

An adjourned meeting of the Board of Supervisors of Albemarle County, Virginia, was held on March 21, 2007, at 1:00 p.m., in the Lane Auditorium of the County Office Building on McIntire Road, Charlottesville, Virginia. This meeting was adjourned from March 19, 2007.

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 Clerk, Ella W. Carey.

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

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Agenda Item No. 2. Work Session: FY 2007-08 Budget.

Mr. Boyd said the first item for discussion today is the budget for the School Board.

Present at this time were School Board members: Ms. Sue Friedman, Mr. Stephen Koleszar, Ms. Diantha McKeel, Ms. Pam Moynihan, Mr. Jon Stokes and Mr. Brian Wheeler. Absent was: Ms. Barbara Massie Mouly.

Present also were School staff members, Ms. Pam Moran, Superintendent, and Mr. Jackson Zimmerman, Director of Fiscal Services.

Ms. Sue Friedman, Chairman, Albemarle County School Board, called the meeting for the School Board to order. She said education has been a top priority in this community for many decades. There has been a long heritage of financial and personal support of the schools. During both good times and challenging times the schools have maintained the respect and trust of the public. The School Board wants to continue that legacy in partnership with the Board of Supervisors. They believe the community agrees that the Schools have a strong teaching staff, great facilities and improving student performance. The School Board is proud to support education in Albemarle County. They believe the funds requested will help teachers and principals build upon the past and also continue to enhance the quality of education for all students, and maintain the community's strong legacy of support for the County schools.

Ms. Friedman said the School Board knows that over the next few weeks the Supervisors have to make many choices balancing expenditures to available revenues. Today, she will present some of the choices the School Board may have to face and then discuss how those choices will impact the schools. She then showed a slide which gave the following reduction strategy assumptions. They would develop funding adjustments for each one penny reduction in the tax rate that would:

- Allow the Division to continue to make essential progress in accomplishing vision, mission and goals.
- Minimize the impact of reductions on teaching and learning.
- Maintain support for core instructional programs.
- Provide continued support for students in need of intervention and prevention services.
- Minimize the impact on compensation and benefits for teachers and classified staff.
- Support ACPS School staffing standards.
- Provide funding for essential new initiatives and mandates (SOA, SOQ, NCLB, ESOL, etc.)
- Meet required operational increases and fund growth.

Ms. Friedman said the School Board's funding request is 82 percent in personnel, most of which is for teachers and other school-based staff. She said every one cent reduction in the tax rate will cause the School Board to reduce its budget \$492,000 this fiscal year (between now and June 30, 2007). For next fiscal year it would be approximately \$894,000 for each cent of tax rate decrease.

Ms. Thomas interrupted to say the Board has been looking at the budget according to Mr. Tucker's proposal which essentially is the Superintendent's proposal to the School Board, and how much the tax rate cuts affect that budget. When making these comparisons, she asked that Ms. Friedman compare all of these budgets to what she is presenting today.

Ms. Friedman then presented a slide showing the impact of reduced funding going from a 74-cent tax rate to a 72-cent tax rate. Reductions proposed by the School Board are:

- Hispanic/Latino Community Relations FTE from 0.50 to 1.00
- Suspension Center – 1.33 FTE
- Curriculum, Assessment and Instruction Institute (CAI)
- Administrative Intern – 2.2 FTE
- Intervention Prevention (Operational)
- CTIP Staffing – 4.25 FTE
- Office of Technology Staffing – 4.0 FTE
- Improve Top Quartile Competitiveness for T21-T30 Teachers
- Staffing – Match Specialist – 2.51 FTE

Mr. Rooker asked the definition of CTIP. Ms. Friedman said that is the technology staff which is based in the schools to help the teachers more fully utilize technology in teaching.

Mr. Rooker said that summary shows a total of eight people being added in the technology category. Ms. Friedman said there is a combination of technology staff in the schools doing instructional educational technology, and then there is the technology staff which supports hardware and software needs.

Mr. Rooker said it is a total of 8.25 full-time equivalents. Ms. Friedman said "yes." Technology was a top priority for the School Division this year.

Ms. Thomas said the School Board's proposed budget shows that 33 new FTEs are being added but these are ones who are fewer than 33 so there would still be some new personnel added. Ms. Friedman said she believes that is true.

Mr. Boyd said the Supervisors received a copy of the Superintendent's budget at the same time the School Board did. He asked if that budget had been increased by the School Board. Ms. Friedman said "yes." She said the School Board's funding request was based on the 74-cent tax rate. All of the items listed above were included. Based on a 72-cent rate, which was both the Superintendent's rate and Mr. Tucker's proposal to the Supervisors, these items are not included.

Next, Ms. Friedman showed a chart with a 71-cent tax rate. At this point, there would need to be either a reduction in salaries (which impacts the compensation and benefits market strategy), or a reduction in the student/teacher class ratio which means fewer teaching FTEs.

Mr. Rooker asked if that would be fewer than the Schools had last year or fewer than the number in the proposed budget. Ms. Moran said there would be fewer than last year. The only increase in the budget was .4 FTE for growth.

Mr. Rooker said the 33 people mentioned by Ms. Thomas were all non-classified. Ms. Moran said there were four positions included for ESOL to help the County stay up with its ESOL LAP students. That is an SOQ mandate. The .4 for growth is based on a regular increase in overall enrollment.

Mr. Rooker asked if of the 33 people only half a person would be a classroom person. Ms. Moran said other than the four positions for ESOL LAP.

Mr. Rooker asked about the technology people. Ms. Moran said those people would be in the schools working in classrooms with teachers (the CTIPs), because they are support staff for integration of technology into the classrooms.

Ms. Thomas noted Page D-10 of the School Board's budget which shows the new position summary that includes the four math specialists, three for ESOL growth and some assistant principals, computer technology, etc.

Mr. Rooker said that page shows 23.

Ms. Thomas said that is the number of teachers, but the FTEs are 33.25.

Mr. Rooker asked if the 23 are additional teachers. What is the .4 Ms. Moran mentioned? Ms. Moran said to return to Page A-14; the third bullet shows that .4 is for actual overall student growth across the Division. That does not include all of the teaching positions being added; it is directly related to the number of students being increased.

Mr. Rooker said that is confusing. He asked if the total number of teachers proposed to be added in the budget is 23. Ms. Moran said in terms of student numbers, it is, but there are other positions such as the CTIPs, math specialists, ESOL, etc. which are not tied to growth.

Ms. Friedman noted that at the 71-cent tax rate, the items on the chart which are shaded are those which would be either cut or unfunded. In addition to dealing with salaries or student/teacher class ratios, they would be cutting the position for the Director of Transportation, which is a full FTE. They also would cut PDRP (professional development) for conferences and classes, as well as other professional development activities. There would be another five percent reduction (added to the ten percent which was requested) in operations for the Office of Instruction.

Mr. Boyd asked if when the School Board shows a potential decrease of 3.5 FTE teachers if that includes adding the 23 but then cutting back on those 23 by 3.5. Ms. Friedman said it depends on where they are certified and their teaching expertise.

Mr. Boyd said there would still be 19.5 more teaching positions. Ms. Friedman said that would be the net figure.

Mr. Boyd said fewer teachers are not proposed for next year than there are in this year's budget. Ms. Friedman said all of these reductions follow through on each of the succeeding scenarios. She continued by reviewing slides showing funding at a 70-cent tax rate (shows a reduction of 16.25 in FTEs), and at a 69-cent tax rate (shows a reduction of 26.85 FTEs).

Mr. Rooker mentioned a scenario the Supervisors received for a 70-cent tax rate which contemplates an increase in the decal fees, changing the method of assessment on trade-in vehicles, and decreasing the personal property tax rate. According to staff, that results in an \$8.3 million increase in the transfer to the Schools, which is a 9.1 percent increase this year over last year.

Ms. Thomas said that would cut the School budget overall by \$600,000. It is almost level funding the Superintendent's budget.

Mr. Rooker said pay raises were the highest priority last year and the year before and something which he supported; \$4.0 million goes to that purpose. Of that \$8.3 million, there would still be about \$4.0 million for other things so he has difficulty going down this list and cutting teacher pay and eliminating positions when the budget will increase by more than \$8.0 million which is more than the proposed compensation increase. Ms. Friedman said \$7.68 million of the increased revenues would go into compensation and benefits.

Mr. Rooker asked if that included new hires. Ms. Friedman said "yes."

Mr. Rooker said the Supervisors have supported education over the years so all he wants to do is avoid painting a picture that is not accurate. When talking about cutting positions, it sounds to the public as if the School Board is letting people go who worked for the School System last year. That is different than not hiring people who they had planned to hire if there were more money.

Ms. Thomas asked if a 70-cent rate plus the new revenue sources should be equated to a 72-cent tax rate.

Mr. Tucker said his proposal (which the Board will discuss later) has the new revenue in it so there is almost a one penny difference in each option the Schools have presented. With that new revenue, the rate could actually go down one penny and still provide the same local transfer.

Ms. Thomas said when the School Board talks about the 70-cent tax rate that would equate to the 69-cent rate. Mr. Tucker said in some instances it would be a little more.

Mr. Rooker said that is with a five-cent tax reduction in the personal property rate. Mr. Tucker said "yes."

Ms. McKeel asked Ms. Moran to speak and she asked that Mr. Zimmerman explain.

Mr. Zimmerman said the teacher salary component of compensation is only one component of about \$3.9 million, not including the additional moneys the Board put in to address competitiveness at the T-21 to T-31 level. There is also the additional mandated health insurance in the amount of \$730,000; there is dental insurance; the VRS cost is going up almost \$700,000; the classified merit is just over \$1.4 million; and, there are additional mandates for retiree health care. Just to maintain market for compensation \$7.4 million is needed with no new positions added. Then there are growth costs in other kinds of mandated increases of about \$1.3 million.

Mr. Wyant asked the estimate of the teacher's total salary for this budget. Mr. Zimmerman said the overall increase will be six percent which is a combination of the World-at-Work data of 3.65 percent combined with where the School System was below market in certain areas.

Mr. Wyant asked if that is for over 1,000 teachers. Mr. Zimmerman said that is true, but it varies depending on where someone is on the scale.

Mr. Wyant asked the amount for other staff. Mr. Zimmerman said it is a four percent merit.

Mr. Wyant said he can see in the budget papers the amounts for the teachers, but he is thinks there are substantial raises for other employees. Mr. Zimmerman said there are no raises planned other than a merit increase of four percent.

Mr. Rooker asked the total number of teachers in the School System at this time. Mr. Zimmerman said there are nearly 1,100 teachers in the Division. He referred Mr. Rooker to Page D-6 of the budget document (Baseline Position Summary) which shows the personnel who are on a teaching contract.

Ms. McKeel asked the total salary for teachers in the System today. Mr. Zimmerman said just to maintain competitiveness it is almost \$3.9 million just for teachers; that figures does not include increased VRS payments or any of those areas.

Mr. Koleszar asked the total amount for raises and mandated benefits for existing staff. Mr. Zimmerman said the School Board's request was almost \$7.8 million. In order to maintain the competitive market it was about \$7.6 million.

Mr. Boyd asked how much is included for the T-30 adjustment. Mr. Zimmerman said it is about \$400,000 but there has been a pass-through mandate for a health care credit which passes to the School Division about \$275,000 which will be figured into the VRS rate. It is for additional payments to retirees, and the School Division has no option on that cost.

Mr. Wheeler referred the Supervisors to Page F-225 which shows instructional staffing of 1,130. There has been no change in that number. Mr. Zimmerman said it shows some trading between teachers and TAs for staffing at some of the schools, so it shows that as an overall perspective, the School System only grew by .4 due to changing demographics and changing enrollments.

Mr. Rooker asked if the increase in teacher compensation would be about \$4,000 per teacher. He asked if that figure is inconclusive of FICA, etc. Mr. Zimmerman said the \$3.85 million is inconclusive of those benefit costs due to salary increases.

Ms. Thomas asked if it is fair to divide that by 1,100. Mr. Zimmerman said that would be inconclusive of all salary and benefit increase costs.

Mr. Boyd said he wanted to clarify that none of the new proposed FTEs are included in that number. Mr. Zimmerman said that is correct, if they were removed, then the absolute dollars for those positions would disappear.

Mr. Wyant said on Page C-1 it shows 1,027.8 FTEs for teachers. On Page D-6 it shows a different number of FTEs. He asked for an explanation of the difference. Mr. Zimmerman said the compensation for teachers is inclusive of librarians and counselors. All State reports require the School Division to report them separately, but they are teaching staff and are paid on teaching contracts for 10 months (200 days).

Mr. Boyd suggested that the Supervisors allow Ms. Friedman to go ahead with her presentation.

Ms. Friedman then showed a slide representing a 68-cent tax rate. She said there would be a decrease of \$5.6 million in the School Board's requested budget. They added two adjustments to the list: 1) Central Office staff contract adjustments from 12 to 11 months which would mean the office would be closed for one month in the summer, and, 2) the concept of recouping revenue by charging a participation fee for extra curricular athletics. In closing, on behalf of the School Board and Division staff, she will say they realize this is a difficult situation. Also, they do not need to be in this kind of a situation because these discussions should not occur within a week or two of advertising the budget for a hearing. They want to work with the Supervisors in April or May and talk about a true collaborative partnership around revenue and spending. They are disappointed that this is happening in this short timeframe. They want to make sure it does not happen in the future.

Mr. Boyd said he agrees. When he was a member of the School Board he proposed that the budget mechanism be changed.

Ms. Friedman said she would be happy to answer questions.

Mr. Rooker referred to Page D-8 and asked how many FTEs are currently in the School System. Mr. Zimmerman said there are 1,974 total FTEs; bus drivers are counted as a 1.0 FTE because they are subject to benefits even though they may only work 800 hours.

Mr. Wheeler said Mr. Rooker has asked why the School Board was quickly getting into cutting staff, looking at staff size, and that type of issue. He said the information they presented is all about choices. The School Board and Superintendent have had to make some tough decisions to arrive at the list presented today. He said there are still some new initiatives on that list they want to fund and this list reflects those priorities.

Mr. Boyd asked if the School Board had decided that some of the new initiatives are more important than maintaining class sizes or maintaining existing salaries and the competitive market. Mr. Wheeler said the School Board has not voted on that yet, but he thinks that is reflected in the Superintendent's recommendations to the Board. There are some choices to be made based on policy and State and Federal mandates.

Ms. Friedman said as indicated by statute, the School Board provided a funding request identifying the needs of the School Division. When revenue is subtracted from a needs-based budget, there have to be cuts and some are where needs are deemed to be less necessary than other needs. The School Board feels strongly that to truly meet the learning needs of every student there are initiatives that must continue and new initiatives they must begin.

Ms. Thomas said the Supervisors have asked staff to determine if there are any alternative sources of revenue. She said the Supervisors think they have developed a package of alternatives that could add a penny's worth of alternative revenues without all of it being on the real estate tax rate.

Mr. Boyd said he does not see anything in the School Board's budget about the CIP. Every million dollars the Schools spend creates a need for \$80,000 in operating expenses (that includes debt service for 20 years). He asked if the School Board had talked about how it might cut back on some CIP projects. If the Schools cut back on CIP projects, he would be willing to take that \$80,000 out of debt service and give it to the Schools even though that would not follow the 60/40 policy (it is time to be innovative in doing things).

Ms. Friedman said that is on their agenda for discussion tomorrow evening.

Ms. McKeel said the world is changing and to educate students in the 21st Century in order to meet the job market they will be facing things need to be looked at differently. That is why when they talk

about new initiatives the School Board has to change how to educate the kids. With technology and world languages, those initiatives may be new but are necessary for the 21st Century. They are constantly looking at how funds can be redirected to fund those initiatives. The School Board has looked at a long-term, deliberate way to start redirecting and reach a savings. That is a deliberate process and to have to do it quickly is difficult.

Mr. Dorrier mentioned all of the tax rate possibilities shown in the slides, and asked if the teaching positions which might be cut are for existing teachers or for teachers who have not been hired. Mr. Koleszar said these are existing positions.

Mr. Dorrier said the reduction proposal would envision also reducing Central Office positions. Looking at the rest of the reductions it does not seem that many Central Office positions would be cut. He asked why more teaching positions are being reduced than Central Office positions. Ms. Friedman said substantial cuts would be made in the Central Office. The Director of Transportation is one of the first cuts to be made, and two additional FTEs as well as reducing Central Office contracts from 12 to 11 months which would have the impact of FTE decreases. She asked how many people in Central Office would be affected.

Ms. Moran said it would affect all departments; assessment, information services, the instructional coordinators who support all of the core curriculum, and special education. If you compare that percentage against 1,000 teachers it would be a pretty equitable distribution. Also, they stayed away from cutting building level budgets so there is a 15 percent cut in instruction not counting building services.

Mr. Wheeler said the reason the numbers are going up is that they would be making an adjustment to class size formulas. All teaching staff in the classrooms is formula driven. If one additional student is added to each classroom, that allows them to shrink the teaching staff. They are not a top heavy organization. That is why there are more substantial cuts in that part of the budget. About 74 percent of the entire budget is focused on instruction.

Mr. Rooker said he thinks Mr. Koleszar made a mistake when he said the red figure represents cuts in existing positions. He understood that was the cut from the proposed budget, not cuts in existing positions. Mr. Koleszar said these are positions that have been in the staffing formula for a number of years and the School Board decided that what they are doing is less effective than some other position being added.

Mr. Boyd said several years ago the School Board went to a differential staffing formula. He asked why the School Board would change the classroom ratio targets. Why not change the differential staffing, which is over and above the classroom sizes, and hold that harmless? At the time, that was an idea which was unique to this system. Mr. Wheeler said that staffing is targeted for intervention purposes and for assisting schools with low and free reduced lunch populations. He learned that was a valuable component in the budget and a good way to allocate resources. He was concerned that in looking at the regular classroom allocations, there is a base number that adequately staffs a school. He does not think any member of the School Board wants to change those formulas and increase class size. However, if they have to prioritize things, that is on the table for discussion.

Mr. Boyd said he thinks there are other successful school systems in the State that do not have differential staffing formulas, but have the same classroom targets. Mr. Wheeler said one thing Dr. Castner convinced him of is that having it be formula-driven takes out a lot of politicking when making those decisions. In the past, a lot of principals came forward and were insistent they needed "x" number of resources for a particular issue. By making it all formula-driven that eliminated a lot of the angst that went into the annual budgeting process.

Mr. Boyd referred everyone to Page 55 of the Board of Supervisors' budget which shows the break down of expenditures by schools into five different categories. He went back to the 2000 budget and the fastest growing percentage increase is in administrative costs. He wonders why the School Board is not looking at that closer. Mr. Koleszar said this was discussed when Mr. Boyd was a member of the School Board. The reason for that increase is that there were positions in the Central Office which were classified as teachers and were then reclassified to administrative. That was about an \$800,000 swing and is probably the difference.

Mr. Rooker said he would like to make an observation. He said if you took the total compensation increase for current employees and divided it by the number of employees, the total increase per employee would be a little over \$3,700. He is not complaining, but people are very expensive and maintaining competitive salaries is very costly (he is committed to doing it). He thinks the County has to be careful about adding people in light of the fact that there is the priority of paying people fairly and according to market. He knows the total increase does not "fall into the employee's pocket." He said if the School Board is not careful, they will not be able to sustain the existing work force because of the cost of remaining competitive. They need to be careful about loading up on people; that is not necessarily always the answer to every problem. Some expenses in a budget can be eliminated easily, but people are a recurring expense that increases dramatically year to year.

Mr. Dorrier said PVCC is very active in the way of technology, and have access to several other educational facilities through the Internet. He wonders why with technology changing so much Albemarle is caught in a bind and has to get rid of 35 teachers rather than being more dependent on technology and the Internet and long-distance learning. Ms. Friedman said the School Board is looking at specialty

centers and distance learning, etc. She said Nelson County has instituted a virtual Internet-based school as part of its public school system. She said that is a new initiative which needs funding.

Mr. Dorrier said the Chinese course might be offered over the Internet. Ms. Friedman said they do that now. She said various courses are offered at one high school and another high school can receive that same course.

Mr. Boyd said the Supervisors are on a tight time schedule today. He wondered if there are any wrap-up comments that anybody would like to make at this time.

Ms. Friedman said one of the goals of the School Board is to look at efficient and effective use of all resources. They expect to have some innovative changes coming regarding the use of resources. The potential decrease in the budget is forcing them to do that in a rather haphazard and perhaps not an effective way. She said if funding at the 72-cent level could be allocated this year, then the School Board would want to look at long-term, five-year revenue planning with the Supervisors.

Mr. Koleszar said they are in this bind because people are upset that their real property assessments went up so much. One of the reasons why people are getting that increased value is the high quality of education in Albemarle Public Schools which makes this a desirable place to live. If the School budget has to be cut and the Schools stop being a world class system, he thinks people could see their property values go down. He said good quality government, good quality services, and good quality schools cost, but they pay back in greater value to the community.

Ms. Friedman thanked the Supervisors for allowing the School Board to appear today. At 2:02 p.m. she adjourned the School Board meeting.

Mr. Rooker said he thinks the School Board does an extraordinary job working to deliver excellent education in the County. As the Supervisors' are working on the budget, he does not want anything they are probing in the budget to be taken by the School Board as if they are not doing a good job. He thinks they are doing a good job.

Mr. Boyd said he thinks all the members of the Board of Supervisors echo those same sentiments.

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Mr. Boyd said the next item for discussion concerns revenues. He noted that Mr. Tucker had sent the Board members an e-mail earlier today concerning this subject.

Mr. Tucker said it is a suggestion on how to proceed. At 3:45 p.m. today, the Board will either have to be finished with setting the tax rate, or recess until later since Mr. Rooker and Mr. Slutzky have to attend an MPO meeting at 4:00 p.m. He mentioned that the e-mail included some revenue adjustments to consider. The Board will have to decide if it wants to use a penny or a half a penny of the transfer to Capital. After the Board makes that decision, it can go to the other issues regarding the actual tax rate.

Mr. Boyd suggested that Mr. Tucker go through the options.

Mr. Tucker said the revenue adjustments are the same in all options, except for the real estate tax rate. **Option One** would be:

Revenue Adjustments

Real Estate Tax Rate - 70 cents  
Increase Decal Fee  
Assess vehicles based on trade-in value  
Decrease personal property tax rate five cents

Expenditure Adjustments

Capital Budget:  
\$2.4 million reduction from recommended budget  
School transfer at 60/40 split: \$99,452,121  
\$0.6 million decrease from recommended budget  
Add \$250,000 for CTS  
Eliminate Performance Management Initiative  
Board Reserve - \$116,546

FY '07 Impact – can be covered with contingency and FY '07  
Revenue surplus (included in Capital reduction above)

Mr. Tucker noted that he had said the personal property tax rate could be reduced by five cents. That is because citizens would receive an increase in that tax because of the change in way vehicles are assessed. Also, the Board may want to hold back one of these options for revenue enhancements for future years. He said staff is projecting that the increase in real estate assessments next year and into future years will not be much higher than six percent.

Mr. Tucker said that in **Option Two** the real estate tax rate would drop to 69 cents. The Capital budget transfer would drop by one half a penny so that 1.5 cents would go to Capital. The School transfer would be \$99,021,518 which the School Board showed earlier. He said this option eliminated the following initiatives:

Performance Management Program  
Master Plan Implementation  
Rural Area Support  
CIP Project Manager  
Skill Certification Pay  
Course Reimbursement  
Eligibility Program Staffing  
Police Office Associate  
Child Welfare Staffing

Mr. Tucker said the following initiatives would still be funded:

4 Police Officers  
6 East Rivanna Firefighters/ALS  
Assistant County Attorney  
Internet Bandwidth  
Recreation Program Expansion  
Engineering Inspector

Mr. Tucker said the Board's Reserve would be \$459,081. If the Board wanted to consider some of the options he eliminated that reserve could be used for that purpose, as well as other purpose. The FY '07 Impact can be covered with contingency, FY '07 revenue surplus, and \$0.8 million from the \$9.0 million FY '06 surplus (included in the Capital reduction).

Mr. Tucker said **Option 3** would have a 68-cent tax rate. Revenue adjustments would be the same as in the other options. The School Transfer drops to \$98,126,393. This option removes all of the initiatives but funds the CTS request, four police officers and six East Rivanna Firefighters/ALS. The Board's reserve would be \$148,229.

Mr. Tucker said **Option 4** keeps that 68-cent tax rate, but maintains the same transfer to the Schools as was seen in the 69-cent rate, or \$99,021,518. It would eliminate all initiatives in the budget with the exception of funding two police officers.

Mr. Boyd asked if the Board members would like to decide on the proposed revenue adjustments first. He asked Mr. Slutzky to respond first.

Mr. Slutzky said he is in favor of all the proposed increases to revenue including an increase in the personal property rate. If Mr. Boyd wants him to respond to the different approaches to reductions that is a different issue, and he does not think the Board is ready to discuss those.

Mr. Rooker said he is still in favor of increasing the decal fee, in favor of changing the assessment method for vehicles, but is not in favor of decreasing the personal property tax rate. Looking to future years, he thinks the Board needs to keep in place revenue sources that will handle the budget today and hopefully in the future without "jerking those like a yo-yo."

Mr. Boyd asked the difference between a five-cent reduction and a ten-cent increase. Mr. Tucker said for the current year it is about a \$600,000 swing.

Mr. Rooker said ten cents is \$800,000 for a full-year, so for the upcoming year it would be a swing of \$1.2 million; \$800,000 for the lost ten cents plus \$400,000 for the reduced five cents.

Mr. Wyant said he agrees with Mr. Rooker. He would rather keep that tax rate the same. He is concerned about next year and the years after. He knows it is an increase for the decal fee, but it is a small increase. He said assessing using the trade-in value is just a bookkeeping change, but would be consistent with what other localities are doing.

Ms. Thomas said she is in favor of increasing the decal fee and using the trade-in assessment method for vehicles. On Monday she said she favored decreasing the personal property tax rate because Mr. Tucker said the County will be hitting on hard times and may want to increase that rate in the future. That would give the Board more leeway to increase it in the future. For straw vote purposes, she will stick with what has been proposed by Mr. Tucker.

Mr. Dorrier said he favors the increase in the decal fee and the assessment based on trade-in value. He is not in favor of increasing property taxes for the reasons already stated.

Mr. Boyd said he has heard from citizens that the Board is trying to deceive them as to what the rates really are. The reality of what is before the Board is that with the change in assessment method and an increase in the decal fee, their bill will be higher. Added to that, the State has put a cap on its reimbursement, so the County will be passing that difference to the consumers. That is another built-in increase, and that is why he likes the idea of trying to soften that blow by decreasing the rate by five cents. He is in favor of the first revenue adjustments, but also favors decreasing the personal property tax rate by five cents.

Mr. Rooker said he thinks everybody favors the assessment change for vehicles. It appears that there are four members who are interested in leaving the personal property rate at the current level.

Mr. Davis said to clarify, the change in assessed value will not be reflected in the bills received in FY '07; it will not appear until the June, 2008 bill.

Ms. Thomas asked when the increase in the decal fee will appear. Mr. Davis said it will all be in the first half of 2008 which is the last half of the next fiscal year.

Mr. Boyd asked if the Board needed to vote on these revenue adjustments. Mr. Tucker said the Board can vote if it wants to, but he has heard what everybody said. He thinks the majority would like to keep the personal property tax rate the same as it is at the present.

Mr. Rooker said he will support keeping it the same.

Mr. Slutzky said he favors increasing the rate, and if not, keeping it the same.

Mr. Rooker said he will **move** that with respect to personal property a rate of \$4.28/\$100 be the rate advertised for the public hearing. Mr. Slutzky **seconded** the motion.

Mr. Boyd called for a roll call. The motion carried by the following recorded vote:

AYES: Mr. Rooker, Mr. Slutzky, Mr. Wyant and Mr. Dorrier.

NAYS: Ms. Thomas and Mr. Boyd.

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Mr. Boyd asked if this will greatly change the options set out by Mr. Tucker. Ms. Laura Vinzant, Budget Analyst, said a portion of that money also goes to Capital, a portion is taken from Schools, and a portion from General Government, so not all comes back into the General Fund.

Mr. Boyd said the next issue to decide is a change in the Board's policy to reduce the amount transferred to Capital by one-half cent. He said that will free up \$800,000 to offset some operating deficit. Ms. Vinzant asked if some of that would go to the Schools.

Mr. Boyd said that will have to be decided by the Board.

Mr. Slutzky said if the Board is talking about reducing the amount of money put into Capital which would result in less money being available for road projects, he will not support it. If it is for reducing the amount of the Board's commitment for just one year to the ACE Program, he would support that. It depends on what will be done with the money.

Mr. Tucker said that is something the Board would need to decide later. The Board would look at the projects to be deferred or for which funding would be reduced, etc. When this policy was first created it was two cents. When the Reserve grew significantly, the transfer was reduced to 1.5 cents and at one point dropped it to one cent. Gradually, it was added back so that it is at two cents again. He said as the real property reassessments over the next several years "inch" up again, the transfer could be increased back to two cents.

Mr. Boyd asked if the amount of the Capital Reserve is presently about \$12.0 million. Mr. Tucker said the unencumbered reserve is less than that. Mr. Melvin Breeden, Office of Management and Budget, said there is about a \$2.0 million reserve in the Capital budget. He said many references have been made to the \$9.0 million transfer, but that money was used to reduce some borrowing which had been planned for projects. From a reserve standpoint, it is down to a little over \$2.0 million and it will be reduced even further.

Mr. Boyd said it will get a "jolt" of about \$6.5 million from last year's revenues. Even though it will be reduced, it will receive more revenues than it did last year. Mr. Tucker said when the staff presents the Capital budget the Board will need to decide which projects to reduce.

Mr. Slutzky said he does not support reducing the transfer of funds in this budget into Capital. To clarify why, he thinks the Board is so under-funding the County's infrastructure deficit that it would be fiscally irresponsible to reduce the amount of money taken out of the operating budget to put into the Capital budget in any given year. He does not think enough money is being put into it, and that is the reason he does not favor this.

Mr. Boyd said an argument could be made that the Board is funding roads instead of education.

Mr. Slutzky said he is not suggesting that there be a tax cut, so he does not have the same dilemma.

Mr. Boyd said the Board must decide on the budget on the table now.

Mr. Slutzky said what is before the Board is a budget with a 74-cent tax rate. The Board is discussing cutting that back and he does not want to do that. He does not want to change the moving of the money from the budget into the Capital account.

Ms. Thomas said it has been her experience that when the transfer to Capital has been reduced, it has taken a long time to get that amount back up. She is not in favor of reducing it unless the Board gets to the point where it has to dip into what is essentially a "rainy day fund." She would encourage the Board not to do that because it is hard to get that money back into Capital. That money and the Board's

determination to put those pennies into Capital is one of the things the bonding authorities were most impressed by, as well as the Board being willing to raise the tax rate at one time. That is regarded as a sign of a community that is being intelligent about its future needs, so if this is a straw vote, she is not in favor of changing the two cents to 1.5 cents.

Mr. Wyant said he supports reducing the half penny. He said the County is calling itself "AAA" and it does not mean anything unless the County takes advantage of it. He does not think the County has ever come close to losing the "AAA". If it is not used, it is just a number on paper. At this time, he thinks that reducing the transfer one-half a cent would be okay.

Mr. Rooker said he does not support it because he thinks it would amount to taking money out of future commitments to Capital to hire people. He thinks that is an unwise long-term move. He thinks the Board would be better off not hiring some of the people that are listed as additional positions.

Ms. Thomas said that is a good example of how there will be a different point at which the various Board members say it is okay to make this move. She will not agree to reduce some of the initiatives as drastically as others might.

Mr. Boyd said he is struggling with a way to provide some tax relief for some citizens. He thinks some Board members feel this will cut back on Capital projects, but he has been thinking that more projects need to be financed because the County needs to stay away from escalating construction costs. The Board needs to resolve this issue, so he is in favor of doing this. He went to the School Board's meeting last night because he needed a refresher course in financing education. He is also committed to tax relief for the citizens. He sees this as a way of finding a compromise. He asked what the vote would be.

Mr. Slutzky said it is 3:3. Mr. Tucker said the policy would stay the same.

Ms. Thomas said she thinks this will come to the fore when discussing the tax rate. She said she will "squeal" but give in to one of the reduced tax rate amounts.

Mr. Tucker asked for a recess so staff could calculate the numbers with the personal property tax rate staying the same.

**At 2:36 p.m. the Chairman called for a recess. The Board reconvened at 2:54 p.m. and continued with the meeting.**

Mr. Tucker said under adjusted **Option One** there would be no change in the personal property tax rate. Capital goes up about \$37,000 with the change the Board just made. The remainder of the money from the change in Capital would be split 60/40 with the Schools (it goes up about \$224,000). The additional money was added to the Board's reserve raising that number to about \$265,000.

Mr. Tucker said **Option Two** is interesting because revenue is added back in to Schools and Local Government and Capital as it related to the personal property tax rate remains the same; then deduct from Local Government and Schools because that one-half a cent to Capital would actually go into Capital whereas it was being shared in the operational budget. He said it actually goes down for the Schools roughly from \$99.0 million to roughly \$98.7 million. The Board's Reserve would decrease from \$0.459 million to \$0.300 million.

Mr. Rooker asked if the Board needed to discuss the initiatives. Mr. Tucker said that is not necessary at this point. However, if the Board does not like what he has recommended, it can be discussed.

Mr. Rooker said the most important thing to be decided today is the real estate tax rate to be heard at the public hearing. The details of what is actually funded can be dealt with at a later time. Mr. Tucker said in terms of the budget itself, staff needs to know if the Board would like it to take out the initiatives set out in Option Two and put that money in the Board's Reserve or leave them in.

Mr. Rooker said he does not want to imply today that if the Board votes for a certain tax rate that they are voting for the specific initiatives set out in the charts.

Ms. Thomas said the concepts must be kept in mind because the Board can't vote for that tax rate (70 cents) and keep all of the things listed,

Mr. Rooker said he agrees but he would not vote for all of these initiatives as opposed to some others.

Ms. Thomas said the Board can't vote thinking most of those initiatives will be in the program, because more than half of the initiatives will be gone if that is the tax rate set.

Mr. Tucker asked if the Board would like to hear any more of the options.

Ms. Thomas said she would be interested in the School transfer under each scenario.

Mr. Tucker said in **Option Three** the School transfer would be \$97.8 million instead of \$98.1 million. In **Option Four** the School Transfer would be \$98.7 million instead of \$99.0 million.

Mr. Rooker said when the rate gets down to about 68 cents, the increase in the amount transferred to the Schools does not cover the increase in compensation for existing employees based upon the policies the Board has supported.

Mr. Breeden said at 69 cents the Schools would get \$98.0 million which is \$1.2 less than the County Executive's recommended budget at 72 cents; they would actually get only \$7.7 million of the recommended increase. At 68 cents, the decrease from the County Executive's recommended budget is roughly \$2.1 million; the Schools would get about \$6.8 million more in the transfer.

Mr. Rooker said the Board would not be funding their increase in compensation for employees based upon the policies it has supported, much less any initiatives. In order to have a 68-cent tax rate the transfer to Capital would have to be reduced by more than one half a cent in order to cover increased compensation costs for the Schools without them adding a single employee.

Mr. Boyd said he thought everything could be settled at the 68-cent rate. Mr. Breeden said the one half a cent reduction was also in Capital at that rate.

Mr. Rooker said using the figures just presented for the 68-cent rate, the one half cent to Capital amounts to \$750,000+ of which the Schools gets 60 percent, that would make a difference of about \$480,000 in the Schools budget. Mr. Tucker said he would be giving the Schools all of the half cent.

Mr. Dorrier asked if the Schools budget can be funded at a 69-cent tax rate. Mr. Tucker said that would give the Schools \$98.7 million. Mr. Breeden said they would need \$7.7 million additional from the General Fund instead of the \$8.9 million shown in the budget. There is a \$1.2 million difference.

Ms. Thomas said that is what the School Board called their 70-cent tax rate impact. Mr. Tucker said that was correct. Ms. Thomas said they said salaries would have to be reduced, the number of FTEs reduced, the number of new teachers reduced plus all of the other reductions noted.

Mr. Rooker said that would mean the School Board could not hire any new employees to put into effect any of their initiatives. More than likely at that rate, they would cut some teaching positions. He had said earlier that some of the initiatives may be more important than present teacher positions.

Mr. Dorrier asked about the increase in enrollment last year. Mr. Tucker said he thinks it was about 42; enrollment has been pretty flat.

Mr. Boyd asked if the Board was ready for a motion on a real property tax rate. Before doing that, he would like to get all questions from Board members.

Mr. Slutzky said he would like to "throw out some numbers." There has been discussion about giving some tax relief to taxpayers. Assuming the average taxpayer has a home valued at \$300,000, the difference between the 68-cent rate and the 74-cent rate first presented by the County Executive is about \$15.00 per month per household. Discussion has focused on some significant curtailment of initiatives, core services, etc. at a 68-cent rate. He said the County does not have the luxury of telling Virginia Power or the City of Charlottesville or the contractors building roads out of local money that the tax rate has been cut so it is sending them less money. He said the other Board members are considering giving some tax relief to taxpayers who are frustrated because their real property assessments have increased, but to do so would have real consequences on the services provided by the County. He would ask that the other Board members consider advertising the tax rate the County Executive gave the Board in order to provide enough time for the individual members to personally decide what they want to tell the public will be cut. Then, after the public hearing the rate could always be set lower. He asked if that is something that legally can be done.

Mr. Tucker said that can be done, but he would caution that the Board is scheduled to adopt a rate on April 11. He thinks that would just postpone this discussion.

Mr. Boyd said he has a different scenario. He believes that middle class people like the Board members think \$15.00 a month is not a lot of money. He heard this morning about a person who lives in his district and owns 15 acres that is assessed at \$1.5 million. This person makes less than \$25,000 a year. That is the kind of person he is hearing from. It is a significant amount for them. At the IMPACT meeting last week he heard that there are 4,000 people in the County under 30 percent of the median income. Those people are not homeless; some of these people own property and the tax rate has a significant impact on them.

Mr. Slutzky said the impact of the six-cent tax reduction is \$15.00 a month. Because a person is living on a limited income, they could do a reverse mortgage to protect their significant real estate assets. If someone got \$300,000 richer this last year because of the assessment and they do not have the cash flow to cover that, they have the equity power to pay that bill and not have to sell their land. If Mr. Boyd wants to give them tax relief so they can not only become \$300,000 richer, but also not bother to take out a mortgage to pay the increase in the tax of \$180.00, he does not agree.

Mr. Boyd said that person could sell to a developer and the County could have buildings on it. That is another option.

Mr. Slutzky said there was another option mentioned earlier this year that had to do with downzoning, and Mr. Boyd did not want to do that.

Mr. Boyd said that would have taken away all of that person's wealth. He said the people he is hearing from are people who could not afford to buy today the property they own.

Mr. Slutzky said he thinks all Board members have heard from a lot of citizens. There are people who have passionately argued to have the Schools budget fully funded. He was encountered by a person the other day who did not know why her taxes were not being raised. However, what the Board is considering today is setting a rate for advertising purposes, and he still encourages the Board to consider setting it at 74 cents so the Board members can thoughtfully decide what they want to cut from the budget before actually setting a tax rate.

Mr. Boyd said he sees it differently. If this were an anomaly in one year, he might buy the argument. The increase in assessment happened two years ago at about 27 percent, and now there is a 30 percent increase.

Mr. Slutzky said that next year the Board will have to raise the rate just to stay even. It does fluctuate.

Mr. Rooker said he would like to look at Option One again. He asked if the increased transfer to Schools would be about \$8.5 million. Mr. Tucker said that is correct, that is instead of \$8.9 million.

Mr. Rooker said \$7.4 million goes for compensation for current employees so that would leave them with \$1.1 million for initiatives. He thinks all have heard anecdotal stories on both sides of the issue. He thinks that with the other changes the Board has made, the 70-cent rate would provide a reasonable approach.

Mr. Boyd said this has all been brought about by basing budgeting on assessments.

Mr. Rooker said he is looking at what it would take to keep the County operating as it does at this time in the sense of current employees and still provide some small percentage for initiatives. He thinks the County must try to continue improving services for the community. Other than salaries, there are other areas that have inflationary increases. He could support either a 71-cent or a 70-cent rate but is not willing to go below a 70-cent rate.

Mr. Boyd asked if the Board had decided it did not want to get a consensus on the initiatives today. Mr. Tucker said that can be delayed, but if the Board wants to do that, he would suggest that the Board take each initiative and vote it up or down.

Mr. Boyd said he does not think the Board has enough time to do that today, but he would like to decide on the initiatives later in that way.

Mr. Slutzky said the Board has to set a rate in the next 45 minutes or reconvene tonight.

Mr. Rooker said the Board can decide between now and July 1 as to which items will be actually funded. Mr. Tucker said that is correct.

Mr. Slutzky said the Board does not have to set a rate today, only decide on a rate to be advertised for public hearing. Mr. Tucker said the Board has to adopt a rate before April 15.

Mr. Rooker said he thinks the Board should reach a consensus on the rate for public hearing that is something the Board will support. Otherwise, the Board would be in the same place as it is now three weeks from now.

Mr. Boyd said the Board might consider a motion.

M. Dorrier said he is interested in a 70-cent rate, but is also looking at 69 cents. He said the Board is raising additional revenue through other means so can justify reducing it to 69 cents. He said the people on fixed incomes are the people he is most concerned about. He said Albemarle County has people from wealthy to those with modest means. He is afraid the County is fast becoming a county that will be too difficult for people of moderate means to live in. That is why he is in favor of changing the way the budget is handled next year. There needs to be something that is more predictable. When there is not a predictable process, it confuses a lot of people and they get the wrong impression about how the County operates. He does not think money is being wasted, but perhaps there has been more of an increase in employees percentage-wise than there has been in the population percentage-wise. He thinks the Schools could adjust to 69 cents without cutting muscle.

Mr. Rooker said he would **move** to set the real property tax rate at 70 cents/\$100 for Calendar Year 2007 for the public hearing. Mr. Dorrier **seconded** the motion.

Mr. Wyant said he will not support that motion. All have said money is needed in the classrooms. The teachers came to the last public hearing to talk about the budget, and an increase was given. He has continually looked at the administrative costs and overhead. He believes the County is getting top heavy in all parts of the government. The people want to see things happen and in the School System it happens in the classroom, not on the administrative side. He said the increases there are higher than 10 percent. He thinks there has to be a closer look at that. Also, on the General Government side, there are still initiatives in the budget. He does not think that all options have been looked at; it is just easier to vote for all of these things. He has received a number of telephone calls from people who have been hurt by the tax rate. He knows of one person who has had a 300 percent increase in assessment in the last

three years. These people are on fixed incomes. A lot of people have to decide from week to week whether they buy medicine or food. He said the Board members do fairly well, but he is representing a sector of society that is disturbing to him. That is why he does not support the motion, and would suggest that the rate be set at 68 cents. He said the Republic Party suggested that the rate be 58 cents. Ms. Thomas took that challenge and did some mathematics with the City/County Revenue Sharing Agreement figured in and came up with 75 cents. He figured that the 10 cents for the Agreement was doubled in so that would bring the rate down to 65 cents.

Mr. Slutzky said he did not understand what the 10 cents means.

Mr. Wyant said that is the 10 cents that goes to the City for the Agreement. He said that 10 cents was figured in twice at the 58 cents.

Ms. Thomas said the \$3.0 million increase in the Agreement payment this year was not figured in.

Mr. Wyant said that is only two cents. He knows that was a bonus just through accounting procedures (changing to an annual real estate assessment), so there is a two-cent reduction in that. Because the accounting method was changed, it created a bonus.

Ms. Thomas said the \$3.0 million is a bonus to the City. She asked if that is what Mr. Wyant is talking about.

Mr. Wyant said it was the \$3.5 million the County has to pay on the assessment. The County has to pay \$13.0 million, and it was \$9.9 million.

Ms. Thomas said that came about because of the change to an annual assessment. That is why she was willing to go to 72 cents and the reason the County should hold the windfall from changing to the annual assessment and not put that money in the budget immediately. If it is held back totally, that gets the rate to 72 cents.

Mr. Wyant said the windfall came about by changing the accounting method.

Ms. Thomas said \$3.5 million is what the County gets in the first year of the annual assessment.

Mr. Wyant said it turns out to be the equivalent of two cents and the rate could go from 74 cents to 72 cents. He said Ms. Thomas took the challenge presented by people at the public hearing, and got the rate up to 75 cents. He looked and found that Revenue-Sharing was already accounted for in the 58 cents.

Mr. Rooker said the increase was not in that rate. He asked that everybody look at Pages 56 and 57 in the budget book. In Section 6 it shows tax rates for other localities in the state. He recited those rates. He then referred the Board members to a column setting out expenditures of these counties and he recited those figures. The total expenditures for Albemarle are below the average. He would suggest that the best benchmark for judging how a large organization performs is against other organizations of a similar kind. In looking at tax rates, this does not take into account the ten cents paid to the City. Albemarle is actually operating on 64 cents now. He suggests that this is a low tax community today. When people talk about moving from here, realistically the tax rate is lower than virtually everyone else's. When looking at benchmarks and how Albemarle performs, he thinks it is an extremely well-run efficient operation and he is proud of it. If talking about a rate of 69 cents, that tells Schools they can fund a compensation change for existing employees, but they basically cannot do anything else in the schools. He is not willing to do that.

Mr. Wyant said Orange County seems to be similar.

Mr. Rooker said it is not at all similar. There is no urban area in Orange. He is comparing Albemarle to those counties he mentioned.

Mr. Wyant asked if the demographics are the same in those counties.

Mr. Rooker said they are similar. Roanoke County has a lower cost of living.

Mr. Boyd said he appreciates the exercise, but it did not change his mind now, as it did not the last time Mr. Rooker went through the same exercise. He appreciates that Albemarle is a well-run, efficient government. He thinks a 70-cent rate or a 69-cent rate puts too much of a tax increase burden on the citizens. It increases their taxes by too much in one year so he will not support the motion. No matter what the Board votes on today, it will be an increase in the amount of money people have to pay. The Board can talk about pennies and percentages, but it comes down to what the citizens have to "shovel out" when they get their tax bill. It will be a big increase this year, as it was two years ago. He is not willing to do that. As far as the numbers are concerned, they could be changed by changing some policies, but Mr. Rooker is not willing to change those policies on capital. He agrees with funding the schools at a higher level because he thinks their needs are more important than some of the Capital projects. He thinks the approach can be changed without sacrificing the bond rating and the County still operate efficiently.

Mr. Slutzky said that next year when there is not the increase in assessments necessary to fund the current level of activity, will Mr. Boyd be willing to raise the tax rate above what it is?

Mr. Boyd said he believes that when staff put together the numbers they were not just thinking about the needs of today, but thinking about the impact it was having over the long term based on a reasonable growth of five percent. It has not been proven to him that this will cause the County to sacrifice future things. The County will not be putting millions of dollars into infrastructure, but it can't do that anyway.

Mr. Slutzky said the tax rate could be raised to what would be necessary, and the Legislature could be asked to do their job so the Board does not have "to take the heat." He knows it is difficult in an election year.

Mr. Boyd said it is not the election, but one of his principles. He really wants to keep taxes low.

Mr. Slutzky asked if last year Mr. Boyd had that same position.

Mr. Boyd said he has already said that he is embarrassed because he did not realize the budget was being built on a 27 percent increase.

Mr. Rooker said that is over a two-year period.

Mr. Boyd said this year's budget is a 27 percent increase in taxes over the previous year. He did not realize that was happening or he would have said something about it last year.

Mr. Rooker said that is a little misleading because real property taxes make up 37 percent of all revenues.

Mr. Boyd asked if the budget this year was based on a 27 percent increase in property taxes; the current budget the County is operating under. Ms. Vinzant said for the current budget an assumption was made about the 2007 reassessment and she believes staff assumed it would be about 27 percent.

Mr. Rooker said it was flat last year. Ms. Vinzant said it is a two-year increase.

Ms. Thomas said the present year's budget (the one the County is operating under now) assumed the kind of assessment increase there would be. She said the money collected in June funds the present budget. That money will go up by this tax rate which the Board could not assume a year ago, but also by this assessment on which the County was off amazing little. That is one reason she thinks the Board needs to be caution about cutting the tax rate. It impacts the present year's budget with one-half of the money going to the next year's budget. She has tried to explain this to people because it is counter-intuitive. It means that this budget is not being increased nearly as much as the assessments would lead people to believe. The budget being looked at is amazingly tight. Her analysis of what is going on is that the middle class is being squeezed unbearably in this country by a lot of polices, some at the Federal level and some by the private sector.

Ms. Thomas said people feel helpless to counter certain things, but they can come and yell at the Board, and they do. She thinks a lot of the anxiety is caused by the fact that it is getting harder to live here and everywhere because a lot of people are on fixed incomes and everything is going up. However, the Board has to decide if the services provided by the County are worth the cost. She thinks they are and she is willing to go to a 71-cent rate because she thinks that what the Board has come up with in different revenues essentially equates to one cent. She said earlier she was willing to go to a 72-cent rate because of that \$3.5 million which could be called a windfall for going to the annual assessment process. She represents her constituents well in this thinking because she has a lot of people who are rural landowners and they are the hardest hit by the assessment. Rural land is increasing in value faster than multi-family property. Also people choose to live in her district because of its schools even though it has been known since the 1970s as an anti-growth district. This budget shows painfully the impact of growth. She is torn as to how she will vote on the motion because she is not in favor of a 70-cent rate. She thinks the Board should advertise a rate of 71 cents.

Mr. Dorrier said he thinks the Board should advertise for the public hearing a 70-cent rate, but he reserves the right to change his mind to reduce it to 69 cents after he has heard the public comments and analyzed the figures again.

Ms. Thomas said she thinks Mr. Slutzky's idea that a higher amount be advertised would be a good idea. She knows what has happened with the CSA Program and other things, and if there are any surprises between now and when the Board votes on this in a month, there will not be any way to react.

At this time, Mr. Boyd asked for a call of the roll. The **motion carried** by the following recorded vote:

AYES: Mr. Rooker, Mr. Wyant, Mr. Boyd and Mr. Dorrier.

NAYS: Mr. Slutzky and Ms. Thomas.

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Ms. Thomas said she would like to thank staff for an amazing performance over the last two weeks. She thinks this has been a task that the Board had no right to ask of staff, but they did, and staff performed very well.

Mr. Rooker said he would second those comments. If at any time during the year the Board needs to change the policy about what is allocated to Capital it can be revisited and changed at any time. Mr. Tucker said that is correct.

Mr. Boyd said the Board basically decided to advertise the personal property tax rate at the current rate of \$4.28/\$100 and the real property tax rate at 70 cents/\$100. Mr. Tucker said there is also an increase in the decal fee, but that will come back to the Board at a separate public hearing. This budget is based on a change in the decal fee and a change in the method of assessment of vehicles, which is an administrative change, and maintaining the personal property tax rate at \$4.28.

Mr. Boyd asked if there was anything else the Board needed to do for the budget at this time.

Mr. Tucker said there is not. He thanked the Office of OMB. They have done an amazing job. This has been one of the toughest budget periods that he has dealt with in a long time.

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Agenda Item No 3. Adjourn. At 3:47 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: 03/05/2008
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Initials: EWJ
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