

An afternoon adjourned meeting of the Board of Supervisors of Albemarle County, Virginia, was held on April 14, 2015, at 3:00 p.m., Lane Auditorium, County Office Building, McIntire Road, Charlottesville, Virginia. The meeting was adjourned from April 8, 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 3:00 p.m. by the Chair, Ms. Dittmar.

Agenda Item No. 2. Consent Agenda.

Mr. Sheffield **moved** to approve the Consent Agenda. Ms. McKeel **seconded** the motion. Roll was called and the motion passed by the following recorded vote:

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

NAYS: None.

Item No. 2.1. Resolution of Intent for Wireless Amendment – Replacement of Wood Poles with Metal Poles.

By the above-recorded vote, the Board adopted the following Resolution of Intent:

RESOLUTION OF INTENT

WHEREAS, County Code § 18-5.1.40, which is part of the Albemarle County Zoning Ordinance, establishes regulations pertaining to personal wireless service facilities, including requiring that wireless facilities be set back a distance from any lot line equal to the height of the wireless facility (the “fall zone” and the “fall zone setback”); and

WHEREAS, the fall zone setback protects the public safety and general welfare by reducing the physical and visual impacts of wireless facilities on abutting lots; and

WHEREAS, the County’s prior regulations allowed a wireless facility to be located within the fall zone setback by waiver, and some waivers may have been granted without the abutting lot owner’s knowledge or written consent to the physical and visual impacts of the wireless facility being so located, and the impacts on how the owner of the abutting lot may use that lot within the fall zone that extends onto the abutting lot; and

WHEREAS, County Code § 18-5.1.40 currently enables the agent to authorize a wireless facility to be located within the fall zone setback if the applicant obtains an easement or other recordable document showing an agreement between the owner of the lot on which the wireless facility is located and the owner of the abutting lot that addresses development within the portion of the fall zone on the abutting lot (the “fall zone easement”); and

WHEREAS, the replacement of a wood monopole with a metal monopole located in the fall zone setback, currently allowed without discretionary County review, is a significant act that may have adverse impacts on the abutting lot if a fall zone easement does not exist; and

WHEREAS, in order to ensure that any adverse impacts on an abutting lot may be adequately addressed, it may be desirable to amend County Code § 18-5.1.40 to require a special exception to replace a wood monopole with a metal monopole within the fall zone setback where a fall zone easement does not exist.

NOW, THEREFORE, BE IT RESOLVED THAT for purposes of public necessity, convenience, general welfare and good zoning practices, the Albemarle County Planning Commission hereby adopts a resolution of intent to consider amending County Code § 18-5.1.40 to achieve the purposes described herein; and

BE IT FURTHER RESOLVED THAT the Planning Commission will hold a public hearing on the zoning text amendment proposed pursuant to this resolution of intent, and make its recommendations to the Board of Supervisors at the earliest possible date.

(Note: The Board heard the next two items concurrently.)

Agenda Item No. 3. Discussion and Adoption of Calendar Year 2015 Tax Rate Resolution.

Agenda Item No. 4. Discussion and Adoption of FY 2015/16 Capital and Operating Budgets.

Ms. Lori Allshouse, Director of the Office of Management and Budget, stated that the purpose of their meeting is to approve the FY16 budget and the calendar year 2015 tax rate.

Mr. Sheffield stated that he is the Executive Director of JAUNT, which receives funding from Albemarle County as they are part owner of the JAUNT Corporation. He said that he receives a salary greater than \$5,000 annually, and thus must file a personal interest disclosure statement with the County Attorney's office. Mr. Sheffield stated that given the general nature of the budget discussions and JAUNT's aspect in the budget, he feels that he can still participate in their discussions fairly, effectively, and in the public interest.

Ms. Allshouse reported that the Board had met on April 7, wherein they had made several decisions about salary increases for County employees beginning in October 2015 rather than January 2016, and funding for the ACE program with some one-time funds, after the November audit. She said that they will now review the list of items remaining under consideration, and referenced a slide that shows available revenues of \$478,504 – which are undesignated ongoing revenues available due to state funding changes and other changes. Ms. Allshouse noted that these revenues are those they have on hand that do not require the tax rate to be raised any further. She said that this amount assumes that \$86,851 will be funded by reserve funding from the fire/rescue services fund, which was suggested by County Executive Tom Foley to be taken from the \$110,000 reserve for contingency.

Ms. Allshouse stated that staff's information also includes real estate tax rate equivalents for reference, with a penny on the tax rate equating to \$1.6 million, and a tenth of a penny on the tax rate equating \$161,733, and a hundredth of a penny on the tax rate equating \$16,173. She presented fiscal year ongoing costs for the general government items considered on April 7, with some of the positions having one-time startup costs associated with them. Ms. Allshouse said that ongoing costs for a police traffic safety officer will be \$92,075, and per the Board's suggestion – even though these can be funded without increasing the tax rate, staff included a tax rate equivalent column as a point of reference, as well as a tax bill impact home valued at a median price of \$319,000. Ms. Allshouse stated that the list includes two traffic police officers, two Bright Stars classrooms, two DSS positions – one in foster care, and one for family preservation, a Community Development natural resources positions, and agency funding totaling \$29,492 for several changes. She stated that the total general government amount equals \$569,919. She noted that the amount needed to fully fund the School Board's request is approximately \$500,000, which has decreased from \$750,000 based on some changes from the division. Ms. Allshouse added that she included a placeholder for the CIP, as the Board had considered providing some funding for capital.

Ms. Dittmar asked Board members if they want to approach this as a lump sum, or by line item.

Ms. Palmer stated that she has another option she would like them to consider, as she is very concerned about their projected \$31.5 million deficit in five years for both operations and capital, and asked if they can look at the slide she had asked Ms. Allshouse to prepare – with an additional penny on the tax rate, the majority of which will go to the CIP.

Ms. Allshouse presented a slide reflecting expenditure details and local ongoing costs, with general government, school and CIP items, and explained that this proposal took the \$478,504 to fund these items for general government, and will leave less than \$1,000 for contingencies. She said that the proposal is to raise the rate by a penny, to be provided to the school division and the CIP, with partial funding of the School Board's request at \$250,000 and a \$50,000 cost to move two trailers to elementary schools and hook them up with electricity for Bright Stars classrooms. Ms. Allshouse said that the CIP will receive \$1.3 million under this scenario, and add that the cost to move trailers can be done under the CIP as start-up costs for facilities.

Ms. McKeel asked if this is predicated on one penny over and above the fire and rescue funding.

Ms. Palmer confirmed that her proposal is to add another penny to close the operational gap with schools and to start chipping away at the \$31.5 million debt, by putting that money into the CIP. She reminded Board members that the County Executive's budget had essentially moved one penny out of operating into the CIP, and her proposal intends to restore that to give Board members an idea of what that will look like to add that back in.

Ms. Allshouse noted that Ms. Palmer's proposal also only includes one traffic safety officer instead of the two they had discussed.

Ms. McKeel commented that the proposal is appealing to her, especially the money going to schools, and said that they may first want to address whether there is support for a dedicated penny for fire and rescue – because this decision is predicated on that.

Ms. Dittmar said that the harder task is to determine what they want to do with the additional spending, and then they can discuss whether they want to support fire and rescue with the dedicated penny.

Mr. Sheffield stated that he is disappointed that the proposal does not fund the second traffic safety officer, so he does not support it as presented.

Ms. McKeel said that while she really supports the Bright Stars classrooms and understands the cost of moving the trailers, the schools receive a lot of in-kind support for that program which are not taken into account with the \$50,000.

Ms. Mallek said that they have the classrooms and the chairs already, and this funding will go to fund teachers for Bright Stars.

Ms. McKeel mentioned that the United Way will be holding a big summit in a few weeks on pre-K education in the community, with lots of players coming to that discussion – and she would like to see how that plays out before committing \$201,000. She suggested funding one classroom rather than two, which will allow Mr. Sheffield to have the additional traffic officer.

Ms. Dittmar said that funding this will help the waiting lists that currently exist, and there will be additional four-year-olds needing this again next year.

Ms. McKeel agreed, but said that the community has not held a discussion as to how the school division will go forward in being able to handle some of the unexpected risks they have each year and their ability to handle it. She is reticent to add more to their plate until having a larger discussion. She stated that the schools have a commitment of K-12 right now to address.

Ms. Dittmar stated that this is the local government budget – not the school budget – and their commitment is broad, with a strategic plan that calls for lifelong learning, so this is an opportunity to do something for pre-K.

Ms. McKeel said that perhaps at a different time she would support this, as she wholeheartedly supports pre-K education, but she is not sure that this is the choice she would make right now.

Ms. Mallek stated that the Board has received emails from the school division regarding the specific question of how many students they can handle within their parameters – and their response is that they can handle 42 students, or the equivalent two classes. If there are other problems from the school division, this is the first she has heard of them. She commented that there has been discussion about pre-K for four or five years, and there are many people in the community who want programs like Bright Stars to happen because it raises the skill level of all the kids.

Ms. Palmer asked Mr. Dean Tistadt if he will comment on Bright Stars in terms of in-kind support and the impact on schools. Mr. Dean Tistadt, Albemarle County Schools Chief Operating Officer, addressed the Board, stating that the schools and DSS, along with County staff, have prepared information that was previously shared with them on in-kind contributions and what it takes to make the programs a success. Mr. Tistadt said that they have already made the decision to expand the Bright Stars classes from 17 students to 18, which will accommodate five new students, and two additional classrooms at 18 each will allow for 36 new students. Mr. Tistadt said the schools have evaluated the best locations for the new classrooms and have decided that Cale and Greer elementary schools will be good candidates, but are constrained for space. He stated that the Agnor-Hurt addition will free up some trailers there that can be relocated, but there is expense associated with that. Mr. Tistadt explained that they will move something like a music class outside to a trailer that will create space within the building, and putting the pre-K program within the main facility. He said that ideally, pre-K students will be served in the school which they will eventually attend, but the second option of having them go to a nearby school will be better than not having them attend at all. Mr. Tistadt added that the schools feel confident that they can move the trailers and create space in two locations – Cale and either Greer or Murray, that will serve current Greer students.

Ms. McKeel said that her concern is putting more stress on teachers and schools by adding the two Bright Stars classrooms, and asked if the schools are concerned about that. Mr. Tistadt stated that school administration have talked to those principals, who will very much embrace having these additional preschool classrooms because of the added benefits, despite some additional workload.

Mr. Sheffield asked if the only way to make the program work is to bring in trailers. Mr. Tistadt responded that it is not ideal, but it is better than not serving the students at all – and the challenge is that where the schools have capacity does not align with where they need these services for students.

Ms. Mallek noted that there will also be a cost associated with demolishing or removing the trailers, so that will affect the net cost.

Ms. Palmer said that she would be willing to propose adding another traffic safety officer to her proposal, so that will just reduce the amount going to the CIP. She stated that she knows the officers are needed, and her suggestion of including just one had been to make the numbers work.

Mr. Sheffield asked Mr. Bill Letteri what his assessment of the impact of the \$1.3 million additional to the CIP, as his original position was to avoid a tax increase the following year. Mr. Bill Letteri, Deputy County Executive, responded that if they apply the funds this year in FY16 to pay in cash what they will have otherwise borrowed – probably short-term items – they will then mitigate the 2.1- cent increase by some amount, which he will need to compute to be exact.

Ms. Mallek said that it will not eliminate the whole thing, but it will avoid having two cents on top of the one cent this year.

Ms. Palmer asked Ms. Allshouse to clarify use of the penny this year to try to bring down their debt. Ms. Allshouse explained that for FY16, they will use this money as one-time cash toward items in the CIP for which they will normally be borrowing short-term, such as school busses; in FY17, the money will all go towards debt. She said this will help in two ways: by paying cash for items in the first year, and then focus this money on debt service from FY17 on.

Ms. Palmer asked staff what their advice would be as far as best use of money to help with the County's long-term debt, given the estimated looming \$31.5 million deficit in five years. Mr. Letteri replied that to leverage funds to mitigate that future liability is their best alternative – and that will be to pay down the short-term borrowing they would have otherwise done, and mitigate that liability.

Ms. Dittmar asked if he is recommending they increase taxes to cover that. Mr. Letteri clarified that he is only suggesting how to best apply that cash if it were available.

Mr. Palmer stated that Mr. Letteri cannot recommend that they raise or lower taxes.

Ms. Dittmar said that Ms. Palmer asked half of a political question, and half of a financial question.

Ms. Palmer stated that her goal is to get a handle on this and not kick it down the road. She emphasized that it is not a political question – it is a problem they have in their budget. Ms. Palmer explained there is a pending \$31.5 million deficit with a 2.5% growth rate worked into that, with a 1% inflation rate worked into that. If they can mitigate this in all the ways talked about, it is still concerning to her that they not kick it down the road – and what the best way is to attack that problem.

Ms. Dittmar said the “best way” is an opinion, which is where they get into political aspects, by asking Mr. Letteri for a suggested approach as to how to assign the money.

Ms. Palmer stated that she is seeking his best advice as to how to do this, and from her perspective it is not a political question. Mr. Foley said that if the Board chooses to put additional revenue in through an additional penny, whatever amount goes to CIP, staff's recommendation will be that the cash be used to pay and not to borrow. Beyond that staff does not have an opinion as to whether the Board should raise that revenue further or not.

Ms. McKeel asked for clarification that staff is referencing the two cents already in the CIP for 2017, then an additional two cents in 2019. Mr. Letteri confirmed that is correct.

Ms. McKeel said that they can help mitigate slightly the anticipation of another two cents in 2017 by taking some measures now.

Ms. Palmer said that it will probably reduce it by about half.

Ms. Dittmar stated that the County has \$5.8 million of extra revenue this year above last year, and chose to spend it in certain ways if they adopt the recommended budget, such as adding five new police officers and dedicating revenue to fire and rescue. She said that in the future, if they have extra revenue when they have debt coming due, they can allocate some of that rather than implementing a tax increase. Ms. Dittmar stated that just because they anticipate having to raise taxes in two years, it does not mean they have to – it is simply a placeholder, and it is just one solution.

Mr. Boyd stated that this also assumes they will not find any efficiencies in the way they operate government over the next five years. He said that over the last 10 years, they had \$176 million in surpluses, and passing an increase will yield a surplus at the end of this year. The only year they did not have a surplus was 2008.

Mr. Sheffield asked how they are still facing a capital collapse if they have this kind of surplus each year.

Ms. Mallek emphasized that the money has gone to pay debt and to sure up reserves every year. There is no bank account with money sitting in it, nor was the surplus used to hire new people. She stated that their budgets have been painstakingly gone through, and have throttled down hiring over this time period. She greatly appreciates the efficiencies that have been gained, but she does not think the changes going forward will be as dramatic because they met those efficiencies by dropping 77 staff positions. Ms. Mallek said that one major change in their vision has been an effort to catch up in areas where they have lagged behind, such as police and social services positions – and her constituents seem to understand that they cannot expect services when there is no one there to provide them. She noted that in 2008, 2009, 2010 and 2011, they could not do anything in the capital program to save millions on construction projects, because their available cash funds were being used to pay existing debt and emergency maintenance projects. Ms. Mallek emphasized that it ended up costing more in the long run to borrow for these things, and with Northside Library for example, the cost of renting would have been more than the cost of construction that has yielded twice the space.

Ms. McKeel asked Mr. Foley to explain how staff came up with the projected growth figures that Ms. Dittmar has mentioned in her comments, and the \$31.5 million deficit. Mr. Foley explained that they have a five-year projection for the estimate on growth in property values as well as new construction activity. He noted that “natural growth” is really the projected change in value of existing properties and

new construction growth, which generates more revenue at the current tax rate. He said that this is the revenue side of the picture.

Mr. Sheffield asked if staff took into account the potential for excess funds left over from a previous year. Mr. Foley explained that the policy has been for end of year monies to roll over to the CIP after meeting fund balance obligations and outstanding purchase orders.

Mr. Letteri said that for the out years of the CIP – years two through five – staff projected \$1 million each year of excess revenues over expenditures going into capital.

Ms. Palmer stated that their goal is considerably higher. Mr. Letteri said that the excess revenues over expenditures are part of what contributes to that goal.

Ms. Palmer said that this year, there is about \$5,000 going in, which is the big reason why she is recommending this change.

Ms. McKeel noted that in 2009, that number was \$10 million, and she is concerned that natural growth alone – given population pressures – is enough to fund the CIP. She emphasized that they are going to have to put more into the fund, as it is not going to just fix itself.

Ms. Palmer said that population growth is a driver in their deficit, and she is not sure how to reconcile that issue.

Ms. McKeel stated that in two years they may be in better shape, with economic development efforts starting to pay off, but having only \$5,000 go into the CIP this year is very concerning.

Mr. Foley clarified that roughly \$20 million is going into the CIP from ongoing revenues, but that amount is going to pay debt.

Mr. Boyd stated that last year, 2013 audited numbers showed that \$13 million went into the CIP from the surpluses, and he will not make the determination that they will raise taxes now in anticipation of having the deficit in five years.

Ms. McKeel, Ms. Palmer and Ms. Dittmar said that they are not saying that.

Mr. Boyd said that they are indicating they need to put more money into capital.

Mr. Sheffield clarified that they are only addressing a tax increase for next year, and all of the information that staff has provided has led them to this point – with accounting for the historic numbers.

Mr. Boyd said the point is that they have been spending this money in the CIP all along, and they cannot be projecting out next year's budget while doing this year's budget.

Mr. Sheffield noted that it is their job to do so.

Ms. Mallek stated that she did not use the \$31.5 million deficit slide in her town hall meetings because she does not feel she can adequately explain it. She does know that the County will not be able to do maintenance projects next year without borrowing, and that concerns her. She emphasized that it is important not to punt maintenance projects, such as work on the County Office Building, and it cost more in the long run to do replacements and major repairs.

Mr. Foley pointed out that maintenance projects are funded in the CIP, and the extra penny is not needed to meet maintenance needs.

Ms. Mallek asked if there is short-term borrowing needed for maintenance projects if they do not do this penny.

Mr. Foley explained that there is short-term borrowing for maintenance, but that is what they have always done based on useful life and other factors. They can avoid borrowing on some of the shorter-term projects and paying that interest, which is a benefit of moving cash into the CIP.

Ms. Palmer stated that she is surprised at what is considered "maintenance." Mr. Foley said that "maintenance and replacement" is a better phrase to use, because things like HVAC systems at the schools need to be replaced every so often, and those are reasonable to borrow for because they involve replacement.

Mr. Letteri clarified that this is capital maintenance, which has intervals of at least every five years or so, and there is not annual maintenance on many of these items.

Ms. Mallek noted that with a rotating cycle, and in order to get to everything, it has to be addressed a little bit at a time each year.

Ms. Mallek stated that she had distributed a letter from JAUNT regarding their extra position request.

(Note: Mr. Sheffield then read a transactional disclosure statement, filed with the Clerk, stating that he will disqualify himself from this discussion, because he is employed by JAUNT and has an interest that exceeds more than \$5,000 annually. He then left the meeting at 3:44 p.m.)

Ms. Palmer asked Mr. Davis if Mr. Sheffield will be disqualified from voting on the budget if they are to make a decision on the JAUNT item. Mr. Davis explained that Mr. Sheffield is disqualifying himself from specific JAUNT discussions for individual items, but once the JAUNT item has been decided and is included as a line item in the budget, Mr. Sheffield will not be prohibited from voting on the entire budget – because he will be impacted as an Executive Director, just as other Executive Directors would be from a vote on the entire budget. He stated that Mr. Sheffield can vote on the entire budget, he just cannot be involved in discussions and decisions about specific JAUNT-related items.

Ms. Mallek asked if other Board members have an interest in supporting \$11,500 as requested in the letter from JAUNT. Ms. Palmer stated that residents in her part of southern Albemarle use JAUNT a lot and she will support the request.

Ms. McKeel said that it is important for residents in the urban ring as well, and she will support it also. Mr. Foley mentioned that staff has not been made aware of the request, although it is not necessary for them to do any kind of analysis.

Ms. McKeel, Ms. Dittmar, and Ms. Mallek asked Mr. Davis if they will need to vote on the JAUNT item separately.

Mr. Davis explained that if the items are kept on their list of considered items, then Mr. Sheffield cannot participate in discussion of the list, so they should vote on it separately.

Ms. Palmer asked if they can appropriate it in a vote afterwards, since it is a small amount. Mr. Davis said that if they want to include it in the adopted budget, they will need to decide on it now, and appropriation is a different issue. He said that they will likely take it out of the \$478,000, so that number will go down based on a decision made independently of the rest of the discussion.

Ms. Dittmar clarified that the decision they are making is to take \$11,500 to assist JAUNT with enhancing their dispatch capacity in their service area, and it will come from the \$478,000 – so they will vote on it and then bring Mr. Sheffield back in for discussion.

Ms. Mallek then **moved** to approve the \$11,500 funding request from JAUNT as presented. Ms. Palmer **seconded** the motion.

Ms. Dittmar commented that obviously they know JAUNT well, but she feels uncomfortable that this does not go through the normal agency process, and she will recommend to agencies to get their requests in early enough that they will not be exceptions.

Ms. Allshouse clarified that JAUNT actually had made this request as part of their overall agency request, and staff had recommended not to include it for funding.

Ms. Dittmar asked why it was not recommended for funding. Ms. Allshouse clarified with Mr. Andy Bowman that it was because the item was something new and different, and many agencies were recommended for core service funding only – not new initiatives.

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

AYES: Ms. McKeel, Ms. Palmer, Ms. Dittmar and Ms. Mallek.

NAYS: Mr. Boyd.

ABSENT: Mr. Sheffield.

Ms. Mallek noted that this allocation from the County will leverage a lot of outside money, so they will be spending a little to get a lot.

(Note: Mr. Sheffield rejoined the meeting at 3:52 p.m., and the Board resumed its discussion on the budget.)

Mr. Sheffield asked fellow Board members about their rationale for not providing the full 1.3 cents to capital in addition to the school recommendation.

Ms. Mallek said that an incremental increase is a small step in the right direction, and it is not as much as many people want but more than what others could handle – so it seems to be right in the middle, with a slight increase for many people's tax bills.

Mr. Sheffield stated it does not seem they have a clear strategy for the direction in which they are headed, and this concerns him.

Ms. Palmer said that they will need to start addressing this and will need multiple ways to address them. They will be having those discussions over the summer to iron out strategies, but they will not know what their five-year deficit will be yet, as Mr. Boyd has pointed out. She expressed concern that they will miss an opportunity to start chipping away at the deficit, so a clear strategy will take knowing what the future will bring, including growth. Ms. Palmer asked Mr. Sheffield what he envisions a clear strategy to be.

Mr. Sheffield responded that he had asked staff to look into this before, and they indicated that 1.5 cents would help avoid the issue of a 2.1-cent tax increase in the following year, and shrinking that 1.5 cents increases the likelihood of future increases, or the possibility of robbing Peter to pay Paul for the capital problem. He emphasized that they can easily take the equivalent of that 2.1 cents from something else, just as they have done in the past.

Ms. Palmer agreed, adding that they will be addressing the stormwater fee next year, and will be discussing a referendum as an important strategy identified. Part of what they are deciding now is to get ahead of that so there will not be a huge tax increase in one year on citizens, with a gradual tax increase being better than having it come all at once.

Ms. Dittmar asked if Ms. Palmer feels there will be tax increases year after year. Ms. Palmer responded that she believes they will need incremental tax increases, because they are operating incredibly efficiently on a low tax rate that does not support an urbanizing community. She said that there will be growth that will generate additional revenue, but increased assessments and a stormwater tax, and a service district are all tax increases too – including a referendum.

Ms. Dittmar said that the economy is driving the assessments, but the Board has control over the tax rates for citizens. She stated that the revenue-sharing agreements with the City and with schools also take this revenue away, with \$33 million going to mandates they have no control over, dropping their realized rate to 59 cents. Ms. Dittmar emphasized that while they need to have a rate that supports an urbanizing community, they do not want an urban tax rate on the rural areas. She said she is very sensitive about a tax increase, because she is listening to people who cannot afford that, but also agrees there are things that need to be funded in the development area.

Mr. Sheffield asked if she does not assume that the assessment differences accommodates for those differences, because a 3,000 square foot home in the urban area will be assessed and taxed a lot higher than a 3,000 square foot home in the rural area. Ms. Dittmar responded that she is aware of that, but tax increases impacts a family's budget regardless of home value, and heating bills have been extraordinarily high in the rural areas over the past year. She said that she is very sensitive to the notion of fixing future problems with a tax increase this year.

Mr. Sheffield commented that the assessments in the rural area do not increase as much as they do in the urban area. Ms. Dittmar stated they do increase somewhat.

Mr. Sheffield said that they do not go up as much as in the urban area, and the disproportionate nature she is describing does not exist in his mind.

Ms. Mallek stated that it is difficult to accurately describe those comparisons, which is why they use an average – and the micro-differences are dramatic whether it is rural area or urban area. She said that Ms. Dittmar's concerns reflect those districts that have a large rural area as well as a small section of the growth area. Ms. Mallek noted that many fire and rescue volunteers are able to volunteer because they can afford to sacrifice that time, and if there are too many tax increases, they will have to work in the evenings to pay their bills and hence will not have time volunteer. She said that she is really trying to focus on how they can do the best job possible in FY16, because she does not know what is going to happen in the out years to base her decisions on, and banking money now with the intent of figuring out later how to spend it makes constituents nervous. Ms. Mallek stated this is why she is focused exclusively on the priority projects that have been on the CIP list for years and have been vetted through that process.

Ms. McKeel stated that she agrees with Ms. Palmer and Mr. Sheffield that the CIP is a primary concern, and said she is concerned that they have removed school CIP projects except for maintenance and critical needs, with some high schools having 40-year-old science labs. She said that it seems they are pushing school projects onto referendum at a cost of \$60+ million, and schools in the urban ring are overcrowded and bursting at the seams – with schools considering redistricting to accommodate the growth.

Ms. Mallek said that this is the reason for the additions to Agnor-Hurt this year, and Greer the following year.

Mr. Foley stated that the only things taken out of the CIP was the school modernization projects, and everything else is the recommendation of the Oversight Committee, but there are other school needs on the horizon.

Ms. Mallek said that they need to be prepared for new classrooms.

Ms. McKeel said that there are huge capital needs for the school division, and a referendum in the future will be a significant cost to taxpayers.

Ms. Mallek stated this is why it made sense to her to make a moderate investment in a moderate project once a year to start to chip away at this, and added that she is horrified at the prospect of having a referendum that will generate a huge leap in costs. Ms. Mallek emphasized that the referendum does not solve anything other than to identify what the voters want. They will still be facing a substantial tax increase just to pay for it – and having an annual process in which they discuss these projects individually is the best way to keep them moving forward.

Ms. Palmer said they have not really addressed the operations deficit on the school side, to really look at the 60/40 split and how they fund schools. She stated that the two entities – school and local government – operate very differently with different risks, and she hopes they will soon hold a serious discussion with schools about ways to change that.

Mr. Foley said the Board will need to provide direction to the citizens committee on that topic and others related to the funding challenges of the future, including funding formulas. He stated that staff will be coming to them in May with some proposed ideas as to that committee's charge.

Ms. McKeel emphasized they need to deal with it this year and have a discussion about the funding formula and potential adjustments, because they cannot continue to have the community divided over education funding.

Ms. Dittmar noted that this year has been a lot better in that regard, and the gap has been closed to about \$500,000.

Ms. Palmer stated that the schools have done a great deal to close that gap, attributed primarily to changes they made and cuts that they implemented – such as \$900,000 for teacher supplies and field trips.

Ms. Mallek said this is a School Board choice to make, and asked if the Board would like to reconsider the October raise, because that will provide money for the school supplies and other items that have been cut from their budget.

Ms. Dittmar asked if there is interest from other Supervisors in revisiting that, but none was expressed. Mr. Foley stated that the Board has supported the extra request for JAUNT at \$11,540, and asked Mr. Davis if the item should be shown on the list of items for consideration.

Mr. Davis suggested that the best way to proceed will be to use a new number of total general government money available of \$466,000, with that issue decided without Mr. Sheffield's participation.

Mr. Foley noted that there is not enough money to fund everything on this list at this point, and there has been consideration of adding another officer back onto the list.

Ms. Allshouse stated that Andy Bowman will be preparing a new spreadsheet for the Board to review and consider.

Mr. Sheffield suggested that they talk about the money going to the school division, as there seems to be disagreement in philosophy as to how to address the capital issue, in terms of how to approach it. He stated that he is pleased that they did not take money from general government to put it toward schools, but this means they will potentially be increasing the tax rate to fund the school gap.

Ms. Dittmar said that she will support anything that does not exceed the \$466,000 level with no additional tax increase beyond the one penny for fire and rescue. She asked how the Board wishes to proceed with consideration of anything beyond that amount.

Ms. Palmer said that she would like to start with her proposal, and Board members agreed that they will work from that.

Ms. Palmer stated that after a lot of discussion about schools and a meeting with Mr. Tistadt, she has a better understanding of what has happened to schools within the last year and how they closed the deficit gap – and the need for teachers and nurses, and the pressures of growth. She said that she feels the schools have done a good job of closing the deficit and finding all the money they can, and feels it is important to try to fund the operating deficit as much as possible. Ms. Palmer stated that she put up a figure of \$250,000 as a starting point, because she does not feel there will be support for \$500,000. She added that she also wants to get as much as possible into capital.

Ms. McKeel said that she supports the \$50,000 for moving the trailers for the two new Bright Stars classrooms.

Mr. Boyd suggested that they work off of the spreadsheet that Andy Bowman is developing, and can show that they have taken out one of the traffic officers, and the change that will occur by putting it back in. Mr. Andy Bowman, Management Analyst, addressed the Board, presenting a spreadsheet that reflects the \$466,000 remaining for their consideration, and noted how it will work as they decide on individual items, and the financial results of those decisions.

Mr. Sheffield said that there is a "no" to the second Bright Stars classroom.

Ms. Palmer stated that the school amount will go from \$300,000 to \$275,000. Mr. Bowman said that the second Bright Stars classroom is going to come out of the CIP, so not funding it will free up some of that funding.

Ms. Allshouse stated that the amount going to the CIP is \$1.3 million, so they can also use some of that to fund items like the classroom, which will reduce the amount going to the CIP. She said that the \$300,000 for the school division includes \$50,000 for the movement of the trailers, which will actually be one-time rather than an ongoing expense.

Ms. Dittmar asked if they have any one-time money left from their discussions and work at the previous work session. Ms. Allshouse responded that they only had about \$50,000 left, but they do have a reserve for contingencies that can be used for the small amounts – which can be sured up after their audits. She said that there are other ways to address one-time funding, but what is before them to focus on is net ongoing costs of the new items.

Mr. Foley noted that the \$50,000 will have to pay for start-up costs for officers, so after that is done they do not really have any one-time money. He said that the real number for schools will be \$250,000 ongoing, and the \$50,000 to move the Bright Stars classrooms will come from the CIP.

Ms. Mallek commented that if they do just one classroom it will be \$25,000, and the schools will be responsible for the destruction and/or removal from the other trailer on their own.

Mr. Boyd asked what the assumptions in the spreadsheet are based on – an increase of one penny or two and a half cents. Mr. Bowman responded that this is based on a tax rate of one additional penny compared to the recommended budget, and two pennies compared to the 2014 tax rate, for a total rate of 81.9 cents.

Mr. Foley clarified that there is one cent dedicated to the fire and rescue fund, and an additional one cent that the Board is deciding on.

Mr. Boyd noted that it does not include the 0.5 cents.

Ms. Mallek said that her dilemma is that she does not know how to decide among the Bright Stars classroom, social services workers, or traffic safety officers, as they are all very critical needs.

Ms. McKeel stated that she is concerned about the process of dedicating pennies to specific needs, such as fire and rescue, and said that it starts them on a path of dedicating funds to individual areas. She said that fire and rescue is part of the County's operations, and every time they dedicate a penny it takes money away from their funding formula with schools. Ms. McKeel said that Mr. Foley's idea to dedicate a penny to fire and rescue is very creative and does provide some transparency, but she is not sure if it is an approach she can support. She stated that she supports funding the fire and rescue positions that have been grant-funded, but it is not dedicated, there is a different division of the monies.

Ms. Mallek stated that she does not know if that is the case.

Mr. Foley said that this will be the third year they have dedicated funding to a specific initiative, and if they do not want to dedicate the penny to meet fire and rescue needs, the penny will be split 60/40 – and the Board will have a lot more work to do on this budget to figure out how to make up the difference.

Ms. Dittmar stated that this is why it is so important to have discussions over the summer about overall funding, especially funding formulas – with the 60/40 split developed in the 1990s and now possibly needing revisiting. She said that in their last budget cycle, they raised taxes three cents and dedicated funds to stormwater and VRS.

Ms. McKeel said that they now have another potential dedication for fire and rescue, which takes away money from the 60/40 split from schools.

Mr. Foley stated that it may be that the 60/40 split is not serving them well, if they are continuously needing to dedicate funding to specific initiatives, but that is part of a larger discussion to be had.

He noted that what the Board has before them is just about balance, with no additional tax increase beyond the penny for fire and rescue – and the proposal is to allocate \$250,000 to schools of an additional penny, and the rest to go to capital. He added that they can pay for the \$50,000 Bright Stars classroom relocation out of the CIP without having to make any other adjustments.

Ms. Dittmar said that if they want to move school needs into the general government part, they can still stay within the \$466,000.

Mr. Sheffield stated that moving money from general government to schools is not where most of them want to be, and he does not feel they should ever be in a position of trying to decide between the two.

Ms. Dittmar said that this is essentially "found money," and Mr. Foley has come to them with an additional amount that can fund some of the items on the list. She stated that it will be easier to decide now whether or not there is support for raising taxes.

Ms. Mallek asked if there are four votes in favor of raising taxes.

Ms. Palmer said that she will support raising taxes because there are significant needs, although none of them want to.

Mr. Sheffield stated that he supports full funding of capital – not just partial – given the significance of their needs.

Ms. McKeel commented that the additional penny dedicated for fire and rescue is essentially a tax increase.

Ms. Dittmar said the question is whether they will discipline themselves and stay within the \$466,000 and pick out the most important items, or whether they will be willing to raise taxes above the dedicated penny.

Ms. Palmer said that “discipline themselves” in her mind means looking at the long term and taking care of what they need to take care of.

Ms. Dittmar stated that it is a term she has used in the past in budgeting, with expenses meeting a revenue point – so the question is whether that point will go beyond the dedicated penny.

Ms. Palmer asked Mr. Sheffield what will make him support this, and asked if it will be the 1.5-cent increase. Mr. Sheffield responded that he is leaning towards the 1.5, because they will be signaling staff that they are trying to address capital issues without future tax increases. He said that it is not a great approach to do a little bit now and a little bit next year, as taxpayers will begin to get weary of that as an overall strategy. Mr. Sheffield stated that in talking with staff, they feel that the 1.5 cents will make a substantial impact – but it is right on the edge, and if they take away from that it will start to eat away at their strategy. He emphasized that he wants to avoid raising the tax rate again next year for the capital budget, and allocating only small amounts to capital will continue to push projects further out and put pressure on them to take money from other things to fund the CIP.

Ms. Dittmar asked who is at the 2.5 increase at this point.

Ms. Palmer said that she can be, and Ms. McKeel said that she can be.

Ms. Mallek said that she cannot support the 2.5, especially if it means removing everything except schools, and states that she is still fine with the gradual approach and adjusting for things that change from year to year. She added that she is not in favor of moving in any direction that has not been significantly studied.

Ms. McKeel said that if they had voted last year for the advertised rate, some of this would be moot, and added that they had not held all of the CIP discussions last year. She said that she would like to see the additional \$250,000 going to schools, and said that they have worked really hard to close their funding gap.

Mr. Sheffield said that the opposite scenario is if they only did the penny increase for the fire and rescue fund, they will need to brace for a battle over capital in the coming year – with a long discussion and debate over priorities.

Ms. McKeel said that trying to solve this through referendum will not work.

Ms. Dittmar stated that this is where creativity comes into budget-making, and there is a philosophy behind tax rates and taxing people – with one approach being to do as much as possible within the existing rate, and another being more visionary as to what a beautiful county will look like and what it will take to satisfy that. She said that both are legitimate, but they need to get to a place tonight as to where they stand.

Mr. Sheffield said that last year they were not dealing with the philosophy of whether or not to raise taxes, they were dealing with mandates.

Ms. Dittmar stated that the maximum rate is beyond what she can support, and she is operating with a tax philosophy in mind. She was furious that the year after the Board had passed the meals tax, they are considering a property tax increase – and she does not feel that government should always be looking at tax increases. Ms. Dittmar said that next year, they can direct staff to start looking at capital with all of the “new money,” and added that they can slow down on building capacity. She stated that it is a matter of how a majority of the Board feels about these things, and it is their political philosophy and relationship with the taxpayer – and how they think they can handle their budget directives. Ms. Dittmar said that she respects their viewpoints and knows they are proceeding for the right reasons, but just does not happen to agree with them. She asked Board members if they support Mr. Sheffield’s 1.5-cent increase on top of the dedicated amount, to determine a final budget.

Ms. Palmer asked if they can get more into the CIP by taking more out of general government operations. Mr. Sheffield said that he has an issue with robbing Peter to pay Paul.

Ms. Palmer and Ms. McKeel said that they are always doing that, and Ms. Palmer commented that it will likely take more than five years to reverse that trend. Ms. Palmer asked Ms. Mallek if there is a place in between 1 and 1.5 that she is willing to go.

Mr. Boyd stated that he does support the dedication of a penny to fire and rescue, but feels that they do not have to raise taxes in order to do that. They are beyond that point now, and reducing expenses is not on the table today. He said that he likes the proposition of increasing staff salaries, and wants to move it up even earlier, and he wants to allocate extra dollars there instead of to buying things.

Ms. Mallek asked if he wants to do less for fire and rescue. Mr. Boyd responded that he does not, and wished they had spent more time on expenditure cuts rather than raising taxes. He said that the costs of fuel and food and how they impact people – especially those on fixed incomes – are disturbing to him, and he cannot support a tax increase this year on top of the one they had done last year.

Ms. Mallek stated that she will support a maximum of a one-cent increase, and it is fine with her to take more of that to put into capital. Ms. Allshouse said that based on their conversations, there will be one Bright Stars classroom and \$1,000 short of the \$466,963 before them.

Mr. Sheffield asked Mr. Letteri to outline what will be achieved with the \$1.3 million generated from Ms. Palmer's suggested approach. Mr. Letteri explained that in the current plan, there is short-term borrowing planned – usually seven years – for short-term projects, and the additional \$1.3 million can be applied to these projects by paying cash instead of borrowing these funds.

Mr. Sheffield asked when they will borrow for these smaller projects, if they do not put the money in for them. Mr. Letteri said that it will be in FY16.

Ms. Mallek asked if it will be assigned to those projects at the top of the CIP list, and Mr. Letteri confirmed that it will be. Ms. Palmer said that they can always take another Bright Stars classroom out, although she will hate to do that.

Ms. Mallek asked Ms. McKeel about the possibility of their being funding for additional preschool classrooms, following the meeting she had mentioned to take place over the summer. Ms. Mallek said that these conversations have been going on for years and they are still at the start, which is why she has wanted to move forward with Bright Stars now. Ms. McKeel said that there is nothing firm yet, but the summit will involve agencies outside of the BOS to talk about funding and partnerships and the importance of pre-K education.

Ms. Palmer asked if there is more information about the United Way effort. Ms. Dittmar responded that it will be a summit that includes a variety of partners, and there will be recommendations coming out of the meeting.

Ms. McKeel stated that this is why she has recommended that they fund just one Bright Stars classroom now, then let the summit take place – and perhaps work out some public/private partnerships for additional preschool classrooms.

Ms. Mallek said that the business community has been very supportive of the Bright Stars effort.

Ms. McKeel stated that the Chamber of Commerce has held several events on the importance of pre-K, and she would like for the business community to partner with the County and help.

Ms. Mallek said that she can support the one classroom proposal for the time being, and the \$1,000 gap can come out of reserves.

Ms. Palmer **moved** to approve the FY16 budget as presented, with a one-cent tax increase beyond the penny for fire and rescue.

Mr. Boyd said that they can vote on a dedication of a penny to fire and rescue independent of the budget.

Ms. McKeel **seconded** the motion.

Mr. Foley clarified that they will be accepting the adjustments that utilized the total of \$466,000, and will be approving an additional one cent on the tax rate – with \$250,000 for schools and the remainder going to CIP; the proposal also includes a penny dedicated to fire and rescue.

Ms. Palmer restated her **motion** to adopt the FY16 budget as discussed, to include the list of adjustments to include one new Bright Stars classroom. Ms. McKeel **seconded** the motion.

Ms. McKeel said that she is not in favor of the one penny dedicated to fire and rescue, but can support the motion as one package.

Ms. Mallek stated that she will support the motion, in light of the radical changes in numbers of students with language barriers and/or special needs who enroll in the school system.

Ms. Dittmar said that she will vote against this, as she does not want an additional increase over the one penny for fire and rescue.

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

AYES: Ms. McKeel, Ms. Palmer, Mr. Sheffield and Ms. Mallek.

NAYS: Mr. Boyd and Ms. Dittmar.

Mr. Davis said that they will still need to adopt the tax rate resolution, which will now require a tax rate of 81.9 cents on every \$100 of assessed value of real estate, manufactured homes, and service property.

Ms. Palmer **moved** to adopt the resolution before the Board, which will now require a tax rate of 81.9 cents on every \$100 of assessed value of real estate, manufactured homes, and service property. Ms. McKeel **seconded** the motion.

Mr. Boyd asked where the business personal property tax rate comes in, and if it is a separate item.

Mr. Foley said that there will be no change to other proposed tax rates, and the business personal property tax cannot be implemented until July 1.

Mr. Davis said that the law goes into effect on July 1, and will not be applicable until the 2016 tax rates are effective.

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

AYES: Ms. McKeel, Ms. Palmer, Mr. Sheffield and Ms. Mallek.

NAYS: Mr. Boyd and Ms. Dittmar.

RESOLUTION TO SET CALENDAR YEAR 2015 TAX RATES

BE IT RESOLVED that the Board of Supervisors of Albemarle County, Virginia, does hereby set the County Levy for Calendar Year 2015 for general County purposes at:

- (1) Eighty-One and Nine-Tenths Cents (\$0.819) on every One Hundred Dollars of assessed value of real estate;
- (2) Eighty-One and Nine-Tenths Cents (\$0.819) on every One Hundred Dollars of assessed value of manufactured homes;
- (3) Eighty-One and Nine-Tenths Cents (\$0.819) on every One Hundred Dollars of assessed value of public service property;
- (4) Four Dollars and Twenty-Eight Cents (\$4.28) on every One Hundred Dollars of assessed value of personal property; and
- (5) Four Dollars and Twenty-Eight Cents (\$4.28) on every One Hundred Dollars of assessed value of machinery and tools; and

BE IT FURTHER RESOLVED that the Board of Supervisors orders the Director of Finance of Albemarle County to assess and collect County taxes on all taxable property, including all taxable real estate and all taxable personal property.

Recess. The Board recessed its meeting at 4:56 p.m., and reconvened at 5:15.

Mr. Foley stated that there is no further action required by the Board at this time. He said that at the Board's May 6 meeting, staff will present the final resolution and a cover memo with all of the adjustments. He said that at that time, the Board can adopt the resolution.

Ms. Palmer asked if the CIP priorities will be decided at that time. Mr. Foley explained that the appropriation is different from setting the budget, and the appropriations will come before them in June for authorization.

Ms. Mallek asked if there are timeframes on the work sessions.

Mr. Foley said that they are aiming for the afternoon of their second monthly meetings in May and June, with the CIP to be discussed in May.

Ms. McKeel asked where they stand with the use of Tuesday evenings, as it is convenient for those who have jobs during the day.

Mr. Foley responded that he would like to get the sense of the Board on a third meeting per month, because they have been scheduling work sessions for the afternoons of their regularly scheduled meetings.

Ms. Allshouse clarified that staff will bring back the final budget and summary of changes at their May 6 meeting.

Ms. Dittmar expressed her appreciation to the staff for all of their work, and the work of the Supervisors, on the budget process.

Agenda Item. No. 5. From the Board: Matters not Listed on the Agenda.

a. Draft Citizen Survey Instrument.

Ms. Dittmar said that the Board has been asked to provide input on items for the countywide survey, and asked Ms. Mallek to share information on the process.

Ms. Mallek stated that she is concerned about trying to refine some of the questions that have queries that are unrelated to local services provided by the County – such as street cleaning and cable television – and she has provided feedback to Louise Wyatt as to the desire to be more specific in their questions.

Mr. Foley said that staff will make an effort to remove items that are unrelated.

Ms. Palmer said that sometimes when people do surveys and start seeing things that are unrelated, they take them less seriously and sometimes become frustrated.

Ms. Dittmar stated that she wants questions related to broadband, if there will be a way to word them.

Ms. Palmer said that she will be adding two custom questions for solid waste.

Ms. Louise Wyatt addressed the Board, stating that they have added six custom questions, but shortening up one might allow space for other questions.

Mr. Foley stated that their goal is to get the survey out in time for the citizens committees and strategic planning retreat to have some current data to work with and guide their efforts.

Ms. Louise Wyatt, Organizational Development Manager, said that if she can go ahead and let the survey organization know that it is finalized, they can probably get the data back by late June. She noted that several of the schools' questions are able to be included in the survey, and said that this survey instrument will allow for a comparison of rural area respondents versus urban area respondents.

Board members agreed that this is a helpful feature for issues such as broadband, solid waste, etc.

Mr. Boyd mentioned that he and other Board members will be attending the Nehemiah Action (IMPACT) meeting. Mr. Davis stated they will not need to adjourn to that time as they will not be participating in the dialogue.

Ms. Mallek reported that she had sent an email inviting the Board to the Virginia Scenic Resources lunch meeting on April 21st, hosted by The Shops at Stonefield, and said that this is the conference of the Rivanna River Basin Commission.

Agenda Item. No. 6. From the County Executive: Matters not Listed on the Agenda.

There were none presented.

Agenda Item. No. 7. Adjourn.

With no further business to come before the Board, the meeting was adjourned at 5:21 p.m.

Chairman

Approved by Board
Date: 10/07/2015
Initials: EWJ