances could be funded out of a different station and they would not participate in calls to the City.

Mr. Rooker said the Board is going to provide adequate emergency services to County citizens, and will do it the best way possible given all the facts and circumstances. This is an unresolved situation, and he suggests that no one presume the City will not fund their share. He thinks the Board needs to make its commitment to this contingent upon reaching a reasonable accommodation with the City about how the cost of augmenting CARS will be handled.

Mr. Foley said this will have to come back as a regular agenda item for discussion. He said this whole effort started with the volunteers as a way to allow them to focus on running calls and attend training sessions, instead of fundraising.

Mr. Boyd said the County is now paying the City \$10.0+ million each year through then Revenue-Sharing Agreement, and that is a sizeable amount.

Ms. Thomas said this has taken this Board by surprise, so it might take the City by surprise as well. It might be best not to demand the full amount from the City in the first year. Mr. Tucker mentioned that the Board is already midway through the budget cycle. It might be difficult to get to the City this year.

Mr. Foley said staff will try to begin a process as soon as these work sessions are completed. He reported that "heavy squads" are also new items in the CIP for replacement. There were questions last year as to whether these should be replaced. It was determined that these are critical pieces that must be replaced on a regular basis so they have been added back into the CIP.

Mr. Slutzky asked why the Fire Commander cannot use his own vehicle rather than the County purchasing a command vehicle. Mr. Foley said there is no difference, other than not having to use a personal vehicle. Mr. Slutzky asked if it would be cheaper for the County to reimburse them for mileage. Mr. Foley said when they are on duty they would take the vehicle home and respond from there. Mr. Slutzky asked if Mr. Foley believes this to be a practical, real need, and not just a "perk." Mr. Foley said "yes." Mr. Breeden said there is also special communication equipment needed in that vehicle. When someone responds to the scene in a personal vehicle, it is not quite as visible to everyone.

Ms. Thomas asked the definition of "heavy squad" replacement. Mr. Foley said it is an ambulance which has a big box on the back to carry extrication equipment; it has the "Jaws of Life". There has to be a bigger compartment to carry all of that equipment. If there were a vehicle accident, they could go ahead with opening a vehicle, and it also carries the medics.

Mr. Rooker said this equipment probably would qualify for a Homeland Security grant.

Ms. Thomas said if it cuts down on the number of times that both a fire truck and a rescue squad vehicle come to the scene that would be good. She said there is a public perception that there is more than enough equipment when several vehicles respond to a "fender-bender."

Mr. Boyd felt there is a dispatch problem.

Mr. Slutzky responded that he would rather have them err on the side of caution.

Mr. Foley said in terms of the adjustments in the five-year CIP the Board has focused on this afternoon, this budget removes some apparatus that will not be replaced because there is no need for three ambulances at one station, but then some things go back into reserve. It also reflects some inflationary costs and some previous estimate adjustments. He added that is the policy change reflected in the CIP today. Any conversation about the Stony Point station will be on the agenda for April 5.

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Item 2c. Departmental Reviews (slide presentation).

(At 3:00 p.m., Mr. Slutzky left the meeting.) Mr. Breeden said the only thing that increased significantly in the Board of Supervisors' budget were the membership dues for the TJPED, MPO funding, as well as increased advertising costs.

Ms. Thomas commented that she recently read a "Washington Post" article about how low the compensation is for supervisors in Northern Virginia. It was said to be difficult for them to keep their posts because of the time involved without much increase in compensation. Mr. Rooker noted that in Fairfax County, the supervisors are paid \$75,000 and they have their own staff.

Mr. Boyd asked about the figure of \$200,000 shown for retiree health premiums. Mr. Tucker confirmed that the Board had previously set aside this money; it is not an additional amount. Mr. Breeden said the money was set aside in the FY '05-06 budget; it has not been spent to date. It is being carried forward to the FY '06-07 budget and staff just wanted the Board to know the money is available once a decision is made about this question.

Mr. Breeden said the only significant increase in the budget for the County Executive is for dues to join the Virginia Public Consortium. He said it involves a number of Virginia localities joining together to do some benchmarking using data to measure efficiencies to be sure everybody is focused on the same items and is gathering data on the same items in a consistent way. He said ICMA is providing training for this program. This is the first year's cost for joining this group.

Mr. Rooker commented that it seems like a wise investment for \$5,000.

Mr. Breeden said for the County Attorney there were no significant changes.

For the Finance Department, Mr. Breeden said there are a few significant changes. Professional services are listed for \$8,500. There are requirements coming down from GAS-B where long-range health insurance costs will have to be recognized. It is almost the same as doing an actuarial study on health insurance compared to what VRS does. That will take expertise because it is a complicated process. Postage shows a big increase because next year is a real property reassessment year. He said that will continue to repeat itself since the County is switching to an annual assessment next year. He said due to the change made for decals, it is anticipated that this cost can be reduced in the existing budget. The cost of the decals themselves and the postage needed to mail them can be eliminated.

Mr. Breeden said Information Technology and Voter Registration had no real increases.

Mr. Rooker asked if a new voter registrar had been hired. Mr. Tucker said the Electoral Board has not hired anyone yet.

Mr. Boyd said he heard there is a problem with the salary range because that person is required to live in the County. Ms. White mentioned that the County is presently supplementing that salary by 10 percent, but the question was looking at the market to see how it compares to Albemarle.

Mr. Boyd said he had talked with someone who said the Electoral Board was coming to the Supervisors with a request for more assistants so the salary could be moved up. Ms. White said they have not done so yet, but she thinks that was the plan.

Mr. Breeden said in the Judicial area there are no substantial requests. There was a question raised recently about the Sheriff's Office and the sizeable increase in his budget. He said the Sheriff provides security and transport for the Juvenile Court. Since a lot of that is now occurring out of the Levy Building, staff wanted to get those costs into this budget since there is cost-sharing with the City on some of them. He said some of the expenses shown now were moved from other areas such as General Services or Public Works.

Mr. Rooker said there is a \$323,000 increase in a budget that was significantly increased last year based on additional personnel. Mr. Breeden said staff will furnish the Board with a breakdown of the increases.

Ms. Thomas said there is now a line item in the budget titled "hunting control." She said the Board used to get a report each year, but there has not been one given in a long time. Mr. Tucker responded that Sheriff Robb will be addressing the Board in April or May.

Mr. Wyant asked if staff uses the adopted budget or the revised budget for base figures when making reports to the Board. Ms. White said they use the adopted budget. Mr. Wyant said if the Board revised the budget during the year, then that does not show. Mr. Breeden said that is a good example. There were questions raised recently about benefits and he believes it was for General Services. In that case it was the cost of a new employee, a transportation engineer. He said one can look at the rate of the increase in benefits and add up the percentages, but not only is there the percentage increase in the rates, but there is the salary increase from one year to the other, plus personnel, and that is a substantial increase when adding in health and dental costs.

Mr. Rooker said he found some areas where there were no new personnel, but there were still increases of from 15 to 17 percent. He is having difficulty understanding that. Mr. Breeden said that is the norm when taking the actual rate increases and applying that on top of the salary increases. He said there were six to seven percent salary increases from last year to this year when looking at the new positions added to the current year's budget. All of that compounds.

Mr. Rooker said medical insurance is the biggest component. To have an overall increase in benefit costs of 19 percent, some other area of benefits had to increase by 25 or 30 percent. Mr. Breeden responded that he would provide examples of how that happened at next Monday's meeting.

Mr. Rooker said the Clerk of the Court is a good example of a 19 percent increase in benefits when there was no increase in personnel. He said that seems to be a huge amount of money.

M. Tucker said as an example, there could be someone who did not have health insurance because they were on their spouse's insurance, the spouse changed job and now both the employee and the spouse are on the County health insurance plan.

Mr. Rooker said he understands that, but going through the budget, department after department had increases of 19 percent. Mr. Breeden said staff will furnish the Board a report on the different departments.

Mr. Boyd asked if there is a shift toward picking up more dependents. Mr. Breeden said there are all kinds of contributing factors, one employee leaves who did not have County health insurance, and the replacement took the health insurance.

Mr. Rooker said it would be helpful to know the number of employees in the prior year and the number of employees used in calculating the proposed budget. If the number of employees were about the same, he would have difficulty understanding the increases. Mr. Breeden said staff would provide a report at next Monday's meeting.

Mr. Rooker asked the number of FTEs projected to be added to this budget. Mr. Breeden said the number is shown on Page F-4 of the budget book.

Mr. Rooker asked what happens next in these work sessions. Mr. Tucker said staff wanted to complete the departmental items by functional areas and this will be done next Monday. Then, staff will give some scenarios on the Long-Range Financial overview. He said staff will give the Board the list of items from this past Monday's meeting that might be considered for funding. That affects both operating as well as one-time expenditures.

Mr. Tucker referred the Board to the section of the handout called "net reserves" which provided \$1.981 million. Subtracted from that figure were the costs of additional initiatives: one month's funding for Northern EMS staffing, one additional police officer, one-cent of the tax rate dedicated to the ACE Program, ACE publicity, conservation easement promotion, ArtinPlace, Save the Fireworks, the Film Festival, one additional adult protective service worker, and, the seventh Bright Stars Program for a total of \$747,759, leaving a balance of \$1.234 million.

Mr. Tucker said the County is funding the EMS and firefighters next year at the new station for only one quarter of the year. That means that in July 1, 2007, there would be a full year of costs for those employees which will be about \$1.6 million. He suggested that the Board put aside some of that money in a reserve to brunt those costs in July '07.

Mr. Tucker said on Monday the Board will start from where this session ends, and also talk about the Long-Range Financial overview. Then, the Board can discuss any additional items they would like to have included in the budget. A decision will need to be made as to location of the public hearing.

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Agenda Item No. 3. Adjourn. At 3:39 p.m., with no further business to come before the Board, the meeting was adjourned.

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Chairman

Approved by the Board of County Supervisors
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Date: 12/06/2006
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Initials: EWC
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