

An adjourned meeting of the Board of Supervisors of Albemarle County, Virginia, was held on March 9, 2011, at 9:00 a.m., in Room 241 of the County Office Building on McIntire Road, Charlottesville, Virginia. This meeting was adjourned from March 7, 2011.

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

ABSENT: None.

OFFICERS PRESENT: County Executive, Thomas C. Foley, County Attorney, Larry W. Davis, Senior Deputy Clerk, Meagan Hoy, Assistant County Executive, Bryan O. Elliott, Assistant County Executive, William Letteri, and Director of Office of Management and Budget, Lori S. Allshouse

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Agenda Item No. 1. The meeting was called to order at 9:06 a.m., by the Chair, Ms. Mallek.

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Agenda Item No. 2. Work Session: FY 2011-12 County Budget Work Session.

Prior to the budget presentation by the School Board's Chair and Vice-Chair, Mr. Foley reported to Board members that an executive summary will be provided to them at next Monday's meeting. As was recommended at a joint Board/School Board meeting with Dr. William Boshier, this executive summary was developed by School and Local Government staff and addresses communication and collaboration efforts. He reported that a set of guiding principles, objectives and statements about cooperative efforts and communication improvement came out of those meetings between staff. He said he felt this report captured the group's understanding about cooperative efforts and communication on budget issues.

### **School Division.**

Mr. Steve Koleszar addressed the Board, stating that Schools and Local Government are partners in improving the community, the quality of life and economic vitality. He said the School Board and the Board of Supervisors should look at their efforts as a partnership that will provide the best services for the residents of Albemarle County. He said the School Board is charged with creating and maintaining a school system that helps reach joint goals, that contributes to businesses and employees choosing to locate to Albemarle County, to ensure that graduates have the skills to fill the jobs being created in this area, and to maintain the high quality of life that citizens expect.

Mr. Harley Miles presented a summary of the School Division and its recent accomplishments, reporting that, each day, the Division has over 13,000 students including pre-K classes. He reported that the Division staffs and maintains 27 schools in 2.3 million square feet of facilities, all requiring daily maintenance, periodic repair, occasional refurbishing and possible expansion. He stated that the Division supports services to students with funding provided primarily through local sources, with the state taking less and less of a funding role and the federal government playing a very minor role in funding. Mr. Miles said that, even with limited funding opportunities, the Division continues to earn praise and accolades for its quality of instruction and level of efficiency, noting that county schools have been recognized as one of the top 15 highest performing school divisions in the state. He stated that the Division has been charged with preparing students to compete in a 21<sup>st</sup> century global economy, closing achievement gaps, recruiting and retaining a highly qualified workforce, and being recognized 'best in class' in addition to being excellent stewards of resources through efficient systems and processes.

Mr. Koleszar stated that the budget presents key challenges requiring the School Division to respond to stakeholder priorities, use resources efficiently, and plan a sustainable future. He reported that some of those challenges include enrollment growth, changing demographics, diminishing state funding, maintaining a high-quality workforce, as well as increased costs of mandates and contractual obligations. Mr. Koleszar reported that, in extensive surveys of stakeholders, the three things that came across most strongly were compensation and benefits, additional classroom support, and continuing efforts to assess and improve student college and workforce readiness. He said that when Mr. Boyd was on the School Board, the system was growing by 200-300 students per year, then there was a hiatus where growth leveled off a little bit, and now, significant growth is starting to occur again. Mr. Koleszar explained that those dynamics are due to changes in the economy, and this growth is expected to continue.

Mr. Miles said that additional staff is needed to meet existing increases and projected jumps in enrollment, stating that the FY11-12 funding request includes the provision for an additional 29 staff members: 27 classroom teachers and two bus drivers. He stated that the School Division staffs to actual needs, not projected needs. If projections are high, the School Division will not need as many teachers. If projections are low, the Division will need additional staffing beyond those numbers. He said some of these teachers are presently teaching in the School Division. The Division was nearly 200 students over projection in the current school year and had to hire additional teachers with emergency staffing and job bill money.

Mr. Rooker asked for an exact number of staff that the Division hired.

Mr. Koleszar reported that he would get that number to the Board. He noted that the jump of 27 teachers represents two years of growth because, in last year's budget, there was no growth projected and the Division realized 200 additional students. So, staff is projecting 200 students more; therefore, the amount of growth in budget-to-budget is much greater than it would be in terms of actuality.

Mr. Miles pointed out that the current funding request includes currently employed teachers within the operational budget.

Mr. Koleszar stated that there has been a dramatic increase in ESOL students at the middle school level, which will require an additional person to meet those needs, and there has also been a significant increase in the free and reduced lunch population. He said some of the JOBS money was used to hire some intervention specialists who have been very effective, and with this change in demographics, the Board sees the need to maintain those positions in the current budget.

Mr. Miles said the School Board had to make some drastic choices to ensure the fiscal integrity of the Division last year. One such choice was to increase class size in grades 4 through 12, and stakeholders have indicated that this increase, along with other contributing factors, has created a noticeable reduction in services and a change in the classroom experience for students, and thus a diminished quality of instruction.

Mr. Snow asked if the number of additional teachers needed is 22 plus 17.

Mr. Koleszar confirmed that 22 plus 17 is correct. He explained that, when the School Board was preparing its funding request last year, it was anticipated there would be a \$10 million gap because the state budget had not yet come through at that time. That funding gap prompted the School Board to make more cuts than what would have been done normally. He said, in addition to the 17 positions, an additional 13 positions were cut by going to an eight-period day. He stated that the School Board received a tremendous amount of negative feedback for that decision. He said that Schools saw the quality of education, particularly at the high school level, suffer. Mr. Koleszar explained that the School Board does not necessarily want to add all of those positions back, but there is some thought that the Board needs to add some of them back. He noted that this number is still fewer positions than the baseline before last year.

Mr. Thomas asked what would be the minimum number of teachers that would need to be added back.

Mr. Koleszar explained that staff has recommended that decision be done strategically, looking at actual class sizes and only dole those positions out if it is absolutely necessary. He said it may well be that less than the 17 positions will be needed.

Mr. Boyd asked if the School Board could provide a breakdown of information to include the recommended class size, how many classes are under that number, how many are over that number. He said it would also be helpful to have those numbers broken down into how many classes meet the size limit and how many exceed the size limit.

Mr. Koleszar responded that student load is a consideration, particularly at the high school level. The School Division has some teachers who have a student load of over 150 and the School Board would like to reduce that number down to about 140 or 130. He said that the added positions should enable them to do that, but there will always be exceptions with teachers who are really good and want to have a heavier load. Staff is recommending that this issue be dealt with on a case by case basis rather than by formula.

Mr. Boyd said that the public assumes, when there is an average class size of 21, each class is about 21, but that is not the case.

Mr. Koleszar agreed, stating that when staffing classrooms, they try to staff according to the needs of the students. If there is a class of 25-30 Advance Placement students, that does not present the same challenges as a class of 25-30 students who are significantly below grade level. The plan is to staff the most challenging students with the greatest needs at the smaller class size. That is one of the reasons why some of their staffing numbers have gotten a little out of whack since some teachers were teaching six AP courses; six courses with the highest number of students. So the averages are a lot less but individual cases are more. He added that what staff hears about are the extreme cases and not the reality.

Dr. Pamela Moran said staff provides the School Board with a report that has information on class sizes, by schools, and that report lays out the number of classes that fall into different ranges from the lowest to the highest. She added that, this year, there were a number of classes that, particularly at some of the high schools, where class sizes were bumped up to 30+.

Mr. Boyd asked if that information is available to the public and Dr. Moran said that it is.

Ms. Mallek said Dr. Moran provided a chart to the Board last fall which had the breakdown. Dr. Benson said he would provide a copy of the class size report to the Board.

Mr. Koleszar provided a history of the teachers pay scale, noting that in 2003-04, the School Division saw the applicant pool of teachers dry up and the system was forced to hire teachers that they would not have hired under normal circumstances and this impacted student instruction. He said that, as joint boards, that strategy was revised to meet the 75<sup>th</sup> percentile for teachers rather than the 50<sup>th</sup> percentile, which led to some dramatic increases for teachers and a very rich pool of applicants. As pay has been frozen, he said the teacher pay scale has actually gone down and the average teacher pay has gone down over the last two years. Going forward, it is anticipated that 'baby boomer' teachers are getting close to retirement. What has happened in the last two years of the economy will most likely make that

picture worse because people who would have perhaps retired during the last couple of years, because of the economy, have deferred their retirement. As new teachers haven't been hired or been laid off by other school divisions, they've left the teaching profession. So, nationwide, when these baby boomers start to retire, there is going to be a real teacher shortage.

Mr. Boyd asked if hiring younger, less experienced teachers is driving the teacher salary range down.

Mr. Koleszar said that has not happened yet, but is something the Board will probably see as those teachers retire.

Mr. Boyd asked if the pay scale for teachers is going down or is it level at this point.

Mr. Koleszar said the pay scale is actually going down. He explained that a teacher with 15 years of experience two years ago now has 17 years of experience but is still being paid for only 15 years. He pointed out that there have been no step increases and that is why the scale has gone down over the last two years.

Dr. Moran explained that the School Division had to drop the front end of the scale because a first year teacher should not be earning the same as a teacher with a full year of experience.

Ms. Mallek asked if the School Board is anticipating a smaller pool when it has to begin replacing teachers who will soon retire.

Mr. Koleszar noted that the School Board supports Human Resources' recommendation of a 1.9% raise for teachers. He said, as the country comes out of the recession, the School Board anticipates there will be a lot of teachers retiring. Mr. Koleszar said there will be a lot of competition for teachers and they want to be in a position of having an adequate pool to choose from.

Mr. Boyd asked about comparisons with other localities.

Mr. Koleszar said in talking with other school systems and reviewing their recent data, it appears that the competitive market is giving raises. He suggested having the County's Human Resources staff look at the market and evaluate whether the County is being competitive with salary in both Local Government and Schools.

Mr. Boyd said, because of the economy, and because there are a lot of teachers out of work and/or leaving the profession, it seems like it would be a great pool.

Mr. Koleszar said the School Division will be hiring most of their teachers based on the current pay scale. He pointed out that it will be next year when they will be competing with other school divisions. He said they may need to fill 150-200 positions and he doesn't want to be lagging. During the recession, the number of positions that needed to be filled was down considerably, but 3 or 4 years ago, they were filling 150 positions a year. With enrollment growth and with a lot of retirements, he said they could be back in that situation again and that is what is causing the School Board some concern.

Mr. Rooker pointed out that it is always a bit of a guessing game in trying to predict market changes and stated that he recently distributed an article that indicated private employers are freezing their thaw on wage increases because they were seeing more competitive hiring. He said there is a block of unemployed people who don't necessarily have the skills to match a lot of the current jobs out there but the fact is there are jobs out there that employees are hungry to fill where people have the requisite skill level. He said the County may be seeing wage increases moving into the system, which hasn't been seen in the last two years. He said the County needs to recognize that.

Dr. Moran stated that, with baby boomers lined up and waiting to exit the teaching profession and fewer people choosing to go into the teaching profession, there will be a mismatch between the numbers of people exiting the system and those entering the profession. She said that is critical.

Mr. Snow asked if the School Division had any idea how many teachers are thinking about retiring within the next 2-3 years.

Dr. Benson said that there is some data from HR which shows a bubble of people moving toward retirement, with a fair number of employees expressing an interest in retirement at the end of this year but hesitating to do so at this time. He said, at some point, there will be a fair number of people choosing to take that opportunity and he would get some more specific numbers from HR on the number of employees who have at least expressed an interest in taking retirement at the end of this year.

Mr. Boyd commented that there has been a huge application pool in recent years.

Mr. Koleszar said the greater concern is where the applicant pool will be in one or two years. He said there have already been some teachers hired for next year and the scale that is being used is going to be the scale that gets approved in this budget. In October, Schools had a guess about where the economy was going to be, where hiring was going to be, what inflation rate and wages were going to be. Now, it is six months later and Schools are starting to get a better idea that the market is moving higher.

Mr. Rooker noted that the public sector is lagging way behind the private sector in terms of recovery. He said that municipal finances in this country are a disaster right now. Detroit has gone to 60

children in a classroom in their high schools. So, there probably is a pretty good pool of teachers from other systems who are interested or willing to move. On the other hand, the new people coming into the system may choose to do something other than teach because the wages are not as competitive as it is with the private industry.

Mr. Miles stated the School Board values the trust that the Board has placed in them as good stewards of funding resources, and has identified and supported a number of operational efficiencies to promote fiscal stability, realizing approximately \$1.5 million in savings through implementation of efficiency recommendations from an internal operational audit of the Transportation Department. He said that these efficiencies are currently helping to offset the rising costs in fuel, with savings of \$400,000 through implementation of energy efficient practices throughout the Division. Mr. Miles stated that the School Board recognizes that the focus and needs of the classroom come first and, as a result, have reduced and reorganized Central Office leadership.

Mr. Koleszar pointed out that the Central Office reorganization has meant that classroom teachers have had less support from that office. Examples of that lack of support might be a teacher who is struggling with a particular curriculum issue or a principal needing additional assistance. Mr. Koleszar said this is an issue that needs to be monitored on a regular basis but not having the necessary resources in this area is a concern to staff.

Mr. Rooker said out-of-classroom expenditures are substantially less than the state target as a percentage of its budget, and that includes transportation costs in the sixth-largest County in the state. When one looks at Central Office, that area is way below what the state typically tries to get assistance to on the whole throughout the state.

Mr. Boyd said he would like to see an apples-to-apples comparison on classroom expenditures versus out-of-classroom expenditures.

Mr. Koleszar said 17 positions have been eliminated in Central Office and stated that there is really no room to cut there any more.

Mr. Thomas asked for clarification on the 'Teacher Scale Across 10 Years (Actual Dollars)' and asked if that included all teacher salaries.

Mr. Koleszar clarified that teacher positions do include guidance counselors, professional licensed staff who are not administrators, media specialists, and special education teachers. He said principals are not included.

Mr. Rooker asked if these positions are in-the-school people; not Central Office staff.

Mr. Koleszar said yes and explained that Central Office employees are all classified staff and they maintain commonality with local government in terms of pay, etc. He added that salaried people are classified staff and they are paid on the classified scale, not on the teacher scale.

Mr. Boyd asked if there were instructional people in the Central Office that are included in the classroom numbers.

Mr. Koleszar responded that there are no Central Office staff considered to be teachers, but there are lead coaches who are considered Central Office staff and Administrative staff. He explained that coaches are considered teachers. They are paid using the teacher salary scale. They are considered rotational positions and will be going back into the classroom in a few years and others will move into those positions.

Mr. Miles stated that the School Division has implemented over 90% of the recommendations listed in the Resource Utilization Study which was done several years ago. They have built up a fund balance of \$8 million through capital oversight and judicious use of available funds, and have evaluated teacher compensation relative to market to ensure attracting and retaining high quality teachers.

Mr. Koleszar pointed out that the School Division created a new point in their scale, T-15, in order to meet market strategy without having to spend as many dollars.

Mr. Thomas said that it looks like the increase for the three grades averaged \$16,200 per year, and on the step zero it's almost a 50% raise from 1999. He said that is a lot.

Mr. Koleszar noted that most of the raises were from 2003 and, because the applicant pool dried up, there was a joint-Board agreed market strategy that was changed in 2003-04 and that strategy has worked.

Mr. Rooker pointed out that the decision to go from the mid-level to the bottom of the top quartile pay for teachers was unanimous by both Boards. He said, over a two year period, it was a significant increase.

Mr. Koleszar emphasized that all of the research is clear that the most critical factor in education is the effectiveness of the classroom teacher, and, even though cuts have been made in a lot of areas, the School Board is really focused on improving the effectiveness of its teachers. He said a lot of the bells and whistles that other school divisions have, which Albemarle County School Division does not, is because all of the School Board's efforts are placed on their teachers.

Mr. Snow said that is what really counts.

Mr. Koleszar commented that one of the things that other school divisions have which Albemarle does not is an elementary foreign language program. He said the City employs six Spanish teachers in their elementary schools so they can have a robust foreign language program that Albemarle County cannot afford.

Mr. Rooker said studies have shown that children who learn a foreign language early in their education have improved mental development and perform better in other subjects later on.

Dr. Benson pointed out that the raises would not occur between the lines of experience, so step zero goes from just below \$32,500 to just below \$37,500.

Mr. Koleszar responded that benefits were actually decreased last year because co-pays were dramatically increased. He said the one-time bonus that employees received came from the fact that employees were paying more in co-pays. He stated that the market strategy has been really effective and helps hone in on numbers that both Boards can agree on. He said if either pay or benefits are out of line with competitors, these rates are adjusted accordingly.

Mr. Snow said he would like to see a comparison slide that shows average salary with benefits and how that compares across the board. He would like to see how it all works out.

Mr. Koleszar said staff can get that information to the Board.

Mr. Foley said staff will put together information on the County's benefit package and share that with the Board at their meeting on Monday. He said he will ask HR to provide benefit information from the school side as well.

Mr. Boyd said last year, the Board received a report which provided them with information on how much the County supplements or pays for different levels, family, husband and wife, children, etc. He said he would like to know how much the County is contributing in dollars as compared to what other counties and cities are contributing in dollars.

Mr. Foley said staff has that information readily available and will provide that to the Board on Monday. He added that, on the co-pay, the strategy of the Board is market and that is why staff is adjusting not just for savings but to stay within market.

Mr. Boyd said the private sector is starting to push more of those costs over to its employees but the County has held employees harmless on that for a number of years.

Mr. Koleszar said creating this market strategy, which has been used for almost ten years now, has been a very effective tool and it helps hone in on numbers on which both Boards have agreed. As Dr. Boshier said in the meeting he facilitated, the joint boards used to argue about the numbers, but now there is a good strategy on which all can agree on the numbers. He added that if the County's benefits are out of line, compared to its strategy, benefits are adjusted. If salaries are out of line, then salaries get adjusted.

Mr. Rooker commented that this is an objective approach based upon data, and is the best approach by far to administering the pay program; otherwise pay gets turned into a political or anecdotal issue. He added the numbers do not lie.

Mr. Boyd said the County has shifted away from World at Work, a Southeastern United States comparison, and moved to a more competitive market, and doing surveys more often. He added that is probably a better measure for Albemarle County.

Mr. Rooker said, three years ago, he argued against using World at Work because he thought their information was incorrect, but, over a ten year period, that information has been pretty accurate, and it does provide a starting place. The County does adjust for market every year with what the market actually did; so World At Work is a starting place. He said that particular objective approach is like being on a raft without an oar.

Mr. Boyd said the County has been through some very challenging economic times so a lot of the rules have been thrown out the window.

Mr. Rooker said the market tells the story and reflects those facts. Other people didn't increase their pay during that period of time, nor did the County. The County actually lowered benefits last year and the market generally lowered benefits last year too.

Mr. Foley said the methodology would say that if the market has moved more than the County has, then staff might want to move a little bit more than the market does in order to catch back up. He said it is always a bit of a guessing game.

Mr. Miles indicated that 61 teachers have applied for retirement this year and this is the last year of the retirement incentive program. In addition to the major operational efficiencies that are proposed, Mr. Miles cited other smaller efforts to improve operational efficiencies, such as increasing facility rental fees, a pay-to-participate policy for athletics, and maintaining a 10-20% operational line reduction. These efforts may realize small rewards and savings, but if the School Board watches the pennies, the dollars

will follow. He added that many small changes can produce overall savings that can help maintain more services.

Mr. Koleszar said that 2011-12 is a year to continue to aggressively move toward more efficiency and cost control, and the Schools will continue to evaluate the effectiveness of educational programs. The Resource Utilization Study concentrated on departments. The School Board wants to extend that to look at actual education programs and try to avoid duplication, to increase those that are effective and eliminate those that are not effective. He said they want to continue to do internal operational audits of the departments, similar to what they did in transportation. There is another internal operational audit planned for technology. The purpose of these audits is to eliminate things that do not impact student learning and to strengthen those things that do. He added that they have also been in communication with what stakeholders value. A couple of years ago, the Schools did a study of small schools and it was determined that Schools could save a large sum of money if there were fewer, smaller schools, but the community and the Board of Supervisors made it known that small schools were an important value of Albemarle County.

Mr. Koleszar reported that the funding request submitted to the Board reflects the Governor's proposed budget, bringing the total to \$141.6 million, but changes in the legislature have made that figure closer to \$143.5 million. He said the Governor has not signed the budget yet and he could make line item vetoes so there may still be some fluctuation, stating that the veto session is April 15, at which time the final numbers will be available.

Mr. Koleszar presented data showing that enrollment is growing but the per-student budget is declining, with \$1,000 less per student for 2011-12 than in 2008-09. He also said that, in 2008-09, there was \$45.7 million in state revenues and, this year, the most recent figures put the state revenues at \$39.7 million. Mr. Koleszar mentioned that, when he first joined the School Board, the state provided about 35% of their budget but it is a brutal fact that the state is running away from funding education, and transportation. As someone who passionately believes in the importance of quality education, he said that is really sad.

Mr. Miles said he has heard it said that traditionally 60% of the County's budget goes to support schools, and presented information showing that within that, a little over 52% supports operations with 4.5% going to debt service and 3.2% addressing capital project needs. Together, these three funding areas make up the 60% school funding parameter. That 60% of the County budget does not actually go to the active operation of the schools. He said this fact begs the question, as the County works to renovate aging infrastructure and expand facilities to accommodate growth, taking on more debt to do so without the availability of pay-as-you-go funds, will the School's operational budget be forced to shrink within the 60% budgeting operation parameter or is 60% simply a placeholder parameter to be adjusted to meet increasing identified demands and needs. As a now more interested county citizen, Mr. Miles said he is anxious to see how this plays out.

Mr. Rooker said he didn't think the graph presented by Mr. Miles reflects the way funds are divided between Schools and Local Government. He said capital comes off the top regardless of whose side that it is being spent on, and in the past, more than 60% of capital has typically gone for school projects. The amount is what remains after the Revenue Sharing payment is made to the City, after certain things come off the top, capital being one of them. He said it is what remains that gets divided 60/40, not pre-capital. He added that, when more is spent on school capital, it does not reduce the amount of what is left that gets allocated to schools.

Mr. Koleszar said that, over the course of time, the total percentage of the County's budget that goes to education has decreased. When he first came to Albemarle County, 70% of the budget was for education, including capital. He pointed out that this is the nature of an urbanizing County where there are other demands on local government.

Mr. Rooker said operating has not changed. What has happened is the County has become more urbanized, things like fire stations have been built, so a higher percentage of, less than 60%, has gone to general government capital projects.

Mr. Koleszar said, over time, the percentage starts with the 60% but then other things happen. He said one year, Schools received a windfall from the state, and a million or two million of that money went to Local Government and that became part of the baseline. So over time, that percentage has shrunk, as is appropriate in an urbanizing community.

Mr. Thomas asked if the School Division is working to keep the percentage below 60% or are they trying to get to the 60%.

Mr. Koleszar replied that they are working to provide the best education with the resources available and, if next year there would be another \$5 million decline in state revenues, the 60/40 might not be adequate to maintain the quality schools to which everyone is committed. Similarly, if something happened and an extra \$5 million comes from the state, as has been done in the past, Schools would end up sharing that with county government. The 60/40 is an excellent starting point, however, it is not a hard line and is not always the amount Schools have received in the end.

Mr. Rooker said, over the last four or five years, the coordination between Schools and Local Government has improved substantially and he said this is what the Board is seeing this year. The transparency of what both Boards do financially is important and he recognizes that the County needs to

fund county services. He said schools are the primary services that the County provides to citizens and it needs to be done well.

Mr. Foley said more than 60% of our local revenues go to the school system. The 60/40 is really a formula for growth, not a formula for total. He added that the formula issue is one that can be discussed as budget discussions go forward.

Mr. Rooker asked if debt service is included in that percentage.

Mr. Foley said the percentage is revenue generated, local tax dollars.

Mr. Rooker said it is local tax dollars including debt service if more than 60% of that is allocated to Schools.

Mr. Foley explained that, in looking at the total picture, debt service is an expenditure piece.

Mr. Koleszar reported that, overall, the School Board's request is an increase of 1.2% and they anticipate a 3% enrollment growth. Other than the two issues discussed earlier in the meeting, there are no new initiatives in their budget. He said, looking forward, the School Board is seeing 2011/2012 as a year where they will continue to move forward, continue improving efficiency and improving the quality of education. He said they are preparing for 2012/2013 which could be a very challenging year as they continue to receive less state money. He said the School Board does not know what the composite index changes will be. As soon as they get information on that, they will pass that along to the Board of Supervisors. He said they are going to be doing some critical evaluation studies. He added the School Board will be strategically using one-time money and will continue to partner with the Board and the community.

Mr. Koleszar said their original funding request that was submitted included a shortfall of approximately \$3.8 million, but the General Assembly increased that amount to almost \$2.3 million with VRS expenses reduced by \$394,000, which will leave a funding gap of \$1.1 million. Mr. Koleszar presented an analysis of their fund balance which is indicative of what strong stewards they have been. Despite declining revenues, they have been able to keep within their budget and create additional savings that provided us with a fund balance. The School Division has a \$1.8 million fund balance which is allocated to the current year and \$1.8 million for 2011-12, leaving a variable fund balance of \$4.5 million which is proposed to cover the funding gap of \$1.1 million. That would leave the School Division with a fund balance of \$3.477 million. He noted that Local Government often knows when they will get an additional fund balance due to additional revenue coming in, but most of the Schools' fund balance comes from cost savings, and that figure is unknown for the current year.

Mr. Rooker said it is his understanding that, to the extent that the County's operating revenues increase during the year, the Schools would share in those funds. He stated that he was not aware of the County receiving increased revenues whereby the Schools didn't receive a share as well.

Mr. Snow said if there is money left over or increased revenues come in, Schools get a portion of those funds.

Mr. Foley explained that the formula for the 60% is based on the projected budget at the time the budget is adopted, and that percentage does not increase throughout the year if revenues go higher. If revenues go up, that money ends up in the fund balance at the end of the year and a good portion of that rolls into capital for Schools and Local Government to fund capital programs.

Mr. Rooker said if it comes off the top and goes into capital, then that is appropriate. If there is a shortfall in revenue during the year, he asked how that is handled.

Mr. Foley said the shortfall is shared. He pointed out that, if revenues do come in stronger, a large portion of that rolls over to capital for the benefit of both organizations.

Mr. Rooker said it comes off the top anyway according to his understanding and that is reasonable.

Mr. Koleszar pointed out that Albemarle County has a great policy stating that any monies not spent goes into a fund balance which then rolls over to the County to use in following years. Schools have the same policy with its operational budgets. Anything that is not spent in Schools rolls over into the next year's budget. He said a lot of government agencies have the policy of "use it or lose it" and this policy avoids that so staff can be frugal and careful all during the year. He said it is a great policy and something he would like to see continue.

Mr. Boyd said he would like to stop using the term 'fund balance' when referencing these types of funds. He stated that fund balances are used in cash flow situations. Anything that the County has in surpluses or reserves or strategic reserves is the proper definition or category. Fund balance does not really apply in an accounting sense, as that is what is kept to cover cash flow, and this is really more of a surplus or reserve fund.

Mr. Koleszar said in the private sector, those funds are called retained earnings. In a not-for-profit, it is called fund balance. He said the term makes a lot of sense and if it is helpful to everyone, then that term should continue to be used. If there is a better term that should be used, he is OK with that.

Mr. Boyd said the County defines reserves differently than a non-profit does. He pointed out that Schools are projecting to use their fund balance this year and, in looking at actual numbers over the last several years, the County had projected to use fund balance, but he stated that he didn't think the County had ever done that in prior years.

Mr. Benson said the funds that the School Division will end up with in terms of reserves in this current year are budgeted to be expended.

Mr. Rooker referred to the chart and said, in addition to the \$1.8 million that the School Division is planning to spend in the current year, is there an additional \$1.8 million that is available to Schools.

Mr. Benson said the School Division took additional measures to capture some efficiencies during the course of the year.

Mr. Rooker said if Schools cut their expenditures during the year, they may not have to use the revenues that have been allocated.

Mr. Koleszar suggested both Boards look at the fund balance. He said it is good to have a fund balance for the hard years. If, at some point, revenues from the state become more stable and the fund balance gets too large, the School Board would need to look at a policy whereby they could possibly roll those funds over into capital, but until they get through the next couple of years, he said he didn't think that is something that the School Division needs to be thinking about as they plan for the future.

Mr. Boyd said the reason he is harping on technology is because these funds are being used as a rainy day fund. He explained that local governments are continually being asked to make up the shortfall from the state. He said this may not always be possible. The County's reserves are not always large enough to do that all the time. That is the point he was trying to make.

Mr. Koleszar said that is why, as a School Division, they are trying to be very responsible stewards of the money so that they are able to build up a rainy day reserve fund which allows them to continue to maintain excellent schools even though there are less revenues coming in from the state.

Mr. Rooker called attention to the reduction in expenditure per student stating that figure is down almost \$1,000 going back over the last four or five years and said that fact is very compelling. He said obviously, the County would like to bring the best result as is possible out of that allocation. He said Schools are doing a good job in that area. He said, in looking at the reductions, it's primarily state reductions year after year after year. He explained that the state does a very good PR job. For the last three years, state officials send out a "worse case" scenario and when the financial picture turns out to be just "bad" instead of "worst case," everyone is happy. But, in looking at the numbers, one can see that the state's share for education is declining year after year.

Mr. Dorrier asked about the possibility of losing talented teachers through retirements which could negatively impact the classroom.

Dr. Moran stated that the School Division is going to lose, every year for probably for the next five years, really talented teachers to retirement and they have known that is coming. It is the baby boomer generation. Some of those people do come back and work with Schools as returning retirees. There are some very specific rules that govern them in being able to bring retirees back, one being they cannot work full time, which does create a little bit of an issue because there are not that many part-time teaching positions. One of the biggest challenges is the number of people leaving the profession is larger than the number of people who are in college right now who want to be teachers. It may not be an issue next year, but it will be an issue in the next five years.

Mr. Dorrier asked why there are not as many college students interested in the teaching profession.

Dr. Moran said one of the reasons is because of the economic stress and because some people might not see the teaching profession having the respect and viability in terms of salary. Dr. Moran noted that in 1970, 90% of women in the top 10% of their classes graduating from colleges went into teaching or nursing but, by 1980, only 10% of the top ten percent of females went into those fields, and pointed out that females are the main portion of the School Division's workforce.

Mr. Boyd asked if the County should begin to think about changing its philosophy. He said he read recently about other localities outside of Virginia that were hiring retirees to teach part time in schools. He asked if the County might want to re-think their workforce a little bit and move away from the more traditional way of thinking that a teacher has to go through college and get a certificate in order to be a teacher.

Mr. Koleszar said that people downgrade the importance of learning how to teach, which is taught in college, but to be effective in the classroom, a person needs that kind of instruction. He also stated that some of the brightest, best educated people come into a classroom that first year and they are not going to be a very effective teacher; they are not going to be nearly as effective a teacher as they are going to be in 3 years, 5 years or even 10 years, so I think we should be very careful about bringing people in to teach 2 or 3 years who do not have the experience, who do not know how to teach.

Mr. Boyd said one of his pet peeves about those new to the teaching profession is, as soon as they come out of college, they are provided with coaches and mentors and all manner of support because they need to be re-trained based on actualities.

Mr. Rooker said that occurs in every profession. For example, lawyers get out of law school and they may know how to file a document at the courthouse, but they don't really know how to do a lot of the practical things until they enter the workforce.

Dr. Moran mentioned that there are people who switch careers to go into teaching. She talked with someone the other day that retired from the practice of law after 20 years. He is a historian and is interested in coming into the teaching profession. She explained to this gentleman what kinds of opportunities there are in the system. She also had a recent conversation with a retired engineer who taught for a year after retiring and she was told that he had never worked so hard in his life, and, as a result, he ended up quitting after one year. She pointed out that one has to be willing to work very hard as a teacher adding that people in other professions have different kinds of workflow lives than a teacher.

Mr. Rooker said knowing the subject matter is one thing; but conveying that subject matter effectively to a group of 16-year olds can be an entirely different matter.

Mr. Boyd said he was just offering that idea up as a thought process.

Mr. Dorrier noted that there are a lot of talented retirees at SCORE, a retired businessmen's group, and asked if the School System had thought about teaming up with that organization. He said perhaps the Schools could use retirees to teach in the schools as there is some real talent there.

Dr. Moran pointed out that teachers must be licensed to teach in the State of Virginia. She explained that, to become a history teacher in this day and age, one isn't just a history major; one would have to also have somewhere in the neighborhood of 12 hours of geography and a number of hours of economics. So, there are requirements that make it difficult for somebody who is going to have to go back to school to become a teacher.

Ms. Mallek asked about alternative test opportunities.

Ms. Moran said there is a praxis exam; however, there are still course requirements one would have to take.

Mr. Snow thanked the School Board for their work on the budget and their presentation, noting that he felt the School Division is well-managed and he appreciated the reduction in per pupil costs over the last two years adding that he felt the School Division is doing a good job.

Mr. Koleszar said that Schools and Local Government are partners; Schools are planning for the community, for a good quality of life and for economic vitality.

Mr. Boyd stated that everyone recognizes how important education is to economic vitality, noting that, in a recent conversation with the Defense Intelligence Agency (DIA) officials, he was told how important the school system is to people relocating to this area.

Mr. Koleszar commented that the County is continually focused on improving the quality of instruction, and there is buy-in from teachers who realize what a critical difference their effectiveness makes in the lives of the County's children.

Mr. Rooker said the County is fortunate to have a School Board that gives a huge amount of their time for virtually no compensation. He said School Board members all demonstrate a tremendous passion for what they are doing. He stated, in looking at the makeup of our school system today, the number of ESOL students has increased dramatically. He pointed out that, at Greer Elementary School alone, there are 45 different languages spoken by families there and those children have to pass the standardized tests just like everyone else - a real challenge. In addition, the numbers have increased substantially in the free and reduced lunch area. Mr. Rooker stated that demographics are changing, and it includes a demographic that has often not done as well educationally as other demographic components and this presents even more of a challenge for the school system.

Mr. Boyd asked if the free and reduced lunch increase is due to the economy or to more people moving into the area that need it, which would mean a different demographic shift.

Mr. Koleszar responded that it is a little bit of both, adding that there are more children in the county system on free and reduced lunch than the City has in their entire school system.

Mr. Boyd brought up the issue of revisiting the revenue sharing agreement.

Mr. Koleszar said that he and Ms. Mallek had spoken about it, and this issue is something both Schools and Local Government need to work together on when the time is right.

Mr. Rooker noted that the only reason it became a school issue is because of legislation that dealt with the composite index adjustment and was the reason that the Board originally sought legislation. He said that there was discussion about the City working with the County school system on a plan that would benefit all students, using funds from the revenue sharing money. He said he didn't believe that has happened at this point.

Mr. Koleszar said that City school officials have indicated that they would not move forward with this without direction from City Council, so, from their perspective; it is not at the school level at this time.

Dr. Moran said City Schools cannot legitimately transfer money from City Council's budget to County Schools without that authorization.

Ms. Mallek said these discussions have occurred numerous times in numerous venues over the last several years. She pointed out that the County would like to know in what ways the revenue sharing monies are being invested which is supposed to follow the agreement and how those funds are being used regionally. She said she has spoken with different members of City Council and she felt it would be appropriate for the County to have more specifics.

Mr. Koleszar stated that there is no legal leg to stand on, but there is a large moral leg to stand on and the County needs to use that leverage to have the City do the right thing by that issue. He added that, if the City is not willing to do the right thing, then maybe the County can get some relief from the state legislature in terms of what is a clear and equitable funding formula for calculating the composite index.

Mr. Rooker emphasized that what has been envisioned was not a transfer from City schools to County Schools, but instead a specific program to benefit both City and County students. He added that the City did not come forward with a plan that would have been within their budget and they would have requested an allocation from the City for that purpose. He further added that the pressure for the composite index legislation was based on the concept which the City was supposed to bring forward that never came forward.

Mr. Boyd said that is why the composite index needs to be brought back to the table for consideration because it is an equity issue.

Mr. Koleszar said that it should be brought forth from both County Schools and Local Government as a joint strategy and that is why he began discussions with Chairman Mallek about some of the things that could be done going forward.

Mr. Rooker stated that Schools are going to be in a position whereby they can press for that legislation or not press for that legislation. He said it should be initiated at the school level. Mr. Rooker said that the county schools need to let their counterparts in the City know that the County held off on pressing for this action for one year with the idea that there was going to be a proposal going forward that would benefit both City and County schools and that did not happen. Mr. Rooker said it needs to go forward now.

Mr. Snow commented that he appreciates the Schools being able to function well with less money per student.

Ms. Mallek agreed, adding that she appreciates the School Board's response to concerns raised over the past year, which are reflected in the School Board's deliberations. She added that both Boards have benefitted a lot from the joint efforts that transpired this past fall and early winter.

Mr. Snow said that it seems to be more of a partnership now than in the past, because, what he sees is everybody working together to reduce costs and no one seems to be losing sight of what is important.

Mr. Koleszar said both Boards are serving the same community, the same taxpayers and, in the heat of the moment, it is important to not forget that fact.

Ms. Mallek said there is no replacing the human body; the machine might be nice as an accessory, but it is not a replacement. She mentioned that, at a recent town hall meeting, many people talked about the poor conditions of the Western Albemarle track, noting that it is so run down they have not been able to have a home track meet there in two years. She said she is glad that this project is on the list and she said she will be following its progress.

Mr. Benson responded that the track at Western has been patched for this spring and is scheduled to be replaced next year.

Mr. Boyd asked if this project was in the CIP, and Mr. Benson indicated that it was.

Mr. Foley said that item is included in the maintenance funds that are provided at an adequate level going forward. He mentioned that the Schools have this item on their agenda for adoption tomorrow night and that both boards are working on the same timeframe to adopt that.

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**At 10:26 a.m., the Board took a recess and reconvened at 10:41 a.m.**

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Mr. Letteri presented an overview of Administration, Judicial (which was covered earlier in the week) and Public Works Departments, which collectively totals about \$19 million in the operating budget. He reported that Administration includes the County Executive's Office, County Attorney's Office, Finance Department, Office of Management and Budget, Information Technology, and Human Resources. Mr. Letteri noted that this category also includes the Board of Supervisors operations and Voter Registration, which collectively accounts for \$10.6 million of the total. He said that staff is proposing an increase of

\$198,000 or 1.9% over FY10-11. Mr. Letteri emphasized that these departments have been striving to hold the line on expenses across the board, almost uniformly, and most of the categories reflect a decrease over last year's budget, with minor increases only in the Office of Management and Budget (OMB) and the Finance Department, primarily due to repositioning and reallocations, as well as the hiring of a staff person to better collect county revenues. He said much of what is in the Administration category is about repositioning reallocations to ensure an efficient and effective operation of the County's core services and, in part, to address staff shortages in the Finance Department that were identified in the Resource Utilization Study and, even more recently, in this year's audit.

Mr. Letteri reported that the Board of Supervisors category is recommended to have a \$5,133 or .9% decrease in FY11-12, reflecting a \$7,000 increase for security services in connection with board meetings.

Mr. Foley clarified that the security services initiative is in response to Board members asking staff to plan for a higher level of security at board meetings.

Mr. Snow asked if there were emergency response buttons installed in the Auditorium.

Ms. Hoy indicated that there is an emergency response button near the Clerk's desk and, when pushed, a call does go out to the Police Department.

Mr. Foley said it will be up to the Board as to what level of security makes them most comfortable.

Mr. Rooker suggested that not every meeting would require security personnel in attendance; however, there are some more contentious topics that might necessitate their presence.

Mr. Foley mentioned that staff surveyed other localities, and learned that it was typical for them to have some type of security coverage during Board of Supervisors meetings.

Ms. Mallek said the concerns that she has heard relates to the citizenry as a whole, as people do not want potential safety issues discouraging attendance and/or participation.

Mr. Rooker stated that, in the past, there have Board members who have been concerned about safety, and several of them have carried concealed weapons during meetings. He added that there may be certain meetings where it might be wise to have some security in the audience.

Mr. Foley commented that the amount in this budget would allow for coverage at all Board meetings.

Mr. Rooker asked if it might make better sense to have the Chair determine which meetings should have security in attendance. He said he wasn't sure about the need to have security all of the day meetings but, for evening meetings when public hearings are scheduled, it might make more sense. He added that tonight's meeting is a good example where security might be necessary because people were very emotional about the winery noise issue. He said, if there is adequate funding, and if the Chair identifies only those meetings where security is needed, the cost could end up being a lot less than the \$7,000 requested.

Mr. Rooker asked about the decrease in expenditures for minute preparation.

Mr. Letteri and Mr. Foley indicated that there had been a significant backlog in the transcription of Board minutes, but those have now been caught up.

Mr. Letteri said the Board of Supervisors functional area also includes the County's membership in the Virginia Municipal League (VML), the Virginia Association of Counties (VACo), the Thomas Jefferson Partnership for Economic Development (TJPED), and continues membership with the Charlottesville Regional Chamber of Commerce.

Mr. Letteri noted that there were also some changes made in the fee structure in Community Development which has allowed for recovery of some public notice costs and, when added to the other decrease this budget, is reflecting an overall decrease of \$12,000 or 2.1%.

Mr. Letteri reported that the FY 11/12 budget reflects some significant changes in the County Executive's Office, resulting in an overall decrease of \$112,794 or over 10%, due primarily to reallocations that will focus on core services. Mr. Letteri pointed out that Ms. Lori Allshouse's position has been reallocated to the Office of Management and Budget (OMB), where she will assume the position of Director of Budget and Performance Management. He said that Mr. Steve Allshouse, Coordinator of Research and Analysis, was reallocated to the Department of Finance, and his focus will be on revenue projections as well as research and analysis.

Mr. Letteri reported that the budget reflects an increase and emphasis in the area of economic development. Ms. Lee Catlin's position of Community Relations Director has been retitled to Assistant to the County Executive for Community and Business Partnerships, and she will continue to work in community and media relations but would also assume a leadership role in economic development efforts. He said that Ms. Susan Stimart would also move from the Community Development Department into Ms. Catlin's department, assuming the title of Economic Development Facilitator. Mr. Letteri noted that an additional \$20,000 has been allocated to Ms. Catlin's department to help facilitate various business meetings.

Mr. Rooker mentioned that Albemarle Place is being renamed The Shops at Stonefield, and would be breaking ground in the spring, a culmination of almost ten years work that included changes in ownership, and changes in the economy. He reported that the development firm, Edens & Avant, is now going forward with that project and reports and they are anticipating 722 new jobs in the retail and hotel management sector in addition to 1,700 new construction jobs over the life of this project. Mr. Rooker said he is unsure when the doors will open, however, the site work and road improvements would begin simultaneously with the work on the site itself. He stated that this is the first large-scale Neighborhood Model development approved in the County.

Mr. Boyd noted that he, Mr. Thomas, and Ms. Mallek attended the Kohl's grand opening this morning and the developer of that project, Mr. Wendell Wood, indicated that his leases in that shopping center had picked up. Mr. Boyd said he is hopeful this is a good indicator that the economy is beginning to pick up.

Mr. Rooker commented on an article he read recently that said several sectors of the economy, particularly manufacturing, are beginning to show positive signs. He said there are sectors, like the municipal sector and the residential housing market, which are still down.

Mr. Letteri reported that most of the Human Resources (HR) operations are funded through the School's budget, stating that this component of the budget funds Local Government's respective share of the HR operation and accounts for approximately \$421,000 of the budget. The other element of HR's budget, he said, includes two FTEs that focus on organizational development and training for Local Government employees. Mr. Letteri said that, overall, the HR Department is projecting a decrease of \$10,576 or 1.6%, largely due to the reduced transfer request from Schools, and is tied to the expected salary level of the new HR Director, once that position is filled.

Mr. Letteri stated that there is virtually no change in the operational budget for the County Attorney's Office, reflecting a minor decrease of one tenth of 1%. He reminded the Board about some thematic changes that are affecting all departments, and they include a 1% increase in salaries and decreases in some of the insurance costs which account for some of the small changes in some of the departments.

With regard to the Finance Department, Mr. Letteri said staff is expecting an increase in that budget of \$133,025 or 3.3% due to staffing reallocations to the department. As noted earlier, he said staffing shortages were identified as a concern in the Resource Utilization Study and in the annual audit. To address these concerns, Mr. Letteri noted that Mr. Steve Allshouse, Coordinator of Research and Analysis, has been reallocated from the County Executive's Office to the Finance Department. Mr. Allshouse will be focusing on revenue projections, which will be a significant portion of what he will do in addition to the economic analysis. He stated that Mr. Allshouse will bring a real skill set to this function and enhance the County's abilities in the area of revenue projections. This was a function that represented a large portion of what Mr. Robert Walters did previously. Mr. Walters will begin training and working with Mr. Allshouse and this will allow Mr. Walters to devote more of his time toward the area of improving revenue collection and business audits.

Mr. Foley explained that half of Mr. Walters' time is currently spent working on revenue projections and, with this change, he can now spend more of his time and attention on the collection of revenues. Having Mr. Allshouse transitioning into revenue projecting will also help meet the County's succession management goals.

Mr. Rooker pointed out that revenues collected are actually more important than revenues projected.

Mr. Letteri reported that Finance Department's budget recommends unfreezing an Account Clerk Senior position within available funds in the overall Administration category. This proposal is in response to what was identified in the Utilization Study and the audit. He said there are a number of division managers within the Finance Department that, if they are out of the office for an extended period of time, forces a drop back in some functions that must happen routinely, and this shift will allow for those functions to continue uninterrupted.

Mr. Rooker said he and Mr. Dorrier served on the Audit Committee and said the independent auditor pointed out that it was his opinion that the County is understaffed in that area and recognized that there were some reconciliations that were not up to date, which could pose a risk especially when continued over an extended period of time. He said both he and Mr. Dorrier were very supportive of something being done in that area.

Mr. Dorrier commented that Albemarle has always been a County that is on top of its finances, and he would like to see that record continued.

Mr. Letteri reported that another strategy in this plan has the Housing Director overseeing the area of grants management to include overseeing the Grants Committee, helping to draft grant policies and assist in monitoring grant funds, and compliance areas, which will relieve one of the division managers in Finance of that function.

Mr. Foley noted that the County is in the process of hiring a new Finance Director and has had to go back out again in that recruiting process. As a part of that effort, he said staff would use that opportunity to strategize about getting the best person for the job and shoring up this core service.

Mr. Letteri stated that Ms. Allshouse would be transferred into the Office of Management and Budget (OMB) to oversee that department, with a budget increase of \$115,000 or 66.5% over last year's budget. He added that the OMB office is being separated out of Finance, and this action will allow OMB staff to focus on that department's needs and to continue to monitor performance management organizationally.

Mr. Letteri reported that the Information Technology (IT) Department decreases about two-tenths of 1%, and includes an increase of \$10,000 for an additional internet connection at the COB-5<sup>th</sup> Street location. This additional internet connection will improve and ensure continued connectivity for emergency operations in the event of a major power outage or weather event. Mr. Letteri pointed out that the cost is more than offset by decreases in overtime wages and data processing supplies within this department. He noted that there have been some creative and innovative efforts in the IT Department to keep costs down, including the leveraging of a National Science Foundation grant that allowed staff to use more than 12 interns from PVCC that assisted with routine programming and IT operations. These interns enabled the Director to avoid significant overtime costs. Mr. Letteri said he is hopeful to have at least part of that program available to the County next year as well.

Mr. Letteri said the last category he wanted to report on is Voter Registration and Elections, which proposes an increase of \$85,000 and is largely driven by external factors and mandates, including postal service increases for one-time mailing costs associated with new voter cards related to the recent redistricting and to replace some of the older cards that used social security numbers on them. Mr. Letteri said that all materials mailed out for elections will now have to pay the standard first-class rate instead of the bulk mail rate. He also reported that the budget also includes a \$25,000 reserve for primaries, which may include potential primaries in August and September for redistricting, a dual presidency primary in February and March 2012 and a U.S. House/Senate primary in June 2012.

Mr. Rooker and Mr. Boyd noted that there is not much money set aside for these primaries.

Mr. Foley explained that, in the past, staff has not included any funds in the operating budget for primaries but has instead come back to the Board each time with such requests. Because this seems to occur every year, he said staff has built a portion of those costs into the budget proposal.

Mr. Letteri said, in terms of key messages on the Administrative category, most of what is reported in this recommended budget involves repositioning reallocation changes between the departments of Administration. He said staff has continued to look for and implement efficiencies throughout all the departments and incorporate innovations where possible. It does, in this particular budget, shore up the critical operations, particularly in Finance and OMB, that are really required going forward. Lastly, he said staff has proposed addressing required mandates associated with Voter Registration.

Mr. Letteri reported that the Public Works category includes General Services, the Office of Facilities Development (OFD), as well as the County's contribution to the Rivanna Solid Waste Authority (RSWA), and totals \$4.4 million. Overall, this area is projecting a decrease of \$114,000 or 2.5% in FY10-11. He said that the overall change in General Services is \$17,631 or six-tenths of 1% and their budget proposes filling a three-quarter time position, Office Associate II, utilizing funds for temporary services to keep the front desk operation going. Mr. Letteri added that this position will also be partially funded through savings realized in proposed changes in fleet management, stating that the new employee would more closely manage the pool of vehicles. He said that the Public Works budget reflects a decrease of \$45,000 in solid waste recycling operations. He added that what remains are funds to support recycling initiatives and post-closure activity associated with the Keene Landfill site.

Mr. Letteri reported that the budget reflects minor increases associated with the completion of various capital projects that have an impact on General Services and their maintenance functions, including grounds maintenance for Hillsdale Drive and Crozet Avenue, and storm water retention ponds and maintenance for the recently installed generator. He also said that the budget includes a \$54,000 increase to reflect utility rate increases and includes continued membership in the International Council for Local Environmental Initiatives (ICLEI). Mr. Letteri stated that, in 2007, the Board initiated a Cool Counties Climate Stabilization Program, which states, among other things, that the County will create an inventory of county government greenhouse gas emissions and, overall, tries to reduce levels by 80% by the year 2050. He noted that ICLEI is one of a number of organizations that provides services to help the County achieve those goals through software, technical assistance, networking opportunities among other jurisdictions, assistance to technical and greenhouse gas emissions inventory information, data collection forms, and inventory reporting, etc. Mr. Letteri said that this software could be obtained from the Virginia Association of Counties (VACo) at no cost, but the training sessions and networking opportunities through ICLEI would no longer be available.

Ms. Mallek emphasized that the ICLEI has also provided early-access information on grant opportunities for the County that have provided building improvements which resulted in savings as well.

Mr. Letteri said the important issue is to be able to calculate and monitor those reductions and that is the software function. He stated that the County could acquire that software if necessary; however, it is the technical support that goes along with that software that is the issue. He pointed out that it is not a large amount of money but if the Board feels they wanted to move away from ICLEI, staff can certainly do so.

Mr. Boyd stated that some of the concerns he is hearing from the public is that ICLEI has an agenda that is based on forcing the public to be energy efficient. He stated that he does not believe this is something the County should be regulating.

Ms. Mallek said that she has participated in a number of webinars that ICLEI has hosted, and she has never heard anything mentioned about regulations.

Mr. Rooker said there is a massive misinformation campaign being generated which is stating that joining with 1,200 other localities to reduce energy use and pollution in our communities is somehow an effort to create a "one world" government. He gave an example of Agenda 21 which states that the country is working together to cure disease, reduce poverty, reduce infant mortality, etc., and that is what foreign aid has gone toward for years. By simply saying that all counties should agree to do those things does not necessarily make a "one world" government. Whether or not a person believes in global warming, energy efficiency is smart from a dollars and cents standpoint, and reducing pollution is helpful in protecting the health of citizens. Mr. Rooker said he felt those are important things to focus on and noted that there has been criticism of the County's participation in LEAP, which is at no cost to the County. He pointed out that Dominion Virginia Power has recognized this community as one of the most environmentally sensitive communities in the state.

Mr. Rooker said turning these kinds of statements into some kind of conspiracy is absolutely ridiculous. He added that the County needs to do what makes sense for the community, whether it's being a member of ICLEI or not. Mr. Rooker said, for a modest cost, ICLEI provides the County with access to software which has been helpful in evaluating the County's energy usage. Mr. Rooker added that Schools realized a savings of \$400,000 last year, and the local government side has saved several hundred thousand dollars in energy savings as well.

Mr. Boyd said he did not believe the County needs to sign on to any kind of national or international organization in order to conserve energy. He pointed out that energy savings is just common sense and that is why he agreed to the Cool Counties program. He asked, if ICLEI is such a great program, why are there so few Virginia counties belonging to it.

Mr. Rooker responded that the larger counties in Virginia all belong, noting all of Northern Virginia Counties, Harrisonburg, Lexington, Loudoun, Lynchburg, Norfolk, Richmond, Roanoke County, Roanoke City, Staunton, Blacksburg.

Mr. Boyd said he does not oppose anything that the County has done, adding that he wasn't sure why the County needed to pay ICLEI to tell the County how to act environmentally sound. He stated that he felt ICLEI has other agendas.

Mr. Rooker said that ICLEI helped the County focus on setting some targets to get some of these things done. He mentioned that ICLEI provides the ability to contact other communities within their network and that focus has resulted in cost savings.

Mr. Boyd said he would like to see the numbers. He said the County already has a full time person who works on environmental issues and felt that the allocation of that cost should be included because that is why that position was created. He said the County initiated that effort before it joined Cool Counties stating that the idea was to bring that kind of expertise to the County which would allow staff to move forward. Now, if staff wants to swap out that position and keep ICLEI, then it makes sense to do it and would probably be a lot cheaper to do it that way.

Mr. Foley said that position is focused primarily on the County's Environmental Management System, which is the policy that was adopted by the Board.

Mr. Snow stated that he does not see why the ICLEI relationship is necessary, given that there is a staff person working on grants and given the fact that the software is available from VACo at no cost.

Mr. Rooker said the question is whether the cost of membership is worth \$1,200 or not. He explained that membership in ICLEI gives the County access to two Virginia network meetings per year held in association with VML, the ability for county staff to meet with other communities in the network, to obtain assistance and support for energy efficient initiatives, and provides the County access to technical assistance on greenhouse gas emissions inventory (data collection) which is separate from the software. He added that the County has had three interns who have assisted the County with sustainability efforts, and they have received technical training and assistance from ICLEI's Local Governments for Sustainability which has helped the County save money and reduce pollution. The County is given access to pertinent subject matter and expertise so that staff can obtain examples of policies, programs and ordinances, resolutions, and software used by local governments. He said ICLEI operates much like VACO. It is a network of 1,200 counties and cities in the country, a network that allows the County to exchange information, provide training, etc. Mr. Rooker asked Mr. George Shadman to speak to the value of the membership in ICLEI.

Mr. Shadman stated that, in the fall of 2007, he and other staff began researching how to manage the County within the Cool Counties initiative, and ICLEI, at that time, provided the best tool for their toolbox. He added that membership in ICLEI has been very beneficial because it is an effort that also ties in with the City and the University of Virginia. He said the per month charge of \$100 for software support allows staff to access technical support and keep the County's information current. Mr. Shadman said that the \$500,000 block grant that was awarded to Albemarle County from the Department of Energy allowed the County to purchase another software program which tracks utilities. That particular software

costs \$12,000. He said their first bill for that particular software support totaled \$2,000; so \$100 per month for ICLEI is pretty reasonable. He added that the County is looking at this effort as being fiscally responsible in helping the County meet the Board's directive in Cool Counties.

Mr. Snow asked him if he still thought it was a good deal.

Mr. Shadman replied that, for what the County is getting, it is a good deal.

Mr. Boyd asked about other tracking software that the County is using.

Mr. Andy Lowe responded the other software program is used strictly for tracking utility usage, i.e., electrical and gas usage, and for forecasting cost avoidance. He said that this software works well with Portfolio Manager, which is an EPA Energy Star program, and the ICLEI software specifically helps local governments do a community-wide inventory of greenhouse gases. Mr. Lowe emphasized that community-wide tracking covers the entire scope of Albemarle County, as most greenhouse gases come from transportation, with municipal government only generating 5% of greenhouse gases through its buildings and fleet management. He added that fifty percent of greenhouse gases come from businesses and residents, a result of the transporting of goods and services and people moving through the community.

Mr. Boyd asked why local government would want to control that or have any interest in that.

Mr. Lowe replied that the software is simply a means of monitoring inventory levels and provides staff and citizens with information relative to that.

Mr. Boyd said those types of programs have been in existence for years and commented that he does not view this as a core service of local government. He said the County does not need an international organization telling it what to do, adding that tracking that type of information should not be a core municipal government responsibility.

Ms. Mallek said the \$1,200 is a very small investment to help local government and citizens save money in energy consumption, and felt it didn't get more core than that. She added it is a financial gain for the County to monitor, and people do have the choice to participate or not. She added that citizens would be pretty angry at local government for turning its back on the savings that the County is receiving. She reminded the Board that Dominion Virginia Power, at the time of their last rate increase, said this was just the first phase and there were many more increases coming over the next ten years in their electric costs; so the Board needs to do its job. This is a means to an end and it helps the County get, for the least amount of staff time, the information needed to make a good decision on these many issues instead of doing nothing.

Mr. Rooker pointed out that there is now an air quality monitor here, which was a decision made by the EPA, and that has an impact on transportation decisions, which imposes a cost onto those transportation projects. Having some idea of what the greenhouse gases are and identifying methods of trying to work with the community. He emphasized that having the same software as the City and UVA enables the County to work together as a community to deal with some of those issues.

Mr. Foley said that the County would continue with its energy efficiency initiatives in an effort to reach the goal established through Cool Counties, which is an 80% reduction community-wide in emissions.

Mr. Boyd said that there is some science that says that goal is unachievable.

Mr. Rooker said that having a goal to reduce pollution is probably a good idea.

Mr. Foley said that, in order for the County to pursue the 80% reduction as agreed upon, it must track what is going on in the community and the software is an integral part of that process. He said this is why the software assistance is important.

Mr. Boyd said that he thought Cool Counties only related to internal government usage, not the community as a whole and said he wouldn't have voted for it otherwise.

Ms. Mallek commented that all this does is offer information to citizens and business owners which she felt was a wonderful thing.

Mr. Rooker stated that if Mr. Boyd wants to make a motion to undo the resolution to reduce the 80% goal, he could certainly do that.

Mr. Boyd responded that he would make a motion to withdraw from the ICLEI organization.

Ms. Mallek said that this would make the baseline tracking go away, and Mr. Rooker noted that the County would not have access to the same information as the City and the University.

Mr. Lowe mentioned that the \$1,200 fee allows UVA interns to use that software and get up to speed quickly, which ultimately pays for itself as a membership benefit. He stated that the County would end up using old software, whereas other localities would receive technology upgrades.

Mr. Snow stated that the question is not about \$1,200, but whether an international organization is manipulating decisions made locally.

Mr. Rooker and Ms. Mallek said that they have seen no evidence of that.

Mr. Foley said that the City and the University are already looking at ways to help achieve the 80%, and that effort is going to come to the Planning & Coordination Council (PACC) through the Climate Action Team, which ICLEI is helping to track. He added the County makes decisions locally how the County is going to pursue that.

Ms. Mallek explained that the Local Climate Action Planning Process (LCAPP) is advisory in nature only, and can provide the Board with a wide range of information for it to think about and decide if the County is interested in pursuing. She added that this process is not about making decisions, and should be viewed as simply another source of information at the Board's disposal.

Mr. Rooker said all of the LCAPP meetings and discussions include only local people. No one from outside the County is scheduled to participate in those meetings.

Mr. Boyd asked if anyone from ICLEI has met with county officials in an advisory capacity or if that organization has sent any type of specific information.

Mr. Lowe reiterated that ICLEI's role is solely to provide software and technical support in helping the County gather baseline inventory and pointed out that there are a number of universities and businesses that utilize this information as one method of monitoring.

Mr. Rooker said universities and businesses utilize the software because the information and technical tools are good and useful and are recognized as a standard. He said he is not interested in making a political statement but said the question is whether or not, based on what staff has said, is what ICLEI provides the County worth \$100 a month and, in his opinion, he believes it is.

Ms. Mallek agreed with Mr. Rooker's statement.

Mr. Boyd asked if the County has to be a member of ICLEI in order to receive that benefit. He reiterated that he is still in favor of dropping out of ICLEI.

Mr. Letteri reported that, under the Public Works category, the County's contributions to the Rivanna Solid Waste Authority (RSWA) will continue as in the past and this represents the County's share of non-sustaining costs including such things as the McIntire Recycling Center operation, about \$350,000 per year, and remains unchanged. He said the category of Facilities Development (OFD) represents a proposed decrease of \$132,000 due largely to the reduction in overall staffing by one position, the elimination of the Director position. He said the remaining seven positions are funded directly through the capital fund. Like Human Resources and Finance, Mr. Letteri said, OFD provides services for both Local Government and Schools. The office is staying ahead of a lot of the County's strategic planning and negotiations related to capital programs. Of special note, Mr. Letteri said OFD has provided leadership in the area of the Ivy Fire Station by securing land at a savings of at least \$2 million. OFD has also worked to secure land for the Pantops Fire Station. He stated that the OFD Department also works in securing special grants and has recently learned that the County was awarded a \$2 million loan for the Greer Elementary School, which is part of the stimulus money made available to the state through the American Recovery and Re-investment Act (ARRA). On that particular project, \$2 million of the total cost will be financed at 0% interest rate. What needs to be determined is the length of time that the County has to pay those funds back. Preliminary calculations estimate that this grant will save the County approximately \$850,000 in interest costs. Mr. Letteri said that the loan would essentially be paid off in 14-16 years instead of usual 20 years. Mr. Letteri reported that much of what is happening in Public Works is about repositioning and reallocations, incorporating considerable efficiencies and innovations. The work being done in the fleet maintenance program and management of that fleet will make a big difference in holding the line on various expenditures. He pointed out that the County will most likely experience increases in fuel and utility costs, which have been incorporated into these budgets and throughout General Services and Facilities Development. He said staff will continue to be good environmental stewards and continue to closely monitor the execution of the capital projects as well as the operation of county facilities.

Mr. Dorrier reported that Buckingham County will be making a contribution to the maintenance and preservation of the Hatton Ferry. As part of the County's tourism efforts, he suggested Albemarle County make a contribution of \$5,000 toward that effort as well.

Ms. Mallek suggested Mr. Dorrier's request be added to the list for consideration under the Convention and Visitors Bureau request.

Mr. Snow commented that, when traveling to Vermont last summer, he and his wife sought out covered bridges, and along those same lines, the Hatton Ferry should be kept running.

Mr. Rooker said that he would be in favor of making a contribution to the Historical Society for this purpose.

Mr. Davis pointed out that the ferry is not operated by the Historical Society but by a non-profit which was created by the Historical Society whose sole purpose is to operate the ferry. He stated that one of the stipulations in the agreement that transferred that property from VDOT to the Historical Society via the County was that the County would not fund the ferry. Mr. Davis said there was a clear majority on the

Board at that time to allow the ferry to operate by a non-profit with the stipulation that there would be no financial support from the County.

Ms. Mallek stated that she would like to know what the ferry fundraising efforts have achieved, and Mr. Dorrier said that he has asked the Historical Society to provide additional information on that.

Mr. Foley agreed to distribute that information, and confirmed that the issue for the Board list is a one-time contribution.

Ms. Mallek added that it will be important to understand what the ferry's plan is for continuation, what their budget is, how much money has been raised and what else is planned regarding management of parking and any other issues related to the ferry itself.

Mr. Rooker said the Board made it clear that the County would not be involved in the operations because of liability issues. He felt that the Town of Scottsville would most likely reap some benefit from tourism and stated that the parking problems indicate that more people are visiting the ferry.

Mr. Thomas asked if the land was owned by James River Rafters.

Mr. Davis said the crossing itself is in the VDOT right of way and there is a small amount of land which allows some parking within the VDOT right of way as well, however, it may not be adequate if there is large attendance at any one time.

As a wrap up to the meeting, Mr. Foley mentioned that, at Monday's budget work session, staff would bring information to the Board on capital improvement issues and any other continuing issues that needed to be addressed. He added that the Board of Supervisors/School Board communication strategy executive summary would be presented on Monday and staff would, at that time, provide an overview on employee benefit costs, as well as a list of items for consideration that include a discussion on the library request and a one-time contribution to the Hatton Ferry. Regarding the follow-up questions that the Board had, he said staff would provide those responses by e-mail prior to the next meeting.

Ms. Mallek said she wanted to ensure that the Board held a discussion on Acquisition of Conservation Easements (ACE) during the CIP discussion. She commented that oversight of construction projects by the Office of Facilities Development is extremely important, noting that there was a significant flood incident recently in Crozet next to the new library street where water was pouring into a neighboring business. She said that Mr. Trevor Henry of OFD responded quickly and contacted the project manager who promptly took care of the situation.

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Agenda Item No. 3. From the Board: Matters Not Listed on the Agenda.

Mr. Rooker mentioned that the Albemarle Place/Stonefield project has been awarded to Falconer Construction, a local business.

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Ms. Mallek mentioned that R. E. Lee Construction was awarded the bid for the Lewis & Clark Exploratory Center, another local company.

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Agenda Item No. 4. Adjourn.

With no further business to come before the Board, the Board adjourned its meeting at 12:02 p.m.

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Chairman

Approved by Board
Date: 12/01/2011
Initials: EWJ