An adjourned meeting of the Board of Supervisors of Albemarle County, Virginia, was held on March 14, 2011, at 9:03 a.m., Room 241, Second Floor, County Office Building, McIntire Road, Charlottesville, Virginia. This meeting was adjourned from March 9, 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, and Senior Deputy Clerk, Meagan Hoy.

Agenda Item No. 1. The meeting was called to order at 9:03 a.m., by the Chair, Ms. Mallek.

NonAgenda. Moment of Silence in Recognition of the tsunami disaster in Japan

Mr. Thomas asked for a moment of silence to recognizing the people of Japan after the tsunami and earthquake.

Agenda Item No. 2. Approval of Joint Local Government/School Division Budget Communication Strategy.

Mr. Foley asked for approval of the Joint Local government/School Division Budget Communication Strategy, and asked Board members to decide by the end of this meeting who was planning to attend the IMPACT meeting, to be held at University Hall, on March 28 at 6:30 p.m.

Mr. Foley said that this is a follow-up to the joint retreat the Board had with the School Board, where they expressed a desire to improve joint communications and establish an impartial clearing house of agreed upon facts. He stated that the heart of this is to establish some guiding principles and document things that are already underway, noting that Ms. Catlin and Ms. Allshouse worked very closely with the Superintendent’s office on the proposed strategy.

Motion was offered by Mr. Rooker to approve the Joint Communication Strategy. Ms. Mallek **seconded** the motion. Roll was called and the motion carried by the following recorded vote:

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

Mr. Boyd asked what action was taken when this was discussed in March 2010 and this executive summary was done.

Mr. Rooker responded that the boards were looking at putting something like this in place but it was not formally drafted.

Ms. Mallek noted that she has heard positive things at all of her town hall meetings about how much more amicably things have been done this year.

Mr. Boyd mentioned that he was confused because the document was dated 2010, and he was not sure if he had seen it before.

Agenda Item No. 3. **Work Session:** FY 2011/2012 Operating and Capital Budgets.

Mr. Foley stated that if the Board did not complete its discussions today, there would be another work session on March 15, but if they are able to get far enough along the budget would be advertised for public hearing.

Item No. 3a. Capital Improvements Program.

Mr. Bill Letteri, Assistant County Executive, addressed the Board and presented the FY11-12 CIP budget, noting that they had seen the plan in the joint work session held in January with the School Board. He said that only minor adjustments have been made and the purpose today is to present the County Executive’s recommended CIP. Mr. Letteri thanked staff members for their involvement in the process, especially Lindsay Harris and Pam Shifflett, and Trevor Henry who oversaw the Technical Review Team. He said that he would be presenting both the five-year capital plan and the annual budget, explaining the process for review with the TRT, Commission, and Board.

Mr. Letteri explained that revenue transfers are based on a fixed tax rate of 74.2 cents and a number of changes in assumptions related to borrowing reflect fluctuation in borrowing rates. Staff feels that a 4% rate this fall is reasonable, with movement to 5% in future years. He stated that another major change had to do with amortization of apparatus, as it used to be seven years, but in polling other jurisdictions ten years seemed to be more reasonable and common. Mr. Letteri reported that there was a \$2 million excess transfer from FY10 that was included in the fund balance, and \$500,000 would be dedicated from future operating surpluses in the first four years, increasing to \$1 million in the fifth year.

Ms. Mallek asked about the operating surplus at the end of FY10.

Ms. Allshouse responded that $2 million was moved over to the CIP, but said she was not certain what the entire fund balance was.

Mr. Rooker noted that if there were surpluses, they could be moved over.

Mr. Foley explained that there is a formula followed to ensure the County meets its financial policies, including shoring up the fund balance before a transfer is made to capital.

Mr. Boyd asked what is done with surpluses from projects that come in under bid.

Mr. Letteri responded that those funds would go into the capital fund balance for other projects.

Ms. Mallek noted that the Ivy Fire Station was funded primarily from these leftover funds.

Mr. Letteri explained that most of the transfer currently goes to debt service, which a much smaller amount going toward new projects. He noted that the net amount is slowly climbing to a larger number, and confirmed for Mr. Boyd that this is all based on projections.

Mr. Letteri presented information on the volume of capital projects over the previous five-year period, stating that at one point the County was doing about $230 million in projects with $50 million done last year. He said that the amount is moving up to about $75 million now. Mr. Letteri said that the goal is to fund all maintenance items in cash to the extent possible, and proffer expenditures are incorporated to match proffer revenues. He commented that the County forecasts an increase in proffer revenue over the CIP period, but that is not included until it actually has a match. Mr. Letteri reported that the Ivy Fire Station is now in the plan and is based on liquidations of prior fund balance projects.

Mr. Boyd asked if staff has done a projection of the five-year CIP volume comparison for the next five years.

Mr. Letteri responded that they have not because until a needs assessment period is considered it is hard to predict what that cycle would look like.

Ms. Mallek commented that it would be pretty flat as the County is not really allowing itself to do any new projects.

Mr. Foley clarified that that would just be the total projected expenditure in the CIP going out.

Ms. Allshouse stated that it is about $75 million over the five-year period.

Mr. Letteri presented information on revenues including prior-year surpluses, interest earnings, proffers, etc., and loan activity to support projects.

Mr. Rooker asked if there are specific projects to which these loan proceeds would be applied, and Mr. Letteri said that there are.

Mr. Letteri said that the fund balance forward, for total available revenues for projects, represents the total for local government and schools, $75 million over the five-year period, concluding the term with at least a $2 million fund balance.

Mr. Rooker pointed out that the County is using up about $10 million of the fund balance to implement part of the capital plan over the next five years.

Mr. Letteri confirmed this, adding that current revenues, the net after paying debt service plus other revenues, are $12 million, but there is $18 million in projects being done.

Mr. Rooker commented that by 2016 the County is out of fund balance to use.

Mr. Foley stated that there is a goal to maintain at least $2 million, so by the fifth year the CIP is put together to ensure this.

Mr. Letteri mentioned that the CIP fund balance of $18 million is substantially less than the $50 or $60 million of just a few years ago, which represents the backlog of projects that have yet to be fully executed.

Mr. Foley added that the balance transfer to CIP after paying debt service is a minimal amount compared to what has been there before.

Mr. Boyd said that the last time the Board looked at this, he recalled that this would be under $2 million.

Mr. Letteri responded that it was right under $2 million, and there has been a very slight adjustment.

Mr. Letteri presented information of how capital funds are being utilized over the five-year period, with half going to schools and half going to local government. Public safety and public works are the main categories there.

Mr. Letteri stated that this plan does a good job in maintaining existing facilities and does fund required mandates and obligations for things such as landfill remediation, joint municipal obligations with the City and University, leases, and voting machine replacements.

Mr. Boyd asked about the potential for significant court expenditures.

Mr. Letteri explained that what is included here is just the joint obligation with the City for J&DR Court, but does not address the major court renovation projects that are likely in the future.

Mr. Letteri reported that the plan continues to support technology systems, equipment replacement, and apparatus programs for both volunteer and career fire and rescue. He said that it provides funding for the Ivy Fire Station and Greer Phase II project, with a fund balance left that stays in accordance with goals and requirements.

Mr. Letteri said that the CIP Oversight Committee had recommendations regarding apparatus, as they feel it is imperative to adhere to the procurement policy and ask that the committee carefully reviews criteria for replacement such as mileage, actual condition of equipment, and possibility of rotation with other units.

Mr. Boyd commented that he thought the next step was to put some dollar figures toward that.

Mr. Foley responded that Chief Eggleston is working on that now and it would be done collaboratively within the system, adding that the stations want to maintain some sense of individuality while being part of the larger system. It is not a black and white thing, and staff is not going to approach it as a black and white thing. There are some potential ways to move that forward without it becoming a major one-size-fits-all approach to things.

Mr. Letteri stated that another idea discussed with the committee was consolidating maintenance categories of the CIP into one category that rises to the top, adding that maintaining existing infrastructure is the priority, and this approach might be a good way to focus on overall maintenance while working toward a consistent amount of funding each year for maintenance that reflects square footage and number of buildings maintained.

Mr. Boyd commented that things get thrown into maintenance in the schools, for example, that are not really maintenance and are more in the category of renovation.

Mr. Letteri responded that the committee has discussed this also and the definitions of “maintenance” and “capital project” may need to be revisited, and may ultimately revolve around a threshold value of a project. He said that it is sometimes tricky to categorize, as schools have 27 gym floors and they see it as rotational maintenance and not a capital project.

Mr. Letteri presented information on the collection of projects included in the capital budget, adding that the Board has seen all of them before. He said that there is new software going into administration known as “CAMA” that is being installed for appraisals, and indicated that there is funding available to replace some voting machines in accordance with the mandate for that. Mr. Letteri reported that there are maintenance funds for various court facilities but no major renovation, and confirmed for Ms. Mallek that the $16,000 for the Old Jail is waiting for the study response and final resolution from the Historical Society.

Mr. Letteri said that the mobile data computers program and patrol video cameras would continue, and said the County is moving forward with replacement of the old Motorola ECC cad system, which is no longer supported by the company and is a joint project with the City and the University. He noted the various fire and rescue apparatus replacements listed, and the inclusion of the Ivy Fire Station.

Mr. Boyd asked if that was just for the building or for equipment within the building.

Ms. Mallek said that she has some questions about the County’s investment in the building, since the lease is just $1 per year.

Mr. Letteri explained that there is a 20-year lease, but the University could ask the County to terminate it after 15 years at which point the County would recover its investment based on a 30-year amortization. He said that they would do their best to keep those costs down, but one major expense is the relocation of the existing loading dock as a major warehouse is accessed there and there may be a considerable amount of site work needed. Mr. Letteri indicated that there is one year to work with the University to try to keep those costs down.

Mr. Rooker pointed out that the County is paying nothing for that land, compared to trying to acquire that in the growth area with adequate land and proper access.

Mr. Letteri noted that the City’s budget for the Fontaine Fire Station is a little over $7 million, and some of the $2 million includes adding pavement to support the trucks.

Mr. Boyd said that the concern Ms. Mallek was expressing relates to the flack from the public over the Hollymead and Monticello stations at $5.5 million each.

Mr. Foley stated that staff would provide a breakdown of the major expenditures.

Mr. Rooker noted that the Hollymead station is no palace on the inside, but on the outside had to meet architectural review standards of the University and the research park.

Mr. Letteri reported that in the area of public works, the CIP continues various maintenance programs on existing facilities and begins the two-year project on the County Office Building, as well as continuing Ivy Landfill remediation costs and Moore's Creek debt service payments. He said that the County would continue its storage facility lease on Route 29 North and is bringing together schools and others to prepare for an exit strategy there or at least a reduction in the square footage requirement, including reducing the amount of paper that needs to be stored along with other creative ways to auction off desks, etc. Mr. Letteri stated that the County is moving in the direction of digitization, but there are court records that are required to be stored on paper.

Ms. Mallek noted that if there is extra space in the lower level at Crozet Library, the County could essentially pay itself for storage space.

Mr. Letteri responded that the local government portion for that storage is about 30%, with a corresponding lease payment on the school side.

Mr. Foley mentioned that there is a major record management project underway to digitize records to avoid the need for future storage of paper.

Mr. Rooker asked about the CAMA software program and what it does.

Ms. Mallek said that the Board first heard about it in the resource review when it was recommended to get rid of outdated assessment software.

Mr. Letteri read some information about CAMA, stating that it is an automated system used by the County Assessor's Office to value residential, commercial and industrial properties, to administer the land use assessment program, and to value all new construction and parcels. He said that it is also the means for keeping accurate property records of every parcel of real estate in the County.

Mr. Rooker asked if this is not computerized now.

Mr. Foley responded that Bob Willingham has the most information on that and has indicated that it allows them to do some analysis on properties across different neighborhoods so they can get a better sense of valuations. Right now, it is just a basic record-keeping system.

Mr. Boyd asked what kind of voting machines the County would be getting.

Mr. Letteri replied that he is not sure exactly what kind they would be, and there is some question as to whether they would go with touch screens. He said that Mr. Washburn felt the funds included in this CIP would be sufficient to at least get him through the critical requirements.

Mr. Davis said that some of that would be dependent on the redistricting process, if the changes can minimize the number of new precincts and equalize the districts.

Mr. Letteri reported that this CIP does not provide money for community development infrastructure such as sidewalks, roads and revenue-sharing programs. He said that the Parks & Recreation category includes just general maintenance on all County park areas, with a change made last year to put $400,000 in tourism money into park operations instead of capital. Mr. Letteri confirmed that the Pantops sidewalks are in the fund balance carried forward and are projects that are already underway.

Mr. Rooker pointed out that when this fund balance runs out there is no money to do projects with.

Mr. Letteri stated that there is a small amount of funding for Northside and Scottsville libraries, and the County is continuing its program of maintaining various servers and computer operations systems throughout the County. He added that there is no funding in this CIP for ACE, and this is the second year in a row without that funding.

Mr. Rooker said that even if money were allocated now it would be a year and a half or two years before the properties could be brought in the system.

Mr. Letteri said that the stormwater control program continues to be funded at $104,000 per year, which is down substantially from prior years but the County is still able to consider major efforts in Crozet and other areas out of accumulated funds and grants.

He reported that in the school category, the second phase of the Greer addition is funded in this program as is their $3.5 million in maintenance, which is fairly consistent, and $3 million is debt financed with $500,000 as pay as you go.

Mr. Rooker commented that the County is borrowing for maintenance.

Mr. Letteri explained that the projects being funded with the debt finance portion are those that reach a certain threshold in amount and have useful lives that are consistent with the term of the loan, such as a vehicle that gets 20 years out of it.

Mr. Foley said that in last year's CIP the County was definitely borrowing for maintenance in the out years, but this year made sure that did not happen. He stated that there may be money borrowed for HVAC replacement, not for typical maintenance. However, that does not mean that the CIP is in good shape.

Ms. Mallek asked for some detail at some point about administrative technology in the schools versus instructional technology, which is categorized separately.

Mr. Boyd asked about the specifics of the technology grant, as for years it has been a pass-through from the State.

Mr. Letteri responded that all of that technology is grant-funded directly from the State.

He stated that the FY11-12 budget includes items that are unfunded requests or concerns going forward, and the Crozet Library was considered by the Technical Review Team to be a qualifying project in the amended year cycle but was not funded.

Mr. Rooker asked what the annual debt service addition would be if it were financed.

Mr. Letteri responded that if it were a $6 million project, it would be $600,000 at 5% or less if funded at 3.5%.

Ms. Mallek said that Virginia Resources funding is 2%, and hopefully there would be a better construction estimate forthcoming soon to see how much the actual cost for the library would be. She also asked about the $2 million grant for Greer.

Mr. Letteri stated that $4 million is being borrowed and financed for 20 years, assuming a rate of 3.5% but if the $2 million was incorporated the term would be about 14-16 years, recovering about $850,000 in interest costs over the term of the loan.

Mr. Rooker said that if there was another $1.5 million in the CIP the Crozet Library could be done, and the question is whether that would be the next project on the list. He said that perhaps some money could be assigned to ACE and other projects, even if it were simply dedicated to not borrowing for longer term maintenance projects.

Mr. Rooker commented that some of what is being done here is what the Federal Government has done for years. If you can pass a budget that does not have any pain today, you do it, even though you can look up here and see that you no longer have an ACE Program. How long is the Board going to tell Crozet they have to wait for the library they were promised as part of the master planning process, forever? Because Board Members here will never allocate the money, or vote for a tax rate that includes enough money to do what was promised? He feels it is very short sighted.

He said that the only reason projects are being done today is because previous Boards allocated money that is being used now when there is no money. Mr. Rooker stated that Fluvanna is looking at some ungodly increase in their tax rate because they did exactly what Albemarle is doing now and all of a sudden they had a capital project they had to deal with and there is no fund balance there.

Mr. Rooker stated that he does not mean to be chastising anyone here, but the Board needs to consider that they are running through the fund balance and has no more money for capital. The County is spending more than it is taking in on the capital side by $6 million this year, and that is not healthy.

Mr. Foley clarified that the penny on the tax rate is split 60/40 based on the current policy on sharing revenue with the schools, and after the capital determination is made the money is taken off the top, so the Board would have to change its policy to keep that from happening.

Mr. Rooker stated that the Board has the power to say that the capital fund is being run down, and if they decided to increase the rate by one penny they have the authority to do that.

Mr. Foley said that local government has received criticism about this in the past, and if the idea is to have a policy in place to raise the rate three or four cents to get $1.5 million there will be people who will say that is not the right thing to do.

Mr. Rooker said that the Board can change the policy to get money into capital, and the 60/40 split could take place after that. What they were upset about, Mr. Rooker said, is that local government took money out of the CIP fund to pay operating expenses.

Mr. Boyd stated that the CIP balance was built up because there was significant surplus moved over from operations, but it is not accurate to say they are mortgaging future Boards.

Mr. Boyd said that when the economy picks back up again, through Albemarle Place and other developments, the policy has been to put that into capital projects.

Mr. Rooker said that he hopes Mr. Boyd is right, but the trend for several years has been depletion of that fund.

Mr. Dorrier said that projections show the rate of revenues going up over the next five years.

Mr. Rooker responded not by much.

Ms. Mallek asked how building up the tax rate to accumulate funds to do a capital project for schools is different than what Mr. Rooker is suggesting.

Mr. Boyd said that if there is some major project looming that had to be covered, hopefully the Board would plan to reduce somewhere else or increase revenues.

Ms. Mallek said it is exactly the same in her mind, as there is a small building with a safety issue and a parking disaster. She said Crozet has been waiting for a library since 1988.

Mr. Rooker stated that it was recognized that the Crozet Library would help jumpstart the entire downtown, and sometimes you have to make some public investment to expect private investment to follow. He said that making that investment will help the entire downtown area and ultimately will help create additional private revenues, adding that there is a big difference in the cost of the project now versus five years from now. He thinks the Board is being a little bit penny wise and pound foolish.

Mr. Rooker also stated that the County has eliminated revenue-sharing for transportation and other localities will get that money instead, noting that this is the first year of his ten on the Board that the County has not done transportation revenue sharing.

Ms. Mallek said that another example is the Governor's new farmland preservation money, which Albemarle will get none of, adding that the Clayton property in Crozet got $500,000 from the State when that happened.

Mr. Letteri stated that other projects that were not resubmitted this year but are likely to be resubmitted in this full-cycle review include various public safety projects, public works projects including windows in the COB, a series of community development infrastructure type projects, and the transportation revenue-sharing program.

Mr. Snow asked how much additional revenue the County received last year over what it was expecting.

Mr. Foley said that the end of the year fund balance number would have to be pulled, and that is automatically transferred to capital.

Mr. Snow said that the County's budget is fairly conservative, and that puts money into the budget each year. He stated that some new developments such as Kohl's and Stone Creek are expected to generate several million, and said from his standpoint as the economy improves there should be some growth that is faster than originally projected.

Mr. Foley responded that if the Board's strategy is to dedicate any additional revenue beyond the five-year plan solely to the capital plan, they could do that, but the five-year plan does not fund many other needs as it stands currently such as new police officers, watch list items, and school fund issues that have been identified. The Board certainly has the ability to dedicate the growth beyond our projects to capital.

Mr. Rooker said that he hopes the growth projections are right, but the five-year plan already anticipates that. He added that Kohl's will likely take some business away from Belk and Target, and that will not necessarily increase overall tax revenue.

Mr. Snow noted that it will stop some people from driving over the mountain for Kohl's there. He feels it is going to balance out and give additional revenue.

Mr. Rooker said that there will be additional revenue from any new store, but sometimes other stores go out of business. We still do not have money in there to do the Crozet Library, which was promised, and if interest rates go up to 5%, the chance of doing it four or five years from now becomes even more difficult. He added that not being able to take advantage of the revenue-sharing program is extremely imprudent.

Mr. Letteri stated that there is no revenue-sharing money going forward.

Mr. Rooker added that there is no longer a sidewalk plan, and the Pantops project was funded previously.

Mr. Snow asked where the $4 million for Greer School and $2 million for Ivy Fire Station came from.

Mr. Letteri responded that the Greer money was borrowed, and Ivy came from funds that were carried forward and liquidated.

Mr. Boyd said that the Greer addition was deemed to be more important than the Crozet Library by the Technical Review Team and Oversight Committee.

Mr. Rooker stated that libraries are not as essential as schools but certainly are a basic service people expect to get.

Mr. Boyd commented that he has heard that the Barnes Lumber Company project is getting held up with our bureaucracy and may fall through.

Ms. Mallek said that they just submitted their application in December and it is in site plan stage now.

Mr. Rooker stated that that is just anecdotal, as Mr. Boyd is really just telling a story. He said that he has met with Mr. Katurah Roell and he has never mentioned that there is some hang up.

Ms. Mallek said that they are doing their traffic study right now.

Mr. Snow asked about the prioritizing of the list.

Ms. Mallek noted that the Crozet Library is on the top of the undone list.

Mr. Foley explained that the items were previously scored, and the Board has asked for information on those critical items that would be forthcoming.

Mr. Rooker asked about the amount of revenue-sharing from VDOT for the upcoming fiscal year.

Mr. Letteri responded that he had heard it would be $1 million, but he would check with Mr. Benish.

Mr. Rooker said that not doing that is ridiculous as it is not often you can get money from another source, and you do not do it simply because you will not raise the money on your side to obtain it to apply.

Ms. Mallek commented that that would get the County most of the way to the Broomley Bridge, which is a safety concern.

Mr. Rooker added that they cannot get a fire truck across that bridge.

Mr. Boyd asked about revenue-sharing money left over from previous years.

Mr. Letteri responded that what is at stake is the degree to which Meadow Creek or Jarman's Gap reserves have used those funds, and it is truly an expectation as to whether those funds are needed.

Mr. Foley said that these specifics would be brought back to the Board in May.

Mr. Boyd said that he recalls money from Brownsville that was unspent that went back to the school system.

Mr. Rooker clarified that the school system brought back a proposal to do additional repairs at the school. He said it was questioned, and at the end of that discussion, the Board unanimously accepted the proposal because it made sense while they were in there doing that project to do some of the other things that needed to be done at that school.

Mr. Foley stated that most of those monies are borrowed VPSA funds so they could not be shifted to general government.

Mr. Letteri presented the remaining list times including Parks and Recreation projects, School Division, Human Development and the Courts project.

He concluded by stating that the County is dealing with a reduced volume in the capital fund compared to prior-year levels, but the proposed CIP does adequately address existing infrastructure in terms of maintenance and includes two capital projects. Mr. Letteri stated that the Board will adopt both the five-year plan and capital budget on April 6, with a full work session including long-term funding strategies slated for May.

Mr. Rooker asked fellow Board members if they would support a penny on the tax rate along with a policy to ensure it is allocated entirely to capital in order to do three things: have a revenue-sharing plan to match State transportation money, get the Crozet Library project started to save the County substantial money in the long run, and with what is left, consider reviving the ACE program to take advantage of matching funds from the State.

Ms. Mallek said that she would support that.

Mr. Dorrier asked what the rainy day fund would look like after this budget session.

Mr. Foley responded that the stabilization fund has an extra percent of school and general fund operating expenses, $2.6 million, and at the end of every year if more revenue comes in there is an ending year fund balance if all goes well. He said that they are projecting by next June 30 to have some additional, with some going into capital to fund what the Board just reviewed. If it gets better than what we are projecting, there could be some extra beyond that, but we are probably talking in the neighborhood of, maybe there is another million in play if things go really better than we projected. It is a difficult time to make those kinds of projections. Mr. Foley said that some recovery is expected from sales tax revenues, and this budget overall is conservative but is actually optimistic for sales tax.

Mr. Boyd said that the economy is turning around slowly and he is not in a place where he wants to increase taxes to provide for a Crozet Library.

Mr. Rooker said that it is not the Crozet Library; it is some of the leverage money available from the State. He stated that Greene County is going to get $64,000 from the State for secondary road funds, and Karen Kilby of VDOT said that in 2017 that level would remain the same. That indicates that what we are getting today is not going to improve. But the State has set aside these matching funds in the revenue-sharing program, and we are not going to be able to take advantage of that. He said that his recommendation is to take $1 million for transportation matching and $500,000 for the Crozet Library.

Mr. Boyd said that in any faltering economy, there is opportunity cost lost.

Mr. Rooker stated that it will ultimately be a cost borne by future taxpayers at a higher cost.

Mr. Boyd said when they are in a better position to finance it.

Ms. Mallek said that is a maybe.

Mr. Thomas asked if the revenue-sharing money is still there.

Mr. Rooker responded that they just passed it, and the Boards he’s served on over 10 years have never been able to take advantage of revenue-sharing money.

Mr. Thomas stated that money has not been as tight as it is now.

Mr. Rooker said that he is not suggesting hiring back the 60+ people who were let go over the past few years; he is suggesting putting money into capital. Nobody is talking about spending additional operating money.

Mr. Dorrier asked if $42 million has been cut from the budget over the past five years.

Mr. Foley confirmed that this is the case.

Mr. Dorrier said that if $42 million could be cut there was obviously some fat there.

Mr. Rooker pointed out that much of that was capital.

Mr. Foley said that capital was the largest share.

Mr. Rooker commented that you could take your class sizes up to 35 students and say you had a lot of fat there. He said that not funding police officer positions and increasing class sizes in schools and saving money by doing that does not necessarily mean that you had fat. It does mean that you have decided you are going to provide a different service level, and that is a decision you can make, and you may save people a penny or two on their taxes. But a penny on the tax rate, with the average house sales price is $25 dollars per year.

Mr. Dorrier stated that now seems like a good time not to chase that matching money and people came out to the public hearing indicating that they seem to support the Board’s position.

Ms. Mallek said that the Board cannot make any assumptions based on who did or did not come to the hearing.

Mr. Snow said that he thinks it is important to maintain roads and it is important to keep working on infrastructure, and he thinks for a $25 donation or $30 donation that would save money down the road, he thinks he would support a one-cent tax rate increase. He added that the one cent could actually help people get jobs and go back to work through construction projects, such as Greer School and the Crozet Library.

Mr. Boyd stated that it is a whole lot more significant of an expense for someone who owns a $1 million building, as they will have to pass that onto taxpayers.

Mr. Snow and Mr. Rooker and Mr. Boyd commented that they are all business and property owners, and Mr. Rooker said he would gladly pay the extra one cent.

Mr. Rooker said that the question here is whether the Board looks beyond one year, adding that it will not have a big impact this coming year other than getting things started. You are spending a million and you are getting two on the transportation side. It is the only way the Board is going to get transportation funds right now for secondary roads.

Mr. Boyd commented that in the past matching funds have been dumped into accumulating funds so that projects like Jarman's Gap, Georgetown Road and Meadow Creek could get done. It is not going to get us the Berkmar Bridge.

Mr. Rooker stated that it would get the Broomley Bridge, because there is money set aside for it already. That is a safety problem in the community that the Board is not solving because we are not taking advantage of this.

Mr. Dorrier said that the price of gas is going up, the Federal Government cannot pass a budget, and here we are talking about an increase in taxes.

Mr. Rooker said that the tax burden has been lowered over the past two years, and this would be totally tax neutral over a two-year period. He said that the economic indicators are more positive right now than they have been since 1973.

Mr. Foley stated that a tie vote cannot move a higher tax rate forward.

Ms. Mallek asked if there was support for an equalized rate.

Mr. Thomas said that taxpayers are realizing a $26 average reduction in burden this year.

Mr. Rooker said that he was pointing out there was lower than an equalized rate, so combining the two years would mean that a penny would mean people would be paying what they were paying two years ago.

Mr. Boyd stated that people with larger buildings such as apartments get hit pretty hard.

Mr. Rooker pointed out that with a million dollar property, a penny is $100.

Mr. Boyd said that it is $1,000.

Mr. Rooker indicated that it would be $1,000 on a ten-million dollar building.

Mr. Dorrier stated that holding the tax rate steady now and waiting would mean that the improved revenues when the economy improves could be used for projects such as the Crozet Library.

Ms. Mallek asked what an equalized tax rate would be.

Ms. Allshouse said that an equalized rate would be 75 cents, and would generate $1.2 million.

Mr. Thomas said that he would like to keep it like it is at 74.2 cents.

Mr. Rooker asked what was magic about that number.

Mr. Thomas responded that it is what he feels comfortable with, because it just puts the burden back on taxpayers who are finally realizing some savings.

Ms. Mallek suggested that the advertisement be for a rate that allows for some flexibility, because last year at the public hearing people had nowhere to go.

Mr. Boyd said that they had an advertised rate of 74.2 cents.

Ms. Mallek said that this is a starting place to set the rate for public hearing.

Mr. Rooker said that you can come down in rate after it has been advertised but you cannot go up.

Mr. Boyd said that he does not want to vote on a higher rate.

Ms. Mallek asked if Mr. Boyd did not want to hear what citizens had to say about a proposed 75-cent rate at the March 30 citizens. We are basically slamming the door on the citizens.

Mr. Boyd said we are not slamming the door on the citizens, we are giving them a little break.

Mr. Dorrier said that citizens have pretty much accepted what the Board has told them and he does not see where there is a great stampede for a tax increase.

Ms. Mallek asked what other news would be forthcoming from the State.

Ms. Allshouse said that funding for the jail may increase by $100,000 but that may be offset by 599 funds in the other direction. Staff is watching it very closely.

Mr. Boyd commented that that is why the Board set up a strategic reserve.

Ms. Mallek mentioned that in her first year on the Board, the County got news that the State was holding onto $5 million they had previously promised. There is no way the County's small contingency fund would be able to adjust to something like that, or something cataclysmic that happened at a crowded facility like the jail. She noted that the 599 funds are supposed to support funding of police officers.

Mr. Foley said that they could add another police officers from new revenue, but that would have to be taken from somewhere if the increase did not pan out.

Ms. Mallek said that it troubles her to limit the possibilities in advance of having all the information and hopes that Board members would change their mind.

(Note: At 10:48 a.m. Board took a brief recess and reconvened at 11:01 a.m.)

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Item No. 3b. Continuing Issues from Prior Work Sessions: Overview of Benefits Costs.

Ms. Lorna Gerome, Acting Director of Human Resources, addressed the Board, stating that their adopted compensation strategy is to target salaries at the market median, and for benefits to be slightly above market, or 105% of median. She said that benefits are much more difficult to ascertain and measure than salaries, but generally the County tries to be slightly above market with benefits.

Ms. Gerome presented information on the average benefit costs as a percent of salaries, and data from the Bureau of Labor Statistics shows that as a percent of Local and State Governments the benefits package was 34.5% of salary. She said that in looking at County numbers, the average benefit package was 38.9%, noting that the main driver of costs is VRS at 15% with health insurance costs, FICA, life insurance, dental insurance, etc. following.

Mr. Rooker noted that as a percent of benefits, VRS is almost half.

Mr. Boyd asked why Bureau of Labor Statistics data was used instead of market comparison data.

Ms. Gerome responded that the market data was not available, but it is something that the market survey will ask next year.

Mr. Boyd asked if that information could be gathered from State reports.

Mr. Foley explained that the only things different between localities are health insurance and dental, which Ms. Gerome would cover.

Ms. Gerome noted that VRS and FICA are fixed.

Mr. Rooker pointed out that those things comprise the majority of benefit costs.

Mr. Boyd said that not all Counties belong to VRS, and asked what the City of Charlottesville percentage is.

Ms. Gerome responded that their defined benefit package is probably close to that 15% as well, adding that the majority of localities contribute to VRS. She said that the contribution to VRS had been 100% from employers up until last year.

She reported that the Healthcare Executive Committee has been looking at the health insurance issue, and because the County is self-insured premiums have been kept affordable to individuals and families, but total cost for individuals has been above market by about 22%, with total cost for families below market by 22%. Ms. Gerome stated that the committee is developing some recommendations on how to bring the County more in line with market, adding that they are also looking at plan design and the three tiers currently in place.

Ms. Mallek asked if there are many more on the family side than the individual, and Ms. Gerome said that there are about 60% family/dependent plans and 40% individual.

Mr. Thomas asked what the 5% over the 100% median is worth in dollars.

Ms. Gerome responded that she does not have that data currently, adding that it is not quite as quantitative as looking at salary data because you cannot match up a midpoint to a median.

Mr. Boyd asked how this matches up with the private sector.

Mr. Rooker said that the private sector does not have a VRS component, and the County is lawfully required to contribute to it. He mentioned that he was looking at a construction contract the other day and they had built in 40% for benefits. Mr. Rooker said that compared to larger private employers in the area the medical contribution is not high at all, but what they do not have is a defined pension plan.

Mr. Boyd said that he would like to see the numbers with the comparison group. He also said that the market strategy developed 11 years ago was done in different times, and perhaps that group needs to be reconvened.

Ms. Gerome mentioned that the County had wanted to lead the market with benefits to try to attract and retain employees.

Mr. Rooker stated that unless there is something seriously out of whack with the County's approach, he would not support putting additional time on staff and the committee to reconvene when ultimately it might result in a 1% adjustment.

Mr. Foley said the Board has made good decisions to adjust salaries over the years, which really just leaves what 5% on benefits means, and that only pertains to health insurance. He emphasized that unless there is concern about the salary approach, staff can just bring information back on the health insurance issue.

Mr. Boyd said that the salary strategy has been successful, but he has always been an advocate of using more local data rather than World at Work.

Mr. Rooker said that at the end of the day, the County pays benefits entirely on the competitive market, with the World at Work data used only for the initial cut and adjusted every year based solely on competitive market. The target is not World at Work, the target is always the competitive market and the adjustments are always made to get back to competitive market. He added that it has been successful over the years, and the variance around market has been extremely small with World at Work data ignored when it seemed to be off. Mr. Rooker also said that it is good to have a third party that is not in the market pool, as localities are waiting to see what the others will do.

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Item No. 3b. Continuing Issues from Prior Work Sessions: FY 2011/2012 Operating and Capital Budgets: List of Potential Budget Changes.

Ms. Allshouse addressed the Board, stating that they would now review the list of items that could potentially impact the budget. She reported that list items include the Crozet Library position at $30,827 including benefits, and a contribution to the Hatton Ferry at about $5,000. Ms. Allshouse also mentioned that the Board has a reserve for contingencies of about $744,000 for unanticipated priority needs and potential revenue shortfalls, such as those that might come from the State. She stated that the Ivy Fire Station operations have been reserved in this budget, but the Board could use it for one-time expenses at this time or transfer it to capital.

Mr. Rooker suggested moving it into transportation to secure some revenue-sharing money.

Mr. Boyd asked why the money was in there to begin with, and what the long-range impact would be in moving it.

Mr. Foley said that it is one-time money in the current fiscal year, and in 2013 the operating money for Ivy would be available.

Mr. Rooker said that this would at least provide something for revenue-sharing.

Mr. Foley commented that it is good to direct this money, and the budget could be adjusted accordingly. He also said that staff would need clarification as to whether the Board wants to fund Hatton Ferry as one-time money or as an ongoing commitment.

Mr. Thomas asked if they could give it one-time money and then reevaluate it next year.

Ms. Mallek said that this is really turning around the Board's agreed-upon approach.

Mr. Davis explained that effective July 1, 2009 VDOT decided that it would no longer fund the ferry operations, and they came forward to the County and asked if the County would fund it. He said that the Board agreed to fund it from July to September 2009 and appropriate it from the tourism fund in the amount of $9,300, with the understanding it would not fund it after this time period and it would have to be transferred to another operating entity.

In January 2010, he said, the Board entered into an agreement with the Hatton Ferry nonprofit to transfer all of the assets to that organization, and the agreement specifically says that the County would no longer have any responsibility for funding capital or operating costs after the data of that transfer. Mr. Davis stated that since 2010 the ferry has been operated by the Hatton Ferry nonprofit, and his understanding is that they are requesting a one-time contribution of $5,000 for operating costs.

Mr. Dorrier stated that the organization has been successful for fundraising for the ferry, and they continue to take donations and do not ask for contributions to ride the ferry.

Ms. Allshouse said that the donations for 2010 were about $30,000.

Mr. Dorrier commented that the ferry helps economic development in that part of the County, and Buckingham County has contributed $5,000 to Hatton Ferry. He said that a County contribution would be in line with what is stated in Marshall Pryor's letter.

Mr. Snow said that he could support the contribution, adding that it does provide economic benefits to the County. He thinks it is a tourist draw.

Mr. Rooker stated that he would support a one-time contribution, and any future years would be considered individually. He said that it could be taken out of the economic development fund, given that it is a benefit to economic development in the area.

Ms. Mallek said that last year was the one-time money contributed, and if the County funds it again it would likely become an ongoing thing.

Board members agreed that it should be a one-time decision.

Ms. Mallek suggested having the contribution based on their fundraising efforts, as they may come to rely on County money instead of fulfilling that privately.

Mr. Dorrier stated that the County needs to support the historical parts of the area.

Mr. Thomas agreed.

Mr. Rooker said that the organization did a good job increasing ferry attendance, and the County ended up not taking it over, with the historical society stepping in. He added that he hopes the Town of Scottsville would also contribute, as it benefits them more, and also said that the County funding should come out of Board reserves.

Ms. Mallek asked if this decision thwarts the County's decision not to fund operations.

Mr. Davis stated that a one-time decision will not change that as the agreement just says that the Board does not have to do it.

Ms. Allshouse indicated that the next item on the list for consideration is funding of a library employee in Crozet.

Ms. Mallek said that she encourages Board members to support the additional librarian.

Mr. Snow noted that someone was going to look into using more volunteer staff.

Ms. Mallek responded that there are already 11 volunteers there working under staff, but they cannot work by themselves so to expand the hours there must be a larger number of hourly employees available.

Mr. Snow stated that they had also put forth a plan of when their busiest hours are, and suggested that rearranging schedules might be an alternate solution.

Mr. Tony Townsend, Jefferson-Madison Regional Library Board of Trustees, addressed the Board, stating that Mr. John Halliday, Library Director, had sent an e-mail to the Supervisors and Mr. Bryan Elliott, Assistant County Executive, in response to that, noting that the problem with Mr. Snow's suggestion is that the schedule changes seasonally as the library is busier when school is in session. He said that the library at this point is below the State baseline level for number of hours it should be open, which is 48. Mr. Townsend confirmed for Mr. Dorrier that it has the fourth largest circulation in the system after Northside, adding that staffing per-capita is lower than any other branch.

Mr. Rooker said that according to the information provided to the Board in a handout, staffing does not meet State standards and the workload is 34% higher than the JMRL average. He asked if it would be possible to obtain a few additional volunteers in order to eliminate or reduce this need.

Mr. Townsend explained that there are 13 volunteers at the library each week, with adults working 3-4 hours and teens working one hour each week. He said that what is proposed here is a full-time position, which would require an additional 13 volunteers to cover. Mr. Townsend said that this is in response to a circulation issue, as programs pull librarians away from being able to restock shelves.

Mr. Rooker stated that they have made a good case for additional staffing, and the Board's decision is whether to fund this full-time position or a part-time position with supplemental volunteer help.

Mr. Townsend responded that the library would be grateful with whatever it can get, adding that having additional volunteers is an added responsibility for staff to manage.

Mr. Snow commented that he had understood Mr. Townsend to say that there are fewer people coming into the library in the summer.

Mr. Townsend explained that Mr. Halliday has said that there is "no pattern" to the usage over the months, but there is more of a pattern with hours.

Mr. Rooker stated that the library serves one of the more rapidly growing parts of the County, and in his mind it is only a question of whether to fund a half-time or full-time employee. He suggested starting with a half-time employee and reevaluating it in the future.

Mr. Boyd asked if that would save some money in benefit costs.

Mr. Townsend replied that it would reduce those costs, as benefits are not paid for employees working less than 30 hours.

Mr. Foley said that it would need to be determined where the funding comes from, such as the reserve for contingencies, as it is an ongoing expense.

Ms. Mallek stated that she would like to revisit the tourism funds for the ACE program, noting that the reason that the $350,000 was taken from tourism was to support the scenic values that bring the tourists to the County. She said that now that money has been pulled out to fund Parks & Recreation, and she would like to discuss how to get some funding back to ACE.

Mr. Davis pointed out that the transient occupancy tax has a maximum rate of 5%, with 2% designated by State law for general fund expenditures and the additional 3% required to be spent on tourism-related expenditures. He stated that by contract, 30% of tourism money goes to the tourism bureau, which equates to 1.5 cents of the tax.

Mr. Rooker said that he would support getting money back to ACE somehow, but all the revenues have been allocated so they would have to be raised, or other cuts made in order to accomplish this.

Ms. Mallek stated that perhaps any increase in tourism revenue could be designated to ACE.

Mr. Foley responded that it could, except what is obligated to go to the Visitors Bureau.

Mr. Davis noted that that amount is set on a prior year’s determination, so it would reflect in the future but not in the past.

Mr. Snow asked how much money the state was putting into green easements this year.

Mr. Davis explained that last year there was a very small amount of State funding, and it was proposed in the budget to be increased but he is not certain what the total is. It is subject to the Governor’s final approval.

Mr. Snow asked if that could be the ACE program.

Ms. Mallek said that the County cannot get it without matching money.

Mr. Snow asked about Federal money.

Mr. Davis responded that it is a very small amount, and it also requires a match.

Mr. Foley said that the only other alternative staff had considered was taking funding for festivals, etc. from the Visitors Bureau money instead of funding them out of the general fund.

Ms. Mallek stated that it would only be about $25,000.

Mr. Elliott indicated it would be about $72,000-$75,000.

Ms. Mallek said that the CACVB could pay for those for the County.

Mr. Rooker pointed out that the Board has robbed the concept of putting in the penny on the tax rate for ACE.

Mr. Snow said that it is more important to put that money into the CIP, if a choice must be made between that and ACE.

Mr. Rooker agreed that it really comes down to pitting ACE against capital projects, stating that the Board could make a policy that any money received over what is projected in the budget for tourism money could be set aside for ACE.

Mr. Foley stated that currently that money would roll into the CIP.

Mr. Snow said that that is what he is concerned about.

Mr. Rooker explained that there are parts of the CIP money that can only be used for tourism related expenses if the funds come from tourism dollars.

Mr. Foley confirmed that it would have to be used to something tourism-related, and ACE would be one of those items.

Mr. Davis said that it would not free money up for ACE this year, but would possibly for FY13, at which time the Board would have to decide what it would be used for.

Mr. Foley stated that this item could be considered as part of the Board's upcoming CIP strategy session in May.

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Item No. 3d. FY 2011/2012 Operating and Capital Budgets: Set 2011 Tax Rates for Public Hearing.

Motion was offered by Mr. Rooker to advertise the 2011 tax rates for public hearing as follows: the real estate tax rate at $0.75/$100 assessed valuation for real estate, public service property and mobile homes and the personal property tax rate, including machinery and tools, at $4.28/$100 assessed value.

Mr. Rooker stated that this would put some money in the CIP for revenue-sharing for transportation, and for priority capital projects such as the Crozet Library.

Mr. Foley asked if the intent is for a portion of the increase increased tax rate to be designated to Capital.

Mr. Rooker confirmed this, adding that he would support any policy changes necessary in order to make that designation.

Ms. Mallek commented that this would enable the county to get the $1 million in revenue-sharing from the State.

Mr. Snow **seconded** the motion. Roll was called and the motion failed by the following recorded vote:

AYES: Ms. Mallek, Mr. Rooker, and Mr. Snow.
NAYS: Mr. Thomas, Mr. Boyd and Mr. Dorrier.

Motion was offered by Mr. Boyd to advertise the 2011 tax rates for public hearing as follows: the real estate tax rate at $0.74.2/$100 assessed valuation for real estate, public service property and mobile homes and the personal property tax rate, including machinery and tools, at $4.28/$100 assessed value.

Mr. Davis said that the Board needs to authorize the advertisement of the tax rates, and the budget the Board takes to public hearing.

Mr. Dorrier **seconded** the motion. Roll was called and the motion carried by the following recorded vote:

AYES: Ms. Mallek, Mr. Rooker (prefaced his vote by stating that he would vote in favor of this, because the Board needs to leave here with an advertised tax rate and budget) , Mr. Snow, Mr. Thomas, Mr. Boyd and Mr. Dorrier.
NAYS: None.

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Item No. 3c. FY 2011/2012 Operating and Capital Budgets: Approve Proposed Budget for Public Hearing.

Motion was offered by Mr. Boyd to advertise the proposed budget showing the changes that the Board has made to the County Executive's budget. Mr. Dorrier **seconded** the motion. Roll was called and the motion carried by the following recorded vote:

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

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Agenda Item No. 4. Matters Not Listed on the Agenda.

Mr. Davis said that the last issue is whether or not three or more members of the Board would attend the IMPACT meeting and participate in the meeting, as FOIA would require an official meeting of the Board if business is conducted.

Mr. Rooker stated that he cannot attend the meeting, but has met with members individually. He explained that IMPACT has a proposal to the County to designate $50,000 for Region Ten to help fill a 60 day gap from the time someone is released from jail and the time they can get Medicaid.

Mr. Rooker said that the recidivism rate for that population is huge, with those released from jail receiving only 11 days of medication, and a wait before Medicaid kicks in, if they even go through with applying for it. He stated that he informed IMPACT that accommodating their request at this point in the year is difficult, as there is already a proposed budget, but they indicated to him that they were talking about next fiscal year.

Ms. Mallek said that she believes that they mean FY11-12 because they have a grant, and she expressed concern to IMPACT members that there be performance outcome measures. Ms. Mallek said that they were confident it would continue to succeed in the same way.

Mr. Snow asked if IMPACT itself would make a contribution.

Mr. Rooker replied that they do not.

Mr. Boyd pointed out that if you added up all the operating budgets of those churches, it would be many millions of dollars.

Ms. Mallek noted that many of the IMPACT members are involved in PACHEM and other social services agencies, but she does not know of any organized funding.

Mr. Boyd asked how much is given to Region Ten now, and asked if a percentage of that could be assigned to that program.

Mr. Davis said that Region Ten is formula driven by law, so the County contribution is set by population and conditions cannot be placed on that.

Mr. Thomas stated that he cannot attend the IMPACT meeting.

Mr. Rooker suggested to Board members that they meet individually with IMPACT, and Ms. Mallek said that she told them to come to the Board meetings instead of once per year.

Mr. Davis said that Board members would need to let the Clerk's office know four days before the event if they are going to attend.

Ms. Mallek stated that it would make sense to go ahead and plan for that.

Mr. Rooker said that many of the participating churches have outreach money for charitable purposes, but in the past IMPACT has not been willing to come in and acknowledge that taxes would need to be raised to accommodate their request. They purely are lobbying on the expenditure side, never on the revenue side. He added that they have requested funding for items that would have cost more than a million, some with operating expenses attached.

Ms. Mallek commented that there is lots of appeal to what they are asking for, given the success of Drug Court, OAR, and other interventions that help people get off the track to jail.

Mr. Rooker said that he asked IMPACT for a letter from Region Ten describing the actual program and a letter from Col. Matthews at the jail asking his opinion and verifying the inmate release issue pertaining to mental health, adding that those things would be helpful in evaluating the request.

Mr. Thomas reported that he met with the Rio Heights neighborhood last Friday, whose residents have been having trouble with the interceptor construction and a lot of crime and break-ins in their houses. He said that Albemarle County Police attended the meeting, and the residents were able to work out a positive strategy for improving their coordination.

Ms. Mallek commented that Chief Sellers has been sensational in his ability to discuss things with people and explain the broader picture. Mr. Rooker agreed.

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Agenda Item No. 5. Adjourn.

At 12:24 p.m., Mr. Thomas **moved** that the Board adjourn until 6:00 p.m. on March 30, 2011. Mr. Dorrier **seconded** the motion. Roll was called and the motion carried by the following recorded vote:

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

There being no further business, the meeting was adjourned.

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Chair

Approved by Board
Date: 01/04/2012 Initials: EWJ