

An adjourned meeting of the Board of Supervisors of Albemarle County, Virginia, was held on October 16, 2009, beginning at 9:00 a.m., at the Virginia Department of Forestry Building, Fontaine Research Park, 900 Natural Resources Drive, Charlottesville, Virginia, for purposes of holding a Strategic Planning Retreat. The meeting was adjourned from October 14, 2009.

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

ABSENT: None.

OFFICERS PRESENT: County Executive, Robert W. Tucker, Jr., County Attorney, Larry W. Davis, Assistant County Executive, Tom Foley, Assistant County Executive, Bryan Elliott, Manager of Strategic Planning and Performance, Lori Allshouse, Community Relations Director, Lee Catlin, and Senior Deputy Clerk, Meagan Hoy.

Additional members of the County's Leadership Council, staff from the Finance Department and the School Division were also in attendance.

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The following minutes are a summary of the Board's Strategic Planning Retreat.

### **Welcome**

Mr. Slutzky called the meeting to order at 9:02 a.m.

Mr. Tucker opened the meeting, and stated that the theme of this year's retreat is "Repositioning the County for the Future." He stated that the desired outcome of this Retreat was for the Board to increase their understanding of the County's current financial outlook and provide direction regarding potential service level reductions and other adjustments to be utilized in preparing the Five-Year Financial Plan.

### **Overview of Today's Meeting**

Ms. Catlin, serving as facilitator, provided an overview of how the day would proceed.

### **Review of Recent County Service Level and Operational Changes**

Ms. Allshouse provided an overview of recent County service level and operational changes. She updated the Board regarding staffing reductions to date as well as many of the repositioning efforts that are underway. She concluded with outlining service impacts that are beginning to impact citizens.

Ms. Thomas asked for information regarding the monetary savings citizens may realize by using the web page. Ms. Catlin said the County is able to capture some of that information and she would provide it to the Board.

Mr. Slutzky asked if the County could provide an estimate of the dollar amount of obligations/ unfunded mandates that the State has not been providing. He also requested staff provide a clear picture of the additional obligations that will not be provided for by the State in the upcoming year to assist the Board as they work to balance the Five Year Financial Plan.

### **Five-Year Financial Outlook and Organizational Implications**

Next, Mr. Foley provided information regarding the current assumptions included in the Five-Year Financial Outlook. Based on the assumptions included in the current model regarding the anticipated revenues and planned expenditures, the Five-Year Plan, as presented, is unbalanced.

Mr. Rooker suggested the County talk with its legislators regarding Constitutional Officer reimbursement stating that Albemarle's Constitutional Officers are paid less than those in similar localities in the state.

Mr. Slutzky pointed out that our local government is different from the Commonwealth as a whole, and asked if that had been factored in. Mr. Foley replied that the County is not tying itself to State numbers, and that Albemarle County's numbers are falling more than the State's have. Mr. Foley said the County will continue to see a decline, and he anticipates further reductions from the State.

Mr. Boyd wondered whether the impact of the 2011 influx of DIA jobs was factored into the revenue estimates. Mr. Foley stated that it is too early to make a projection at this time.

Board members also discussed the State's reimbursement payments for inmates in the jail. Mr. Tucker clarified that the bigger issue is that the State is closing State prisons, so that prisoners will be required to stay in the local jail longer. Meanwhile, the State reduced the amount of money paid to localities, so the local jail cannot expand its facility unless the County uses local dollars.

Mr. Rooker asked the total dollar amount paid to VRS last year. Mr. Foley responded that it was approximately \$4 million on the Local Government side. Further discussion was held regarding potential changes in VRS rates.

### **Review Recommendations from County's Leadership Council**

Following Mr. Foley's presentation, Mr. Elliott reviewed recommendations developed by the County's Leadership Council on a variety of ways the County could begin to balance the Five Year Plan. Mr. Elliott reviewed the impacts of changes in TANIF and what that means in terms of revenue shortfalls from the State.

Mr. Rooker asked about the possibility of cutting back on the Acquisition of Conservation Easements (ACE) Program and the possibility of obtaining grant funding as a way to continue the program.

Mr. Boyd inquired about the tax neutral rate, and Mr. Foley clarified the proposed revenue neutral tax rate is included in the proposed adjustments to the Five Year Financial Plan.

### **Board Discussion**

At this time, Ms. Catlin went over closing thoughts, and asked Board members to share their reactions to the presentation.

Mr. Boyd said he thinks the picture presented to them was a realistic yet somber one, but he did not like the proposed change to the tax rate.

Mr. Rooker said that the difficulty is that no one wants service cuts, but they do not want to increase taxes either. He mentioned that the County needs more Police Officers and Social Service workers and that the County population will most likely add about 1,000 more people each year that will create additional demands for services. He added that the County needs year-by-year flexibility to try to balance tax rates against the service needs.

Ms. Mallek said that she was left with questions regarding the Plan. For example, are there people working in administrative functions that could move to front line positions in the public safety area?

Ms. Thomas stated that it is important for the County to not lay off County employees.

Mr. Dorrier voiced concern about Revenue Sharing and the 60/40 split with the School Division. Board Members discussed whether the City would consider using Revenue Sharing for activities/programs that are beneficial to the City and County such as the ACE Program. All Board members agreed that it might be a good idea to talk to the City leaders about this, although there was some caution raised about the potential results.

Ms. Mallek asked for more information regarding the School Division's fund balance and funds previously transferred to schools. Mr. Foley stated that Dr. Bruce Benson, Assistant Superintendent for Schools, and he would bring back additional information in December.

**Note:** The Board took a brief recess at 10:45 a.m., and came back to order at 11:00 a.m.

### **Board Discussion continues**

After the recess, Ms. Catlin reviewed the Leadership Council recommended options for consideration, and explained that the Board would be ranking those options with a dot system.

The Board discussed the contingency fund, opportunities for discussions with the business community, expenditure assumptions, and whether or not reasonable coverage could be met in Pantops and Ivy without additional fire stations. The Board asked staff to consider whether the fire stations could be pushed back.

Mr. Slutzky also brought up the size of the Crozet library, and how at this point it might be advantageous to reconsider the size of the project.

Ms. Mallek and Mr. Dorrier agreed that an evaluation on a unified approach to fire services be further studied; perhaps there could be a merger in services?

Mr. Boyd stated that debt services should be looked at carefully and noted that there may be a reduction in the School Division's CIP. It was observed that the CIP review process has not yet begun.

Mr. Slutzky stated that the Board's expectations for the future, our comprehensive plan and the strategic vision, has changed so we need to look at the next five years differently as the County will not be able to fulfill its' obligations outlined in these plans.

Ms. Allshouse agreed, and said that the Strategic Plan is due for its update very soon and that staff plans to begin the process of updating the Strategic Plan in the Spring.

Ms. Thomas observed that the equalized tax rate proposed by the Leadership Council would be a tax rate increase three years out.

Mr. Rooker stated that the proposed tax rate increase in year three would be approximately a 1.5 percent increase, and that would be after four or five years without an increase.

Ms. Thomas commented on the aging demographics, the impact of land use roll back taxes, and cautioned that the County should not fall below what is needed to keep its AAA bond rating.

At this time, Ms. Catlin went over the results of the ranking exercise the Board participated in.

**First Grouping – Three or More Members Strongly Willing to Consider, No Members Strongly Reluctant to Consider:**

- Suspend Revenue Sharing Road Program and reallocate to local government
- Delay funding for recycling beyond the five years of the plan
- Reduce funding for the Affordable Housing Trust Fund
- Reduce funding for ACE to Tourism funding only
- Reevaluate all capital projects that increase operating costs
- Establish a one-time revenue shortfall contingency
- Promote the economy by working with the business community and evaluating development processes
- Look at school's ability to contribute to reduction in CIP costs
- Look at data and justification for the Pantops and Ivy fire stations

**Second Grouping – Three Members Strongly Willing to Consider, One or Two Board Members Strongly Reluctant to Consider:**

- Freeze/eliminate additional staff positions beyond 65
- Reduce salary increases in the out years
- Establish an equalized tax rate for the first two years of the plan, resulting in flat tax payments
- Maintain tax rate for the remaining three years of the plan, resulting in an effective tax rate increase

**Third Grouping – Two Members Strongly Willing to Consider, Two Members Strongly Reluctant to Consider:**

- Raise the tax rate beyond the equalized rate

**Other – One or no Members Strongly Willing to Consider, No Members Strongly Reluctant to Consider:**

- Consider reductions to non-profits and agencies
- Explore reducing the size of Crozet library
- Look at functionally unified fire system

**Wrap Up; Next Steps**

Board members shared that they would like to be provided with data and have their questions followed up on, specifically reminding staff to provide information on the Pantops Fire Station and the School information they requested. It was also suggested that the presentation materials presented to the Board at the beginning of the Retreat be placed on the County's webpage.

**Adjourn**

With no further business, Mr. Slutzky adjourned the meeting at 12:18 p.m.

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Chairman

Approved by Board
Date: 12/02/2009
Initials: EWJ