

An adjourned meeting of the Board of Supervisors of Albemarle County, Virginia, was held on March 20, 2006, at 1:00 p.m., Room 235, County Office Building on McIntire Road, Charlottesville, Virginia. This meeting was adjourned from March 15, 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 Diane Mullins from the County Executive's Office.

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. Departmental Reviews.

Mr. Breeden said he would pick up the discussion from the last work session with Public Safety. The major increase for the Police Department is in overtime pay due to increased attendance at court by officers. Insurance costs for that department are up about 30 percent, or \$47,000. He said this is the last year of the Vehicle Replacement Fund which has been built up over the last three years. There is a \$151,000 increase to totally fund that replacement fund. Also, there is a 42 percent increase in fuel costs for next year, or an additional \$100,000. The County is going to start paying 10 percent of the Victim-Witness grants, which were previously paid 100 percent by the State, so that will cost the County \$22,000.

Mr. Rooker asked if it the County must pay the 10 percent for the Victim-Witness grant or forfeit it altogether. Mr. Breeden said he is not sure if it is optional.

Mr. Rooker said since it is activated by the court system, he wonders if the County has a choice. Mr. Tucker said once a program is established it is sometimes hard to drop it. Mr. Davis said he just read an article in a newspaper about a locality that eliminated the program and lost its matching funds.

Mr. Dorrier said he thinks it is a discretionary program.

Ms. Thomas asked if someone is keeping a list of programs that are either state-mandated, or where the State is reducing their share of the funding.

Mr. Breeden said for the Fire/Rescue area fuel costs will increase by about \$20,000, and there is a \$10,000 increase in vehicle replacement costs. He noted that the volunteer companies will be funded at 100 percent of their operating costs which for FY '07 will be an additional \$235,000. This will be the first budget where the County picks up 100 percent of the County's share of CARS' operating costs for \$109,000.

Mr. Wyant said there are some fire stations that would disagree with the statement that the County is paying 100 percent of their funding. There are some expenses which were left out of their funding requests. Mr. Breeden said the budget amount is based on the agreed-upon policy which says that certain expenses will be funded at 100 percent, not all of their expenses.

Mr. Wyant said he does not think that conveys the true picture. Mr. Tom Foley, Assistant County Executive, added that this is for "basic" operating expenses. Mr. Wyant agreed that adding the word "basic" would be helpful for clarification.

Mr. Rooker emphasized that the figures being presented today show only the increases, not the total costs. Mr. Foley said staff has spent a lot of time working with fire and rescue staff on this budget; it seems to be an accurate reflection of their needs.

Mr. Rooker asked about the increase in overtime costs for the Police Department. Mr. Tucker explained that the overtime pay is mostly related to time spent in court by police officers.

Mr. Breeden said the current year's budget is short on overtime money. Last year staff was conservative in its estimate for overtime pay. They assumed that some money not used when vacant positions are not filled immediately during the year could be used to cover overtime costs, but the Department is now close to having full staffing. There probably will not be vacancy money available to offset that expense.

Mr. Wyant asked about the Vehicle Replacement Fund. Mr. Breeden said this is the third year of putting money into the fund. He said the total of the fund throughout all County departments is about \$700,000. This should be the last year of making appropriations to that fund, but there may need to be some modest increase in it to keep up with current prices. Last year \$700,000 was put in, another \$700,000 will be put in this year, and then again in FY 2007. He said the total will repeat in future years, but there will not be big increases.

Ms. Roxanne White, Assistant County Executive, noted that it was funded over a three-year period using one-time funds and ongoing funds, and by increasing ongoing funds each year.

Ms. Thomas asked where these expenditures will show. Will it be under fuel costs since the departments have to add four cents to each gallon of gas for this fund? Mr. Breeden said staff used a simplistic approach to this funding. If the total vehicle purchase price were divided by gallons used it would take almost \$3.00 per gallon to replace vehicles on the current replacement schedule. There will not be an increase in the departmental budgets next year because of it.

Ms. Thomas asked if there will be a line-item for vehicle replacement. Ms. White said the vehicles purchased out of the Vehicle Replacement Fund will not be shown. It was done that way so there would not be a cyclical up and down in the budget due to purchasing vehicles. There will be an amount taken out of the department budgets each year to use for this expense.

Mr. Wyant said using the staff's formula, a dollar per gallon of fuel will go to vehicle replacement. He asked if that is the way it will be handled in future years. Mr. Breeden said that actually \$3.00 per gallon is being set aside in a Vehicle Replacement Fund.

Mr. Rooker said he looked at the amount for overtime again and it is a 40 percent increase over last year's budgeted amount. Mr. Breeden said that number was under-budgeted this year because there were a number of vacancies at the time and staff felt that some of that vacancy money could be used to fund overtime.

Ms. Thomas said that is a hefty increase. Mr. Breeden said staff can furnish some numbers on what that amount will cover.

Mr. Rooker said he still has a question. It was just said that one reason overtime is over-expended is because a number of empty positions in the Police Department have now been filled and the Department is almost completely staffed. He asked how many total employees the Police Department had after the new positions added in the middle of last year were filled. How many approved positions were vacant which were filled recently? Mr. Breeden said it is his understanding that there are a minimal number of vacant positions in the Police Department. Mr. Foley said it constantly changes, as there are policemen also serving in the military now. He said currently there are eight positions to be filled. The majority of those have come about by people moving into different jobs within the department.

Mr. Rooker said five new positions are being added in the proposed budget, so it would be helpful to him to know if the department will actually be staffed by nine or ten more people than last year. Mr. Breeden said he will check on that question.

Mr. Boyd said he would be more interested in the trend in terms of overestimating salaries due to open positions. Mr. Tucker said the trend could be looked at. He said it normally appears at the end of the year when there are salary funds which have not been spent because there were vacancies for several months. Mr. Foley said that is a salary lapse.

Mr. Slutzky said if a need is chronically projected and the County is not able to fill that need for some reason, maybe there should be an item created in the budget allocated to making sure there is not a gap. He asked if there are positions which cannot be filled.

Mr. Boyd said the Board has dealt with that process over the last few years and has established a method for making sure that does not happen.

Mr. Rooker said positions are checked against market periodically and then reclassified if necessary. Part of what's driving the increase in compensation is reclassification of positions; trying to maintain market. That was done for those positions the County was having difficulty filling.

Mr. Slutzky asked if this was effective, and if the positions are being filled in a shorter period of time. Mr. Foley said Human Resources are making adjustments in the process trying to keep vacancies filled. They try to hire people who don't need as much training. The challenge is that with 120 police officers there is constant turnover, especially with military servicemen being part of staff. Staff is trying to implement new strategies to build a bigger pool and get employees further along in the training process. At this time there is a good pool of applicants but not enough positions. Some applicants may start training now so on July 1 they are trained. The Fire/Rescue Department is doing the same thing.

Mr. Rooker said a few hundred thousand dollars are left over in any given year because the budget is calculated on having a full staff and but that is not achieved. Mr. Breeden said in an organization the size of the County that will always be the case, mostly in fire and police. Mr. Tucker said the policy is for the employee to give two weeks notice when leaving so the County cannot advertise those positions for two weeks. That is one reason causing the lapse. Mr. Foley said it is hoped the lapse will get smaller.

Mr. Wyant asked about the increase in the amount for fire suppression. Mr. Breeden said there is one product the volunteers have been buying (foam for fire suppression), and due to the quantity they were buying, it was better for Fire/Rescue to buy it directly.

Mr. Breeden reported that there is an increase in ECC (Emergency Communications Center) costs of \$242,000 primarily related to the 800 MHz system. He understands the system is to go in operation on April 2. This amount is mainly for the maintenance costs of operating that system.

Mr. Foley said delays in implementation of the system have to do with contractual issues with Motorola. It should have gone on line last fall, but there have been some legal issues with Motorola which have delayed it for six months.

Mr. Boyd said he has not heard anything about this problem. There have been many requests for money.

Ms. Thomas agreed.

Mr. Davis pointed out that this isn't more money for the contract. The problem has been that the radios didn't work and Motorola had to reprogram the radios to make them work. Because of that they missed the substantial completion date. The problem has now been solved so Motorola can move forward with final completion and acceptance of the project. That should happen in April as soon as the system is switched over. The contract price has not changed. There is a one-year warranty period once the system is accepted that is included in the contract price. After that, there is a cost for Motorola to maintain the system. From whatever date the system is accepted, the one-year warranty period will begin.

Ms. Thomas said she hopes the amount shown is more than two months' maintenance. Mr. Tucker said it is the total cost the County shares with the City, the University, and the Airport. Mr. Breeden said the figure is for three or four months of maintenance.

Mr. Rooker said maintenance is about \$80,000 per month once the system is underway. He said this is a three-party arrangement with the City and University, with the County acting as fiscal agent so it is run through the County's budget. In terms of cost of the system, a \$5.0 million Federal public safety grant is involved. He said the requests which came to the Board were not increases in the cost of the system, but authorization from the Board to spend the money previously budgeted. Mr. Foley pointed out that there were savings in debt retirement. The annual maintenance costs were always known.

Mr. Boyd asked the net cost of maintenance. Mr. Breeden said he does not think there will be a difference because the equipment being used at this time is not under a maintenance contract.

Mr. Rooker asked if this expense has always been in the ECC budget. Mr. Breeden said that is correct. The County's share of the ECC budget is between 48 and 50 percent.

Mr. Wyant said he has heard that the system is working inside of some buildings, and not in all parts of the County. Mr. Breeden said he understands from Mr. Tom Hansen that there are a couple of problems in a couple of areas, but there is a contingency in capital costs that should be enough to cover that. Unless something unusual happens, there should be no more money needed.

Mr. Rooker said there were a number of questions raised about this system five or six years ago. He was a member of the Planning Commission then and the Commission discussed all of them, and all options available. In the end, the City, the County and the University wanted this system. He cannot say it is the best system for the money it cost. This Board was accused of being anti-fire and anti-rescue because it asked a lot of questions about the system. One of the issues raised concerned interference because it is on a frequency which has interference from a cell phone frequency operated by Nextel.

Mr. Dan Eggleston, Director of Fire/Rescue, added that so far the performance of this system has exceeded what is in the contract. Mr. Breeden said Mr. Hansen told him last week that the ECC is impressed with what they are seeing so far. Mr. Foley said the part that did not work was the backup system software on the radios rather than the radios themselves. It was a minor thing.

Mr. Rooker said one of the reasons for picking this system was that it would penetrate buildings. Motorola was on record throughout talking about how great the system would be in penetrating buildings. Mr. Breeden said the only place where problems are anticipated is in the hospitals and possibly the Jail, places where there are substantial structures. Mr. Tucker pointed out that the new Martha Jefferson Hospital facility is including the type of wiring needed in the building itself so there can be adequate coverage inside of those types of buildings.

Mr. Breeden said the next item concerns the Juvenile Detention facility. The County's usage has gone up so its allocation will be increasing about \$144,000.

Mr. Breeden said staff has included a \$19,000 increase for the SPCA according to the contract signed several years ago. However, the SPCA has requested a substantial sum above that, by a total of \$159,000.

Mr. Rooker said the new contract substantially increased the amount for the SPCA and that contract was signed about a year ago. Mr. Breeden said staff's recommendation is to fund this item per the contract. Mr. Foley said that contract was negotiated with the City and the SPCA. If they want a change in the funding formula, they should approach the County outside of the budget process.

Mr. Breeden said usage at the Regional Jail is down so this category shows a decrease of about \$40,000. He said there is one fee they can charge for every person they take into the jail system to produce some revenue, and that idea is still being studied. He does not anticipate it being ready before adoption of this budget.

Mr. Breeden said staff is recommending additional funding of \$6,790 for OAR.

Ms. Thomas said \$4,716 is listed for OAR, and that is \$6,790 less than they requested. She asked if the recommendation is to fully fund OAR. Mr. Breeden said "yes." Ms. White said OAR returned almost \$69,000 last year in carry-over funds. Because they don't know the amount of State funding they will get when they prepare their budget, they have asked if some of extra local funds they returned can be applied to this year's request. Staff agreed to that but it did not get into the budget document.

Mr. Breeden said in General Services property insurance is up \$14,000, and utilities are up about \$25,000. That budget decreases by \$65,000 due to machinery and equipment purchases which are not repeated in the next budget.

Ms. White said in Human Development there is an increase for the Bright Stars programs of \$83,850, due to increasing the hours for the coordinators from 37.5 hours to 40 hours, and also increasing teacher salaries. She said that in addition to additional VRS costs for the coordinators, there was a substantial VRS increase for teachers. One reason there is an increase each year is because the amount the State reimburses has been about \$5,400 per child for the last 10 years and that is not keeping up with increasing costs. There is a budget amendment proposed by the Senate this year which takes that amount up to \$5,700 and up to \$6,000 for the next year, but that bill is not in the House. Staff is not certain what will happen.

Mr. Boyd said he is confused about the Family Support item. He asked if the School System carries these people in their budget. Ms. White said Family Support personnel are supported at 40 hours per week also. The School Division this year put in about \$30,000 to get those salaries up to 40 hours per week, as well as putting in another \$30,000 to add a part-time worker at Jack Jouett. She said Local Government is now putting in about \$204,000 and the Schools are putting in about \$184,000.

Mr. Boyd said when discussing the Schools budget last week, he mentioned the Community Outreach Program of \$500,000. He asked if there is an overlap with that program; as there are other services available. Ms. White said there is some coordination with Community Outreach, but the Family Support program works with children who are identified by their teachers as being at-risk and are having trouble in school, either emotionally or in classroom work. She said they zero in on these children and work with the families. If someone needed intensive work, they would be referred to Region 10. She said Community Education is a much broader involvement.

Mr. Boyd said the Board discussed the Social Services Department last week, particularly the caseloads for children's support. He asked where that fits in this since there are positions being added there. Ms. White said a protective services worker is being added. That will be a person who deals with abuse and neglect cases. The Family Support program tries to identify those kids and with the teachers' help work with them so they do not get reported.

Mr. Slutzky asked if Mr. Boyd was talking about transparency or redundancy.

Mr. Boyd said he was referring to redundancy. Ms. White said she thinks they work together, but she does not think there is redundancy. They're very specific.

Mr. Boyd said there seems to be a lot of different agencies dealing with the same problem which is to support the children. He is trying to reconcile this community outreach thing and how it supports children in need.

Mr. Dorrier said he thought the Commission on Children and Families was all encompassing and was supposed to be overseeing those efforts.

Mr. Rooker said CCF was supposed to be sure those things are looked at and there is not an overlap. He understands the increases to fund these positions is a result of the fact that the County is way below State-mandated levels of service. The County is almost 50 percent below the recommended staffing level for the caseloads being handled. There was a substantial increase in caseloads over the last couple of years with no increase in staffing. The County is falling further and further behind State-mandated staffing levels.

Mr. Boyd said he thinks that countywide the Board should look at how much money it is putting into supporting children. He asked how much of the money the School System is putting into community outreach would be allocated to family outreach. Ms. White said there is not money in the Schools' budget to specifically address some of the programs being addressed by the Commission on Children and Families, and Family Services.

Mr. Rooker said the Schools told the Board several employees had been assigned to that department and one of those people had been assigned to work with non-English speaking parents. He is not certain how that might overlap with Family Support. He does not think those employees are licensed social workers. Ms. White emphasized that the programs Local Government is funding are focused on children at risk. They are focused toward the general population when teachers identify children who are having problems. When there are children having problems, there are usually family issues involved, and that is what the Family Support workers do.

Mr. Boyd asked if Ms. White felt all of the different groups working with children are well-coordinated. Ms. White said she does, noting that the Commission on Children and Families helps with coordination. She said staff is currently working on a human services budget. A grant has been received and will be used to hire someone to look at all the human service programs funded either with local, State or Federal funds to check on the return on investment.

Mr. Rooker asked if part of the Bright Stars budget is included in the Schools' budget. Ms. White said "no." The Schools contribute about \$25,000 each year, which is in the Bright Stars Fund. She added that there is \$5,400 per child from the State plus some in-kind contributions. The Schools have also agreed to pay a teacher for a seventh program.

Mr. Rooker said he has always wondered why this is a General Fund expenditure instead of a School expenditure since it is basically a preschool program. Ms. White said Bright Stars was started by General Government because there was grant money available, but there have been discussions about moving it over to the School Division. She emphasized that there are some basic parts of this program which are different from a kindergarten program. Partly it is because the teachers are hired by the Schools, but the big component of the Bright Stars Program is the outreach component. Those outreach workers actually work with the families of at-risk children to get them involved in the school.

Mr. Rooker said that could be said about any component of the schools. He thinks this is a program that should either be housed in the Schools or be more of a shared expense between General Government and the Schools. At one time it was almost all funded by the State. He said the question is whether it is an education program or a General Government program. He thinks the Board should talk to the Schools about sharing equally in this program. Ms. White said the Schools do hire the teachers and they are supervised by the Schools. The Schools pay almost half of the Family Support program costs now. There is a much greater recognition by the Schools now that the early childhood work and work with the families is important. It has a lot to do with student achievement. She added that now there is money from the State to fund nine programs; currently there are only six, so part of the discussion about the program is how it should move forward.

Mr. Rooker said he thinks there should be discussion of how the cost of that program can be shared.

Mr. Slutzky said when there are programs that straddle the line between Schools and Local Government he thinks there should be a clear sense of what constitutes a School function versus a County function.

Mr. Rooker said there are a number of programs for which Local Government and Schools share the expense, but this particular one takes place in the Schools with teachers hired by the Schools and he thinks it is clearly an educational program.

Ms. Thomas mentioned the Commission on Children and Families and recreation programs. She thinks it will be impossible to have an absolute line dividing these things. She thinks one reason General Government is interested in Family Support is because the Board sees the growth in the Comprehensive Services Act, which is another program that blurs the line. She has always seen Family Support as a General Government initiative because of the impact on the CSA which is on the General Government side of the budget.

Mr. Rooker agreed with Family Support being a general initiative, but said he certainly thinks Bright Stars should be funded more by the Schools than it is currently, adding that there is better accountability if the Schools have a bigger investment in the program. He is more comfortable with the Schools monitoring dollars spent than having General Government do so.

Mr. Slutzky said he thinks when what is spent on School and non-school programs is articulated to the public, it should be made clear that some programs are dual-purpose. His point is that it is a transparency issue. Which side of the budget it is on is not as important as explaining to the public there are a lot of overlapping functions.

Mr. Rooker agreed, but said he would like to have staff discuss with the Schools how the program is funded. He thinks it would be helpful to have a full accounting of how much falls on each side.

Ms. Kathy Ralston, Director of Social Services, said there is a significant share of the Bright Stars Program in the Schools budget. They provide all the transportation and provide all the classrooms, etc. The coordinator for the program makes sure the curriculum used is coordinated with that of the Schools. The Schools do put a lot of money into the program; it just does not show in the budget.

Mr. Rooker said it would be helpful if the Board had all of that information in written form so it would have a better understanding of the total cost of the program.

Mr. Slutzky asked if there is a private partnership involved with the Bright Stars Program, because there is a small amount of money available in the way of "Adopt-A-Classroom". He said people contribute materials which are used in those programs, so that is another way of leveraging funds.

Ms. Ralston said the Martha Jefferson Hospital has donated money to the program, but any grants available are fairly small.

Ms. White said the next department is Social Services. There are some programs which have had significant increases this year, almost \$300,000 in increases with the State reimbursement being only \$271,000 (94 percent reimbursement). She emphasized that when the Social Services budget increases by a significant amount, there are often corresponding revenues for that department so the baseline increases are sometimes not as high as they appear.

Ms. White said it was found after the budget document was published that some of the CSA increase of \$185,000 should have been in the School transfer. The County's increase is about \$116,000 this year – about six and one-half percent. She said last year's transfer was level with that of the year before, so over a two-year period it has been three percent per year for the CSA transfer.

Mr. Boyd asked if that is an improvement. Ms. White said the Foster Care caseload had been going up and it has now begun to taper down. Staff feels positive that the local contributions are staying steady.

Ms. White said there is a trend in CSA where the number of older children (13 – 17 years old) going into the program is up. There is also good news because the number of younger children (6 – 12 years old) entering the program is down which indicates a trend attributed in part to the Family Support and Bright Stars early intervention programs.

Ms. White said Region 10's increase is about \$45,000, which is a formula-driven increase based on a combination of population and services.

Ms. White said the next item is JABA and the Mountainside Senior Living facility. Because she has a conflict of interest on this one, she asked Ms. Ralston to present the request.

Ms. Ralston said she is the representative for the Agency Budget Review Team. She said the \$12,500 increase for this facility is the result of the end of the County's three-year commitment to JABA's Mountainside Senior Living facility. She reminded the Board that in March 2002, they entered into an agreement along with the City for one-time funding for Mountainside to try and transition that organization to a more viable organization. At that time there was a business plan which said they thought they could get the facility to a point where they would need no more public funds. JABA had planned to make the facility a private pay/auxiliary grant/public pay facility. A year later, in April of 2003, JABA said they had not been able to accomplish that but they were still in a positive trend. They asked for additional funds of about \$37,000. The County and the City agreed to contribute those over a period of three years, and that is the \$12,500. 2006 ends that commitment. JABA came back through the budget review process and asked for another \$50,000, but the Team felt it was a policy shift for the County to subsidize the auxiliary grant rate that is set by the State. The State has not kept up with its obligation. They reimburse at an 80/20 rate, but that is just a very low rate. The Team felt the policy shift was subsidizing what was to have been offset by private pay residents and that set a precedent. The number of people in the facility has been lower than expected, and the number of auxiliary grant patients has been lower than expected. Currently there are about 15 Albemarle County residents, and for the City there are fewer than that. She added that Mountainside may not be getting as many private pay people in the facility as expected, so they are taking in people who are paying less than the full rate of private pay, but more than the auxiliary grant pay.

Mr. Slutzky asked what would happen to this facility and the hard-core needy population if the facility were not available. Ms. Ralston said other accommodations would have to be found for those people.

Ms. Thomas said there are very few beds available in the Planning District. Ms. Ralston said there are not many available statewide.

Mr. Rooker said this is a situation where it would be good for people to go to the Legislators and tell them their stories. The real problem is the lack of adequate funding for auxiliary grant residents in these homes. The pressure is on Local Government to fund something because the State has disowned it.

Ms. Thomas said a couple of years ago she sat through some hearings in Richmond where people gave this type of testimony for about five hours. They responded mostly to one piece of it having to do with waivers. She said people in need are pretty good at going to the General Assembly and showing their needs.

Mr. Slutzky said just because the General Assembly does not get it is no reason to punish folks who have a legitimate need.

Ms. Ralston said she knows Ms. Lida Arnason-Hurst sent an e-mail and in it she indicated that Northern Virginia's Region 8 has been subsidizing their auxiliary grants with local dollars since 1999. To clarify that somewhat, they actually have not been subsidizing it with local dollars. Northern Virginia received approval of a differential rate from the General Assembly in 1999, so they pay a higher rate and get reimbursed on it with 80 percent State money. She said they do have a higher rate; it is approved, budgeted, and they get reimbursement on it. They do not put only local dollars into it.

Mr. Dorrier asked if this JABA program is going to end next fiscal year. Ms. Ralston said this is the last year of the Board's commitment. JABA indicated to the Budget Review Team that they thought they would be turning the corner financially, but the Team was not able to get a copy of their business plan. At this time, things seem to be going well at the facility in terms of care and management.

Mr. Rooker said the Board received an e-mail from JABA indicating that Mountainside will never be fully self-sufficient. When they started into this they had a business plan which indicated they needed some early subsidization and after that they thought they would be self-sufficient. Now, they are saying that will not happen. He said it appears to him that without public support, at some point this operation will go under.

Mr. Boyd asked the difference between this type of program and Medicaid beds. Ms. Ralston responded that Medicaid pays for nursing home facilities, but not for assisted-living facilities. However, some people in assisted-living could also be on Medicaid for their medical care.

Mr. Slutzky asked if people are not eligible for Medicaid because the level of their health care needs is not high enough and they can't be in a facility like this, do they go to some household.

Ms. Ralston said some of the residents at Mountainside were not residents of Albemarle County until they moved into Mountainside. There are a number of people there who are from outside of the area. There are 18 people there who were previously County residents, and there are 23 people from outside of the area who receive auxiliary grants from other areas. She does not know how many of Region 10's clients get auxiliary grants. As of January, there were 30 people at Mountainside who were Region 10 clients who got auxiliary grants from the County, the City and other places around the State. Region 10 follows and provides case managers for these clients who are not necessarily elderly, but are mentally ill.

Mr. Boyd said that personally he would like to see a business plan to know JABA's long-term projection for this facility. It should show where they expect their clients to come from. Ms. Ralston said JABA has tried, but has not been able to turn the facility around the way they had hoped.

Mr. Davis reminded the Board that the initial agreement the County entered into in January, 2002 gave JABA \$177,000 in exchange for a ten-year commitment that they would operate this type of program in the facility. As part of that agreement they were to return that \$177,000 based on gain-sharing, based on the business plan they had at the time. That did not turn out to be successful, so a year later they came back and asked for a subsidy in addition to the original \$177,000. Now, going into Year 4 of a ten-year commitment, they are requesting additional money.

Mr. Rooker said between the City and the County it amounts to \$75,000. Mr. Tucker replied that JABA has asked for \$50,000 from the County and \$25,000 from the City.

Mr. Rooker said there is an aging population in the community. The question is, who should fund long-term care for citizens? Typically it has not been local government. It has typically been a State and Federal operation.

Mr. Boyd said that is his concern. By principle the Board would be committing the County to future things like this. Ms. Ralston said that was a concern of the Review Team. What would happen if another facility came to the Board and asked for the same thing? Most of them are non-profits, but they share the same burden because the State rate is so low.

Mr. Dorrier wondered about having a group come together and study this to see if it could come up with a recommendation.

Mr. Boyd said he thinks the Board needs a business plan.

Mr. Rooker said he would like to see the business plan for Mountainside. He knows there is a need, but the question is whether the need is appropriately funded with local property taxes.

Mr. Slutzky said if it is a need that is appropriately funded at the State and Federal level, and they are not doing so, should the County step up? He knows there would be implications. He would be interested in seeing JABA's business plan. He also thinks a committee could be set up to help JABA evaluate their business options to make their need to request funds from local government as little as possible. He does not want the Board to turn its back on the request.

Mr. Boyd said he agrees with the principle, but wonders how many times the County can step up.

Mr. Rooker said staff has recommended that the Board not fund the request.

Mr. Slutzky said he understands that, but he would be inclined to fund it for this year, contingent on JABA providing its business plan and its long-term strategy for getting through the ten years without the County having to provide \$50,000 a year.

Ms. Thomas said the programs that staff usually recommends against funding are new programs or programs where people have other alternatives. She said it is hard for her to know what the alternatives are for the present residents of this facility. It is a good thing, and whether for \$50,000 the Board should "kill it off" is her question. She said a lot of work as well as a lot of private fundraising have taken place. She said there has been a delicate balance with the combination of private pay and subsidized patients.

Mr. Slutzky asked if the business plan allocated a limited number of beds to the subsidized portion.

Mr. Rooker said they have more private-pay people than they originally forecast. They have less auxiliary grant patients. Ms. Ralston said actually they do not have more private-pay people, but more private-pay people who are not paying the full amount. JABA has not been able to significantly decrease the number of auxiliary grant beds.

Mr. Tucker said if the Board feels some money should be set aside, that can be done and the funding could be made subject to receipt of a business plan.

Mr. Rooker said he may be inclined to fund the request, but he would like to see the business plan first.

Ms. Thomas and Mr. Boyd agreed.

Mr. Rooker said the Board could set aside the \$50,000 subject to making a final determination later.

Mr. Breeden reported that this year the County allocated \$678,000 for the Tax Relief for the Elderly Program. Under the current guidelines that program will only cost \$368,000 for this fiscal year.

Mr. Slutzky asked why that is the case. Mr. Breeden said that up until last year when changes were made in the qualifications for that program the County had been budgeting about \$368,000. The income limits and net worth were both raised, as well as a sliding scale for qualifications on the income part. The increase has not materialized and it is not costing the County more money. He is not sure if it is because people are not applying or if there are still not many people under the limits.

Mr. Rooker asked what had been budgeted versus what had been spent. Mr. Breeden confirmed that \$678,000 had been budgeted. Mr. Rooker asked the difference between what was budgeted and what is actually expected for that program. Mr. Breeden said it is about \$300,000.

Mr. Rooker asked if the Board is willing to adjust the sliding scale further. Mr. Tucker said it is hard to establish the right amount. He suggested bringing this subject back to the Board giving a list of alternatives.

Mr. Slutzky asked if the eligibility requirements are a function of both income streams and net worth. He said he is more sympathetic to people who have low income streams.

Ms. Thomas said this year the Board increased the number of acres one can own. There are some poor people who actually own five+ acres. Mr. Breeden said at this time the income level is \$30,000 and the net worth is \$90,000. Mr. Davis said in 2004 the State limits were raised to \$50,000 in income and \$200,000 in net worth. Albemarle is no where near those limits.

Mr. Rooker said staff will bring back a recommendation to expand the program and utilize what has been budgeted.

Mr. Breeden reported that the biggest increases in the Parks and Recreation budget are replacement of some mowers and vehicles, fuel and equipment costs. He said that \$50,000 in vehicles were replaced last year and that expense will not be replaced this year.

Mr. Breeden said according to the formula the Business Bureau costs are increasing by \$37,000; these are funded from the Tourism Fund.

Mr. Breeden said Library costs are increasing by \$229,000 – primarily because of increased benefit costs. He said the City had a larger increase in their health insurance and retirement costs, and Library employees are members of the City's programs. One additional position has been approved for the Crozet Library based on their circulation numbers.

Mr. Boyd asked if the addition of this employee was formula-driven. Ms. White said it was requested to help them get ready for the new library.

Ms. Thomas referred the Board to Page 4 where it talks about athletic field maintenance. She said there has been an amazing turnaround over the years in this activity. The level of citizen satisfaction is very high. She said this is also where fireworks are listed for funding. Personally, she does not think the County should put \$10,000 into fireworks. Mr. Breeden said that item is on the list of things to be discussed by the Board.

Mr. Breeden said in the Community Development item, there is nothing in particular that stands out. There are two items in Zoning that staff wanted to mention. One has to do with a new sign reviewer position which would deal with illegal signs. He suggested that Mr. Foley speak about this position. Mr. Foley said the Board has suggested that staff take a further look at this which basically relates to the ARB.

Mr. Boyd said he did not understand the request for that position.

Mr. Mark Graham, Director of Community Development, said a large portion of the ARB's workload has to do with sign permits; the workload for the ARB has increased about 20 percent the last couple of years. This position would be dedicated to sign review, thus giving existing staff more time to work on ARB reviews. If the County wanted to go back to having ARB staff work in an advisory role for ZMAs, rezonings and special use permits, that could be done. The other part of this has to do with work of the Inspections staff. While inspections are getting done, they are probably not being done in the detail they should.

Mr. Rooker asked if Mr. Graham was talking about new signs. Mr. Graham said "yes."

Mr. Boyd asked if there are defined guidelines for signs. Mr. Graham said there are.

Mr. Boyd said he does not think it should take a full-time position to do this work. Mr. Graham said if the Board wants to go back to what the ordinance requires and eliminate the Advisory Board (which is supplemental above and beyond what is required), review could probably be done using existing staff. However, both the ARB and Planning Commission have expressed an interest in expanding the advisory role of the ARB with regard to special use permits, zoning map amendments, and other reviews. If there is interest in taking on that advisory role, the department is not staffed to do that.

Ms. Thomas said she has heard concerns from the ARB's Chairman that there is going to be a much heavier work load dealing with the more urban type of developments – such as Albemarle Place – and their visual relationship, scale and other issues.

Mr. Boyd said he had also heard from a member of the ARB. He thought one employee had been moved from ARB staff to work on Albemarle Place and other matters. Mr. Tucker said a more experienced person who was working on Albemarle Place took another position in the department, and that position was filled by a less experienced person. Mr. Graham said that is a short-term issue; the longer term question is whether to expand the advisory role of ARB staff in other reviews.

Mr. Rooker asked if the County has the legal authority to expand the ARB's role into these other areas. Mr. Tucker said staff is struggling with whether the Commission is encouraging the ARB to do more and if it can be done without amending the ordinance.

Mr. Davis said there are certain things required by the Entrance Corridor Ordinance. There are signs, anything requiring a building permit or a site plan, and there is also an advisory capacity relating to outside storage. Beyond that there has been a creep in reviews by the ARB in a lot of rezoning applications that affect the Entrance Corridors. That is the area where the Planning Commission and ARB think there is an important function which is not in the ordinance. Staff, to some degree, has been helping in those reviews, and the ARB has been helping in those reviews. There is nothing unlawful in that because they are an advisory committee.

Mr. Rooker said they have authority with respect to site plans and he is having difficulty understanding why that isn't all encompassing. Mr. Davis said the ARB feels they should be involved in rezonings and the detailed master planning processes where the layout and features are locked in. They are not well-served having to deal with site plans after the fact. They think their advice would be more valuable on the front end rather than in the middle of the process.

Mr. Rooker agreed, but said this should reduce the amount of time needed at the site plan stage. Mr. Graham said in some rezonings they are trying to go above and beyond what is in the design guidelines right now. These are supplemental things the Commission and the ARB believe are important to have. They are going beyond what they can currently require, such as in Hollymead Towncenter where there was a lot of concern about its layout. The site has steep slopes along the front, and the unusual building orientation which was approved with the rezoning did not adequately screen loading docks. He said the layout approved with the rezoning locked that in and they could not get the changes they wanted. Area "B" of the Towncenter is an example. The first time it was submitted to the ARB as a site plan, there were over 70 comments. About half of those comments were about things they actually regulate, but the other half were things they wanted the applicant to change. It was a fairly contentious review.

Mr. Wyant said it seems that input from the ARB is coming at the wrong time; it should be given earlier.

Mr. Rooker responded that for big projects which require an Application Plan as part of the rezoning, it would be helpful to have the ARB's input at the early stage to relieve the burden of review at the later stage. Mr. Graham said he would caution that it is not an exchange of one thing for the other. It can actually increase the complexity at the site plan stage. When there is a Plan that has to match with a proffer and the rezoning, it has to overlay with the design guidelines also. It is possible that what they end up with will have conflict with one or both of those items.

Mr. Wyant said another staff person would not improve the process. If no improvement is made, there is no need for this person. Mr. Graham said the complexity and level of detail being sought takes more time and effort. If that is what is wanted, more staff is needed.

Mr. Wyant said if the detail improves the product that might be good.

Mr. Boyd said this would be a good discussion for the Development Review Task Force to have.

Mr. Rooker said one thing with Hollymead Towncenter was the steep bank which the ARB did not like. Subsequently there was a great deal of erosion off of that bank that created a problem in Hollymead. If that situation had been dealt with better at the beginning of the process that probably would have made a difference in the long-run.

Mr. Boyd asked who decided to put all of the buildings on the steep slope.

Mr. Wyant said in looking at an Application Plan, you cannot read the third dimension on that plan.

Mr. Rooker said he thinks it was the desire of the developer to get as much square footage as possible. The plan could have included smaller big boxes which would have taken up less space and been set back further from the road, and would probably not have caused as much erosion.

Mr. Breeden asked if the Board members wanted to talk about the recommendation further before putting it in the budget.

Mr. Rooker asked how the Board members felt about adding this position to staff.

Ms. Thomas said she has been convinced by the ARB that something needs to be done. She thinks this is an interesting way to approach it. After listening to this conversation, she is sure this is the right way.

Mr. Boyd said the conversation he had with an ARB member was that they needed help to get them through the process with Albemarle Place, which is a huge development. Mr. Graham said Albemarle Place will be answered within the next six months. If this position is funded, it will be six months before this person would be hired and ready to work.

Mr. Slutzky asked Mr. Graham if he felt this shifting of staff would accomplish the ARB request. Mr. Graham replied that staff of Community Development is unquestionably stretched because things are going a "hundred miles an hour." He said the bigger question is whether to expand the level of detail the County is looking for with regard to ARB-type additions. He said the Planning Commission has indicated they would like to get more into those issues. He does not know if that is the County's interest.

Mr. Rooker said the Board cannot solve this today. If that is the fundamental issue it may require some additional detail from the Planning Commission as to why they think it is necessary. Also, there is more detail needed from staff. Mr. Tucker suggested the Board wait a few more months to see what happens with Albemarle Place and revisit this question in October or November with possibly a new staff person being hired in mid-year.

Mr. Slutzky asked Mr. Graham if other staff slots are unfilled now. Mr. Graham responded that Community Development has vacancies now, but those positions would not help much with the ARB.

Mr. Rooker reiterated that he thinks more information is needed from the Planning Commission before making a decision on this.

Mr. Foley said there is another item to discuss which relates to the discussion the Board had about a pilot program to remove illegal signs from VDOT's rights-of-way. At the time the program was reviewed, it was said staff would bring this subject back for discussion at budget time.

Mr. Rooker asked about using the option of asking VDOT to remove signs in its rights-of-way periodically. He thought that was the option selected by the Board. Mr. Graham said this is a fairly low priority with VDOT. It is not something they are prepared to dedicate resources to.

Mr. Rooker said the Board might just ask VDOT several times each year to do a clean sweep of signs in their rights-of-way.

Ms. Thomas said if VDOT has had several positions eliminated, this would be less of a priority.

Mr. Rooker said given all the priorities the Board has to make a decision on, he would argue for the sign person instead of this person.

Mr. Breeden presented information on a Housing Workforce Study being done for the Thomas Jefferson Planning District by the Virginia Tech Housing Research Center. He said there is a proposal to expand that study at a cost of \$5,000 and make it more directed toward Albemarle County. This has been recommended by the Housing Department.

Mr. Boyd asked what is being studied.

Mr. Ron White, Housing Director, replied that the contract was signed in February with Virginia Tech for the regional study. It will be making a projection of housing needs through 2020, with a breakdown by the aging population so the types of housing needed might be identified. The Planning District Commission is doing a study for the entire Planning District. Albemarle County has some funding that could be used to piggyback that study to get more specific information about the County, and possibly partner with the City for very specific information about the two entities. Factors such as employment and income should be considered. A projection would be provided for every couple of years up to 2010, with a long-term projection up to 2020.

Mr. Rooker said it seems like a wise expenditure of funds if the report has credibility. He said the Board is making decisions all the time about the housing supply, the number of buildable lots, etc.

Mr. Boyd agreed, but wants to make sure the employment base and needed housing types are used for this study.

Ms. Thomas asked if cost-of-living would be used in the study rather than just mortgage costs. Mr. White responded that the study he saw for Virginia Beach included more comprehensive data; staff would have discussions with Virginia Tech as they are gathering data locally.

Mr. Wyant asked how long it would take for the study to be completed. Mr. White said he recalls the contract period being from 90 to 120 days, with the group collecting a lot of information the County already has.

Mr. Breeden reported that staff has evaluated the City's request for the CTS system. They used a formula for ridership and operating costs, taking into account Federal and State revenues, and it resulted in a \$101,000 (38 percent) increase. However, CTS is requesting an additional \$275,000 over and above that amount.

Mr. Foley said staff did not recommend any expanded services this year because of the funding formula and discussions about regional transit, so this represents some increase in ridership for the same amount of service.

Mr. Slutzky asked if money could be set aside for transit, in the event it is decided to do something later.

Mr. Rooker said he thinks the Board is interested in improving transit in the area. To do that, the Board will probably have to spend more money than the inflationary factor over the prior year. The Board is trying to engage the City in discussions to get a predictable formula for funding based on percentage increases in operating costs. He thinks the City is interested in doing that if they see some commitment on the County's part for improving transit in the area. He suggested the Board consider allocating another \$200,000 to expanded transit as opposed to just increasing costs and hold that amount in the budget until a decision is made. If the Board wants to increase transit opportunities it needs to recognize that some money must be allocated to the increase not just to the increase in cost of existing routes.

Mr. Slutzky said it might be more meaningful to put a sum larger than the \$200,000 aside but make it clear to the City that it is in place in case an agreement can be reached on expanded services, maybe to address Crozet or a whole litany of priorities.

Mr. Rooker agreed that if the amount is increased it be specified that it is for increased services, not additional money to operate the same routes. As to where any expansion takes place, he thinks tests and surveys would need to be run to determine where increased ridership could be expected.

Mr. Boyd asked if the Board is trying to make a statement here. Whether or not the Board will allocate an additional amount can be decided later because the money stays in the Board's Reserve.

Mr. Rooker said if the Board goes into discussion with the City about this, he would like to be able to say the direction of the Board is to increase transit services in the community and it is willing at the appropriate time to put some additional dollars into doing that. Mr. Tucker said the Board is putting additional money toward transportation needs in the CIP. Some of that money could be used. He considers transportation to include both transit and roads.

Ms. Thomas said the Board was to receive a report as to whether bus service was needed for the County Building on Fifth Street, especially to Social Services. Mr. Foley said the Housing Office did a survey and there did not seem to be a need for that service to their office. Social Services did a 12-week survey of 1,421 clients. Two-thirds of them were not on a bus line; of the one-third who had bus line service available, 44 percent said if service to Fifth Street was available, they would use it. He said clients are finding ways to get to Fifth Street.

Mr. Rooker asked Ms. Ralston how clients get to her office. Ms. Ralston responded that a lot of them pay a neighbor, a taxi, or someone else to bring them there. Mr. Foley said the County offered to pay their transportation costs, and perhaps that needs to be promoted.

Mr. Rooker asked if people have taken advantage of the reimbursement offer. Ms. Ralston said it has not been taken advantage of, and staff has not made an effort to publicize it as it is another administrative process to be managed.

Mr. Boyd asked about using vouchers. Ms. Ralston responded that vouchers could be used, as they are with their employment program. Mr. Foley said the County can assume a bus line will be needed to Fifth Street at some point; there are clients who would use it but aren't doing so currently. It is just a matter of getting the funding issue worked out.

Mr. Rooker said there has been mention of providing service to the Southwood Mobile Home Park and other high-density areas. Mr. Tucker said it is probably cheaper to reimburse than to run a bus line.

Ms. Thomas said some County employees might be able to use a bus line, and there are residents from two large mobile home parks nearby who have asked in the past for a bus service. The other side of this question is that when JAUNT tried to set up a line in that area it didn't work. Mr. Foley said this route is at the top of the list of unfunded routes.

Mr. Breeden said the Stream Watch Program was funded in the Soil and Water Conservation budget this year for \$4,000. Staff is recommending an increase of \$5,800 for a total of \$10,000 which will be for a partnership with Albemarle and Fluvanna County and water and sewer authorities for several local governments.

Mr. Breeden said the Revenue-Sharing Agreement with the City is going up by \$392,000.

Ms. Thomas asked what a penny on the City tax rate brings in.

Mr. Rooker replied that last year it was around \$400,000.

Ms. Thomas said this increase is then about a penny on their tax rate. They are talking about reducing their tax rate, so essentially the County is covering that reduction.

Mr. Breeden said the Transfer to the Schools based on the 60/40 allocation is an increase of \$10,184,000. School Debt Service increases by \$279,000, General Fund Debt Service increases by \$682,000, and the increase in the money currently being allocated to the CIP Program is just over \$2.0 million.

Mr. Boyd asked for the percentage increase for the School System. Mr. Breeden responded that the basic transfer is a 12.58 percent increase, and the Debt Service increase is about 2.5 percent.

Mr. Breeden said the Refund category is similar to that of last year. The amount set aside in the Board's Reserve is \$885,000, which is \$748,000 more than what was set aside last year. He said there is a Salary Reserve for the reclassification studies which are done every year. Since it is not certain where that money will go, it is set aside in a reserve. The merit pool actually has a \$32,000 decrease from the amount set aside last year for a total of \$208,000.

Mr. Wyant asked about the Total Rewards Program. Mr. Breeden said that program is funded within each department's budget.

Mr. Breeden said he had covered all the departmental budgets.

Mr. Rooker said the Board will no doubt need another work session to finalize the budget.

(Note: The Board took a brief recess, then reconvened.)

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Item 2b. Five-Year Financial Forecast.

Mr. Breeden showed slides related to the Five-Year Forecast and Financial Model. He said the model forecasts a steady increase in the amount of revenues over expenditures throughout the five years. Staff assumed that in the first year (FY '07) revenues and expenditures will be balanced out. Decisions must be made as to putting revenues in reserves or allocating them. He said when the Board last went over the forecast there were a number of assumptions concerning expenditures and revenue forecasts including the increase from real property reassessments. None of that has been changed on this chart. The first slide is a baseline of what was seen before and is in the current reassessment.

Mr. Boyd asked what Mr. Breeden was suggesting might be the increase in revenues. Mr. Breeden said it varies on different items, but most of them are increased seven to eight percent. He reiterated that these are the same assumptions that were used when the Model was shown to the Board previously.

Ms. Thomas asked about the legislation relating to machinery and tools that was passed by this Session of the General Assembly. Mr. Davis said it will have a small effect. Mr. Robert Walters, Finance Department, said there will be a small effect on revenue from machinery and tools.

Mr. Boyd asked about the increase for retirement being 13 percent per year. Mr. Breeden said it is 13 percent of the current rate. The Board had been forwarded information about this increase by e-mail.

Mr. Breeden said the next slide shows information about the reassessment rate. It had been said that the reassessment numbers were showing a 22.5 percent increase in revenues for FY 2007. The slide shows the increase in revenues over the five-year period from the reassessment.

Ms. Thomas asked whether the reassessments were included on the last slide. Mr. Breeden explained that the reassessments were included in the base projection, but the original recommended budget had the reassessment at 19.4 percent, and this one is now based on a 22.5 percent increase. He said that at the top of each column the actual dollar amount increase is shown. Even in the fifth year, the amount is only \$3.3 million, or one percent of the budget. Initiatives that will come along each year are unknown. While some things can be anticipated, there will be new requests in each year that will impact those dollar amounts.

Mr. Boyd said when the Board decided to go to annualized assessments it made a commitment that it would keep this change revenue neutral and not as a windfall profit. He said there will be a one-year windfall, and it was suggested that it was appropriate to give that money back to the taxpayers. Mr. Breeden said if there is a desire to adjust the tax rates to accomplish that, it is not reflected in these charts. Mr. Davis said that in FY 2008 there will be a windfall of one-half of a year's reassessment based on the annual reassessment process, and every year thereafter there will be a half-year of a reassessment that would otherwise have not been realized.

Mr. Rooker said when the Board discussed going to an annual assessment it was the general understanding that the rate would be adjusted over the long-term.

Ms. Thomas said that is less than a penny, so it would be hard to adjust.

Mr. Rooker said the number was more than that. Over five years it was \$18.0 million, a sizeable number.

Mr. Boyd said in the first year it is a windfall.

Mr. Rooker said every other year there would be an increase that otherwise would not have been realized previously. He clarified that this one-time adjustment in the tax rates would apply to all future years.

Mr. Breeden said this chart is only to show what the increased revenue impact is over the five-year period. The next chart shows the same base, but the black area at the top of each column shows an increase of another half-penny going into the CIP. This model looks only at General Fund operations. That black area shows how much the General Fund surplus would drop each year if that one-half cent is put into the CIP.

Mr. Rooker said if the numbers are run with an adjustment in the tax rate for an annual assessment, all of that surplus would eventually disappear. He thinks it is about \$4.0 million per year, or three cents on the tax rate. That is more than is being shown as a surplus.

Mr. Breeden said the next slide shows the increased revenues, the extra one-half cent going into the CIP, and all the adjustments mentioned to date, which were on the list presented at the last meeting. He said if all of those things are taken into consideration, the chart shows that by FY '08 there will be a negative impact and the surplus reduced in future years. He said there are other scenarios that staff can present but sometimes the actual dollar amounts do not mean as much as graphically seeing the different scenarios.

Mr. Rooker suggested that staff run the numbers based on an adjustment in the tax rates due to the annual assessment.

Mr. Tucker asked if the Board wanted to go over the list of responses to questions from Board members at previous meetings; the answers were forwarded to the members by e-mail.

Mr. Rooker said he thinks the list was well done. There were no requests to discuss the list.

Mr. Tucker said staff had updated the "BOS Adjustments Budget Worksheet" of unfunded requests which was presented at the last work session. He brought the Board's attention to the item titled "Resource Changes" which shows an additional \$1.608 million from the reassessment. For the transfer to Capital, staff included an extra one-half cent to bring the transfer to two cents for a total of \$693,772, leaving the Net Reserves as a total of \$1.981 million.

Mr. Boyd asked how the additional one-half cent transfer to the CIP impacts the Schools budget. Mr. Tucker said it only affects them because it puts more money in the CIP that can be utilized for both Schools and Local Government.

Mr. Boyd said he was referring to the 60/40 formula. Mr. Tucker said it will affect the 60/40 split because it takes more funds off of the top, thus reducing the allocation overall but not the percentage. Mr. Breeden said the way this is set up, this first year the \$693,772 would come from the General Government side. He said the \$1.6 million increase in revenues has not been figured into the 60/40 split either, but it will be for FY '08. He said that typically the School amount is fixed in January when the final revenue projections are made. If the Board wants to consider everything that has happened since then, staff can go back and recalculate the Schools' share.

Mr. Rooker said the decision for another half-cent would be based entirely on coming out of General Government revenues. Mr. Tucker said this would come out of the reassessment; that number was not shared in January either. The decision to go to two cents will, in '08, come off the top and everybody would be affected by that decision.

Mr. Rooker asked how the Board members feel about adding that extra half cent.

Ms. Thomas said it will save on Debt Service. This is kind of a hidden expense that is not seen unless focusing on it. She thinks that reduces debt service and saves future taxpayers money on interest payments, although they don't actually see it. The more pay-as-you-go projects, the less debt service there is. Of course this is not done when paying for schools because the present generation pays for their schools that way. Parts of the capital improvements program are pay-as-you-go, and apparently that is one of the things the County's Triple "A" bond rate was based on. It was helped by the County's strong policy of pay-as-you-go. She has always been a strong supporter of this.

Mr. Rooker said the Board just looked at potential increases of 18 to 20 percent on CIP projects. He thinks there is going to be a lot of trouble funding those projects. He thinks the more the Board focuses on dealing with bigger expenditures, the better it will be. From a revenue standpoint this is a good year, but looking three or four years into the future problems can be seen, especially on the CIP side of the budget.

Mr. Slutzky said the cost of Debt Service will likely go up in future years. He wonders if that is a reason to incur the debt while the rates are lower and using this to assuage the increased debt service as

opposed to doing as-you-go and then finding out five years from now that money must be borrowed at a higher interest rate.

Mr. Boyd asked what Board members felt about earmarking this one-half cent for transportation. Mr. Breeden said it could be put in a transportation line item; putting the money in the CIP keeps it more flexible.

Mr. Rooker said he thinks the Board needs to look at what is happening in the General Assembly now. If the Senate transportation plan passes, it will substantially help with transportation funding in the area. If it does not pass, the Board will need to allocate more funds just to stay even.

Mr. Boyd said he is concerned about the allocation to the School System. He said 80 percent of Debt Service money is in School dollars, and 80 percent of the Capital money goes to them unless it is earmarked to specific projects.

Mr. Slutzky said the Board is hearing a lot from constituents about under-funded transit infrastructure in all its forms. If Richmond gives Albemarle a few extra dollars for a couple of years, that is good. What about the Board's behavior with its revenue resources? He thinks Mr. Boyd's proposal is a good way to address that. Mr. Foley said a portion of the transportation program is not in the VDOT Six-Year Secondary Road plan.

Mr. Slutzky said there is also a portion that is not known at this time based on the collaborative dialogue with the City. It may not be roads, but real transit expenditures. Having an additional amount in the CIP earmarked for that gives the Board a little more leverage. Mr. Foley said that only one master plan has been completed to date. What will happen with Places29 in terms of critical connectors for roads that are not in the Six-Year Plan is not known.

Mr. Boyd asked how much money is in the CIP now for transportation. Mr. Foley said there \$1.0 million in Revenue Sharing, and \$1.0 million in public transportation. Mr. Tucker said an additional \$700,000 could be allocated to transportation in general. Mr. Breeden cautioned that there may be cost increases in other areas so if the money is earmarked for transportation it's use is less flexible.

Ms. Thomas said she would rather have the money put in transportation unless the County gets State funding. She is concerned about the CIP Program in general rather than narrowing in on transportation. She would like to make a connection the public can see between the County's budget and what the State is doing. She said if the Senate plan is passed, she would definitely like to put this money into other capital needs. Mr. Tucker said the money could be put in the fund, and based on what the State does, that amount could be moved into transportation.

Mr. Slutzky said there would be the same outcome if the funds were earmarked for capital which would show constituents the Board recognizes the inadequate funding from Richmond. If the General Assembly passes the Senate bill, the funds could be reallocated. Mr. Tucker said he also does not want to send a message to Richmond that the County is covering some of their expenses.

Mr. Rooker said he thinks Mr. Tucker's suggestion is a good idea.

Mr. Boyd said he wants to send the message to the CIP Technical Committee that it has to think about which project is the most important, the moveable wall in the Western Albemarle High School Auditorium, or money for transportation.

Ms. Thomas said she would like to mention that when the Board set up the ACE Program, it hoped to save 1,000 acres a year. At this time, \$1.0 million will save only 300 acres. It has been suggested that \$387,000 be added to what was otherwise proposed for this program. She said there are other ways to fund ACE, but the Board has not been eager to use those alternatives, particularly in the way of bonds. She does think the Board should think about putting more money into this program.

Mr. Tucker suggested the Board discuss the items on the "list" in the order in which they are listed. He said that even if the items on this list were funded, the Board would still have \$1.2 million left in its Reserve.

Mr. Rooker emphasized that when numbers are run with a tax adjustment based on an annual assessment, three or four years in the future there will be no surpluses. If the Board is serious about what it said it wanted to do when it decided on the annual assessment, he does not want the Board to get blinded by the money that is available this year.

Mr. Slutzky said he was a member of the audience when this was discussed. He remembers the Board said they did not want the public to misconstrue the intent of the Board in changing the assessment thus creating this extra revenue stream. He asked if there was a firm commitment made by the Board to specifically give the revenue stream back, or was there discussion that it might go into the CIP?

Mr. Rooker said the Board's discussion centered around not increasing the amount taken from the public in the form of taxes just because there was a change to an annual assessment based on accounting adjustments.

Mr. Slutzky said the Board cannot really discuss any of these options until it sees the revenue neutral affect of the assessment.

Ms. Thomas said the Board discussed the fact that the tax rate might be increased or it might be kept the same, but the Board was not going to let it happen automatically.

Mr. Rooker said the Board needs to keep in mind that it made that oral commitment. He said the Board is not just looking at one year when it puts recurring expenses in the budget. He said things don't look so rosy three or four years from now based on the projections if the Board does what it said it would do.

Mr. Breeden said assumptions have been made about what the annual assessment will do in future years. Those assumptions are a big question because there is no way of knowing if the ten or eleven percent increases which have been projected will continue.

Mr. Boyd said the Board is not going to let an increase in taxes be the result of an accounting change. It could be a result of other factors.

Mr. Slutzky said he does not think the Board can discuss these until it sees revised projections.

Mr. Rooker said Mr. Boyd has to leave this meeting at 4:00 o'clock so the Board will definitely need another meeting on Wednesday.

Mr. Slutzky asked when the Board is going to talk about the net reserves.

Mr. Rooker said the Board should get some new figures for discussion on Wednesday.

Mr. Breeden said there is one other issue he would like to mention before the meeting adjourns. There has been a question from the School side about putting funds back in the budget for the maintenance projects they are delaying. That question is not a part of the list, and he wanted to be sure it had not been overlooked.

Mr. Tucker said there are other things which are not on the list. The Board has talked about the request for an additional contribution of \$250,000 to the Piedmont Housing Alliance Trust Fund. He asked if there are other items the Board would like to add to the list.

Mr. Rooker said the \$250,000 for PHA is clearly not going to be needed in this year's operating budget. It is something to keep in mind. He said there are cash proffers from a number of developers so they will have to be monitored on a year-by-year basis to satisfy the potential demand for proffered homes.

Mr. Boyd said he had asked for an accounting of this because in a few years he thinks that program should be self-sufficient.

Mr. Tucker said Mr. Boyd had asked for an accounting of the ACE program. Mr. Breeden said he has that report and it can be handed out this afternoon.

Mr. Boyd said he does not understand how the cash flow works. According to Mr. Breeden there is \$2.9 million setting in the bank now.

Ms. Thomas said she attended a meeting of the ACE Committee and it was said that ACE does not have enough money to fund the 2004-05 applications. Mr. Breeden said that is a matter of how it is looked at. He said there are different sources of funding for the program. Currently there is \$2.9 million set aside for ACE. They are not counting the \$1.0 million which is already in the fund for 2006 because those applications will be coming in later for 2006. In reality, looking at it from a cash flow standpoint, those applications coming in for 2006 will not be paid until 2007. It is a matter of how you look at the situation.

Mr. Rooker said there is a \$101,000 balance at the end of this year in that fund. This does not change his feeling that it should be indexed going forward.

Ms. Thomas said she thinks something is missing in this conversation. Mr. Breeden brought her attention to the report he had handed out.

Mr. Tucker said that on Wednesday staff will present an updated list of projects which are not funded at this time so the Board has an opportunity to discuss and decide on each item.

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March 20, 2006 ( Adjourned Meeting)  
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Agenda Item No. 3. Adjourn. At 3:55 p.m., Mr. Boyd **moved** to adjourn this meeting to March 22, 2006, at 1:00 p.m. Mr. Dorrier **seconded** the motion, which passed by the following recorded vote:

AYES: Mr. Rooker, Mr. Slutzky, Ms. Thomas, Mr. Wyant, Mr. Boyd and Mr. Dorrier.  
NAYS: None.

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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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