

An afternoon-adjourned meeting of the Board of Supervisors of Albemarle County, Virginia, was held on April 7, 2015, at 5:00 p.m., Lane Auditorium, County Office Building, McIntire Road, Charlottesville, Virginia. The meeting was adjourned from April 1, 2015.

PRESENT: Mr. Kenneth C. Boyd, Ms. Jane D. Dittmar, Ms. Ann Mallek, Ms. Diantha H. McKeel, Ms. Liz A. Palmer and Mr. Brad L. Sheffield.

ABSENT: None.

OFFICERS PRESENT: County Executive, Thomas C. Foley, County Attorney, Larry W. Davis, Clerk, Ella W. Jordan, and Senior Deputy Clerk, Travis O. Morris.

Agenda Item No. 1. The meeting was called to order at 5:00 p.m. by the Chair, Ms. Dittmar.

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Agenda Item No. 2. **Work Session:** FY 2015/2016 Operating and Capital Budgets - Final Discussion.

Mr. Foley stated that the work session is intended to be for the Board, so that staff can answer questions, support the Board, and provide any information needed. He said that the goal is to move forward towards adoption of the budget, with a public hearing scheduled for the following day and April 14 as the last day possible for them to adopt the budget and tax rate.

Mr. Sheffield said that as Executive Director of JAUNT, he wants to disclose that the organization receives money from the County – but unless JAUNT is specifically discussed, he will not recuse himself from discussion. He stated that Mr. Davis most likely has a conflict of interest form for him to sign and file, and said that he will sign it when Mr. Davis arrives at the meeting.

Mr. Foley stated that Lori Allshouse will provide an overview and lead them to up to some of the items for consideration, then towards some closure.

Ms. Lori Allshouse, Director of the Office of Management and Budget, addressed the Board, stating that the budget has some tough choices in it and they took some new approaches, redirecting some funding from the CIP and establishing the fire rescue fund. She said that the Board then made some additional adjustments and established a proposed tax rate increase as a cap that they advertise as an additional 1.5 cents for consideration, and have identified some items for which the Board wants to have further conversations, as well as having discussions at town hall meetings and public hearings.

Ms. Allshouse stated that on March 11, the Board had placed \$3.2 million in additional revenues in an undesignated reserve fund for future discussion, which was \$2.4 million, an additional cap on the tax rate, and fund balance funding of \$397,717 to consider, along with \$432,621 in state and local revenue. She presented a slide showing available general fund resources the Board can utilize for some of the items on their list, without having to raise the tax rate. Ms. Allshouse said that the state has made a change to the reduction in aid to localities and some other adjustments along the way, and the County received an update on April 3 as to state funding – which shows a reduction in 599 funding over what was estimated, by about \$41,000. She stated that this will change the total, and pointed out the general fund resources of \$391,653 the Board can use for ongoing items in their budget.

Ms. Allshouse said that in addition to that, they have a general fund balance for one-time items in the budget of \$397,718, to bring the total of \$789,371 without any changes in the tax rate other than what is recommended in the budget – which has the penny increase for the fire rescue fund. She stated that the Board's capped tax rate is 82.4 cents, and that increase in the tax rate will equal \$2.4 million in additional revenues in FY16. Ms. Allshouse noted that because of the way the tax rate is applied to a calendar year, raising the tax rate will mean that additional funding will come into the current year's budget. She stated that per County policy, they wait until the year ends and close out revenues over expenditures, sure up some things, and then have an audit in November – with any additional funding sent to CIP.

Ms. Palmer asked how much is estimated to go into the CIP. Ms. Allshouse responded that it depends on what the Board decides to do, with a penny equating to \$1.6 million and half of that equaling \$800,000, which will come into the current fiscal year. She stated that there are other revenues at play and other expenditure savings, and it can be a different number than that when things are finalized.

Mr. Sheffield asked if this is the money Mr. Foley had in mind to help out with ACE. Mr. Foley responded that one cent for the fire fund will generate \$800,000 in one-time monies that will be identified in November in the audit; but even beyond that – if they do not raise that at all – there is a balance of expenditures that do not get spent, and revenues that will hopefully come in a little bit above. He said that both of those are sources to potentially deal with \$250,000 for ACE, if they want to double what is in there.

Ms. Allshouse presented a slide reflecting the additional items for Board consideration, including the items they have been discussing, and she has broken it down by ongoing and one-time costs. She stated there is an update to this information, as the amount needed to fully fund the School Board's funding gap has reduced to \$500,000, down from their original \$750,000 gap, due to adjustments with the Parent Resource Program (PREP) budget. She referenced a one-page document showing the items for Board consideration and their available revenues.

Ms. Dittmar said that she had asked fellow Supervisors about their goals for this meeting. They expressed a desire to ask more questions about the CIP, the fire and rescue penny, schools and police, and the use of one-time money for salary increases and ACE, along with any new priorities they wished to add.

Mr. Sheffield stated that Mr. Foley has found a good solution for ACE, and he wants to see how the Board feels about it.

Ms. Mallek asked if there is Board support for ACE by the fall, after the audit, which will be about the soonest the new year of ACE money will be needed because of the appraisal timeline. She stated that if they proceed, she would like to have something in writing that they have agreed to do this, so there will not be another disagreement in the fall.

Mr. Sheffield said that is acceptable to him.

Ms. McKeel asked Mr. Foley to review the particulars of this funding strategy.

Mr. Foley explained that there are two potential sources of the funding for ACE, with the optimum amount being if they are to proceed with any tax increase, there will be a half-year collection in June that will come before the fiscal year they are planning for, because the County collects taxes on a calendar year basis but budget on a fiscal year basis. He said that if they are to vote for a one-penny increase, it will mean \$800,000 total for the half-year, and the ACE money could be \$250,000 out of that. Mr. Foley said that typically that money will go to the CIP anyway, after they are certain the fund balance has been sured up, and there are any obligations against that money for purchase orders and such. He stated that staff will recommend that the Board wait to clarify that source of funding until November when the audit is done, to see what that number is. Mr. Foley said that the other option is that at the end of every year, staff hopes that revenues will come in slightly above and revenues slightly below – which always has been the case except for the worst years of the recession – and that will also generate funding that will be used to sure up the fund balance, meet their obligations, and the rest by policy will roll over to the CIP. He stated that regardless of the source, the Board will be saying that they want to designate the first amount of the capital money to go to the ACE program at \$250,000. Mr. Foley said that if they want to put that in the form of a motion, staff will just make sure to bring it back to them when the audit comes and make sure it is part of the discussion – and he feels that designating the first amount of transfer to the CIP from the year-end fund balance towards ACE will be the way to designate that.

Ms. Mallek **moved** that the Board take the first \$250,000 of year-end fund balance after the audit and dedicate for the ACE program in the fall. Ms. McKeel **seconded** the motion.

Mr. Boyd said that he will vote against this, because he does not feel they are putting enough money into the infrastructure of development areas, which is another way to preserve rural areas. He stated that he is very concerned there is no way of getting across Route 250 or Route 29 North, and he would rather see this money be put into infrastructure to make the development areas more attractive. He said that he would prefer to take those dollars and target them for crossings at those previously identified locations.

Ms. Palmer asked if there is money for next year in ACE, in the Five-Year Plan. Mr. Foley said that beyond the first year, which will have \$500,000 if this motion is passed, there is no money in the CIP for ACE, and that will be part of the discussion with the community – with or without a referendum – going forward.

Ms. Palmer asked if there is already a list of properties in the ACE program, and whether the \$500,000 will take care of all of these. Ms. Mallek responded that the properties in appraisal now are in the budget now, from the budget that was approved last year plus a double amount from the state. She said that because the County had money in its ACE account, they were able to draw down twice the match from the state because other counties did not – almost \$300,000 when \$120,000 was expected.

Mr. Boyd said that they are hearing rumblings that the state is going to cut back on those funds in the future, and there is a lot of discussion that there will not be any matching funds.

Ms. Mallek stated that it comes up every year in the legislature, but it sailed through unmolested this time, and she does not have a prediction as to what will happen next year.

Mr. Foley said that properties currently being considered will be funded with existing monies, and the extra \$500K will be for the next round of applications.

Ms. Mallek stated that the applications usually come in by the end of October, and it takes about a year to get them through the process.

Mr. Foley said that he hopes they will add to that \$500,000 with state grants.

Roll was called, and the motion passed by the following recorded vote:

AYES: Ms. McKeel, Ms. Palmer, Mr. Sheffield, Ms. Dittmar and Ms. Mallek.  
NAYS: Mr. Boyd.

Ms. Dittmar clarified that the action does not touch the one-time monies, so they still have about \$397,000.

Mr. Sheffield said that he also wants the general fund balance availability, the \$397,000 discussed, to fund the \$346,408 gap between schools and local government for pay raises.

Mr. Letteri confirmed that this will be to move the start date from January 1, 2016 back to October 1, 2015.

Ms. McKeel stated that this will follow commonality with schools, because they are also using one-time money to cover their employees.

Mr. Foley said that it will be consistent to achieve the same goal for classified staff, with teachers under a different structure, and while the school has not yet finalized their plan, that is their intention.

Mr. Boyd stated that it does not change the ongoing expense because it is already programmed in for the four following years.

Mr. Sheffield **moved** to use the one-time money to fund the \$346,408 gap to cover classified staff salaries beginning in October 2015 instead of January 1, 2016. Ms. Palmer **seconded** the motion.

Ms. Mallek stated that she supports a 2.3% increase starting in January, but there are many other things they can be doing with the \$1 million – which is what the school and local government increases total – so she will vote against the additional quarter.

Roll was called, and the motion passed by the following recorded vote:

AYES: Ms. McKeel, Ms. Palmer, Mr. Sheffield, Ms. Dittmar and Mr. Boyd.

NAYS: Ms. Mallek.

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Ms. Dittmar asked the Board if they wanted to go to fire next, but Mr. Sheffield stated he would like to discuss the CIP next. Board members then agreed to discuss the CIP as the next budget item.

Ms. Palmer said that she had asked earlier about the policy of a minimum of 3% of general funds moving into the CIP, and since they have not done that for several years, she is not sure why they still have the policy and what the consequences are for not doing it. Mr. Letteri responded that the policy is based on sound financial principles about how to develop a capital program. The 3% component is really the cash equity component of the capital plan – the amount of funding available to fund capital programs and cash projects beyond the debt service. He said that in recent years, the way they have structured and tried to leverage debt to the extent possible, in recent years they had not been meeting the 3% goal – which will equate to about \$6 million per year.

Ms. Palmer asked if one of the reasons they could not borrow during the recession when the construction prices were low is because they did not have the available funds to pay the debt. Mr. Letteri stated that it had been a limiting factor, and there is a transfer to capital based on a formula – a rational allocation of total resources to capital – and that ongoing stream of revenues is really what establishes the capability of meeting all the County's capital needs. He said that over time, it is generally considered to be an adequate, reasonable allocation.

Mr. Foley said that the statement for the current capital budget policies is: "The County believes in funding a significant portion of capital improvements on a cash basis. The County's goal is that the budgeted net transfer to capital after debt service would be 3% of general fund revenues." He noted that it is a goal, and the fact they are not achieving that does not have a particular effect on the County, but it is something they want to continue to strive towards.

Ms. Palmer stated that it actually says "minimum."

Ms. Mallek pointed out that "after debt service" is also a huge difference.

Mr. Foley said that he read exactly what is in the policy.

Mr. Letteri noted that there are other cash sources to the capital fund that happen over time – proffers, interest income, excess funds from prior years, the fund balance – and those things contribute to the equity portion. He said that they would like to be able to rely on an ongoing source of cash equity, not necessarily on one-time, non-recurring cash influxes.

Mr. Foley said that the key for our AAA bond rating is the debt to equity ratio, so how they compare to other AAA-rated localities in terms of the amount of cash versus borrowing put the County well within the recommended parameters – but there is no question that this is a very appropriate and good goal that they should be aiming for.

Ms. Palmer asked if the transfer she has seen of \$5,000 is accurate. Mr. Letteri responded that the original schedule for FY16 had a net transfer of \$5,000, which has been adjusted since.

Ms. Palmer said that the goal for five years is to have a minimum of \$2 million in the capital fund, and the projection at the end of that time frame is 0.6. Mr. Letteri stated that it is \$2.1 million.

Mr. Sheffield noted that it will need to include the two pennies added in next year and the 2.5 cents in FY20. He asked if they take the 1.5 cents beyond the fire fund and put it into the capital budget, what ripple effect it will have, because he would like to explore how to avert the possible issue of raising taxes again next year.

Mr. Letteri said that one option will be to dedicate the equivalent of 1.5 cents to capital and apply it in FY16 to short-term debt, seven-year debt, and based upon staff's calculations if they are to continue that 1.5 cents throughout the five-year period, they can avoid the 2.1-cent increase required in year two.

Ms. McKeel clarified that for the 2017 budget, there is 2.1 cents built in, and in 2019, there is another two cents built in. She stated what is concerning her is the fact they have several emails that state that they recognize the adopted plan remains underfunded based on submitted requests, and requires additional revenues to meet debt service obligations on existing projects. Ms. McKeel said that this is at the heart of the discussion and must be fully understood, and she is not sure that the public is aware of the situation – with a total of 4 cents in the CIP to support it.

Mr. Foley stated that it is also important to point out that in the five-year period they are not funding parks or urban infrastructure, and they also do not fund sidewalks or ACE – so they will just be meeting asset needs and maintenance and replacement, as well as critical public safety, but overall the CIP is not funded at a level for quality of life initiatives.

Ms. McKeel said that she would like for the public to understand that these are existing projects not being covered, not new initiatives.

Mr. Foley clarified that what she is referring to is the first two-cent amount in 2017, and what that will be allocated for.

Mr. Letteri explained that it is their policy to borrow at the precise moment it is needed, and typically because of a strong fund balance the County front-ends its projects and funds them, then borrows in the subsequent year – which is why much of the debt service associated with FY17 is due to borrowing on prior projects. He said that in total, by the spring of 2016, the County will be borrowing approximately \$53 million for projects – \$10 million for school projects just approved, including school maintenance, the Agnor-Hurt Elementary addition, the Henley Middle School gym, telecommunications networks, Murray High School phase one and two, school security improvements, and contemporary learning spaces. Mr. Letteri said that in the spring, they will be borrowing additional monies for projects that are FY15 and prior, including school maintenance and replacement, fire rescue apparatus replacement, ECC integrated public safety technology, school bus replacements, County-owned facility maintenance replacement, the 800 MHz radio replacements, telephone solutions, County server infrastructure upgrade, courts facility addition and renovation, firearms range, and the Hollymead Dam spillway improvements. He noted that the balance of the spring issuance includes a series of FY16 projects, including ECC regional 800MHz communications system, school maintenance replacement, fire rescue air packs, fire rescue apparatus replacement program, school bus replacements, 800 MHz radio replacements, time and attendance software system, County E-911 road sign upgrades, Burnley Lane field pole lightings, the County-owned facility maintenance replacement, County server infrastructure upgrades, Crozet park maintenance and replacement improvements, and police tactical truck replacement.

Mr. Letteri stated that new projects include learning space modernization - \$900,000 for general modernization and \$100,000 for Red Hill design, design funds for the fire rescue station renovations, Western Albemarle High School environmental studies, school security improvements, Pantops fire rescue station – funded for construction in FY17, Hollymead Dam spillway, school modernizations as mentioned, and the courts facility design funds. He said that those comprised the \$53 million that will go out in the spring that will drive the debt service requirement for FY17 that required the 2.1 cents.

Ms. Palmer said that Mr. Foley's point about not funding parks and a lot of other things is a very good one, and she has observed that the County has been making choices on the schools between capacity and parity – with capacity being a function of population, not by choice. She stated that they really should be trying to do both, and last year they debated whether to fund salaries or class sizes – and this year it is operating versus capital. Ms. Palmer said that her biggest concern is that next year, this approach is going to be couched as fire rescue or police against schools, and her fear is that this will get even worse if they do nothing. She stated that the opposite side of this is raising taxes.

Ms. Dittmar said that is not necessarily true, as they are exploring other strategies – and items like sidewalks and parks are ideal candidates for service district taxation. She stated the County has not done a bond referendum since the 1970s, it will trigger a tax increase but will also have dedicated pennies moving forward. Ms. Dittmar said that it is not an either/or tyranny if they look at other tools available.

Ms. Palmer stated that she agrees that they need to look at those other options – but if they do a bond referendum with the election in 2016, they will not be starting to build until 2019. She said that they will be looking at a two-cent tax increase in April, and then right on its heels will be asking the public for a referendum. Ms. Palmer said that she feels they need to do both, because doing nothing now means they will be waiting several years and just getting further behind.

Mr. Boyd asked why they could not have a bond referendum this year, as there is a general election happening, and asked why it takes much longer than any private corporation to get something done. Mr. Foley said that they can do a bond referendum this year if they want to do that.

Mr. Boyd stated this will inform the Board as to whether there is support for the infrastructure spending.

Mr. Sheffield said they can certainly hold the referendum and will likely get support for it, but when it comes to passing the tax rate, there will still be criticism for increased taxes. He stated that many people will not connect the two decisions, because they will be asking in November to fund capital projects and then passing the tax rate in April. He said that regardless of what they decide in the next week, he would like for them to have a more complete capital discussion. Mr. Sheffield stated that putting a bond referendum out will require them to go out to the public and explain why it is out there, and he would like to have more thorough information to present. He said that he is not sure how this will be explained other than the fact they are pushing off projects versus taking on debt now.

Mr. Foley stated there is no question that the Board needs to have a separate worksession on the CIP, based on all of their questions and comments and the important point at which they find themselves. He said that staff will recommend they do the same with the fire fund.

Mr. Boyd emphasized that he wants to address Ms. Palmer's point, because the Board does not make decisions for the School Board. If they decide it is more important to have an environmental sciences facility at Western than it is to fix Red Hill, those are decisions made by the School Board and not the Board of Supervisors. He stated that the Board makes decisions as to how to fund them, but if the School Board feels that it is more important to fund magnet schools than to have warm water at Red Hill, or that fiber optics is more important than world languages – those are decisions made by the schools. Mr. Boyd emphasized that these decisions are made by the School Board – and all the Board of Supervisors does is allocate them money, and they continue to allocate more money each year, even during the recession.

Ms. Palmer stated that one of the things happening with the school budget is that they recognized they will only get the first few things on their list approved, so she wants the Board to recognize that the schools are not able to do the things they need to do.

Ms. McKeel said that with the warm water issue at Red Hill, if it is more than a matter of fixing a boiler or a heater, it really indicates that these are structurally old facilities – and there is more to it than being able to go in and fix the problem. She stated that the CIP is fluid, and things can be prioritized, but at the end of the day, if they have to raise taxes by two cents in FY17 to pay for existing debt, then she needs to know about it because it makes a huge difference as to what she needs to do in the coming year. Ms. McKeel said that she does not feel the public has a clue as to what is coming. She stated that they can move things around and drop off certain projects and decrease the need for the two cents, and perhaps it will be better to raise the tax rate this year and be done with it. Ms. McKeel said that maybe it will benefit them better this year from a business standpoint, but she is very concerned that they have four cents over the next four years to meet debt service obligations on existing projects. She stated that she still has not heard any explanation of what will happen if they do not do these.

Mr. Sheffield stated that if they do not approve that, it will mean they are pushing out or eliminating capital projects. Mr. Letteri noted that it will apply to the component of projects that are already underway.

Ms. McKeel stated that some of these projects are underway.

Mr. Sheffield said that it is \$4 million out of the capital budget yet again. Mr. Foley stated that 75% of those are maintenance and replacement projects, not new things.

Ms. McKeel noted it is important for the public to understand that.

Mr. Foley said that the County has not been funding capital projects for the past five years.

Ms. McKeel emphasized what they are addressing in capital are maintenance and critical projects that are not just on someone's wish list.

Mr. Foley said the things that are not essential are pulled out so that the operating side will have some things, so the things that are left really are the most essential.

Mr. Letteri noted that 71% of the five-year projects are maintenance and replacement projects, and of the 29% remaining, most of that is courts.

Ms. McKeel said that the public has commented repeatedly they have been hearing about courts for 30 years, and asking why the Board keeps talking about them.

Mr. Sheffield stated that it is because the Board keeps pushing them out because they do not have the money. Mr. Foley said that there is no question as to the challenge of the capital program, it is a matter of what the right timing is.

Mr. Sheffield said that is his question to fellow Board members: where they stand on trying to address the issue this year if they can avoid having to address it next year.

Ms. Palmer said they can still do the bond referendum, because there is no way that giving an extra penny this year will solve this problem.

Ms. McKeel stated that there is no way that not building an environmental academy at Western Albemarle for \$100,000 will solve the problem either, and they need to be realistic.

Mr. Sheffield noted they will have to dedicate four or five cents to just get them up to their policy level of 3%, which is not going to happen this year or any year in the near future. He said that his question still stands as to how Board members feel about trying to get ahead of the issue this year versus next year.

Ms. Palmer said that she would personally like to get ahead of it, because she is thinking about the bond referendum and raising taxes on the same year that they are in – especially since they are talking about capital versus operating this year, which her impression is does not happen very often. Mr. Foley stated that it is exactly what was done during the difficult years when they had three pennies dedicated to capital – it basically moved to operations because of the economic challenges they were facing.

Mr. Boyd said they could certainly reverse the policy back to what it had been, although he would not recommend it, but they can cut back on operating expenses to move more into capital. He stated that those are the decisions the Board is charged with doing and has to make tough choices – not just hold a town hall meeting and see what 10 or 20 people have to say. Mr. Boyd said that there was only one year out of the last ten that the County did not end up with an operating surplus, and if you add all of those up it would equal \$176 million – so that is how the CIP projects are getting done.

Ms. Mallek said that it is through savings in operating.

Ms. Palmer said that the projects have not been getting done though.

Mr. Boyd stated that they can make a very long wish list, but much like his kids' wish list when they were growing up and he could not afford to fund all of it. He asked why this would not be as simple as the way they run their businesses and the way they run their personal lives.

Ms. McKeel said that she would love to go back and look at all of the past capital improvement projects from the viewpoint of being able to prioritize them, and she did not know if her priority would be building a sidewalk down State Farm Boulevard – but she does see the need for a police training facility. She stated that they do have projects in the CIP that she would like to review, and they can do that in a work session, but that is not really what they are talking about at this meeting today. Ms. McKeel emphasized that what she is trying to get at is what the ramifications are of putting this increase off and not supporting it, because they will then be looking at two cents on the tax rate in FY17 to complete these projects. She said that she is not sure that is the best decision, and if they fund them this year then it takes them off the books – but they are still talking about two cents in FY19.

Ms. Dittmar said they should look at Mr. Sheffield's question as to whether they are interested in doing something this year – raising taxes this year for capital improvement, rather than doing it next year, which some Board members feel will have to happen. She stated that they also want a special focus on CIP with a work session, and they address some other strategies briefly.

Mr. Sheffield said that he cannot imagine how they think they will avoid the two-cent increase next year.

Ms. Dittmar stated that she would like to have a worksession to talk about it, and said that when they talked about the five-year plan, their plan was to look at all the strategies they could employ and make some decisions about it. She said that now it seems they are being asked to fix this right now without the tools analyzed and without an in-depth worksession, and added that staff's emails have been very informative. Ms. Dittmar stated that there are probably some creative ideas they have not yet discussed, and several Board members are new in terms of these matters. She suggested that Mr. Sheffield call for the question.

Mr. Sheffield said that he is not going to take a vote because he feels that this fed into the other discussions, and wants to know where the other Supervisors' philosophies stand.

Ms. Mallek stated that how much she can support will depend on what they do with other elements, so it is important to her to have a discussion on the whole picture before trying to nail down a particular part. She said that she has not anticipated a vote on ACE already, but that is fine.

Ms. Palmer noted that putting something in the capital does not negate what they are planning to do over the summer, because there is no way they can solve the problem with a little bit of increase – they will still need a strategy for the long term.

Ms. Mallek asked if they can at least accomplish some of the preliminary work for some of the projects starting in FY17 in the coming year, by funding the planning money in FY16 – in other words, to move forward with some of the highest priority projects. Mr. Letteri responded that the plan has not

changed at all, and the timing of the projects will be the same in either case – whether they put 1.5 cents in now or delay that decision and put 2.1 cents or whatever is needed in FY17. He said that it will not change the collection of projects that they do.

Ms. Mallek said that they can take the small steps moving forward with planning.

Mr. Foley stated that one example would be the Pantops Fire Station, as there has been a lot of questions about that project. He said that in light of those questions, it would be best to not appropriate the design money in FY16 for it until they have held the worksession on the overall direction. He said that if they are to decide to appropriate it, they can start the planning and design process in FY16, but it seems best to back off of it until they have held a work session. Mr. Foley added that it will have implications on the operating side, but the capital program will also be affected, and having a work session before they start will be advisable.

Mr. Letteri said that staff is continuing to look at a number of issues that relate to the 2.1 cents, and the recent borrowing the County did indicates that rates are better than they thought. He stated that those impacts over time will be folded into the program and hopefully have some mitigating effect on the 2.1 cents, as will modeling of future rates – and based on what they are hearing the rates may be better. He said that the last factor for consideration is the timing of larger projects like the ECC system, which may also mitigate the 2.1 cents.

Mr. Foley noted that they are now six months past the CIP submittal and the timing and the planning that went into that, so they are talking with the ECC about how it might actually fall and in what fiscal year.

Ms. Mallek said there is also some savings in that particular project, which has come down many millions from where it started. Mr. Foley responded that he does not know about those specifics, but those are the kinds of examples that have an impact. He said that the court negotiations with the City and where they end up with parking decisions and such will also have an impact. Mr. Foley emphasized that there is no guarantee that the items will proceed as originally planned, because the reality is that things change as they go along, although as they get closer the certainty is greater.

Ms. Palmer stated there are still things taken off the table as they continue to do projects.

Ms. Mallek said she understands that, but they are not going to be done in FY16 anyway, and she is just trying to get a bigger picture.

Ms. McKeel stated that she is trying to process the information from staff's emails regarding debt service obligation on existing projects, and how that fits in with what they are actually doing and what they need to do.

Mr. Foley said there is no question about the need for the first two cents before them, and it might move down to 1.8 or so because of the better interest rates than projected – but there is no question about the need for that in the very near future.

Mr. Boyd asked if Mr. Foley's intention is to put off the Pantops Fire Station for another time, or putting it off until the Board discusses it. Mr. Foley said that his suggestion will be to delay action until they have a work session, and then the question will become whether they start the design in this fiscal year with construction the following, with the other big piece being when they put staff in the station and what year it impacts their financial plan. He stated that the real question is whether there is potential for delaying that at all or at least delaying the implementation of the staffing there – such as whether the staff might just be for rescue. Mr. Foley said there will also be the possibility of moving forward with the design and construction, but the operating impact will be lessened if it is not staffed with firefighters until later. He stated that staff would really like to talk with the Board about the different scenarios to make sure they understand.

Mr. Boyd stated that it will seem to be a logical situation for a bond referendum, because it will be clear cut and will not be mixed up with other projects. He suggested doing a bond referendum this year, with the single most item to be financed as the operating and construction cost of that particular fire station. Mr. Foley said that the bond referendum is just on the borrowing for capital, but the discussion around it will talk about operating.

Ms. Dittmar stated that perhaps it will be an option for a tax district.

Mr. Sheffield said that with any referendum, Board members will have to be behind it before the public can get behind it – and he has already called into question what direction they are heading in with fire/rescue services. He stated that he cannot reasonably articulate that to the public, so he is not going to entertain a referendum until he can better explain their direction to the public.

Mr. Foley said that he feels that is the right decision – and they need a work session and need to understand the information, as it is a big decision with huge operating and capital impacts, along with service impacts.

Mr. Boyd said that Mr. Sheffield has just had millions of dollars in his district to upgrade services there, while the Pantops area is growing significantly – with 300+ houses being built there, as well as a large senior population already there.

Ms. Mallek stated that this is why it should possibly be rescue focused, not fire focused.

Mr. Foley emphasized that staff is not suggesting that the station should be put off for a year, they are saying that the Board should have a work session to make sure they are comfortable with the reasons it needs to proceed at whatever time it goes forward. He said that the question of referendum will be related to whether an essential facility should just be funded outright, rather than left up to ballot, but that will be part of the Board's discussion.

Mr. Boyd said that the Pantops station has been discussed ad nauseum, a number of different times.

Mr. Sheffield stated that previous Boards might have, but now he is being asked to make that commitment as a new Supervisor.

Mr. Boyd commented that they will have to re-educate everybody on it then.

Mr. Foley said that they can do that in a worksession, and the data is solid so he wants the Board to be convinced.

Ms. Dittmar asked if the Board has gotten what they need in terms of Mr. Sheffield's request to gauge their philosophies on the CIP.

Mr. Sheffield said that he wants just to see where people stand, and there are clearly differences of opinions.

Ms. McKeel stated that it is critical not to delay this any longer, so they have to sit down as a Board and review these CIP projects and come to some agreement.

Ms. Dittmar asked if there are additional comments on the CIP.

Ms. Dittmar asked if the Board wants to move on to fire and rescue. Board members agreed to move onto the discussion of fire and rescue.

Mr. Foley said that staff will talk with them about the immediate need for the proposed penny on the tax rate and why that is there, and clarify that it is there to maintain the existing level of services – not to enhance services, other than providing some more money for volunteer support. He stated that the core of the fire/rescue funding is to cover grants that have been lost, so they will cover that in their discussion of the budget before them. Mr. Foley said that a lot of questions have arisen as to the fire fund itself in terms of general direction and what the future will hold. He stated that staff feels there is a critical need to hold a worksession on the fund and the fire system, and that will pull the Pantops issue into it – because that is the big driver and one of the reasons they want to establish a separate fund. Mr. Foley said that it will be a good decision if they want to know more about the future prior to moving forward with the Pantops station, and that will also help them understand the revenue growth on the base of the 7.6 cents on the tax rate and how it will offset some increases. He stated that if they have debt service that must be paid out of that fund, debt gets paid off so there will be savings that can pay for new debt or staffing, and staff needs to model that for the Board. Mr. Foley said that pulling the fire and rescue fund out provides an opportunity for them to spend more time on it, even during budget time. He stated that there are some items before the Board that staff considers to be fairly urgent, because they are about maintaining existing services to citizens in terms of emergency care and response.

Mr. Sheffield stated that the decision to fund the Pantops Fire Station is not so much revolving around the building itself, but the \$1.6 million operational impact it will commit this or future Boards to funding for the long term. He said that they are dealing with nine firefighters now because of a previous Board's decision to accept a grant – which is a great idea, but they are not here to own up to that commitment.

Mr. Foley said that is the right question to ask, and emphasized that is why it is so important to have that work session because just this year they had projected \$350,000 in natural growth in the base of the 6.6 cents currently dedicated – so the base of that is going to grow every year between now and FY19. He stated that there is one strategy to capture all of that growth and set it in reserve for the opening of the new fire station two or three years later, which may mitigate the need for a tax increase to pay for the station. Mr. Foley said that they just need to model that and have a conversation about it, but they are right about the impact of the increased expenditures – which are equivalent to one penny on the tax rate; and whether they need a penny on the tax rate will depend on some decisions they will make over the next several years. He noted they might phase in the staffing of that station, which can be offset by some natural growth in the revenues within that fund.

Ms. McKeel said that she has some questions about other options, but they can cover those in the work session. Mr. Foley said that there are all kinds of options.

Mr. Boyd stated that if previous Boards had not had the foresight to look ahead, they would not have a library in Crozet, they would not have a Northside Library, they would not have an expanded Seminole Trail Fire Station or an Ivy Station – or the improved response times and ISO ratings that those measures have yielded. He said that they could have had a water supply that would run out without building the Ragged Mountain Dam, and those were decisions made by previous Boards that made

sense based on what they saw as needs for the future. He emphasized that they cannot decide just not to look forward as Board as to what the County needs in the future.

Mr. Sheffield responded that if they are going to look forward and make those decisions, then they also have to make the commitments related to them. He stated that Mr. Boyd is referencing all of these projects that relate directly to the two cents next year – and this does not add up for him, because the decisions that previous Boards made about building these facilities have resulted in a possible tax increase that Mr. Boyd is not going to support. Mr. Sheffield said that he is trying to avoid the sticky situation in which a Board make commitments that are difficult to own up to in future years. He stated that the previous Board had made decisions that this Board is now trying to account for, which is extremely difficult.

Ms. Palmer said that this is about understanding the consequences of what they do.

Ms. McKeel said that they are not even addressing the mandates that are coming down that will be looking at needing more funding. Mr. Foley stated that the five-year plan is the place to do that.

Ms. Mallek said that in terms of the comments regarding previous Board decisions, perhaps they were too optimistic because the acceptance of the grant is based upon the hope that if they were very successful with volunteer recruitment, those who were hired under the grant would be able to move seamlessly into the system because there had been such a high level of turnover they would all be absorbed. She stated that the costs were supposed to be absorbed by the changes in the City contract, but there was more to it than it seemed.

Ms. McKeel stated that she wants the public to be able to understand this clearly, and does not want to keep kicking things down the road.

Ms. Dittmar asked staff to help Board members verbalize to the public the specific current needs if they are not to go with Mr. Foley's recommendation on fire and rescue.

Ms. Allshouse stated that the FY16 recommended budget establishes a separate fire and rescue services fund, and the budget proposes a one-cent dedicated tax increase and allocates 6.6 cents of the current tax rate to fund the service and the growth related to that. She emphasized that the key is this is dedicated to maintain existing services, and the fire rescue fund has a set of both revenues and expenditures. Ms. Allshouse said that there will be approximately \$1.9 million in increased revenues, which will include an increase of about \$3,000 in EMS fees, and permits and fees have decreased slightly. She stated that the dedicated real estate tax to the fund will be \$363,000, and the increase of one penny on the tax rate will provide \$1.6 million, as well as a small decrease in state funding. Ms. Allshouse presented a chart illustrating where the \$1.97 million went in the fund, with subtotals showing an increase of approximately \$300,000 for volunteers. She stated that system-wide activities reflects items for both volunteers and paid staff, and those expenses increased about \$200,000 includes some changes in fuel, fitness equipment replacements, and turnout gear replacement and repair. Ms. Allshouse reported that the nine previously funded FEMA fire positions totals \$537,000, which is the largest single expense, and there are also some changes in salary and benefits for existing fire and rescue personnel, along with some smaller additional expenses. She stated that there will be \$647,000 transferred over to the capital program to fund the items discussed, and there is an \$110,000 reserve for any unexpected items that might come up in the fire operation next year.

Mr. Foley noted that the \$110,000 is an ongoing amount that can be allocated to expenses, or it can be held in reserve for future personnel costs. He said that staff will suggest that they not appropriate it and instead hold it in reserve, then it can be allocated to cover increased expenses next year.

Ms. Mallek said that this raises red flags for her.

Mr. Sheffield stated that if it were to be appropriated, it will come before the Board. Mr. Foley said that the Board will control it completely.

Ms. Mallek stated that some of the fire stations need help getting renovations done, so if this were to pass, the important use for the \$110,000 would be for leverage dollars to make improvements at the stations on a rotating basis – but seeing it in there with the idea of it just going to salaries and additional hiring is troubling to her. She said that using the funding instead on a rotating basis to improve individual station conditions will support the 400 active volunteers that they already have. Mr. Foley said that those items need to get in the County's CIP process.

Ms. Mallek said that if these items can be put into this category rather than jammed in, such as Seminole improvements, it would be better. Mr. Foley responded that they can change the \$110,000 and decide that it go to debt service on renovation of stations, but the issue is that it will go through the CIP process.

Ms. Mallek said that it will be in a separate category, and stated that recruitment of volunteers has been successful at some stations – including one station that has mostly women who want to run the ambulance but have nowhere to sleep. She stated that this is an improvement they need to make, because having volunteers working several nights a week is saving a lot of investment of salary time for people who do not have to be hired. Ms. Mallek said that she would like a clarification on the accident insurance budget item, and asked if that is due to the reanalysis of the accident policy happening at the Fire EMS (FEMS) Board now.

Fire Chief Dan Eggleston addressed the Board and confirmed that it is correct, and added that there is an RFP out currently that will review the entire volunteer insurance portfolio, based on the issue that emerged a few years ago whereby there was no catastrophic coverage for expenses exceeding \$200,000. He stated that the FEMS Board had a larger discussion about facilities and agreed to submit to the CIP a project to assess all facilities and lay them out over time to determine exactly what the obligations may be long term – which is the first step they need to take in identifying needs and priorities.

Ms. Allshouse and Mr. Letteri confirmed that the fire and rescue facilities assessment is funded for \$81,000 in FY16.

Mr. Foley added that the \$110,000 is not a slush fund, it is money that will be used at the Board's direction for fire and rescue priorities.

Ms. Mallek asked for clarification about a reason cited for the fund, separate from just putting more into the department allocation, as a way to help better track expenses.

Mr. Foley explained that having it as a separate fund with the Board looking at it separately allows them to keep better track of these expenditures. He said that because of the fire and rescue challenges and demands, the fund has a dedicated source that generates revenues from the tax base – which acknowledges that there is an expense in the future and a way to pay for the needs going forward. Mr. Foley added that the Board can leave it in the general fund, but this structure allows the public to know how much is being spent on this service.

Ms. Mallek said that a firefighter who had attended one of her town hall meetings said that because the growth in this department has been so large in the overall budget, it calls out to be separated from the rest of the items.

Ms. Mallek stated that in August there will be a report coming forward on the George Mason recruitment study, which talks a lot about the demographics of volunteers, and she is glad to see that there will be some analysis of other incentives and more meaningful ways for those who are struggling to balance work, family and volunteering. Ms. Mallek said that there have been suggestions at town hall meetings as to waivers that other counties are doing on things like property taxes.

Mr. Foley said that there is already \$174,000 additional funds needed for fire and rescue salaries next year, which is more than the reserve amount, to meet the full year obligation of a salary increase, since it will only be for half a year this time.

Ms. Dittmar asked if the one-time money approved for salary increases will benefit fire and rescue. Mr. Letteri stated that they can use the \$110,000 to help address that.

Mr. Foley asked for clarification that the Board's approval of \$346,000 includes the fire and rescue staff salary increases.

Ms. Allshouse said that it does.

Mr. Foley said that they will need \$174,000 to meet a full year's raise, so the \$110,000 can be used for that.

Mr. Boyd stated that he would not recommend doing away with those reserves, especially given the volatility of something like fire and rescue.

Mr. Foley noted that a few years earlier when they opened a fire station, they started a year ahead not allocating some of their tax revenue, and set it in reserve for the opening of a fire station for the operating costs of new staff, and by the second year already had \$280,000 set aside – so they already had set that aside on an ongoing basis, which they may need to do as they go forward with the reserves, in preparation.

Ms. Palmer stated that Mr. Foley had commented that the fire and rescue fund had its own CIP, and asked if the penny increases will go to that.

Mr. Foley explained that all of the capital money is being spent in the CIP, but the \$647,000 is going to transfer from the fire fund over to support those expenses, so the fire and rescue fund will meet all of the obligations – operating and capital – with revenue transferred over to cover it.

Ms. Mallek said that the unified CIP process will be the same, the money will just come out of the fund.

Ms. Palmer stated that the way this is projected, there is a five-year projection for the fire fund at \$16.5 million, and asked if that will include support for building Pantops.

Mr. Foley said that he is not clear on her figure of \$16.5 million, but this fund will support the Pantops station.

Ms. Mallek asked if "natural growth" of 18.7% over the next five years is a projection. Mr. Foley said that really just means the expected growth in values of existing properties next year and in future

years, which is projected every year, so as those values grow on the 7.6 cents, it will go straight to this fund to pay for the obligations going forward, including fire and rescue-related items.

Ms. Palmer noted that it feels like a tax increase to residents because their tax bills are higher. Mr. Foley said that it is because of the value increases, and this year also because of the tax rate increase. He added that staff has not yet modeled the three to five years of the fire fund in a way that is ready to bring forward to them, which is one of the reasons they want to do the worksession.

Ms. Palmer stated that she is trying to address future increases in the tax rate to deal with that expected increase in the fund.

Ms. Allshouse said those are great questions, and they will almost need to do a five-year plan on the fire fund in the same way they do other five-year planning.

Ms. McKeel commented that the planned worksessions on CIP and fire/rescue will take place after the decision the Board needs to make now regarding the budget and tax rate. She said that this is based on the one cent dedicated to fire and rescue, and asked what the financial scenario will be to fund just the nine positions.

Mr. Foley said that if they were to fund only that line item at \$537,000, the Board would not be providing raises to any of the existing staff – which would cost \$174,000 for raises and health insurance for a half year. He stated that there will also be decisions that need to be made as to advancement of recruitment and retention, and whether the tax credit program for personnel will be provided – and funding of turnout gear, which is currently unfunded. Mr. Foley said that this also includes consolidated fuel and the fitness equipment replacement, but most of this is about the core of what they are doing today, not enhanced programs.

Ms. McKeel stated that she is just looking for the cost of those nine positions plus the support they need.

Mr. Foley said that staff can isolate any line item the Board wishes and can tell them what the value is, but every one of those items has an impact on existing things. He stated they can probably put off items like fitness equipment replacement, but that is a small amount.

Ms. Mallek asked if this is basically the scenario one, in which they address the current operation, with scenario two being the extra hiring for Pantops. Mr. Foley said that there is no impact in this budget for the Pantops scenario, and the Board will have to decide whether they do not want to maintain existing levels of service for FY16 by not funding this with the penny. He added that those things exceed the penny, but the revenue growth covered that without additional rate increases. Mr. Foley said that the penny generated \$1.6 million, with natural growth adding \$343,000 – which they really needed just to cover these items.

Ms. Dittmar asked if the Board wants to wait until the summer to talk about fire and rescue funding.

Ms. Mallek asked if it might be important to discuss it further before making a final decision on the budget, because as Ms. McKeel pointed out they will be doing it after the fact.

Mr. Foley said that this is the decision to be made now, and the other items can wait.

Ms. McKeel commented that she would like to know what it will look like if Board members are not interested in the one cent dedicated, or are interested in a smaller amount dedicated – to support part of this but not all of it.

Mr. Foley said that if the Board wants to make a change to that, staff will need to know now.

Ms. Dittmar stated that since they are convening on April 8, they can revisit it then.

Ms. McKeel said that this also gives staff some time to process the Board's questions and what they might be looking at.

Ms. Mallek said that what is presented is a package, and she does not see how they can pull out individual sections if they expect fire and rescue personnel to keep going.

Ms. Palmer agreed, but said she wonders about the dedicated.

Ms. Mallek stated that the dedicated part is really important, because if they do not dedicate it, it will be subject to the 60/40 split.

Mr. Sheffield agreed.

Ms. Palmer said that the other item for discussion is whether they should have a separated fund, because some of the volunteer chiefs want to ensure they have enough time to communicate with their supporters that this funding will not supplant their community support through fundraising campaigns.

Mr. Foley said that staff has tried to demonstrate that they agree that donations will continue, and that they still need support at the station level – and the County will want to be on board with any communications to the public that conveys this point.

Ms. Palmer stated that the question is how they would do that, and whether they want to give some time for the stations to communicate this prior to launching this.

Mr. Foley said that staff is ready to help right away, and has already been talking to station chiefs.

Ms. Dittmar asked Chief Tom LaBelle what the impact of having this fund separated out might have on the public's perception and ultimately their individual donations, and noted that Chief Gentry had come to a meeting and talked to the Board about it.

Mr. LaBelle addressed the Board, stating that they had the conversation with most of the volunteer chiefs and also had discussed it internally, regarding how to communicate out to the general public and support the volunteer chiefs. He said that the Crozet station does an excellent job with their letter in trying to convey that for most of the fire departments, the County is providing 80% of their budgets. Mr. LaBelle stated that since the ordinance was adopted, the County has been providing tax funding to the fire departments and rescue squads, and the stations have still been successful with their fundraising. He said that there is not a broad concern that this will not continue to be the case, as long as education continues to occur.

Ms. Palmer asked if this will be a line item on the tax bills. Mr. Foley stated that this is the intention, but if the Board feels differently they can direct otherwise.

Ms. Palmer suggested that they put a disclaimer that says it does not include complete support of the volunteer stations.

Ms. Mallek asked if it has to be called out legally as a separate tax amount, because they did not do that for the water fund – and this seems to be the same category as a dedicated amount. Mr. Foley said that they intended going forward to delineate both of those, and he thought that they can put some language in that conveys the message that it is not fully covering the volunteer efforts.

Ms. Mallek noted that when an engine goes in for repair, that is coming out of donations – and when it happens, it is a really big hit, and Crozet is currently working on the last quarter for donations because they have already used up three-quarters of their budget.

Mr. Foley asked Mr. Eggleston to clarify the apparatus maintenance issue. Mr. Eggleston stated that the County funds preventative maintenance, time and material in the station's budgets – and in addition have a dedicated fund set aside for catastrophic failure of apparatus such as an engine, and that will be available throughout the year. He added that there is a line item in stations' budgets for maintenance for all apparatus.

Mr. Foley said that staff set up a contingency in case something happens to volunteer equipment and it needs to be repaired.

Mr. Sheffield asked if the Board is not giving any direction on the fire fund, stating that it has been four weeks since they last talked about the budget, with a lot of information coming forward from staff, and he does not need additional information to figure out where he stands on it. He said that he is curious as to what other information Board members need in order to make this decision, and stated that he agrees with Ms. Mallek's point about this being a package situation. Mr. Sheffield stated that if they reduce the capital amount, it will have the same effect as reducing funds in the overall capital budget – prolonging the inevitable, which is eventually having to fund some kind of fire and rescue capital.

Ms. Dittmar said that she does not need another meeting on this, but may have some questions for staff as they go along.

Ms. Palmer agreed, and said that they are not approving Pantops by this, and will have further discussions about it going forward.

Ms. McKeel said that she agrees.

Mr. Foley stated that staff has tried to convey that this is supporting existing levels of service for fire and rescue.

Ms. Mallek said that this is what schools refer to as "maintenance of effort."

Ms. Dittmar said that the Board will move onto a discussion of other capital items, and asked what the difference is between the five police officers currently budgeted and the eight patrol officers.

Mr. Sheffield responded that they will be traffic safety officers, but Mr. Sellers can respond to the question.

Police Chief Steve Sellers addressed the Board, and explained that the five positions in the budget are patrol officers, who respond to emergency calls for service and patrol the community, and are engaged in geo-policing. Mr. Sellers said that the traffic officers are dedicated strictly to traffic

enforcement, education and assisting with designs of roads. He stated that the two traffic officers under consideration will be assigned to the traffic unit, and will not handle typical calls for service on the street. Mr. Sellers stated that they will focus solely on traffic enforcement, including serious and fatal crash investigations, DWI cases, and other traffic-related issues.

Mr. Sheffield asked if the two traffic officers will max the department's overall plan for staffing.

Mr. Sellers responded that to better engage their traffic unit with geo-policing is to take three traffic units and assign them to the Blue Ridge District, and three traffic officers to the Jefferson District. He said that is the long-term plan, so they will be more responsive to community requests, the Board's requests, and other's requests for traffic enforcement or specific traffic issues within communities.

Ms. Mallek asked if this will include speeding enforcement. Mr. Sellers stated that it will.

Mr. Boyd said that the first he had heard about this was when Mr. Sheffield added it to the Board's list of items for consideration, and asked Mr. Sellers if this is something requested that had been turned down by staff. Mr. Sellers responded that this plan was built into the long-range five-year financial plan contribution to the larger five-year plan contribution, but not in one budget cycle – it is over a period of five years.

Mr. Sheffield noted that one of these officers is in the original request from the police department for this year. Mr. Sellers said that is correct, along with a canine officer, a traffic officer, and a school resource officer, as part of their larger five-year plan.

Ms. Dittmar asked if the department will be able to handle an influx of seven officers at a time, or if they will come in later in the year. Mr. Sellers stated that they are still keeping up with the five positions as the Board authorized last year, and those individuals are in the academy currently. He noted that there are 24 weeks of training – 18 at Weyer's Cave, 6 in Albemarle, and then 12-18 weeks more when they roll back out to their field training officer, and then onto the street. Mr. Sellers emphasized that it is almost a year from the start of training until an officer is street-ready.

Mr. Boyd asked if that applies only if they can't find officers who are already experienced. Mr. Sellers responded that occasionally they get lateral transfers from other departments, and they have the same chance of getting on as someone without any experience – 3% get in the door. He said that is also true with other agencies.

Mr. Sheffield asked if an existing officer, such as a patrol officer, can transfer laterally over to the traffic unit, and asked what type of training they would have to go through. Mr. Sellers responded that they can, and said that lateral transfers only have to go through the six weeks of local County training, as well as some field training – but that took less than six months, and in some cases just a few months.

Ms. McKeel asked if he has a sense of what percentage of officers have experience when they joined the department. Mr. Sellers stated that about 20-25% are from other agencies and have experience, but the ones that come from out of state have to go through the entire academy.

Ms. Mallek said that she is happy the department spends a good amount of time ensuring that an officer fits the culture here.

Ms. Dittmar asked if there are any other items to be added for discussion.

Ms. Palmer said that she has some questions about some of the staff positions listed, and the consequences of not hiring those people.

Ms. McKeel stated that she also has questions about those four positions, particularly the inventory supply position.

Mr. Letteri commented that the County has 30,000 square feet of storage space and inventory, and explained that they have moved from the larger operation to the lower side of the new Northside Library into a space that is one-third less in size. He stated that it houses all of the equipment, records and supplies for both local government and schools and is a complex arrangement of security and moving things around – and they need to be in a position where they can move a lot of the surplus material much more quickly than they did before. Mr. Letteri emphasized that they have to be much more efficient about how they use the space, and it is expected that the revenues generated by surplus and by the efficiencies of the operation will more than pay for the position. He noted that if they are not to move in this direction, they will have to take and make additional expenses on how they structure the security and the arrangements of the records such that it will not have to be manned each day.

Mr. Boyd asked what the payback is on the entire library and maintenance system, because they are eliminating rentals and leases from other places, and said that he recalled a time frame of six years. Mr. Letteri stated that it is less than that and is quite a significant savings, with the lease payment amount coming close to paying half the debt service.

Mr. Boyd asked if it has factored in this staff member. Mr. Letteri said that it will affect the bottom line and the cost of building and operating the facility – but not necessarily in this position. He explained that they are having to store more materials and supplies and have more space and pay more lease, and now they are doing a lot less than that and are moving equipment much more quickly. Mr. Letteri noted

that in some cases they are not even bringing items into storage – they are taking pictures, posting them on e-gov, and selling them directly – and this person will be responsible for all of these activities.

Ms. McKeel said that Mr. Letteri had said they are already doing that. Mr. Letteri clarified that it is this position that will enable them to be able to do this.

Ms. Betty Burrell, Director of Finance, addressed the Board, and stated that they are in a smaller facility than they were previously, and if they had ever seen the condition of the previous facility, they would have an appreciation for how difficult it is for departments to surplus their property – which they are supposed to by law. She said that up to now this has been done in a very disorganized and junky way, but they can turn the inventory into surplus that generates revenue if they can get it moved and organized and put online. Ms. Burrell said that often the material is just piled up, and people just back a truck up and dump off their stuff without even saying where it is from. She stated that they are also hoping that this will enable them to better manage records, such as those kept in the Finance Department for the bills they have paid, as required by law to be maintained for a certain amount of time. Ms. Burrell encouraged the Board to support the position, as it will generate revenue to offset personnel cost expenditures.

Ms. McKeel said that she thought the Board had already made the move to reduce costs in this area, and she wants to make sure they are not creating a new area that they will have to fund with more money.

Mr. Letteri stated that there may be opportunities to do true warehousing here also, and the County might be able to start buying in bulk and storing supplies, so they can gain efficiencies in purchasing.

Mr. Foley said that many organizations that are the size of Albemarle stock their supplies and get volume discounts, and then the departments get them from there – but the County departments currently buy all of theirs separately.

Ms. Mallek said that those departments also have to pay for them individually and incur the cost of processing all of the orders. Mr. Letteri stated that this is just a more systematic and efficient way to approach this.

Mr. Boyd commented that this is also for the school system, not just general government.

Mr. Foley emphasized that this is for both organizations, and managing the supplies for both sides.

Mr. Sheffield asked who pays the rent for the Northside Library space. Staff confirmed that Northside pays for it, and the County funded them.

Ms. Allshouse mentioned that there are two positions on the list – one for the County Executive and Board office, and one for the Office of Facilities Development and Office of Management and Budget.

Ms. Mallek said that there is no money on her line item for the policy analyst.

Ms. Allshouse explained that these are shared positions, so two people will support four offices.

Mr. Trevor Henry, Director of the Office of Facilities Development, addressed the Board, stating that the position is centrally located between OFD and OMB, and will allow for an appropriate-level person to handle the administration of both offices – processing requisitions, invoices, and a lot of time-sensitive and time-intensive work that is currently being done by management analysts, project managers, and directors. He said that it is trying to bring in an additional resource that will immediately help two organizations – especially OMB during the surge of budget season. Mr. Henry said that there are intense peaks of hours during those times, and a lot of that is spent assembling books and putting documentation together for the Board. He stated that currently all staff chips in to do that, but he would rather have project managers out on site monitoring work, rather than spending time putting binders together. Mr. Henry emphasized that this position will allow the functioning of the office to occur, and when the decision was made several years ago to shift funding from the general fund to internal service fund, they now track their hours and bill their hours – and there is a lot of system behind that now. He said that the management analyst is currently ensuring that the process works, and as Director he needs to be able to analyze data and reflect it in their estimates. Mr. Henry stated that without that kind of help, he will never get to that kind of analysis, and with the queue of transportation revenue-sharing projects – which they did not have a few years ago – there are a lot of VDOT reporting requirements and reimbursement requirements. He said that a management analyst can be doing that now, but if that person is also processing all of the department's invoices, something has to give – and over the past several years, it has been the analyst side of things because they have to pay their bills. Mr. Henry stated that the position is just a recognition that this work needs to be done, and it will be using assets and resources where they are best served to be used.

Mr. Foley said that they basically have two operations without any administrative support.

Ms. Allshouse stated that it is a capacity issue that often results in a lot of extra hours for staff over long periods of time.

Mr. Henry added that the warehouse manager position will enable them to resell through egov at an equipment and component level, and with the old warehouse they will have to sell surplus in a lot – literally getting pennies on the dollar, whereas the return on selling it as smaller components is significantly greater.

Mr. Foley said that staff acknowledged that dollars are tight, but these positions are smart investments that respond to operational capacity issues, which the Board has noted in the past.

Ms. Palmer asked how much surplus the County sold in a year. Ms. Burrell stated that she does not have that figure with her.

Ms. Palmer said that she just wonders how much of the position will be paid for by surplus.

Ms. Mallek commented that when requests are made for archived records, in the old warehouse it is an all-day process to find the box needed, and when Board members make requests for information, it is cumbersome to access those files. She stated that the volume of material is huge, and she would also like for departments to know what is available in terms of used items before they go and buy new furniture.

Mr. Letteri said that this will allow for much more exposure to what is available, and a much more efficient system of identifying it and getting that information to the offices.

Ms. Burrell noted that the County has an internal site so that departments needing things that are surplus can go to the site and have items set aside for them prior to making purchases of new material. She said that they also sold vehicles as part of the surplus property system. Ms. Burrell noted that they do not keep any school records in storage other than for Albemarle High School.

Ms. Palmer asked staff for more detail on the other proposed positions.

Mr. Foley stated that the primary reason for the policy analyst position is due to more worksessions, more action items, and a wider range of complex alternatives requiring analysis and research than in the past – including drafting correspondence, conducting extensive research, and developing positional materials – which have significantly increased over the last few years. He stated that the citizens committee on long-term funding alternatives and a joint school-local government team to assess efficiency and innovation will also require significant staff coordination and support. Mr. Foley said that currently there are three executives that developed most of the Board's policy work, without any support staff dedicated to doing that kind of research, so it can be brought to them. He stated that Ms. Allshouse had started as an executive assistant/policy analyst, providing much of the analytical and project support work, and the position was reclassified as a management analyst 10 years ago, and then filled by Andy Bowman. Mr. Foley said that during the recession, Mr. Bowman was reclassified as a budget analyst in OMB, and the management analyst position was eliminated. He stated that the need for professional policy analysis is greater than it was 5 or 10 years ago, with more numerous and complex issues facing the County and the Board – with staff's analytical capacity remaining diminished.

Mr. Foley said that there has been a fellows program in place for a number of years, with \$100,000 put in as one-time money, but on a recurring basis. He stated that they had kept one fellow on for almost two years, which yielded much more value for the County, but their ability to serve the needs for high level work is diminished by the temporary nature of the position – and it also requires a lot of effort on staff's part for training. Mr. Foley said that the fellows program is a great program, but is not serving the County's needs in the way they would like it to, and staff proposed reducing funding for it, to provide a better level of service to meet needs – in the face of what they had in place 10 years ago, and to address increasing demands. He stated that if the Board were to decide not to fund the position, that would free up \$80,000 – but it would result in reduced levels of service to meet the needs driven primarily by the Board for necessary research. Mr. Foley said that in terms of operational capacity and service to the Board, this position is essential and actually saved them money to provide a better level of service.

Ms. Palmer asked how many fellows are hired per year at the \$100,000 budget. Mr. Foley said that the County has been getting two positions, but they are not providing the same level of service as professional staff would.

Ms. Allshouse stated that if they keep funding one-time money for this, it essentially becomes an ongoing expense, and there is a lot of time spent in training the fellows.

Ms. Mallek said that she recalls how much work is involved in training fellows, and they do wonderful work. She also said that given all of the questions the Board is asking of staff, she is in support of their proposal to bring back the analyst position.

Ms. McKeel asked why the IT position is under fire and rescue. Mr. Letteri said that it was formally under IT, but transferred from fire and rescue.

Deputy Chief John Oprandy, Albemarle County Fire and Rescue, addressed the Board and explained that they got IT services from the IT department, so they also have a perspective on this – but from fire and rescue's perspective, the two reasons for the position are capacity and business practices. Mr. Oprandy stated that there has been a lot of growth in the system over the past decade or so, and in that time had no increase in IT support. He said that there has been technology increases, ambulances with computers as part of the cost recovery program, more complicated station alerting systems that are

tied to the CAD system and required network connections, addition of three career facilities, and investment in IT for the volunteer departments – connecting them the networks and adding computers. Mr. Oprandy stated that having the computers on the County network has increased the number of help desk calls and the break/fix calls that IT deals with, so the person in charge of the records management system has now had to go out to stations and spend time fixing computers and other things – which has left a void in the office for business analysis and support. He said that the department is now not staffed adequately to pull data together, but they are not IT specialists, and they must rely on IT staff who might be busy out in the stations dealing with break fix issues. It should be a higher level position to provide information for business decisions. Mr. Oprandy said that both their CAD and records management systems, which are being replaced with newer systems, are tied together more than ever before, and when an inspector inspects an occupancy, the information will go through several connections and out to the CAD system so that the building layout and the hazards in that business are quickly seen by the engine company officer responding to the scene. He emphasized that all of those connections and integrations are managed by IT, and they do not have the staff now to manage it.

Mr. Sheffield said that he would like to talk more about this under their discussion of fire and rescue, and asked if there is more than one IT person addressing these issues – because talking about the technology being implemented and the expectations of staffing and maintenance of it will be important, especially in terms of anticipating future demands. Mr. Oprandy said that this person will be in the office – not at the stations – working on the business analysis side of things, not as a break/fix person.

Mr. Foley said that each of these positions is the definition of operational capacity, and the County's staffing is still at the 2006 level – with police and social services positions being the only ones added over the past six years. He said they are really at the 1999 or 2000 level in terms of support for all of those new positions, and they are addressing just the most basic things that were in place before they were eliminated. Mr. Foley emphasized that none of this is about enhancing levels of service, and the IT position is the closest one to addressing actual growth in the system. He added that these are the core support staff positions that help things to get done and process information – they are not new “sexy” positions.

Ms. Mallek stated that they also want to ensure that the people with enhanced skills are doing enhanced-skill jobs, not administrative tasks. She said that the technology for fire and rescue has advanced to the point that it brought up on a tablet a map of a location when a dispatch call goes out, and this saves time as responders are navigating to a scene. Ms. Mallek said that she understands the complexities of technology with all of the ambulances and engines and people needed to respond.

Ms. McKeel asked if the \$100,000 for the IT position will be added to the list, with the one cent dedicated covering it. Mr. Foley explained that when the Board had suggested moving this position into the fire fund, staff interpreted that as meaning moving general fund money to the fire fund – which is just an accounting procedure. He said that they can instead move the position over and use the \$110,000 reserve for fire and rescue, and then free up the IT money in the general fund.

Ms. Palmer asked about the office associate position on the fourth floor.

Ms. McKeel said that there are two positions.

Mr. Foley clarified that there is a position for OFD and OMB, as already described, and a position for the County Executive and Clerk.

Ms. Allshouse stated that there are two full time office assistants serving four departments.

Mr. Sheffield asked at what point they will need to decide on the list, and said that he is prepared to discuss these items at this meeting. Mr. Foley noted that the one-time money identified has been used up, but they can add \$100,000 to that if they support moving the IT position to fire and rescue.

Board members agreed to remove the proposed jail initiative from the list.

Mr. Foley stated that if they support some of the ongoing projects that have one-time expenses, they will be able to handle the one-time expenses, so they can focus on the ongoing – and they do not need to parse that out too much at this point. He said that the Board needs to focus on their priorities and have staff work through the numbers to get them right.

Ms. Palmer asked if Mr. Sheffield would be willing to go down to one traffic officer.

Mr. Sheffield responded that he would be willing to compromise on that, but it will be compromising on the bottom line – taking out the jail and some of the small things will equate to about 0.4 cents on the tax rate. He said that they need to get a sense of whether they are looking to figure out how to use the money that they have, or to figure out how to fund what they want.

Ms. Palmer said that the officer positions should be evaluated on their merits just as the other positions are, and then they can strategize on the funding of them.

Mr. Foley said that if there is consensus on some of the items, staff can put together the numbers to show the Board how much is being used.

Ms. McKeel stated that she feels the new Bright Stars classrooms and police officer positions are critical, and said that the \$500,000 for the schools is also critical because it responds to enrollment and new students.

Ms. Palmer said that the natural resources position is a priority for her.

Mr. Foley asked if there is support for moving the IT position into the fire and rescue fund, which will free up that amount of funding in the general fund.

Mr. Foley revisited the available resources, and explained that because of the state budget and some other factors, they ended up with approximately \$433,000 – but the 599 money came in \$40,000 short, so that amount dropped to \$393,000. He said that if the Board agrees to move the IT fund out of the general fund and into the fire fund, they will have freed up another \$100,000 to add to the \$393,000 – giving them a total of approximately \$490,000 to spend without a tax increase. He said that the question at this point is what they want to address with that, and he noted that while they always plan for a 60/40 split, at the end of every year adjustments are made with whatever resources are available – with the Board appropriating it wherever they decide.

Mr. Boyd pointed out that there is a tax increase, but there is one penny added here.

Mr. Foley said that he is correct, as this assumes a one-cent dedication to fire and rescue.

Ms. McKeel expressed concern that they are not funding the school gap with this.

Mr. Foley stated that if they include everything on the top of the list except for the \$110,000 for the jails, and then they added \$500,000, the total amount will be \$1,070,000 – and they have \$490,000 to offset that.

Ms. McKeel asked what the total will be if they fund one police officer, the natural resources position, and the school gap – but not the County administrative positions – they can get to a zero tax increase, except for the one cent dedicated. She added that this will mean they will not have the positions funded for the fourth floor.

Ms. Palmer said that they can also have a discussion about whether to put anything in the CIP, which will require a tax increase.

Mr. Foley said that perhaps they should deal with whether or not they will support a tax increase, because that will form the rest of their discussion.

Mr. Boyd mentioned that if they cut out the positions on the fourth floor, they are cutting off their support for their town hall meetings.

Ms. McKeel said that they had that this year.

Ms. Mallek said that the reason is because of all the work that has been added onto the fourth floor staff.

Mr. Foley stated that community engagement staff are dealing with the town hall meetings, but the research and policy analysis, and the new committees – as well as supporting town hall activity – will all be done by the new position.

Ms. Dittmar said that they have added two staff to administration.

Ms. McKeel said that there are two people in community engagement.

Mr. Foley said that the town hall meetings are being handled by existing staff, and there is a distinction between that and the research positions. He stated that those staff are also keeping the website up, handling Engage Albemarle, and many other tasks – and adding video streaming of meetings, these positions will be stretched.

Ms. Dittmar asked if there is a sense from the Board as to whether they will support a tax increase.

Mr. Sheffield said that the discussion shifted as to whether the \$500,000 will be funded, because they will only come up \$90,000 short on all the items on the list without the additional school funding.

Ms. McKeel stated that she does not mind making small adjustments now, but she will be more comfortable waiting until their second public hearing the following night.

Ms. Mallek said that it helps the public to understand what the possibilities might be, even though the Board is not definite on anything yet.

Ms. Dittmar said that what the public brings to the public hearing the following night may influence what they decide to fund or not.

Mr. Sheffield suggested breaking out each line item and putting what the equivalent on the tax rate will be, as that will help them prioritize the list and help them understand the implications of the increase – rather than doing a zero sum and figuring out what they have to remove.

Ms. Palmer said that it will also help to spell out the dollar value of those incremental tax increases in terms of property taxes.

Mr. Foley said that in the past, Boards have tried to build consensus on some of the things on the list – and thus far, they have agreed to remove the \$110,000 jail item. He stated that staff will bring forth a list that itemized the remaining items and their tax implications.

Ms. Mallek suggested that they group together the very small items such as Municipal Band and the Extension Service as a combined \$30,000, and asked if there is support for the top list items, which she is ready to approve as presented.

Ms. McKeel said that she will not fund the smaller items at \$30,000 if it means taking money away from the schools.

Mr. Foley said that staff will try to circulate the list to Board members in spreadsheet format the following morning, so they will have time to review it before their public hearing later that night.

Board members thanked staff for the additional information presented at this meeting.

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

Mr. Sheffield noted that the City has begun a “Grow Opportunities” Initiative to help recruit and grow better employees, with minimal cost because it utilized workforce investment money. Charlottesville Area Transit (CAT) has just hired nine people through this process who have turned out to be nine of their best employees. He said that you have to live in the City to participate, but there has been interest from people in the County for this as well. Mr. Sheffield noted that it is a 50/50 match, and is going through the City’s Office of Economic Development. He said that one of JAUNT’s challenges has been recruiting and retaining employees, and the associated costs.

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Agenda Item. No. 4. From the County Executive: Matters Not Listed on the Agenda.

There were none presented.

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Agenda Item. No. 5. Adjourn.

With no further business to come before the Board, the meeting was adjourned at 8:01 p.m.

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Chairman

Approved by Board
Date: 10/14/2015
Initials: EWJ