

An adjourned meeting of the Board of Supervisors of Albemarle County, Virginia, was held on April 17, 2009, at 11:00 a.m., in Room 241 of the County Office Building on McIntire Road, Charlottesville, Virginia. This meeting was adjourned from April 8, 2009.

PRESENT: Mr. Ken C. Boyd, Mr. Lindsay G. Dorrier, Jr. (arrived at 11:12 a.m.), Ms. Ann Mallek, Mr. David Slutzky and Ms. Sally H. Thomas.

ABSENT: Mr. Dennis S. Rooker.

OFFICERS PRESENT: County Executive, Robert W. Tucker, Jr., County Attorney, Larry W. Davis, and, Clerk, Ella W. Jordan.

Agenda Item No. 1. The meeting was called to order at 11:04 a.m., by the Chairman, Mr. Slutzky.

Agenda Item No. 2. **Work Session:** Revalidation.

The following Executive Summary was forwarded to Board members:

On July 9, 2008, the Board of Supervisors held a work session on a proposed revalidation requirement for property in the Use Value Tax Program. On September 3, 2008, the Board authorized a public hearing to consider adopting an ordinance to establish a revalidation program. On October 1, 2008, the Board, following the public hearing, adopted the revalidation program. At the March 11, 2009 Board meeting, the Board requested an update on the status of the revalidation process. The details of the program are included in Attachment A. The recommended Revalidation For Taxation On The Basis Of Land Use Assessment Form ("Revalidation Form") is Attachment B (copy on file in Clerk's office).

Since adoption of the revalidation program, the County's new Assessor, with extensive experience in the implementation and administration of a Use Value Tax Revalidation Program in Loudoun County, has reviewed the program. He has prepared additional information to assist the Board in fully understanding the revalidation form and proposed program implementation. This executive summary and the attachments in particular, are designed to clarify the program and provide this additional information. Staff has met with Supervisor Thomas and Supervisor Mallek to receive input on improvements to the form and the planned process. Staff welcomes any additional input the Board may have at Friday's meeting regarding implementation of the program prior to sending this information out over the next few weeks.

Revalidation Form:

The attached revalidation form is designed to serve as a single document for use by current participants to document and verify their land use. It includes program dates and requirements to revalidate each type of land use. While the requirements for revalidating land use for real estate devoted to agriculture and horticulture are fairly straight forward, several points of clarification are included below regarding real estate devoted to forest use and open space.

1. Under technical standards of the State Land Evaluation Advisory Council (SLEAC), real estate devoted to Forest Use that is physically accessible must be growing a commercial forest crop for harvesting when mature. The allowance of not needing a harvest is only if the forest crop is not accessible. To help determine a forest parcel's qualification, the property owner should provide the Assessor's Office with a copy of a professional forest management plan or Forest Land Use Commitment. Each document should detail when the property was last harvested or when the next harvest is planned and what action is planned to be taken between harvests.
2. To qualify for Open Space, the property must be a minimum of twenty acres and be:
 - i) within an agricultural, a forestal or an agricultural and forestal district;
 - ii) subject to a recorded perpetual easement held by a public body; or
 - iii) subject to a recorded commitment entered into by the landowners with the Board of Supervisors (Attachment C). In addition, the property must meet SLEAC standards to protect soil and water quality.

As is included in the remainder of this executive summary, staff will assist property owners in understanding and meeting the requirements of the program for each land use classification.

Revalidation Process:

The revalidation forms will be mailed with a cover letter (Attachment D) to owners of property in the Use Value Tax Program at the beginning of May, 2009. Submission of completed forms is required by September 1. Forms received by this date will not be charged a fee for revalidation. Forms will continue to be accepted until December 5 with the payment of a late fee of \$125. However, if a completed form is not submitted by December 5, the property will be removed from the program and the owner required to reapply. Properties that reapply for land use because they did not meet the December 5 deadline will be required to provide five full years of data on land use rather than the one year of data required through revalidation.

Due to potential questions/difficulties participants may have concerning the completion of the revalidation form, staff will make an extensive effort to educate participants in the Use Value Tax Program and the information needed for revalidation. As part of that effort, the following steps will be taken to

ensure that current participants have every opportunity to understand and meet the requirements for revalidation:

1. an insert of frequently asked questions (Attachment E) will be mailed with the revalidation form;
2. an outreach program will be conducted using press releases, public notices and open houses where staff will be available to assist property owners;
3. the Assessor's Office will offer extended hours to assist property owners in the revalidation process; and
4. second notices will be sent by certified mail to remind property owners who have not submitted their forms by September 1 of the requirement to revalidate to continue in the Use Value Tax Program.

The goal of the revalidation process will be to educate property owners of compliance standards and to ensure properties are correctly classified for land use assessment. Only in extreme cases of non-compliance with standards of land use assessment or refusal of the property owner to provide necessary information will property be removed from land use assessment in this first revalidation cycle.

This executive summary is intended to address the Board's questions. Staff asks that the Board provide guidance regarding any additional steps the Board may want to be taken to implement the revalidation process. No action by the Board is required.

Mr. Tucker referenced the above executive summary and stated that changes have been made to the revalidation form. Ms. Mallek and Ms. Thomas have been instrumental in pointing out issues with the form. He said that they along with staff have made suggestions about outreach opportunities – press releases, public notices, and open houses. The Assessor's office will be extending their hours of operations to help property owners as needed. Mr. Tucker stated that the forms are due back September 1, but after that the County will send out reminders to people via certified mail; there will be a charge to the landowner for that.

Mr. Bob Willingham, County Assessor, said his office will offer extended hours for the public to come in, and will arrange to have times at local community centers in the County to help people fill out forms. He said that they will also be doing a minor "media blitz" to get the word out.

Ms. Thomas suggested having people come on a specific date, so perhaps the cover letter could identify dates.

Mr. Tucker said that if Board members want specific locations in their districts, they should let Mr. Willingham know.

Mr. Slutzky asked if each Board member could get a list of households in their district that are in land use and would be affected.

Mr. Willingham agreed to provide them with that information.

Mr. Boyd commented that some people may want to opt out of land use. He asked if we should ask everyone to respond either way, by giving them an option of taking their land out of land use or keeping it in.

Mr. Willingham said, from his experience, people tend to ignore forms by mail so follow-up calls and other mechanisms should be used.

Ms. Mallek suggested having a postcard that recipients return, as all owners need to sign off on their participation.

Mr. Willingham said that out of 5,000 forms there will probably be 1,000 that will be returned incomplete and his office will follow up with them. It is going to be a learning process for the public and for his staff. He added that the information would be mailed out in 9x11" envelopes with "land use assessment revalidation" stamped on it. Mr. Willingham stated that his office has tried to make the form more user-friendly, and the three options will be stated as open space agreement, conservation easement, or be in an agricultural/forestral district. He pointed out that to qualify for forestry you must be growing trees to eventually harvest, and the trees must be accessible. They will try to get people who are in the wrong category into the right category. Mr. Willingham said that people can either complete the form and tell the County what they have done, or provide documentation. They have clarified the open space category and the forestry category. He added that his office is planning to provide a complete list online that will provide specific details about the program requirements – such as how many animals, plants, etc., would qualify for agricultural.

Mr. Boyd asked if land use is passed down through owners.

Ms. Mallek replied, "yes".

Mr. Slutzky suggested having a separate sheet just to indicate what the animal requirements are, noting that many land use participants are older and thus may not be going online to get information.

Mr. Tucker suggested putting it into the section on frequently asked questions.

Mr. Willingham noted that it would be kept to one page regardless.

Mr. Boyd suggested adding several options on the postcard.

Mr. Slutzky suggested leaving a couple of blank lines for people who have questions.

Ms. Mallek suggested asking that the people include a phone number if they have questions.

Mr. Willingham added that this will be a very labor-intensive process and they will be working with people who are marginal to try to bring them back into compliance. Mr. Willingham pointed out that his staff will actually be "knocking on doors" when necessary. He mentioned that in Loudoun County they did revalidation every six years, using two full-time employees for 5,000 parcels.

Mr. Tucker said that the County is planning on using Building Inspectors to help out.

Mr. Davis emphasized that all properties under open space easement in the County are technically not in the program, but get assessed land use value for their property by statute. It is unlikely those property owners will get a revalidation form because they do not have to enroll in the program nor do they have to revalidate. He mentioned that in 2007 there were only 252 acres in open space land use, and those people have qualified as being in agricultural/forestal districts. Mr. Davis added that only one property owner has an agreement with the County – the Cove Creek Baseball Park – and that is a very restrictive agreement. He said that getting people who are not properly in agricultural or forestal use and are not in agricultural/forestal districts into open space will probably be the most challenging part of this effort.

Ms. Thomas stated that she wants to get as many properties as possible into open space agreements, agricultural/forestal districts, and conservation easements. That is why she and Ms. Mallek wanted to list those options first on the form.

Mr. Davis responded that it only applies to a limited number of people right now.

Ms. Mallek said that there are a lot of people who are now in forestry that are not really qualified once the productive/non-productive benchmark is assessed, and they are going to have to go somewhere – it's either open space or out.

Mr. Slutzky asked what the eligibility was for being in open space.

Mr. Davis said one option is to be in an agricultural/forestal district and have your use qualify as open space use. The second option is to be subject to an agreement which is a nonnegotiable agreement prescribed by the state which is more restrictive than the County's open space easements and have land be in open space use. The other option is to have an open space easement agreement with a public entity – such as the ACE Program – as long as a landowner has property in that easement and would otherwise qualify for land use, they would be assessed at land use value rather than just taxed at land use value. He commented that this is a difference in process but the same bottom line. For example, if he owned property in land use that is not in an open space easement, it may have an assessed value of \$5000 an acre, but it is taxed at land use value at \$200 an acre. On the other hand, if he has property that is in an open space easement, it is assessed at \$200 an acre.

Mr. Slutzky asked what a landowner has to do to be eligible for that.

Mr. Davis said the landowner has to be an agricultural/forestal district and apply for land use or enter into the use agreement with the County and apply for land use taxation.

Mr. Willingham said that in considering an open space agreement, staff looks at whether the property is being maintained, that the water and soil quality are being preserved, there is no erosion or overgrowth of noxious weeds, and other factors. Basically you have to keep the property looking pretty.

Mr. Slutzky asked if he would be eligible if he had a nice little McMansion on 21 acres, did not really have any development rights, was not trying to harvest any trees, did not keep any livestock, but kept his grass mowed.

Mr. Willingham replied, "yes".

Mr. Boyd asked if homeowners associations with open space would be affected.

Mr. Willingham replied that they would not be.

Ms. Thomas pointed out that there are very few parcels that would have all of their property "accessible." It seems to her that questions on the form "is the land accessible..." and "is the land inaccessible..." would be better worded as "what portion of your land is accessible" or "how much of this land is inaccessible". She thinks there are going to be a lot of people who do not have total accessible land and will either lie because the way it is written now, they will have to say "yes" or "no" as opposed to "this portion is" and "this portion is not".

Mr. Willingham said they can add a line under each one of "how many acres".

Mr. Slutzky asked what constitutes accessible. Is it by foot or by vehicle.

Mr. Willingham said it means that you can reasonably get to it to harvest. He added that the forestry management plans stipulate how many acres of a product a landowner would have, noting that reasonable access makes a use "productive" versus a "non-productive" forestry use that cannot be accessed. You could have ten [acres] of each, and that would qualify.

Ms. Thomas noted that the way the term "best management practices" is used here does not ensure protection of the property. She suggested that language be included that stipulates that a property would qualify if best management practices are used whenever there is any soil or site disturbance.

Mr. Willingham replied that the SLEAC forestry standards include general standards – the best management practices – and technical standards that address the productive/non-productive uses.

Ms. Thomas suggested including the term "SLEAC" in the documentation to make this clear. She said that she would also like for the County to say that there are "conservation values" to having trees on the land.

Mr. Davis said SLEAC has standards for open space and for forestry use which is what Mr. Willingham has to use to evaluate property.

Mr. Willingham replied that he sees that as coming under open space.

Ms. Thomas stated that having the trees themselves is a value to the County, and suggested adding a clause that indicates the County recognizes the value of forests "but the ultimate goal of this program is to have harvestable trees."

Mr. Davis suggested using the language "maintain and harvest forests," as the goal is to have them be sustainable and ongoing. He does not think that would conflict with the standard.

Mr. Boyd asked if the Farm Bureau, forestry individuals and citizens were involved in the development of this form.

Ms. Mallek replied, "yes"; they were very involved in the original form.

Ms. Thomas said that it would be helpful to have something up front in the letter or fact sheet that the County has not changed the standards or the ordinance except to require this biennial revalidation.

Mr. Tucker added that there should be a statement on the letter or envelope that says: "important notice for land use tax deferral."

Mr. Davis emphasized that the consequences are significant if they do not revalidate by December 5th because they will be removed from the program and if they change the use they will be rolled back in taxes.

Mr. Willingham said that if the County cannot document a qualifying use then the people will get the rollback taxes.

Mr. Slutzky asked for a spreadsheet that shows which property owners are in land-use taxation, their category and the number of acres.

Mr. Willingham said that may be difficult because there could be many categories for one property owner and the sheet would be large, but he will furnish it to the Board.

Ms. Mallek mentioned the statement on the form "receipt showing at \$1,000 income". That was described in their meeting as being an average over three years. She asked if something could be added to the form the amount of income is over three years.

Mr. Willingham said it is in the FAQs, but they will add it to the form, if possible.

Mr. Davis mentioned that there is no appeal process to the Board of Supervisors. The appeal of value goes to the Board of Equalization, and qualification appeals go to Circuit Court. By statute and by design Board of Supervisors do not get pulled into the middle of assessment questions. The action the Board took was to approve the revalidation requirement. It is Mr. Willingham's role to implement the process.

Ms. Mallek said she understands there was a committee that used to do appeals.

Mr. Davis said there is a Land Use Tax Advisory Board, appointed by the Board that is advisory only. They do not hear and decide appeals. If the Assessor wants to utilize them, he could, but the original purpose of that Board was to advise the Board of Supervisors on matters regarding the ordinance rather than particular assessments.

Mr. Dorrier asked if there were any cases in Court regarding land use.

Mr. Davis said that there have not been any cases in a while but a few years ago some properties were removed from land use – not resulting in court cases.

(Note: At 11:40 a.m., the Board took a recess and reconvened at 11:43 a.m.)

Agenda Item No. 3. **Quarterly Luncheon Meeting with School Board.**

SCHOOL BOARD MEMBERS PRESENT: Mr. Steve Koleszar, Ms. Diantha McKeel, Ms. Pamela Moynihan, Ms. Barbara Massie Mouly (arrived at 11:54 a.m.) Mr. Ronnie Price, Sr. (arrived at 12:23 p.m.), Mr. Jon Stokes and Mr. Brian Wheeler.

SCHOOL BOARD MEMBER ABSENT: None.

STAFF PRESENT: Superintendent, Pam Moran, Assistant Superintendent for Student Learning, Bruce Benson, Director of Fiscal Services, Jackson Zimmerman, Senior Assistant County Attorney, Annie Kim, and Deputy Clerk, Pauline Meehan.

Agenda Item No. 1. The Supervisors' meeting was called back to order at 11:43 a.m., by its Chairman, Mr. Slutzky. The School Board's meeting was also called to order by its Chairman, Mr. Wheeler.

Mr. Wheeler reported that the School Board is now running their meetings through electronic school board software, with motions and tallied votes going up on a screen. He said that PowerPoint presentations are loaded and run through the system, and the presentations can be published for the public. He added that this system really changes the process for building the board packet. There is an approval process managed by the system. In addition, there are a number of workflow benefits for staff.

Mr. Boyd asked if the School Board does summary minutes.

Mr. Wheeler responded that the School Board does not.

Mr. Boyd asked if the program helps with minutes.

Mr. Wheeler said the program will take the meeting and create a template for it based on what it knows the order of events is going to be. Staff takes notes on the Board's comments and puts them into the draft. It helps to get everything in the right place. Mr. Wheeler added that this program is run on an outside server; not the County's server.

Mr. Slutzky said the Chairmen talked about relevant topics of discussion. A formal list was not sent out prior to the meeting.

Mr. Wheeler said the School Board had several items: update on Federal stimulus funding and School staff is prepared to share some information; CIP budgeting, not the process, feedback from the County's Resource Utilization Study, School Board debt service and capital projects, and the 60/40 split.

Mr. Slutzky suggested reviewing stimulus funding.

Mr. Tucker reported that local government has only two major opportunities to use that funding – Edward Byrne Memorial Law Enforcement Assistance Grant at \$113,000, and the Energy Efficiency Conservation Block Grant at \$400,000. There are other grants that the County can compete for.

Mr. Benson reported that there have been shifts in exact amounts, but there are basically three pots of money available through the stimulus package – Title I funding, which ranges between \$800,000 - \$900,000 that must be spent by September 2010; IDEA funding (special education), which will bring about \$1.5 million in each of two years; and the State's Fiscal Stabilization funds, totaling about \$2.5 million in each of two years. He said that each fund has some flexibility, but there must be reporting to both state and federal government as to how the monies are being spent. Mr. Benson indicated that the intent of the funds is to try to preserve jobs and restore some cuts. The School Board wants to be cognizant that the monies won't be there in two years. They are looking at a fair number of capital purchases and restoring cuts in instructional learning resources. The Stabilization funds are geared toward modernization of school facilities – such as access to wireless networks, student information management systems, professional development, etc. It may be May before they know all of the guidelines, restrictions and reporting requirements that are attached to these resources. Because a fair amount of the money is associated with school modernization, he said, schools will be considering how the money can be used to leverage funds for capital purchases and perhaps provide some relief to the CIP. He indicated that he is working with Mr. Tom Foley on this.

Ms. Thomas asked if they are working on using broadband so that the signal emitted from schools can be a "hub" for what is in the community.

Mr. Benson responded that he is aware of this effort in local government, but since the wide area network is subsidized by e-rate funds there may be restrictions as to how access is provided to other people in the community. He explained that e-rate means that schools qualify for a discount in

telecommunications services based on the percentage of students eligible for free and reduced lunch in the division – which comes as a refund from the federal government.

Mr. Slutzky asked if they are required to use a specific vendor.

Mr. Benson replied, “no”. It is a competitive bid process and anytime they are looking at an upgrade or improvement of service, they go out and file a form with the federal government stating they are seeking services and then go through a bid process.

Ms. Moran also noted that since those funds must be expended in direct services to students and staff, it could limit the capability to open the door to the greater community.

Mr. Benson said, as an example, they have some administrative buildings and while they set on the Schools wide area network, he cannot ask for a discount for their access to that service. They have to prorate a percentage of the monthly costs.

Mr. Benson also pointed out that the number of students that qualify for free and reduced lunch in the County is not very high. They are not eligible to purchase equipment outright or to provide their own service. They lease the services with a local telecom; they lease the access to the wide area network. The equipment that sits in each school does not belong to them. The fiber that was installed by Sprint has been there for at least 10 years, but schools are working on upgrading the bandwidth and improve the equipment at each one of the schools.

Mr. Slutzky commented that the internet access at the public libraries, in contrast, has been deplorable and because of e-rate eligibility they were forced to use a vendor who did not have any incentive to be responsive with service.

Mr. Benson commented that currently their network is incredibly reliable and virtually never unavailable. They also have tremendous bandwidth.

Mr. Boyd mentioned that some of the monies do come with the requirement that programs be continued after funding stops.

Mr. Benson replied that he is not aware of that stipulation, but he has not read all of the parameters.

Ms. Moran said that some of the competitive grant funding may have that attached to it.

Mr. Boyd commented that the local government is ensuring that it not commit itself to ongoing operating costs.

Ms. Moran said they are trying to stay away from investing in anything that would be operationally based at the end of two years.

Mr. Boyd asked if some of this money can be used to replace existing dollars in the CIP.

Mr. Benson said a large portion of the State Stabilization money is designed to help facilitate school modernization. He thinks they have an opportunity to look at how to leverage those dollars to gain improvements in school facilities, particularly in the area of technology and access to electronic resources, but it could provide some relief for CIP. He added that the School Board has not worked through that.

Mr. Koleszar asked how much the e-rate rebate runs every year, and asked if it would be advantageous to purchase the equipment rather than lease for ongoing years.

Mr. Benson responded that he isn't sure the schools can purchase the equipment, as the current contract would not allow that and it is unlikely the telecom provider would sell the schools the fiber that connects all the schools in the County. He thinks the system has some favorable rates.

Mr. Koleszar said it may be advantageous to other County residents as well as schools if they were able to utilize their fiber optics to provide services to the libraries and such.

Mr. Wheeler said it would be too costly for the Schools to try to build its' own network.

Ms. Thomas said she hopes someone in the School system is working with the people in the rest of the County and the Planning District Commission that are trying to figure out how to get better broadband access. She added that when the Schools consider which positions to preserve, they consider a Hispanic outreach person – as that position has proven to be very helpful in County government.

Ms. Moran said that the position is half-time and has certainly been valued. If the Schools are not able to continue the position the service will have to be continued through the ESOL department.

Mr. Slutzky said the next item of discussion is the issue of the 60/40 split.

Mr. Tucker said at the Board's May 6th meeting he would present a staff overview of the Resource Management Study, which covers 140 basic issues raised – including the split. Staff will bring to the

Board what they think are the priority issues. He suggested that the Board may want to discuss the issues before discussing with the School Board.

Mr. Boyd said, from the Study, he read that the 60/40 split should not necessarily be a hard and fast rule. Since he did not know it was going to be a topic of discussion today, he did not come prepared.

Mr. Dorrier asked who set the 60/40 split standard.

Mr. Tucker replied that it has been in effect for about 25 years. At that time the Board and the School Board came up with the split and staff made it a practice from that point on. He thinks it has worked relatively well.

Mr. Boyd said that the School Board has adopted the approach of bringing forth a needs-based budget, not what they have had to spend. It's not really based on what the 60 percent will bring to them in revenues.

Mr. Slutzky asked if he was suggesting that local government and the Schools needed to look at the needs and then set the taxes based on the needs.

Mr. Boyd said he does not think we can simply say our needs are not driven by what available money we have to spend. The Board puts out a formula every year that says here is your 60 percent based on what it thinks revenues are going to be, and if that is just being ignored when the School system puts their budget together, which he does not think it is, is that really the best methodology to use?"

Ms. Moynihan commented that in the last several years the Schools have been more attentive to what the available funds are when they do the budget, and assess needs within whatever budget is available. They have been more conservative in knowing their limitations.

Mr. Boyd said he agrees. It has been amazing to him the number of emails he has received requesting that the Board fully fund the School system.

Ms. Thomas asked if there is a value in having the 60/40 split.

Ms. Moran responded that it provides some level of predictability to the process and a sense of continuity. There may be innovative ways for School and local government staff to work together to ensure resources can be maintained. She thinks that it has been a very good system. The two resource utilization studies have caused us both to go back in, and at both Board and staff levels really take a look at [whether there are] new ways of thinking about the way that we do business around all kinds of services that we provide and all kinds of departmental decisions that we make and our budgets."

Mr. Wheeler said that he felt the report for local government was "over-simplistic," as it was only tied to population and enrollment. He thinks it would be bad if we went down that path. He thinks it would have to factor in a whole host of other things – whether it's state mandates, federal mandates, those things that come along that don't get funded by those entities that they have to do.

Ms. Thomas mentioned that the long-range higher education plans being required by the state for 7th, 9th, 10th, and 11th graders – which must be overseen and updated – have no funding with them.

Ms. Moynihan responded that that is an example of an unfunded mandate, which is a big problem not addressed by just looking at students and population. She noted that special education costs more than the cost for other students, and doing it just by population is not really realistic.

Mr. Wheeler emphasized that the Schools have implemented efficiencies that have shrunk operating costs – such as transportation – and that might shift the index slightly differently. He also said that the School Board should have a better understanding of the pennies taken out of the tax rate before the split, as it could impact their share as well.

Mr. Boyd commented that there may be fluctuations in what share the County needs versus the Schools, and the resource study brings up that point.

Mr. Slutzky added that there may be times when Schools have more in reserve than local government, and they might be able to address the shortfall by reaching into the deeper pocket of money. If the County has anything remotely like what it did last year in just the first five months, we are going to be in a discussion between the two bodies, he hopes, about how to best achieve back-filling. He is not sure that 60/40 is going to end up being the ideal and the appropriate way. He wants to make sure that is understood.

Mr. Wheeler noted that if the Supervisors have a transportation or ACE initiative, and pennies are taken off the top, that impacts the resources that go to the Schools.

Mr. Slutzky asked if he was suggesting there needs to be some discussion of the pre-60/40 split allocations in the CIP. He added that the Schools have done a phenomenal job of managing their reserves, and they should not be penalized for that – but there does need to be discussion of how to deal with the split when financial issues arise.

Mr. Boyd emphasized that the split should be built on a needs basis, not a formula – the School system needs and the County needs.

Mr. Koleszar stated that it is critical to have a formula to start the process, and then at the end of the process it can be decided that the Schools' needs are greater or local government's needs are greater.

Mr. Slutzky said that budgets on each side this year are void of luxuries, but by the Fall it may be necessary to reach into the needs of both budgets as well.

Ms. McKeel said a discussion of fund balances by both boards may be a good idea. She added that the schools have contracts with their teachers, and may not have the possibility to go back in and change those. The fund balance allows the Schools to maintain employees under contract, and there are specific situations for schools that government does not really have.

Mr. Slutzky said that personally schools are at the top of his priority list for funding, along with public safety. Everything else is below his list of priorities. The County is already underfunding public safety and he is not looking to erode either of those further.

Mr. Boyd said that he agrees with Mr. Koleszar that the 60/40 split is a good starting point, but after that when budgets are built, it doesn't necessarily have to apply for adjustments that may need to be made on either side.

Ms. Thomas commented that Charlottesville City does a 50/50 split. If the County split is changed, it will not be out of disrespect for the schools – but will be out of the growing demand for public safety and social welfare that coincides with a locality becoming more urbanized.

Ms. McKeel noted that the State is withdrawing funds in many areas, and she would hate to see schools and other services suffer so that pieces that the State does not pick up are assumed by the County. She is not sure it's in the best interest of our community to take money from the schools to replace transportation dollars that the State is not providing.

Mr. Slutzky said that the County chose not to backfill this year, but at some point somebody's going to have to pay. As the revenue picture erodes – which he fears it will, [but] hopes it does not – he hopes that we are all prepared to consider how we may or may not adhere to the 60/40 split.

Mr. Koleszar noted that this is less than a bare-bones budget for both County government and Schools and that both have a loss of performance. They cut a significant number of positions that are going to have a long-term negative effect on the quality of education in this County. He does not want anyone to have the misconception that the School system did not lose anything with this budget.

Mr. Slutzky said the most painful thing in the shortages in local government's operating budget is the failure to provide for a contingency to address expanding demands on social service agencies and the \$100 million "gutting" of the County's CIP.

The next topic of discussion was the CIP budget.

Mr. Wheeler said, as he understand, there is the suggestion of moving their capital projects and debt service to their ledger, as currently all of the debt service is on the County's side of the ledger.

Ms. Mallek commented that when the school CIP is included with the County's CIP, it calculates to a 69-cent investment in the schools.

Mr. Wheeler said if both Boards felt it was worth revisiting, they would want it done in such a way that the schools would be held harmless in the process. They have to have the revenue to pay the debt service.

Ms. Thomas mentioned that debt service comes off the top, just as revenue-sharing does.

Mr. Tucker stated that other localities have structures where their schools manage their own debt service. Albemarle's process has been to take debt service off the top, but the Resource Utilization Study suggested looking at some school systems and local governments in Richmond – where the school systems manage within a set amount of dollars.

Ms. Mallek asked what is achieved if that is done.

Mr. Boyd said right now there is no way to know the CIP costs to the County or the schools; it is muddled.

Ms. Thomas said that she has liked the County's approach to include larger gymnasiums and rooms – so that they can be used by other entities in the community.

Ms. Moran noted that the schools have a good relationship with Parks & Recreation so that services and facilities can be integrated.

Mr. Slutzky commented that funds could be allocated proportionately for any particular project.

Mr. Tucker said there needs to be some analyses of advantages and disadvantages, and pros and cons. Staff needs to get into those. He hopes the two bodies are not trying to solve those today.

Mr. Boyd added that there are points to be considered as the County becomes more urbanized – using smaller school sites and keeping the remainder for parks.

Ms. McKeel pointed out that in other communities, they are using their facilities for intergenerational activities and are saving CIP funds. We need to start filtering a lot of our CIP projects first through a different lens of looking at the community and options that are out there. We are just not doing that. She does not see any movement on looking at CIP projects through that lens.

Mr. Tucker noted that that's part of the charge of the Oversight Committee.

Ms. McKeel replied that the Oversight Committee isn't really capable of knowing which facilities can be intergenerational. The impetus needs to come from the two boards. When looking at a CIP project, they need to determine how the project can be made more community-based, more affordable for taxpayers and not overlapping facilities.

Mr. Dorrier commented that guidelines need to be adopted.

Mr. Boyd mentioned the new Crozet Library project, noting the existence of several vacant school facilities there.

Ms. McKeel responded that the work needs to be done up front, and not at the back end.

Mr. Koleszar agreed that the facilities would have broader uses for the community if partnerships were developed early-on to provide input. Part of it is mindset.

Ms. Thomas said that the reason schools aren't used in multiple ways is the sense of security that schools feel they need to have. The reason the Monticello High School library is not a community library is because the school felt uncomfortable and did not see how they could deal with strangers coming into the library from the outside.

Mr. Tucker stated that the County has encouraged that, but the schools were very nervous about it because of the security issues.

Ms. McKeel commented that studies show that the more people are in school buildings the safer they are, and these two boards would need to come together on how it would look and what we would want to do for the message to be sent.

Mr. Slutzky asked what staff plans to bring to the Board of Supervisors on May 6th.

Mr. Tucker reported that on May 6th he would be presenting the overall study. He added that staff would provide a list of the priorities identified, and what has been done to date on each one. Mr. Tucker also said that there is currently scheduled a work session in June to talk about the CIP process.

Mr. Slutzky suggested having School Board members present at that meeting for a joint work session.

Mr. Tucker said the Board of Supervisors has gotten so much into the minutia of the CIP that the question has become why do we need the Oversight Committee. If the Board is going to go through the same process as the Oversight Committee, is it needed?

Mr. Slutzky said some Board members feel they have to visit the same questions as the Committee. That does not mean we should not have an oversight process, but it does need to be rethought.

Mr. Tucker said the Oversight Committee has a number of meetings and meet two to three hours at a time. The Board then almost goes through the same process. Is that the most efficient way to move through a capital project?

Mr. Stokes stated that he has been on the School Board for three years, and it has been beneficial to have the Oversight Committee – although ultimately the Supervisors decide the CIP. He understands that the Supervisors want to dig down into some of what the Oversight Committee does and be comfortable with what they have, but the Committee does spend a lot of time looking at and balancing each project to come up with some guidance.

Mr. Slutzky said there is no vote taken in the Committee's process but there is a series of recommendations that the Board gets. It is inevitable that the Board goes back and revisits the issues that led to the Committee's conclusions. If the Board is going to be restructuring the process of determining CIP projects, he thinks it would be important to have School Board representation at the meeting. He added that the CIP was gutted by \$100 million this year.

Mr. Stokes said that in a year when such drastic changes had to be made, it is good to have a committee that is focused just on projects that have more priority.

Mr. Wheeler said that School Board members would be a part of the work session. He added that there should be a discussion on the pros and cons of funding the CIP as it is now or changing the structure as mentioned in this meeting. He explained that in the JILL discussion, the School Board expressed concern about getting out in front of a project that the Supervisors might end up not supporting.

Mr. Wheeler also commented that it may be complicated to have a facility built in a private location, as capital projects are usually built on school property.

Mr. Tom Foley, Assistant County Executive, said it is his understanding that in addition to discussing the process of CIP review, Mr. Wheeler was interested in addressing how the two boards would work together on joint projects.

Mr. Wheeler replied that should be part of the conversation, but he is just trying to understand from staff potential unintended consequences of breaking out the funding.

Ms. Mallek pointed out that there may be some frustration on the part of the CIP Oversight Committee members if their recommendations are not implemented.

Mr. Dorrier commented that Supervisors have to look beyond the schools and at the whole County, so it may put them at odds because of those different functions.

Mr. Koleszar emphasized that one of the problems in the process is the delineation between "school" projects and "Board" projects, when they are – or should be – both. He said that identifying them as both would allow the project to be handled with a different procedure.

Ms. Thomas commented that process is a tool, and the policies ought to drive the process, and not the other way around.

Mr. Slutzky said that it might be a good starting point for staff to provide the functional objective of the processes, and the policy issues that are impacted by the CIP process.

Mr. Price stated that the absolute key is clarity and transparency, and it is OK if schools and local government don't agree on everything. He is not going to address the pool issue, but he had a problem with the pool because it would not be open to the general public. It is a private pool and if it were not private, he would be apt to agree with it.

Mr. Slutzky said the Board needs to be able to look into the CIP Committee's records and know the issues raised and their conclusion.

Mr. Price said he believes the role of the Supervisors is to trust the Committee but also verify the decisions that led up to the recommendations.

Mr. Slutzky mentioned that the process may have some flaws in it, and they will be addressed in future work sessions.

Agenda Item No. 4. Adjourn.

At 1:02 p.m., with no further business to come before the Board, the meeting was adjourned.

Chairman

Approved by the Board of County Supervisors

Date: 07/01/2009 Initials: EWJ
