An adjourned meeting of the Board of Supervisors of Albemarle County, Virginia, was held on February 25, 2010, at 11:00 a.m., in the Lane Auditorium of the County Office Building on McIntire Road, Charlottesville, Virginia. The meeting was adjourned from February 10, 2010.

PRESENT: Mr. Ken C. Boyd, Mr. Lindsay G. Dorrier, Jr., Ms. Ann Mallek, Mr. Dennis S. Rooker, Mr. Duane Snow and Mr. Rodney Thomas.

ABSENT: None.

OFFICERS PRESENT: County Executive, Robert W. Tucker, Jr., Assistant County Executive, Tom Foley, Assistant County Executive, Bryan Elliott, County Attorney, Larry W. Davis, and Clerk, Ella W. Jordan.

Agenda Item No. 1. The meeting was called to order at 11:02 a.m., by the Chair, Ms. Mallek.

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NonAgenda. Ms. Mallek said the Board has received a request from the Virginia Cooperative Extension Office that it adopt a resolution asking the Governor to declare a natural disaster in Albemarle due to the February snowstorms. Ms. Mallek stated that there have been a lot of barn collapses due to the snow – and people are finding that their insurance is not covering the damage because they were never told by the Farm Bureau and others that they needed a special $100 policy to cover ice and snow. This measure will provide local farmers with access to low-interest loans through the Federal government to rebuild their facilities.

Mr. Snow **moved** to approve the proposed resolution to be sent to the Governor. Mr. Rooker **seconded** the motion. Roll was called and the motion carried by the following recorded vote:

AYES: Mr. Dorrier, Ms. Mallek, Mr. Rooker, Mr. Snow, Mr. Thomas and Mr. Boyd.
NAYS: None.

Resolution Requesting that Albemarle County
Be Declared a Natural Disaster Area
Due to Snow Storm

WHEREAS, the significant damage from heavy snow and high winds in the County of Albemarle have severely affected farmers; and

WHEREAS, during the winter months of this year the County of Albemarle received considerably more snowfall than normal while experiencing unseasonably low temperatures; and

WHEREAS, the Albemarle/Charlottesville Extension Agent of the Virginia Cooperative Extension has reported that barns, hay storage facilities and fences, as well as livestock losses, have been reported across the County;

NOW, THEREFORE, BE IT RESOLVED, that the Albemarle County Board of Supervisors hereby requests that the County of Albemarle, Virginia be declared a natural disaster area as recommended by the Virginia Cooperative Extension in accordance with the USDA Secretarial Disaster Designation due to excessive snow and wind.

BE IT FURTHER RESOLVED, that the County Executive forward this Resolution to the Governor of Virginia with a request that he takes all necessary steps to effect the disaster declaration.

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Agenda Item No. 2. Presentation on County Executive's FY 2010-2011 Recommended Budget.

Mr. Tucker said that he appreciates this opportunity to provide Board members with an overview of the FY 10/11 recommended budget. He will start by providing a two year look at the County's financial situation, then review the "big picture" of the recommended budget. Mr. Foley and Mr. Elliott will provide some more specific details by functional area and, lastly, he will sum up the next steps in the process.

Mr. Tucker said this is not a work session. Board members just received the budget this morning. There will be several work sessions in March to ask questions and to get into the details of this document. This morning he wants to take some time to present the highlights of the budget. Mr. Tucker said this budget confronts the difficult realities of reshaping the County's organization while attempting to establish reasonable expectations for local government services in a time of significantly reduced revenues. Albemarle County is experiencing a significant structural budget imbalance. Without major adjustments the County faces ongoing projected expenditures that outpace ongoing anticipated revenues over the short to long term.

Since the fall of 2007, County staff has implemented aggressive expenditure reductions including operational savings and efficiencies, position reductions and staff reallocations to make sure County finances are stable and the organization is responding to changing workload levels. Local government needs to be sustainable over time in the new economic reality it faces.

Mr. Tucker said that balancing this budget creates very difficult choices that will change the nature of County service levels and funding support in fundamental ways. For example, over the past two years, the County has at least maintained level funding for community agencies as it reduced funding for local government departments, but it was not able to accomplish that in this budget. This recommended budget is the start of the important community conversations that will take place over the next several weeks regarding all the proposed reductions and how they reflect the current and future priorities and desires of County citizens.

Mr. Tucker said he thinks it is important to start the budget discussion by understanding very clearly the realities of the financial situation we find ourselves in, taking a multi-year look at how the County's circumstances have changed and been impacted by the economic downturn which obviously has been more than a one-year occurrence. First, in looking at our general fund revenues, between the budget adopted in FY08/09 and the recommended budget for FY10/11, Albemarle County is projecting a total decline in revenues of $11.9 million, or 5.3%, including a $1.6 million reduction in State revenues. These declines are across all major revenue sources including property taxes, sales tax, state revenues to local government, and business licenses.

During this period of FY 09 – FY 11, when revenues have significantly declined, the County also has been required to meet substantial mandated increases totaling over $7.0 million including $4.8 million in Revenue Sharing to the City of Charlottesville - other major categories include school and local government debt service, tax relief for the elderly and disabled, the SPCA contract, and the City Fire contract.

Mr. Tucker said the School Division also faces significant fiscal pressure. As you are aware, the County provides local funding to the School Division based on a formula that splits new local revenues with 60% going to the schools and 40% going to local government. With the loss of major local revenues, local revenues to support school operations have declined about $5.2 million between the adopted budget in FY 08/09 and the recommended FY 10/11 budget. The $5.2 million figure is based on the customary funding formula. It is now known that there will likely be other significant state reductions to the schools in FY 10/11 including adjustments to the composite index and budget reductions by the Governor and General Assembly which while not yet completed indicate another significant level of reduction.

Mr. Tucker noted that there may be some "possible good news." Yesterday we learned budget amendments proposed to restore or protect as much of the composite index loss as possible – about 80% recommended by the House and 100% recommended by the Senate.

Mr. Tucker said these reductions are not reflected in the recommended budget due to timing but they will need review and consideration by the Board during this budget process. A summary of the School Board's budget which was approved last Thursday evening appears in this budget document, and projects an $8.8 million shortfall that is not accounted for in this budget.

Responding to the kind of declines in revenues and increases in mandates mentioned earlier has obviously required County staff to take a very aggressive and proactive approach to repositioning. This budget incorporates principles of zero based budgeting by not automatically assuming that current year expenditure levels are justified but rather systematically reviewing, reprioritizing and shifting funding support from activities that no longer match core objectives.

Mr. Tucker said he has already mentioned the decline in revenues to the School Division based on the funding formula. As they look at other reductions over the period from the adopted FY 08/09 budget to recommended FY 10/11, some very major adjustments are obvious, including support for local government capital program, which has been reduced by 97% or $8.1 million during that time, and support for the School capital budget which has been reduced by 74% or $740,000. With the FY 10/11 budget they are at a maintenance level, meaning that the only projects that are proposed to remain funded in the CIP are contractually obligated projects and maintenance and repair projects that are considered necessary to protect existing facilities and equipment. Funding for all new capital projects, including all fire stations, parks, libraries, schools, sidewalks, greenways, recycling, etc. has been proposed for elimination or delayed beyond at least the next five years of the CIP in order to balance the budget.

Major departmental areas of reduction from the FY 08/09 adopted budget to this recommended budget in response to changing economic and workload conditions include General Government administrative operations, including Public Works, which declined 5.7% or $835,000 and the Community Development Department which has been reduced 18.2% or $1.14 million.

Mr. Tucker said given that two year context, he would now focus on the FY 10/11 recommended budget. This budget continues the reduction and repositioning efforts reflected in the last two budgets in response to the revenue impacts he just mentioned and in response to a changing economy that is shifting workload in the organization. The total recommended operating and capital budget is $293.8 million. The amount reflects a total decrease of $10.3 million or 3.4% from the FY 09/10 adopted budget and a decrease of $40.0 million or 12.0% from the FY 08/09 adopted budget.

It is especially important in difficult times that the very challenging budget decisions are based on sound principles that reflect the goals and values of the organization. These budget recommendations are the result of a thoughtful process of carefully assessing services from a variety of perspectives including results and outcomes, workload levels, citizen priorities, strategic objectives, and direction provided by the Board of Supervisors. Some high level goals that shaped the development of this budget are:

- Reduces and restructures the organization to ensure long term sustainability,
- Maintains essential health and public safety services to the greatest extent possible,
- Provides reductions based on established criteria across all service areas including community agencies which have not been reduced to this point,
- Responds to reduced workloads and service level reductions by eliminating/freezing positions and reassigning staff,
- Continues commitment to School funding based on our established funding policy,
- Maintains proactive approach to identifying and implementing efficiencies and savings,
- Funds obligations & commitments.
- Establishes a dedicated and ongoing revenue contingency fund equal to one (1) percent of departmental expenditures,
- Shores up undesignated General Fund balance to ensure our continued strong financial position, and
- Maintains competitive compensation and benefits to the greatest extent possible for employees.

Mr. Tucker said, in talking about budget goals, he would take a minute to talk about the concept of core services which appears repeatedly throughout this budget. Everything we do as a local government supports individuals, families and our community, and all services have a constituency that has good reason to believe that service is essential. But this sobering budget situation demands that the County makes a deliberate and thorough examination of where it invests available resources, prioritizing those services that are truly essential to protecting health, welfare and personal safety. Staff recognizes that the definition of core service may vary from person to person, but this budget reflects staff's best judgment of the highest priority programs and services that can be funded within existing revenues with an emphasis on those that directly protect life and safety. Board members will note as they see the budget that even those core services have been reduced to some extent.

As was directed by the Board in January, this budget is balanced on the existing tax rate of 74.2 cents, or 62.2 cents after 12 cents for Revenue Sharing – this amount is determined based on full market value which has decreased. Expenditures are reduced by $10.3 million, or 3.4%, from FY 09/10. It reduces the Capital Improvements Program budget by $106.6 million, or 64% over the next five years. In this budget, 23 additional positions are recommended to be eliminated, frozen, or offset for a total of 78 positions which puts local government at the per-capita staffing level that it was at in the FY 01/02 adopted budget. What that 78 number equates to is 60 eliminated positions, 10 frozen positions – one-half of that 10 are police officers, and 8 that are offset by other revenues or grants that are not General Fund, other revenue sources.

Mr. Tucker then noted that because of very aggressive repositioning and reduction efforts that County staff began in 2007 at the early stages of the downturn, staff believes that it will be able to achieve these additional positions through attrition, reassignment and early retirement. He will be bringing an early retirement incentive recommendation to the Board at its March 3 meeting for consideration. Budget reductions are based on criteria applied across all service areas and unfortunately impact a majority of community agencies for the first time. With regard to funding for the Jefferson Madison Regional Library, since there has been a lot of discussion about it in the community, a reduction is being proposed of 5%, but the County has not proposed and would not support the closure of any branches, including those in Scottsville or Crozet. It is not the County's desire to recommend reductions to any of its valuable community agencies, but staff does so out of necessity only after it has very aggressively reduced its own department expenditures to the point where core services must now be preserved.

Mr. Tucker said this budget allocates approximately 61% of the budget to the School Division for operations, debt service, and capital needs. We allocate funds to the school based on a 60/40 split of new local revenues, so the decline in local revenue sources has the impact of reducing General Fund contribution to School operations by $4 million, or 4.1%, in local school support for FY 10/11. It reflects an increase of $416,000, or 2.3%, in Revenue Sharing with the City of Charlottesville, which now totals about $18.45 million for next fiscal year FY 10/11. This budget funds benefit increases but provides no increases in employee compensation. Mr. Tucker said staff considered a wide variety of strategies during the development of this budget. Staff carefully analyzed possibilities including employee furloughs, salary reductions, and reduced hours that have been mentioned by other entities, localities, and states. If the County was facing a short-term situation that could be solved through the kind of one-time savings that are generated by furloughs or these other approaches, these strategies might be effective. However, because the County needs to make ongoing structural adjustments to the organization to get to a level that can be sustained within projected revenues over the long term, these possibilities have very limited value and are not realistic as an ongoing way of doing business. Also, many of the reductions and repositioning efforts are based on workload changes which would not be addressed through furloughs or salary reductions.

This budget also reflects $445,000 in revenues from the EMS Cost Recovery; it continues to provide $1.0 million for Tax Relief for the Elderly and Disabled; it creates a revenue shortfall contingency fund of $800,000; and finally, it uses $ 2.0 million in revalidation roll back taxes to shore up the Fund Balance and assure the County's sound financial position.

Referring to a pie chart of major revenue sources, Mr. Tucker said property taxes account for 46% of revenues; state revenues at 24%; other local revenues at 21%; federal revenue at 6%; and the Fund Balance and bond proceeds make up the remainder. Mr. Tucker said the County's continued revenue downturn is reflected in this recommended FY10/11 budget when compared to the adopted FY 09/10 budget in the following ways:

- Overall property values are down 3.18% - which includes residential and commercial properties, but for residential only the average single family residence is down 3.96%, reducing real estate tax revenues overall by 1.7% or $1.9 million,
- Sales tax is down 11.4% or $1.4 million,
- Personal property tax is down 9.3% or $2.0 million, and
- State funding is down 6.5% or $1.5 million, but this figure does not include all sources of school funding from the State.

Mr. Tucker said in terms of the tax rate, the average single family residential home value in January 2009 was $308,000. At the 74.2 cents tax rate, the average homeowner paid $2,285.36 in real estate taxes. This year, after an average decline in residential property values of 3.96% following the recent reassessment, that home is now valued at $295,800, for a tax bill of $2,194.84. This results in an annual real estate tax reduction of $90.52 at the current 74.2 cent tax rate in this proposed budget. Also, the average commercial property owner will see a slight reduction in taxes as well.

In terms of expenditures, the major expenditure categories in the County budget show that the School Division makes up the majority of our expenditures at 61%, General Government at 33%, and the Revenue Sharing with the City of Charlottesville amounts to 6% of County expenditures. In looking at the major expenditure drivers in the recommended budget, there is an increase of 2.3% in the City's Revenue Sharing, an increase of $416,000 from the current year; a $396,000 or 13% increase in Local Government Debt Service; Virginia Retirement System requires an 11% increase over the current year, or $441,248; health and dental benefits are up $426,709, or 8% increase in health rates and 5% increase in dental rates over the current year, and an increase to the SPCA of $180,994 or 91.4%, increase over the current year."

Mr. Tucker then turned the presentation over to Mr. Foley and Mr. Elliot for more specific changes proposed in the budget.

Mr. Foley reported that the Community Development Operations and Fiscal and Management Services overall include 57 of the 78 frozen, eliminated or offset positions or 73% of the staffing changes put in place over the last few years. He said that they constitute only 26% of total operations, and focusing the cuts here was by design and is consistent with the goals established to try to protect community service to the greatest extent possible. Of the 23 additional positions in the proposed budget, 15 are from these two areas as well. He commented that these two areas of our operations have been both responsive and proactive in addressing the downturn.

Mr. Foley said that Fiscal and Management Services represent about 17% of departmental expenditures in total, and in addition to Finance, Human Resources, Information Technology and General Services, the expenditures also include the Board of Supervisors, the County Executive, Voter Registrar operations, and contributions to the Rivanna Solid Waste Authority in the General Fund. He emphasized that these departments run the day-to-day operations of County government – pay the bills, meet the payroll, clean and take care of buildings, issue paychecks, and pay staff. This is the internal operations group if you will of the County government.

Mr. Foley stated that 24 positions have either been eliminated, offset, or frozen in this area – or 29% of the total 78 positions that have been changed. In terms of overall funding, this area has been reduced by $834,000 – or just under 6% - and would be closer to $1.0 million were it not for strategic reallocations of staff to focus on some future issues deemed critical for repositioning government for the future. He said that this budget eliminates the IT Enterprise Agreement, which assures software upgrading on a regular basis to ensure that all departments are operating on the same versions – for a savings of about $100,000 for the next several years. It eliminates County membership in several state and federal organizations to try to ensure there is no duplication of services – membership is maintained in VACo and the International City and County Management Association to assure access to good research and information, but is not to be continued in the Virginia Municipal League, the Virginia Institute of Government, and the Alliance for Innovation. Mr. Foley stated that this budget reflects a $235,000 savings in County utility costs as a result of reduced rates and because of the payoff from the energy efficiency efforts in all County buildings. He noted that staff is also looking into combining customer service efforts, and is evaluating improvements to vehicle fleet maintenance efforts, with a goal of reducing that fleet over the next year to two years. A great number of things are being done in terms of reductions and efficiencies.

He reported that another major issue is the effort toward privatization and consolidation. This budget contracts out custodial services, eliminating five positions and saving the County about $100,000 net – the staff members will be reallocated to other positions in the school system or other regional agencies. Mr. Foley said that it also consolidates project management services from different departments into the Office of Facilities Development, in particular a stormwater project manager. He indicated that staff is currently evaluating the consolidation of the Copy Center and records management functions to gain efficiencies and improve records management efforts. Mr. Foley commented that the budget repositions the County for some important aspects that look toward the future – reassigning staff across the organization, focusing on improved revenue generation, unfreezes a Business Auditor position as recommended in the Resource Management Study, and reassigns a Building Inspector to work on the newly created Land-Use Revalidation Program. He said that it also reassigns Community Development and County Executive staff to more core functions in General Services and the Budget Office with a half-time building inspector position moving over to General Services to improve energy efficiency efforts, which is funded by an energy grant to help offset its cost.

Mr. Foley reiterated that this part of County operations – which is 26% but takes 73% of staffing reductions – has been responsive to the need to improve operations and become more efficient, but is also looking to position operations for the future by restructuring and reallocating staff to critical core functions. He emphasized that these changes do have an impact on services. Mr. Foley reported that the County has closed the Visitors Assistance Centers at both County Office Buildings, has closed the Finance drive-through window except for two months of the year, has reduced enhanced landscaping maintenance on County Entrance Corridors by 50%, has reduced computer software upgrades and maintenance, and has eliminated staff professional development opportunities with the exception of those offered in-house or external trainings necessary to maintain certifications. Mr. Foley said the budget discontinues membership in governmental organizations previously outlined, and the budget significantly reduces community engagement efforts and public participation activities related to master planning through the County Executive's office, which provides the lead in those efforts.

Mr. Foley presented information on Community Development services, which includes the Department of Community Development and the Office of Facilities Development, community development and regional planning agencies and contributions to public transportation primarily through the Charlottesville Transit Service. He said that over the last few years, 33 of the 78 positions that are frozen, eliminated, or offset are in this area – or 44% of the staffing changes; funding for this area is down about $1 million or 11.5%. Mr. Foley emphasized that this budget is responsive to changes in workload that has occurred as a result of decreased development activity. He explained that in addition to 19 currently frozen, eliminated or offset positions in Community Development, this budget adds nine more to that number for a total of 28 positions in the department – or a 30% reduction in staffing over the last several years. Mr. Foley stated that the Department is evaluating restructuring alternatives for future operations, and the Board and its direction will have some impact on how that goes forward.

He said that operations have become less reliant on property tax revenues, in particular the Office of Facilities Development, as this budget reflects the first full year of implementation of funding the majority of the capital program operations through Capital Funds rather than the General Fund. Mr. Foley said that is significant because it marks a shift away from sole reliance on tax revenues for this operation, and future staffing adjustments will have to be made as the capital program declines. He noted that there are several capital projects already in the works, and over the year ahead there won't be many reductions in this area, but in FY12 there will need to be some significant review as the projects near completion. Mr. Foley mentioned that the budget reflects a large increase in the Office of Facilities Development attributable to transfer from capital to pay for the full operation of that. In addition, there were two positions approved a couple years ago in Community Development based upon fee increases for building permits and other development fees, not relying on general property taxes.

Mr. Foley stated that this budget supports economic development and recognizes the actions taken by the Board in January, maintains the Business Development Facilitator position that had previously been considered an enhanced level of service, maintains full funding for Economic Development related agencies – the Thomas Jefferson Partnership for Economic Development, the Chamber of Commerce, the Central Virginia Small Business Development Center, and the Piedmont Workforce Network, and continues the Economic Development Opportunity reserve of $250,000 established by the Board several years ago.

In terms of Community Development services, Mr. Foley summarized that staff has been very responsive to the changing workload by reducing staff while also looking at new ways to structure and fund our operations in a way that lessens the burden on the tax rate. He said that they also feel that this budget recognizes the new direction provided by the Board by continuing to invest in economic vitality.

Mr. Foley emphasized that this cannot be done without some service impacts. He explained that there will likely be delayed response in non-health and safety related zoning violations, and environmental concerns will be forwarded to state and federal agencies without the type of follow-up that the County has provided in the past. Mr. Foley noted that the budget changes will reduce staff support for boards, committees, and commissions – which is particularly important in Community Development – specifically staff support for the ARB, a position that will be eliminated in January 2011. He added that there are a number of planner positions, out of the 28, that have impacted staff's ability to serve the boards and commissions. Mr. Foley mentioned that it also limits the County's stream buffer program to enforcement and limits the stormwater program to meeting mandates. He said that it discontinues neighborhood traffic-calming efforts, as there is no longer a Transportation Planner on staff because of reallocation, and it dramatically reduces community engagement activities for master planning and other community planning activities.

Mr. Foley reported that it eliminates dedicated ongoing funding for the ACE Program, as there was formerly a penny on the tax rate dedicated to ACE, which was eliminated; now the funding from Tourism of about $350,000 has been eliminated and reallocated to support the Recreation Department's operations. He said that the budget proposes maintaining the ACE Program for another year at that level by using some of the transportation fund balance in the CIP to fund the program for another year. Mr. Foley stated that this eliminates new funding for master plan implementation, and the General Fund support for the CIP program is down 97% over the last two years – only maintenance is being provided. He added that there is no new funding for transportation revenue sharing, local and regional transportation programs, streetscape projects, sidewalk construction, or the streetlight program.

Mr. Elliot discussed service level impacts in the community services area, noting that the judicial area – which includes constitutional officers. The budget covers all State aid reductions by the State as of December 2009 with local funds. The cuts to constitutional officers that were made in the fall 2009 continue forward into the next fiscal year. He said that the Sheriff's hunting enforcement program, which was funded fully by local monies, has been eliminated.

Mr. Elliot explained that the three functional areas in Community Service include public safety, human services, and parks and recreation and culture – which together comprise 68% of all departmental expenditures and over the past two years have experienced a decrease of $730,000 in funding. Despite these decreases, he said, staff's budget recommendation upholds the principles of maintaining essential health and public safety services to the greatest extent possible, continuing a proactive approach to efficient operations through repositioning, funding commitments and obligations, and providing equitable consideration of reductions and repositioning across all service areas.

Mr. Elliot reported that public safety includes the Police Department, Fire and Rescue Department, Volunteer Fire and Rescue agencies, the Emergency Communications Center, the Regional Jail, Community Attention Program, the Juvenile Detention home, Offender Aid and Restoration, and the SPCA. He explained that over the period of FY08-09 and FY10-11, this area has experienced 10 positions which are frozen, eliminated or offset by alternative revenue – representing approximately 13% of all staffing changes for the organization. Mr. Elliot said that this area has experienced $151,000 decrease or 0.5% from the FY08-09 adopted budget.

He stated that the budget continues forward for an additional year with five frozen police officer positions, while commitments to agencies such as ECC and the Regional Jail will be fully funded; there will be level funding to volunteer fire and rescue agencies with the exception of CARS – which is reduced based on a formula that provides funding to them. Mr. Elliot said that this action translates into increased response times for both urban and rural areas of the County for Priority 1 calls. In addition, he said, the County is not making progress toward achieving its goal for police officer staffing of 1.5 officers per 1,000 population; in fact, it is moving away from this goal and is currently maintains a ratio of 1.2 officers per 1,000. Mr. Elliot pointed out that these five officers represent approximately one-half of a desired daily patrol shift, and is further compounded whenever there is illness or court time. He emphasized that this information is not intended to alarm the Board, but to provide them with some context for the very difficult decisions that need to be made.

Mr. Elliot reported that the Human Services area includes the County's Office of Housing, Department of Social Services, the Comprehensive Services Act, Bright Stars, and 27 community agencies. He stated that in this area, 10 positions have been frozen, eliminated, or offset by alternative revenue sources – representing 13% of all staffing changes and a decrease of $285,366 or 1.4% from the FY 08-09 adopted budget. He said that based on the School Superintendent's submitted budget, three middle schools and one elementary school will not be served next year by family support workers. Mr. Elliot said last week when the School Board approved its budget, it reinstated those workers, but the County hasn't accounted for that here because the budget was built on what the Superintendent submitted. He stated that the Bright Stars Coordinators that work with these family support workers in the preschool-K classes will only serve children 11 months out of the year versus 12, noting that this is a wrap-around service that encompasses the classroom and the household in that the children are served at home as well as school.

Mr. Elliot said that the annual appropriation for housing down payment assistance is eliminated per the Board's direction from their Fall 2009 retreat. As a result, the County is eliminating a Housing Counselor position in the Office of Housing and is reducing administrative support for counseling and down payment assistance services with Piedmont Housing Alliance. He added that this would also be yearly phase-out of the Woods Edge Subsidy Program, which is currently at $40,000 per year and would be reduced by $10,000 in FY11, and in subsequent years by $10,000 until it is eliminated completely. Mr. Elliot stated that funding for AHIP's Emergency Repair Program is being reduced by $10,000, and funding for PHA's Latino Outreach Program is also being eliminated.

Mr. Elliot reported that this is the first time that funding has been reduced to human service agency partners, and staff considers this a "key tool" in prevention programs related to youth and family services. However, he said, the County finds itself in a position of needing to incorporate the Agency Budget Review Team recommendations of a 5% reduction to programs – which means two programs will no longer be funded – and others will be cut from one to 10 percent based on criteria developed by the Team. Mr. Elliot noted that funding for the Commission on Children and Families is being reduced by greater than 10% as a result of the Resource Management Study's recommendation on CSA administration; one position is currently frozen and in FY11 one additional position is being proposed for transfer to the Community Attention Home. He said that the County is proposing level funding for Region Ten and the Health Department. Mr. Elliot mentioned that in FY11, the CSA transfer was proposed to be reduced by $200,000 – which is not a reduction in funding, but a reflection of decreased expenditures on a local and state level. He commented that this is the result of community partners working together in an effort to keep at-risk youth local instead of sending them out to congregate care.

Mr. Elliot stated that the area of Parks and Recreation and Culture encompasses the County park system, recreational classes, community centers, funding support for ten community festivals, the Library system, and the Convention and Visitors Bureau. He said that this area has had one position frozen, eliminated or offset by alternative revenue – representing approximately 1% of staffing changes for the organization. Mr. Elliot commented that the Parks Department is already pretty lean, with a total of 22 employees who also provide services to a number of major parks throughout the region and offer numerous recreational classes throughout the County. He said that this area would be decreased by $279,370 or 4.4% from the FY08-09 adopted budget. Mr. Elliot said that the services in this area would receive revenues that had previously been allocated to ACE in order to fund Parks and Rec maintenance programs, but despite this there are net reductions to activities totaling just over $114,000. He noted that these programs are partially funded by fees and class registration fees, and the reductions will entail reduced summer beach hours, transfer of operational responsibility or closing of the Meadows Community Center in Scottsville by July 1st, discontinuance of all greenway acquisition program efforts and only maintenance of existing greenways, closing of the Howardsville boat launch, closing of programs at the Meadows and the Scottsville gym, canceling of several summer field trip programs for the area playgrounds, and ceasing of the mobile tennis program.

Mr. Elliot stated that there is an $8,500 – or 10% – reduction for cultural festivals and arts programs, including the African American Festival, Ash Lawn Opera, the Municipal Band, Festival of the Book, the Virginia Film Festival, Piedmont Council of the Arts, public television stations, and the Discovery Museum.

Mr. Elliot reported that the budget contemplates a $159,000 reduction to the Jefferson Madison Regional Library. Staff proposes that this occur through a reduction of no more than 5% to the Scottsville Library and the Crozet Library, with remaining amounts coming from the regional cost of the Library system, Charlottesville and Albemarle operating costs for the Gordon Avenue, Northside, and the Downtown libraries as well as extension services covered under separate contracts. It was not staff's desire or intent to suggest that the Scottsville Library or the Crozet Library be closed. Instead, staff would look to fully fund those to the greatest possible and to share the remaining portions of the cuts across other areas of the Library funding model.

Mr. Elliot concluded by presenting the cumulative service impacts for Community Services, stating that it is important to refocus on the Police and their operations as that department has moved away from the philosophy of community policing and has become much more of a reactive agency versus a proactive agency. Its' ability to go out into neighborhoods, to walk beats, and to intermingle with citizens has been greatly reduced because of the responsiveness that's needed because of an increased call volume that has been placed upon them. He reemphasized that the Family Support Program is being impacted through this budget with the elimination of service at three middle schools and one elementary school, and cutbacks to Bright Stars from 12 months of services to 11 months. Mr. Elliot stated that there will also be reductions in financial credit and fair housing counseling services, elimination of the first-time homebuyer downpayment assistance program, and reduction in subsidies to the Woods Edge senior apartment complex. He said that beach hours would be reduced from 12:00 noon to 7:00 p.m., and the beaches will be closed when schools return to session instead of staying open through Labor Day. Mr. Elliot added that there would be changes to the Meadows and Scottsville Community Center, park maintenance will focus exclusively on repairs and maintenance with no improvement projects, the greenway acquisition program is suspended, Howardsville boat launch is closed, lighting for Lane Field and portable restrooms facilities at sporting events will be transitioned to leagues and no longer funded by the County, and the summer play program will also be impacted including discontinuance of field trips and the mobile tennis program. He added that funding for the Libraries have also been reduced.

Mr. Tucker addressed the Board again, stating that as a business model of high performance, the County has always focused on efficient operations and responsible fiscal management with stewardship being one of the four core values along with integrity, innovation and learning. He said that in the last several years staff has added new urgency to their efforts toward efficiency and budget reform. In the last two years staff convened a Budget Process Review Committee comprised of community finance experts to review the County's financial planning processes, and engaged a consultant team to do a Resources Management Study to assist in identifying ways to provide the most efficient and effective services to the community. Mr. Tucker emphasized that recommendations from both of those groups are contained in this budget.

Mr. Tucker commented that staff also sees objective measures that help demonstrate strong fiscal management, including strong citizen satisfaction ratings, below average per capita spending among Virginia counties, ranking as the smallest county in the Country with a AAA bond rating, a tax rate – when adjusted for revenue sharing – is among the lowest of the 20 most populated Virginia counties, and a ranking of 15th among Virginia localities for governmental transparency by the Jefferson Institute for Public Policy.

Mr. Tucker stated that because of that focus on high performance and organizational efficiency and effectiveness, the County has been able to accomplish some very positive results even in these challenging time, including a first place award in the "Go Green Virginia" challenge, the DEQ Virginia Environmental Excellence Award for General Services, a Governor's transportation safety award, an Outstanding Achievement in Local Government from the Alliance for Innovation, a ranking of 6th in the 2009 Digital Counties Survey, and awards of several grants including $500,000 for local energy and $6.0 million for Safe Schools and Healthy Values.

Mr. Tucker said as staff considers the County's core values, achieving results, and how the organization repositions to meet the future, the concept of reinvestment and rebuilding is very critical to maintain positive outcomes for the community. While staff is presenting a budget balanced on the current tax rate as directed by the Board, there are some reductions that if continued over time and not addressed as new revenues become available, would cause us significant concern. For example, continuing the capital program at a maintenance level with no new construction funding for needed community infrastructure and facilities for an indefinite period is not what staff would consider a sustainable approach for our local government. Additionally, staff would consider frozen police officer positions to be among the highest priorities for refunding as we think about core local government services. Reinvestment in the School Division to make up for some of their reductions is also an important consideration. The County needs a thoughtful reinvestment strategy that adheres to its' guiding principles and continues to focus on core services and sustainable restructuring of the organization should the Board consider an equalized tax rate of 76.6 cents, or some other amount beyond the 74.2 cent rate in this budget. Both operational items and a strategy for building back capital funding should be a part of this reinvestment strategy. While a list of “add back” items will be presented during upcoming work sessions as part of this budget development process for the Board’s consideration, it is very critical that the Board provide direction in strategic discussions planned for early this summer to provide long term guidance regarding their priorities and vision for the future.

Mr. Tucker concluded by reemphasizing key elements of the recommended budget. The staff followed the Board’s direction in bringing forward a budget balanced on 74.2 cent tax rate, making $10.3 million in reductions from last year to stay within available revenues. Staff has been proactive in identifying savings and responsive in repositioning the organization – with the result that local government staffing is at the FY 2002 per capita level with an additional 23 positions eliminated, frozen, or offset by other alternative revenues for a total of 78 positions. Staff has followed its’ budget reduction principles by protecting core services to the greatest extent possible – as an example the largest departmental reductions from FY09 through FY11 over a two-year period occur in the Fiscal Management Services and Community Development areas. Staff has continued the County’s commitment to the School funding formula, recognizing that additional reductions from the State are placing fiscal stress on the School Division, and strategic reinvestment of new revenues to address core service reductions and to rebuild our capital program is a critical consideration.

Mr. Tucker indicated that the next steps in the budget process are to hold the first public hearing on this budget on Wednesday, March 3rd; to conduct budget work sessions from March 8th through the 17th; to hold another public hearing on March 31st for the Board’s FY11 budget and tax rate; and for the Board to adopt the FY11 Budget and set the tax rate at an April 7th meeting.

Mr. Rooker commented that it would be helpful to have department staff available at the work sessions so they can talk about how they will be affected. Mr. Tucker responded that department heads and possibly other staff members will be present to respond and react.

Mr. Rooker said he would like to get a better understanding of what moving out of the philosophy of community policing means to the community.

Mr. Dorrier asked if there was a plan to have a contingency fund. Mr. Tucker replied that they have included an $800,000 contingency fund, or 1% of the overall operating budget.

Ms. Mallek asked about funding for the Planning District Commission. Mr. Tucker responded that they are funded through the per capita formula as required. Mr. Foley noted that there have been some reductions there though that staff will cover in more detail. Ms. Mallek added that the Planning District is helping the County do some projects that it cannot do anymore because of smaller staff. In addition, they received a $65,000 cut from the Governor which also changes their operations.

Mr. Rooker commented that the State is basically proposing to not fund the Planning District. Mr. Foley added that the County has not planned to replace that funding in this budget. Mr. Rooker added that some of the County’s work has been picked up by TJPDC, such as the work of the County’s former transportation staff person. The County may need to look at how best to allocate remaining transportation funds.

NonAgenda.

At 12:09 p.m., **motion** was offered by Mr. Thomas to move that the Board go into Closed Meeting pursuant to Section 2.2-3711(A) of the Code of Virginia under Subsection (7) to consult with legal counsel and staff regarding a specific legal matter requiring legal advice and probable litigation relating to retirement benefits; and under Subsection (7) to consult with legal counsel and staff regarding specific legal matters relating to an interjurisdictional agreement. Mr. Rooker **seconded** the motion. Roll was called and the motion carried by the following recorded vote:

AYES: Mr. Dorrier, Ms. Mallek, Mr. Rooker, Mr. Snow, Mr. Thomas and Mr. Boyd.
NAYS: None.

At 1:00 p.m., the Board reconvened into open meeting. **Motion** was offered by Mr. Thomas to certify by a recorded vote that to the best of each Board member’s knowledge only public business matters lawfully exempted from the open meeting requirements of the Virginia Freedom of Information Act and identified in the motion authorizing the closed meeting were heard, discussed or considered in the closed meeting. The motion was **seconded** by Mr. Rooker. Roll was called, and the motion carried by the following recorded vote:

AYES: Mr. Dorrier, Ms. Mallek, Mr. Rooker, Mr. Snow, Mr. Thomas and Mr. Boyd.
NAYS: None.

Agenda Item No. 3. Adjourn.

At 1:00 p.m., with no further business to come before the Board, the meeting was adjourned.

Chairman

Approved by the Board of County Supervisors
Date: 04/07/2010 Initials: EWJ