A regular meeting of the Board of Supervisors of Albemarle County, Virginia, was held on December 6, 2023 at 1:00 p.m. in Room 241 on the Second Floor of the Albemarle County Office Building, 401 McIntire Road, Charlottesville, VA 22902.

BOARD MEMBERS PRESENT: Mr. Jim Andrews, Mr. Ned Gallaway, Ms. Beatrice (Bea) J.S. LaPisto-Kirtley, Ms. Ann H. Mallek, Ms. Diantha H. McKeel, and Ms. Donna P. Price.

BOARD MEMBERS ABSENT: None.

SCHOOL BOARD MEMBERS PRESENT: Ms. Kate Acuff, Mr. Jonno Alcaro, Ms. Rebecca Berlin, Ms. Judy Le, Ms. Ellen Osborne, and Mr. Graham Paige.

SCHOOL BOARD MEMBERS ABSENT: None.

COUNTY OFFICERS PRESENT: County Executive, Jeff Richardson; County Attorney, Steve Rosenberg; and Clerk, Claudette Borgersen.

Agenda Item No. 1. Call to Order. The Board of Supervisors meeting was called to order at 1:00 p.m. by the Chair, Ms. Donna Price.

Ms. Price introduces staff and the members of the Board present. She asked Ms. Judy Le to convene the School Board meeting.

At 1:01 p.m., the Chair of the Albemarle County School Board, Ms. Le, called the meeting of the Albemarle County School Board to order. School Board members introduced themselves.

Ms. Maya Kumazawa, Director of Budget and Planning; Mr. Matthew Haas, Superintendent; Ms. Rosalyn Schmidt, Chief Operating Officer; and Mr. Josiah Black, Legal Counsel for Albemarle County Public Schools introduced themselves.

Ms. Price said Albemarle County Police Officer Raymond Lilly and Lieutenant Angela Jamerson were present at the meeting and thanked them for their service.

Agenda Item No. 2. Adoption of Work Session Agenda.

Ms. Price said that the floor was open for a motion to adopt the agenda.

Mr. Andrews **moved** to adopt the final agenda as presented.

Ms. Mallek **seconded** the motion. Roll was called and the motion carried by the following recorded vote:

AYES: Mr. Andrews, Mr. Gallaway, Ms. LaPisto-Kirtley, Ms. Mallek, Ms. McKeel, and Ms. Price.
NAYS: None.

Agenda Item No. 3. **Joint Work Session with the School Board:** Five-Year Financial Plan Work Session.

The Executive Summary forwarded to the Boards states that long-range financial planning is part of the County's adopted financial policies The Five-Year Financial Plan will include a review of revenue trends and expenditures from the prior years' projections of revenues and expenditures, as well as future costs and the financing of the Capital Improvement Plan. A long-range financial plan is different from the annual budget in that it emphasizes where the County may be headed at the end of the plan rather than the coming fiscal year. This planning can provide a helpful framework to inform the annual budget to ensure funding recommendations are aligned with County priorities. It also provides a framework to illuminate discussion around questions such as:

a) Are the County's operating and capital plans in alignment? For example, if the County starts constructing a new facility in the capital budget, is it able to open and operate it in a future operating budget - can the decisions being made today be afforded in future years?
b) What long-term strategies or policies could be considered to change the long-term trajectory of the financial plan?

The Five-Year Financial Plan is the next step in the County's long-term financial planning process, where to date:
- On August 16, the Board approved the FY 25 operating and capital budget calendar
- On October 4, the Board received an Economic Outlook Report
- On November 15, the Board held the first Five-Year Financial Plan work session that focused on initial revenue and expenditure assumptions, which are developed using the best information available at the time, and illustrate the financial plan's alignment with the Strategic Plan

Next, in accordance with the budget development schedule, the series of work sessions to review long-range financial planning information prior to the annual budget process will continue on December 6 (a joint meeting with the School Board) and December 13. Key reference materials have been assembled as Attachment A (School Board's Request - Long-range Planning) and Attachment B (presentation to the Board of Supervisors from November 15, 2023 on Five-Year Financial Plan).

During this work session, the Board of Supervisors and School Board will discuss the development of the FY 25-29 Capital Improvements Plan, the Public Schools' capital funding request and workforce stabilization - healthcare strategies. The Five-Year Financial Plan assumptions will continue to be updated in the annual budget development process and subsequent financial plans.

Long-range financial planning connects long-range fiscal planning with strategic priorities and provides an important context for the annual budget process.

Staff recommends that each Board share feedback and ask questions on the assumptions used in the development of the FY 25-29 Capital Improvements Plan, the Public Schools' capital funding request and workforce stabilization - healthcare strategies.

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Mr. Andy Bowman, Interim Assistant Chief Financial Officer for Policy and Partnerships, said that he wanted to acknowledge the Boards' dedication to long-term financial planning. He said that this was the second of three Board meetings that week, which was certainly a commitment. He noted that the School Board had been transitioning over the past several months, from developing with their long-range space planning committee to engaging with the capital plan, observing the process from afar.

Mr. Bowman expressed his gratitude for the opportunity for both boards to gather in one room and understand where they were in their Capital Improvements Plan (CIP) process. He thanked Ms. Maya Kumazawa, his counterpart, in planning for this, for her contributions for this meeting and throughout the year for her strategic thinking, technical aptitude, and partnership, making budgeting more manageable by providing a good partner.

Mr. Bowman said that he would frame the discussion within the context of the Board of Supervisors' adopted Strategic Plan. He said that this was the plan that the Board had adopted last fall, consisting of six goals. He said that today, he would draw attention to Goal 5 on education and learning, which had two objectives displayed on the screen. He said that on November 15, they had discussed the five-year financial plan with the Board of Supervisors, focusing on the other five goals in more detail within the operating budget. He reiterated that today's focus was solely on Goal 5.

Mr. Bowman said that the School Board also had their Strategic Plan, adopted in the summer of 2021. He said they were further along in their plan's implementation.

Mr. Bowman said that to set the stage for today, staff had proposed four desired outcomes, primarily revolving around attaining a shared understanding. He said that most of the discussion today would be centered around the CIP, but first, they would hear an update from their interim Chief Financial Officer, Mr. Jacob Sumner, on the health fund and some strategies related to it. He said that they would then take a short pause for Board discussion and questions.

Mr. Bowman said that he would present an overview of how they arrived at and were currently situated in relation to the CIP, with another pause for Board discussion and questions. He said that Ms. Kumazawa would then present the School Board's request, allowing ample time for dialogue between the Board members. He said that he would return to discuss potential strategies and next steps at the end of the presentation, ensuring that sufficient time was allocated for further discussions. He said that the staff intended to cover several slides at a reasonable pace during the presentation. He noted that some information may be familiar to the Board, while other aspects would be new; however, the primary focus remained on providing opportunities for the School Board to share their request and for the Board members to engage with it.

Mr. Jacob Sumner, Interim Chief Financial Officer for Albemarle County, stated that he would discuss the health care fund, which affected both boards but was not often discussed. He said they would begin by understanding how the two entities and bodies interact with the structure of their self-insurance and medical plan. Mr. Sumner said that the first slide was an overview and high-level illustration of how their health care fund operated.

Mr. Sumner said that as a self-insured health care fund, they paid for claims as they came through the fund for their health care costs. He said that being self-insured saved them a significant amount of funds collectively compared to being fully insured. He said that by taking on the risk of the volatility of health care claims, they could offer more competitive rates for their health care plan and more attractive benefits from a plan design standpoint.

Mr. Sumner said that the next slide was designed to represent an equation, specifically the revenue expenditure side of the healthcare fund. He said that on the left-hand side was the revenue component of the healthcare fund, which consisted of employee premiums that they paid for their healthcare coverage and employer contributions.

Mr. Sumner said that the contributions collectively helped pay for medical and pharmacy claims, administrative fees, and overhead costs associated with managing the plan. He said that they also contributed to funding a wellness program and a strategic reserve to ensure adequate funding for changing healthcare costs and the healthcare landscape.

Mr. Sumner said that he would draw attention to the employer contribution side. He said that multiple entities were listed here, including local government, public schools, and various partner entities that contributed to the health care fund. He said that this was a pooled fund and a joint fund.

Mr. Sumner said that he would take a moment to discuss the current state of their healthcare fund. He said that the chart on the slide displayed the past three plan years, including a projection for the current plan year. He said that to provide context, the plan year spanned from January to December, which differed from their fiscal year that ran from July through June. He said their plan years ranged from 2020 to 2023.

Ms. Sumner said they observed a consistent rise in both revenues and expenditures. He said that the green bars on the slide represented revenues, including premiums from employees as well as contributions from employers. He said that the light blue bars depicted the actual costs associated with administering the plan, encompassing processed claims, overhead expenses, and the wellness components of their program. He said that there was a steady increase in these blue bars.

Mr. Sumner said that he would like to particularly draw attention to how rapidly those bars were increasing, especially the light blue bars. He said that this acceleration was due to a combination of factors. He said that one was that they had seen significant inflation in their healthcare costs, so the costs for pharmacy, doctor visits, provider visits, and specialist visits had increased. He said that there had also been a rebound effect coming out of the pandemic where people did not have access to regular doctor visits due to restrictions and the ability to be mobile and engage in those health care services. He said that this had led to an increase in demand for healthcare services. He said that there was compounding of the factors of the increased healthcare costs and the desire for more services.

Mr. Sumner said that he would like to draw attention to the dark blue shading at the back, which represented their fund balance, which was essentially the reserves they had in place to manage claim fluctuations and offset against revenues collected for the healthcare fund. He said that it was an industry best practice to maintain about two to four months of expenditures in the reserve to help with the month-to-month and week-to-week volatility as claims were processed. He said that it could be seen on the cart that the dark blue shading was declining, and it had decreased over the past couple of years due to increased healthcare costs that had exceeded the revenues they had been collecting. He said that they had been utilizing the fund balance to cover claim expenses.

Mr. Sumner said that as they projected into the future, it appeared that their fund balance may soon exceed the target range they aimed to maintain. He said that as that they were considering various strategies for the upcoming fiscal year. He said that one option was to inject additional funds into the healthcare account to keep the balance within the desired range. He said that this would help offset any potential increases in employer or employee contributions for the fund. He said that by implementing these measures, they could ensure that their fund remained healthy and adhered to best practices. He said that this was their current state.

Mr. Sumner said that they had various health care strategies that were being implemented. He said that healthcare encompassed a wide range of topics, including pharmacy, wellness, and claims management. He said that they had opportunities to manage these claims effectively by focusing on dependents eligible for their plans. He said that recently they had completed a dependent eligibility review to ensure that those accessing the plan met the necessary criteria. He said that this review verified nearly 3,000 dependents and identified approximately 130 who were ineligible, saving them about $700,000 in claims during the first year. He said that the success of this project was a result of their staff's dedication and collaboration with consultants.

Mr. Sumner said that they were currently working on establishing an employee health clinic. He said that they had issued a request for proposal (RFP) to receive proposals for an employee health clinic. He said that the purpose of this clinic was to provide primary and urgent care services to their employees, focusing on disease and condition management.

Mr. Sumner said that they aimed to offer lab services, pharmacy services, mental health components, and occupational health services such as return-to-work reviews with a physician, pre-employment screenings, and annual physicals for staff requiring them regularly. He said that the primary goal was to package all these services into an employee health clinic to address the needs of their workforce effectively. He said that a crucial aspect of the healthcare clinic was ensuring that employees had access to comprehensive coverage.

Mr. Sumner said that they observed the pent-up demand in the chart earlier, where people could not access care during the pandemic. He said that with their population and the number of providers in the area, they were considering providing another access point for their employees and their families to access primary and urgent care services.

Mr. Sumner said that the next item on their agenda from a strategic standpoint was a multi-year wellness strategic plan. He said that this involved creating a roadmap for how they would engage with wellness initiatives for their employees, aiming for long-term positive impacts on their health. He said that through this strategic plan, they hoped to explore different wellness programs and potential wellness incentives that encouraged their employees to make healthy choices and invest in their healthcare.

Mr. Sumner said that the fourth point was their competitive market design, which involved examining how their healthcare plan was designed in comparison to the market competition. He said that they were assessing whether their deductible level was competitive with those that the County was competing with for staff, ensuring that their plan offered attractive benefits for their employees, such as pharmacy coverage or other necessary healthcare services. He said they were ensuring they remained competitive in their plan design efforts.

Mr. Sumner said lastly, they were preparing to enter into the rate planning aspect of their healthcare fund. He said that this was a long-range planning work session, however, this was one step in their healthcare coverage review process. He said that they must determine the rates employees would pay in premiums and the employer contributions required for the fund. He said that as they worked through their transition from long-term planning to budget sessions with both boards, they would have discussions about healthcare costs. He said he anticipated that these conversations would be their next engagement with their healthcare.

Mr. Gallaway asked if the $700,000 saved from those 130 individuals was a normal amount.

Mr. Sumner said that he was unable to determine if it was a normal ratio; however, based on historical claims they had seen, removing approximately 130 would result in about $700,000 in cost. He said that their most expensive members of the plan were typically the extended family members of their employees, such as spouses or dependents.

Mr. Gallaway asked if a majority of those 130 were spouses who did not qualify for the plan.

Mr. Sumner said that he did not have that detailed information available today.

Ms. McKeel said that she appreciated the fact that their healthcare costs had not increased as much as they historically did, when they were around 14%-15%. She said that this was due to a significant effort over the last decade toward wellness and the implementation of various wellness programs for employees. She said that she would like to focus on the employee health clinic and its connection to their wellness plan. She said that by integrating the clinic into the wellness program, they could further improve the overall effectiveness of their efforts in promoting employee health and wellbeing.

Mr. Sumner said that having a clinic allowed for possession of a vehicle and a platform to support wellness programs such as annual assessments, risk assessments, health assessments, and being part of the wellness strategic plan tied into incentives. He said that this encouraged employees to engage in their health. He said that understanding the preventive nature of wellness contributed to healthcare cost because it allowed for them to prevent the more expensive healthcare costs that would be incurred later on. He noted that there was a clear connection between these factors.

Ms. Mallek said that she was recalling past instances when adjustments were made in the reserves. She said that the primary question for today was regarding the agencies listed among the participants. She asked if each of them contribute some of their end-of-year funds to add to that cash, or if it all came from local government.

Mr. Sumner said that they have looked at the collective entities in this pool as sharing the support all together as well according to their number of employees and participants.

Ms. LaPisto-Kirtley said that regarding Mr. Gallaway's statement, she asked if an employee had a spouse whose dependents were covered under the spouse's healthcare plan, would this result in double coverage. She asked whether it was considered such that they only covered the employee and not necessarily their dependents or spouse if they had their own insurance.

Mr. Sumner said that it was a component of their plan design. He said that if a spouse had access to coverage elsewhere, they were not allowed to participate in their plan if they could obtain coverage somewhere else. He said that it became a family decision in the instance that there were dependents, whether they would become part of the County plan or have access to the two billion plan.

Ms. LaPisto-Kirtley asked about the possibility of partnering with organizations like MedAlert or UVA, which had satellite clinics. She asked if it was being contemplated.

Mr. Sumner said that they were eagerly anticipating the responses to the RFP. He said that their aim was to establish a turnkey operation, partnering with another entity that could provide both the facilities and staffing for the clinics. He said that the County would help with facilitating access and designing the menu of services offered.

Mr. Andrews said he understood that they had to wait and see how things unfolded when the RFP was released. He asked if staff could please clarify the numbers on slide six, as he believed he missed something. He pointed out that there were brackets around the numbers ranging from 10 to 16, yet it stated two to four months. He said that he was trying to understand this discrepancy. He said that if the figure of $40 million was an annual amount, then 12 months would be the total. He said that four months would be a third of that, which led him to think that those numbers might be slightly higher than expected.

Mr. Sumner said that the visual representation of 20, 21, and 22 might appear slightly disproportionate. He noted that the timeframe of two to four months was specifically applicable to the 23 time horizon. He said that the scale may look a little off. He said that they targeted a range for flexibility, because they did not know the number of claims received on a weekly or monthly basis. He said that having that buffer there provided them the flexibility to continue processing them.

Mr. Andrews said that he was intrigued by the 130 dependents that Mr. Sumner mentioned. He said that he mentioned a program to find these individuals. He asked whether this was necessary because their current self-reporting system was inadequate and they must continually perform this task. He also asked how this would be implemented in the future.

Mr. Sumner said that this was the first year, so there was ongoing maintenance to address this issue as well. He said that it would not be as intense as it was in the initial year when reviewing all current participants and their dependents. He said that they were looking for an ongoing basis for new employees joining the plan, as well as working through life events, such as adding a child or a child aging out of dependent status on the plan. He said that they would monitor these situations annually through their HR (Human Resources) departments.

Mr. Andrews said that as they looked for funding for increasing costs. He said that it was essential to consider the quality of healthcare in workforce stabilization. He asked about the premium variation and its influence on people's decisions, and whether this had been addressed.

Mr. Sumner said that it was a combination of factors. He said that firstly, it was the premium and affordability to the employee in comparison to the value they received from the plan. He said that they offered two types of plans, which were a PPO plan and a high deductible plan. He said that these options enabled their employees to make informed decisions based on their individual needs. He said that these plans had different designs and premium costs.

Ms. Price said that she would follow up on two aspects. She said that firstly, regarding the audit, if it was 130 out of 3,000, which represented a 4.33% of the pool deemed ineligible for coverage, she wanted to commend Mr. Sumner and his team for recognizing the need to address this issue and taking action to bring it back to acceptable levels. She asked if there would be an automation of eligibility determination to reduce the frequency of audits or how the County was planning to ensure that such issues did not recur in the future.

Mr. Sumner said that this would occur within their HR teams alongside the benefit teams. He said that some of this involved reviewing onboarding processes as employees signed up for healthcare coverage, ensuring proper documentation was in place. He said that regular checks throughout were necessary. He noted that they had the opportunity to collaborate with the same provider who assisted them in this effort, possessing expertise in identifying opportunities to conduct spot checks on their employees and the population over time, confirming that eligible individuals remained on the plan. He said that they were currently addressing this as they transitioned from the initial year into an ongoing maintenance phase.

Ms. Price said that it was one thing if the County had made mistakes and allowed someone to continue receiving care. She said that it would be a completely different situation if an employee had in any way falsified the representation of their eligibility. She said that this should also be examined. She said that the second area, which she did not need them to address, but when discussing the overview of the health fund on slide five and mentioning being self-insured, her question was as follows.

Ms. Price said that using an analogy first and then asking the specific question, she had automobile insurance with comprehensive coverage and a certain limit of liability coverage. She said that many people obtained an umbrella policy to cover beyond the standard limits because it was more affordable than continually increasing their auto insurance. She said that under self-insurance, she asked if there was something comparable to an umbrella policy that the County had. She asked if not, should they consider this option. She said that with 3,000 beneficiaries, the likelihood increased for multiple significant cost patients, each potentially requiring several million dollars per year.

Mr. Sumner said that they had a stop-loss premium. He said that stop-loss referred to reinsurance or insurance for the plan itself.

Ms. Osborne asked for Mr. Sumner to explain what the abbreviations stood for on slide 5 for the other entities.

Mr. Sumner explained that ECC stood for Emergency Communications Center, CACVB was the Charlottesville Albemarle Convention and Visitors Bureau, BRJDC stood for the Blue Ridge Juvenile Detention Commission, and the ACSA was the Albemarle County Service Authority.

Ms. Berlin said that she wanted to follow up on the RFP. She asked if they could provide some information about the timing of that. She asked for elaboration on when the responses would be and when they could expect to see agreement movement. She asked if staff knew the budget year in which it would be implemented.

Mr. Sumner said that the RFP had been released and was due by the end of December. He said that at the close of the calendar year, they hoped to have received all responses from vendors interested in participating and competing for this opportunity. He said that the goal was to establish something within a year after receiving the RFP submissions. He said that this timeline depended on the responses they received because of the complexity of the sites proposed by the responding vendors. He said that some may already possess suitable sites, while others might need to acquire them from scratch. He said that the goal would be contingent upon the responses they received, but they aimed to achieve it within a year.

Ms. Acuff said that she had a question related to the employee health clinic. She said that she was assuming staff had done due diligence and had conducted thorough research and examined other plans implemented by different employers, but she was skeptical regarding the economic feasibility of a full-scale health clinic. She said that currently, they had two categories of employees, which were those on high deductible plans and those who paid premiums to access a wider range of providers. She said that it was unclear why they would choose to visit their clinics over their own doctors. She said that the primary justification for the clinic seemed to be cost control, either through reduced utilization or attracting individuals currently enrolled in more expensive PPO plans.

Ms. Acuff said that she was uncertain about the incentives for employees to visit their own clinics. She said that several years ago, possibly six or eight, they had begun investigating the development of an in-house pharmacy plan due to its significant contribution to healthcare cost growth. She said that they did not implement this initiative. She said that she was curious as to why they had transitioned from having nothing, and whether they had considered the pharmacy plan and to take down prescription drug costs, which had a more direct impact on healthcare expenses than establishing full-scale health clinics.

Mr. Sumner said that one of the objectives of the clinic was to provide access. He said that this was not primarily focused on cost savings but also on accessibility, particularly in terms of providers' hours of operation. He said that the clinic and its locations must be strategically placed near where most employees lived and worked since they were geographically dispersed within the County. He said that ensuring access to healthcare services was one of the primary goals of the clinic. He said that pharmacy services were an integral part of their healthcare plan, considered alongside doctor networks when engaging with Anthem, their network provider. He said that they had not separated pharmacy, and that it remained a part of their annual review.

Ms. Acuff asked if they had conducted a survey or an assessment of employees regarding their preference for using these clinics instead of where they were currently seeking care.

Mr. Sumner said that one component of the clinic project involved communicating with their employees, ensuring they understood the services provided by the clinic. He said that this communication included clarifying what the services were and what they were not. He said that the clinic was not an emergency room; however, it offered different access that employees may not currently have.

Ms. Osborne said that convenience played a significant role with clinics. She said that occasionally it could be challenging to schedule an appointment with one's doctor, but if it was in a building nearby, they simply needed to walk across the hallway to receive service.

Mr. Gallaway said that the convenience might result in a possible increase in health checks, which may reveal an underlying problem, necessitating a visit to one's actual physician. He said that it would otherwise take three months to get an appointment with the doctor for a physical examination, and he would have had to schedule it. He said that there were some access issues there that he believed, from the perspective of convenience, regardless of the plan one was on, would impact people's lives practically. He said however, he had not conducted any surveys or research on this topic.

Ms. Price said that it would assist in workforce stabilization efforts.

Ms. McKeel said that it related to being an employer of choice.

Ms. Le said that related to Ms. LaPisto-Kirtley's earlier question, she would like to know if the rule that stated that the spouse with access to other plans could not be covered under the County's plan would be analyzed under the competitive market plan design assessment. She said that she wondered if it was something that their employees would be interested in, as there were 130 of them.

Mr. Sumner asked Ms. Le for clarification.

Ms. Le asked if the rule that disqualified those dependents made the County less competitive as an employer.

Mr. Sumner said that as they examined their marketplace and specifically the healthcare coverage options of similar employers in this geographical area, they noticed that they had very similar plan designs regarding access and eligibility for plans. He said that when assessing their competitive marketplace, they considered not only cost but also who was eligible on those plans. He said that they strove to maintain competitiveness within their market by taking all these factors into account when evaluating the competitive nature of the benefit coverage.

Ms. Le said that that aspect felt like a race to the bottom. She said that it seemed like they were saying that because no one else was offering coverage to spouses who have access to another plan that they did not have to. She said that she did not know what it meant for the health fund, but just because no one else did it, it did not mean they needed to act like the other big employers, such as UVA.

Ms. Berlin said that she agreed with Ms. Le. She said that if they were talking about quality of employment, while UVA might implement the practice, it was not commonly found in the private sector.

Mr. Gallaway said that the race to the bottom started back in 2015 or even earlier. He said that previous elected officials were dealing with rising costs. He said that University of Virginia initiated the trend, and others followed suit. He said that unfortunately that occurred 10 years prior.

Ms. Mallek said that the County had picked up many families who no longer had access to UVA, so their costs went up.

Mr. Gallaway said that if 130 people changed $700,000 in claims, and the County allowed spouses to be on here when they had access to others, he would like to see that cost theorized.

Mr. Bowman said that he would discuss the next two parts of the agenda, focusing on a historical review of where they had been in the CIP to the present, and then providing an initial preview looking ahead to the coming five-year period. He said that in financial presentations, he liked to begin with a historical look back over a long frame of time to get a sense of where they have been. He said that the next slide was busy, so he would take a moment to explain it. He said that it had been some time since they last reviewed this information during the budget process. He said that it provided an overview of the annual capital budget for the past 20 years and looked ahead to the CIP.

Mr. Bowman said that to illustrate the story behind these trends, he first would first mention that capital projects often paused and resumed in different years, resulting in fluctuating patterns from year to year. He said that when they examined these trends over longer periods of time, they could identify recurring themes. He said that in blue, they saw what the annual capital budgets looked like prior to the Great Recession. He said that they then observed in orange during the Great Recession and the initial recovery. He said that based on the overall economy and the decisions that were made at that time, those capital budgets were much smaller and relatively flat year to year. He said that they were seeing a period starting from FY15 up through the present that took them through a number of different economies, including the pandemic.

Mr. Bowman said that there had been a steady upward trend of larger, more ambitious CIP or capital budgets that had been imposed. He noted that in FY21, there was a kind of data blip. He said that this was really right at the start of the pandemic where there was a pause in the capital program to take some time to understand the financial impact. He said that some of that bounce back could be seen in FY22 and FY23. He explained that the adopted the CIP, which was represented by the yellowish-brown color on the far right of the slide. He said that they were already in FY24, and those spikes in FY25 and FY28 contemplated the construction of two elementary schools.

Mr. Bowman said that moving from their historical perspective, they took a closer look at the present and the five-year CIP. He said that the components making it up included the CIP totaling just over $319 million. He said that on the slide was an analysis of the funding sources. He said that the largest piece of the donut chart in red represented planned borrowed proceeds. He said that as part of planning out capital projects, because these were long-term generational investments, the County would issue bonds to fund those projects. He said that the County would then pay back the principal and the interest on those bonds, generally within a 20-year time frame.

Mr. Bowman said that beyond borrowed proceeds, the largest revenue that came into the CIP was local revenue in green in the upper left portion of that donut. He said that this was comprised primarily of the formula transfer from tax revenue that comes in the General Fund and was sent to the capital budget. He said that it also included a portion of any other one-time funding that the Board of Supervisors or the School Board committed into the CIP to help move projects forward. He said that these were projects that were not borrowed for because of their nature, making them ineligible or unsuitable candidates for such financing.

Mr. Bowman said he would skip the details on the other pieces because they were much smaller, but the main takeaway there was that they tended to be associated with particular projects. He said that for example, if there was state revenue for a school bus program, this was not discretionary revenue that could be applied to another project. He said that similarly, if there were proffers for a parks project, these could not simply be picked up and moved to another project elsewhere necessarily.

Mr. Bowman said that now they had a five-year balanced CIP, and to examine the expenditure side at a high level, they could see by the functional areas where they reported to the state, and public schools made up the majority of this at 61%. He mentioned that Ms. Kumazawa would speak later about those projects, and he would discuss in just a moment some of the projects currently in the CIP that constituted the County government portion.

Mr. Bowman said that moving from this high-level picture, there had been a dramatic change in recent years regarding where they had been to more ambitious CIPs that were moving the Strategic Plan forward. He said that it had not been one single strategy that had enacted this change, but that it had been a multi-pronged approach that he would cover on the next slide, aiming to ground them in their recent history. He said that first was an acknowledgement that in corporate finance and budget, they had taken a fresh look at many aspects of their work. He asked whether their structures were correct, considering offices, roles, and responsibilities, and whether they had evaluated if their financial policies adequately protected the County’s financial foundation. He said that if not, they would bring these issues back to the Board of Supervisors for further strengthening.

Mr. Bowman said that they had re-examined all assumptions and borrowing models, determining the appropriate blend of cash and debt. He said that over the past three years, there had been two bond issuances and two refinancings, as shown on the slide in the top line. He said that through those, the County had maintained its Triple Triple A bond rating. He said that he would like to acknowledge the efforts of their team in the Department of Finance and Budget but also extend credit to the Board of Supervisors for their support, enabling them to explore new ways of working to achieve better results with the investments they had in place. He said that they gave them the opportunity to examine how they could work differently to achieve better results with the investments currently in place.

Mr. Bowman said that the second category was a testament to both the Board of Supervisors and the School Board regarding how one-time funding had been invested into the CIP. He said that both boards, as well as their portion of pandemic relief funding, such as CARES (Coronavirus Aid, Relief, and Economic Security Act) or ARPA (American Rescue Plan Act), had directed one-time money toward indoor air quality projects or other infrastructures. He said that this had allowed capital projects to move forward despite rising construction costs. He said that during the budget process, beyond the standard formula contribution that went into the CIP, the boards had invested additional one-time funds. He noted that this was most evident in FY24, where the Board allocated $16.7 million to the CIP above the formula policy transfer.

Mr. Bowman said that to illustrate one of the meaningful ways in which the boards had considered balancing the operating budget and the capital budget together, there was a $5 million allocation within that $16.7 million, where the Supervisors recognized the need for one-time cash infusion into the CIP. He said that in the operating budget, the strong revenue growth experienced in recent years was unlikely to sustain itself at the same level in the future.

Mr. Bowman said that the Board of Supervisors approved a strategy in FY24 to allocate some ongoing funding toward the CIP. He said that this would position both boards for FY25 as revenues were projected to grow but not as strongly as before. He said that the one-time funding provided a running head start for the Board of Supervisors in the financial plan, knowing that this one-time money was now available to fund ongoing sources because it was used for a one-time purpose in the capital budget.

Mr. Bowman said that continuing the theme of legislative decisions by the Board of Supervisors, in FY23, the Board sought to diversify the County's revenues by capitalizing on authority granted by the state. He said that this included food and beverage, transit occupancy, and cigarette taxes, which amounted to an equivalent of 3.3 cents on the tax rate at that time. He said that these revenues were shared according to the funding formula, with capital receiving its portion.

Mr. Bowman said that every year, the Board of Supervisors would consider both the actual change in the annual reassessment and the needs of the budget when determining the effective rate increase. He said that when assessments rise and the tax rate remains constant, the average tax bill increases. He said that in CY23, the Board of Supervisors approved an effective rate increase of 10.1 cents. He said that this was another example of the Board committing revenues to projects that advanced all six goals of the Strategic Plan.

Mr. Bowman said that next, it was time to consider what the CIP would look like in the next five years. He said that to prepare the recommended CIP, County government and Public Schools staff were working together through a four-step process. He noted that these steps were not necessarily sequential; some were happening concurrently. He said that the County Executive would present the recommended CIP and budget in February, followed by budget work sessions for the Board and School Board to continue the dialogue. He said that the initial focus was on the balance of the FY24 to FY28 adopted CIP. He said their objective was not to create a new CIP from scratch but instead to continue with several projects already underway and endorsed by the Board.

Mr. Bowman said that feedback was received that the School Board would like more insight into current County government projects within the CIP. He said that the Board had seen these before, so he would be brief, and they could delve deeper into specific projects if necessary. He said that the presentation would primarily highlight those projects in the County government portion of the $319 million, excluding maintenance replacement projects such as replacing fire engines, ambulances, and HVAC systems. He said this was really about those projects that moved forward their Strategic Plan.

Mr. Bowman said that the six goals of the Strategic Plan were shown on the left of the screen. He said that the courts construction tied into the Strategic goal of safety and well-being. He said that they began constructing a new general district courthouse at the Levy site in downtown Charlottesville, which had been years in the making and was progressing well. He said that the upper right image showed the construction site from East High Street, with the downtown mall visible as the row of buildings at the top. He said that the bottom right rendering displayed the future appearance of the general district courthouse once completed. He said that following the construction, a renovation was planned for the historical portion of the Levy Opera House and the current courthouse, which currently housed both the circuit court and the general district court.

Ms. Price asked if Mr. Bowman could provide cost estimates for some of the projects provided in his presentation slides.

Mr. Bowman said that it was between $40 million and $50 million. He said that it was the largest County government project currently underway.

Mr. Bowman said that he would skip over Goal 2 because many of those efforts were more apparent in the operating budget rather than the capital budget.

Mr. Bowman said that in Goal 3, they had the Transportation Leveraging Program, which totaled $29 million over the next five years. He said that this was a strategy for the Board of Supervisors to put local money into a program where it could then leverage and draw down state funding to complete transportation projects. He said that transportation projects did not only include just pure roads; they were often multimodal. He said that for example, the sidewalk on Rio Road was a revenue Transportation Leveraging Program project recently completed.

Mr. Bowman said that moving forward into infrastructure and placemaking, they had two projects in there for the baling facility and the Northern Convenience Center. He said that these were projects done in partnership with the Rivanna Solid Waste Authority (RSWA), who was the regional entity whose mission was to deliver these projects.

Mr. Bowman said that the baler facility was to construct a new facility to ensure that their region had adequate baling and recycling capabilities. He said that the image on the right, depicting the Northern Convenience Center, was actually an initial rendering of the Southern Convenience Center, which opened in Albemarle County this year. He said that it was contemplated for FY25 and FY26 to proceed with designing and constructing the site at the northern end of Albemarle County. He said that he would get back to them with a detailed breakdown of the costs involved, as he did not want to misspeak.

Mr. Bowman said that moving on to quality of life, they had the Biscuit Run and Darden Towe projects. He said that Biscuit Run had been in development and was set to commence construction in the coming year, creating a new park entrance and trailhead on Route 20. He said that this would develop trails within the park and establish connections with surrounding areas. He said that in the out years, they also planned to construct two grass athletic fields. He said that in the spring, the Board approved a gradual rebuild of four grass athletic fields at Darden Towe Park. He said that one field would be completed each year for the next four years.

Mr. Bowman said that the next topic concerned quality of life and economic development through the Rivanna Futures project. He said that in the adopted CIP, the Board of Supervisors included annual funding for public-private partnerships. He said that their focus on economic development had evolved in recent years, and now this funding was planned to be used for acquiring land adjacent to Rivanna Station in northern Albemarle County. He said that the County was currently performing due diligence on the property.

Mr. Bowman said that the Board of Supervisors had received a report from the Weldon Cooper Center earlier this year, which identified that the defense industry was the second-largest economic driver in their region, with its core operations taking place at Rivanna Station since 1997. He said that getting control of the property around the station allowed for long-term security for the function to remain and could serve as a keystone or anchor, acting as a catalyst for their region with its abundant research and development capabilities. He said that the strong economy and entrepreneurial interest, combined with their proximity to Washington D.C., could provide a long-term investment in both national defense and the local economy and community.

Mr. Bowman said that moving on to Goal 6, there were two projects related to workforce and customer service. He said that when considering workforce stabilization as part of this goal, it was essential to recognize that compensation was just one aspect of the broader objectives. He said that renovations were planned for the County Office Building where they were today, as well as the one on 5th Street in the coming years. He said that the core systems modernization project aimed to provide their community employees with contemporary digital government solutions, replacing outdated systems. He said that they had recently updated the human resources system and were currently working on updating the community development system. He said that they were also in the early stages of replacing their financial system.

Mr. Bowman said that moving forward, staff would collaborate with Public Schools to update all financial assumptions, reevaluating costs for projects, interest rates for borrowing, project time, and other CIP revenues annually to ensure accurate information was used. He said that those updates would continue from today, but he noted that a year ago, there had been a significant shift in both project and borrowing costs, requiring additional revenues to maintain the current plan due to tens of millions of dollars needed for construction environments at the time.

Mr. Bowman said that at this point, they were not witnessing a significant fundamental shift as they did a year ago. He added that there may be certain projects where they saw individual risk, and that analysis was underway with their facilities teams and budget teams as they updated in anticipation of the February recommended CIP.

Mr. Bowman said that he wanted to discuss some information he shared with the Board of Supervisors in November about what their revenue outlook for the five years looked like and how it may shape that. He said that as he transitioned to the next slide, he cautioned that this would be the busiest slide he had shown so far.

Mr. Bowman said that he would take a moment to discuss it one piece at a time. He said that the slide displayed the history of their General Fund revenue growth for the last 16 years and the projection going forward. He explained that in the blue charts, they could see the annual actual percentage changes in County General Fund revenues year to year. He said that there were strong revenues in FY7 and FY8 on the far left. He said that they also observed the impact of the Great Recession and continued onward to the present in FY23, which had been recently closed.

Mr. Bowman said that to begin by examining the line, they would try to make sense of its history. He said that they would consider various periods and used them as reference points, represented by the horizontal lines visible and some of the brighter, warmer colors on the slide. He said that they should first ask, if they were to calculate the annual average over the long term through all these different economies, which were the pre-Great Recession boom, the Great Recession, the recovery, the pandemic, and the bounce back from the pandemic, it would amount to approximately 4.5% growth each year.

Mr. Bowman said that they knew this figure was somewhat misleading because they were aware of the vastly different ranges of activity that occurred during these periods. He pointed out that they could see this initially in the orange section from FY9 to FY14, where average growth was closer to 1%. He said that in the subsequent years, from FY15 through FY19, they observed an average growth rate of around 5.5%. He said that in the last quarter of FY20, there were rapid and unusual changes with the onset of the pandemic, and those changes rebounded in subsequent years.

Mr. Bowman said that to understand this history, he chose FY7 because it was when the County began to complete annual revalidations of real estate. He said that the data prior to that time was not comparable. He said that the County had collaborated with an outside academic team over the past couple of years to gain insight into their future. He said that the team analyzed indicators at the national, state, and local levels to create a picture of potential trends. He said that as a result, it was evident that their local economy was strong and followed national and state trends.

Mr. Bowman said that while it was happening, and there were mixed indicators currently, they projected a slower rate of growth in the next couple of years. He said that this growth would not be as impactful as the pandemic or the Great Recession but may return to a more average level of revenue growth in the long term. He said that in FY24, the projection was significantly lower than the previous year; however, they were currently slightly ahead of their projection for that period. He said that the Board had recently adopted a budget, and last month, staff had presented a first quarter financial report indicating a revenue growth of approximately 1%.

Mr. Bowman said that as part of a requested action from the Board of Supervisors this evening, there would be a request to appropriate the revenue update according to the funding formula for School operations, County government operations, and the capital debt program. He said that staff was currently evaluating revenues that may influence what the CIP may look like; however, this assessment would continue as new information became available in January with the real estate reassessment and beyond. He said that with that, his comments for this portion of the presentation were concluded.

Mr. Bowman said that they would hear from Ms. Kumazawa about a $330 million needs-based request from the School Board. He clarified that this was not an additional $330 million above the current CIP. He said that it took into account the first four years of the adopted CIP and assumed funding for maintenance and replacement projects in the schools during FY29. He said that this covered $191 million of the request, leaving a gap that had yet to be funded or intended to be figured out at this time. He said that the purpose of the presentation was to provide perspective on where they had been. He said that after Ms. Kumazawa’s presentation and Board discussion, he would return to discuss potential next steps in the budget process over the coming months.

Ms. Price said that she did not have any questions but wanted to make a couple of comments regarding the presentation. She asked to see slide 19. She said that slides 15 through 20 showcased at least $150 million worth of projects. She said that the County’s commitment of $58 million to purchase the 462 acres surrounding Rivanna Station, which included the 75 acres of Rivanna Station itself, totaled 537 acres. She said that across the street was North Fork with 500 acres, and just north of that was 500 acres of Greene County designated for high-tech industrial economic development. She said that the defense industry contributed $1.2 billion to Albemarle County’s economy.

Ms. Price said that Rivanna Station accounted for half of that amount, at $600 million. She said that for 5% of the defense industry’s economic impact, they had an opportunity not only to protect the 75 acres but also to contribute significantly to their local economy. She noted that prior to this action by the Board, it was at risk of being lost due to physical site security and expanding it in an area where the tide would lift all boats near the airport on this corridor. She said that this was critical for economic development.

Ms. Price said that on slide 22, she wanted to add that the County had received an initial report and was receiving quarterly updates from Dr. Bailey at Virginia Tech, who was assisting in maintaining real currency on what the economic forecast was not just for the County but also for the region. She said that this information gave them a lot of confidence in some of these numbers and projections.

Ms. Maya Kumazawa, Director of Budget and Planning for Albemarle County Public Schools (ACPS), said that the request they were discussing had been originally submitted by the Long-Range Planning Advisory Committee in October, and the School Board had since then approved a revised version. She said that the ongoing programs totaled about $104 million over five years, while the projects totaled about $226 million. She said that the projects listed there were in ranked priority order from 1 through 11, and at the bottom, they had their CNA, or capital needs assessment projects, which were those projects that went beyond the five-year horizon.

Ms. Kumazawa said that before diving into the projects, she wanted to take a moment to review the long-term student enrollment projections for their K-12 students. She said that their peak enrollment, represented by the solid blue line, was 14,032 students in the fall of 2019, and their current enrollment this fall was 13,459. She said that they anticipated growing about 2.8% over the next five years or adding 376 students. She said that over 10 years, they expected to grow about 8% or 1,082 students. She said that the range of possible projections was shown in orange, and their projections aligned with those conducted by the Walden Cooper Center independently.

Ms. Kumazawa said that all Board members should have the 2023 Long-Range Planning Report in front of them. She said that instead of a ranked order, the displayed slide presented the three major categories they would discuss today, which were capacity, renovations, and other. She said that the page references were for both projects and supporting data related to the projects. She said that for example, if someone wished to see the details behind southern feeder pattern elementary school under capacity projects, they could refer to page 8 of the report, and then below that in the same column, they would find the supporting data. She said that she would not be going over every single project today, as the details were available in the report. She said that instead, she would highlight some in each area.

Ms. Kumazawa said that she would first cover capacity projects. She said that the numbers displayed represented their ranked priority. She said that the displayed table summarized the timeline of current and requested capacity project recommendations. She said that at the elementary level, the Mountain View expansion was a currently funded project ongoing during the school year. She said that this year, they were in the design phase of constructing a southern feeder pattern elementary school, scheduled to open in the 2026-27 school year. She mentioned that they were busy with a redistricting study to address overcrowding at Baker Butler Elementary School. She said that the plan was to begin designing a second elementary school in 2026-27, with the new school opening in 2029-30, known as the northern feeder pattern school.

Ms. Kumazawa said that moving down the table, Center 2 was a currently funded project addressing overcrowding at the high school level. She said that recognizing that Center 2 would not resolve their long-term capacity conflicts at the high school level, they did recommend a strategy for a future high school project beginning in Year 5 of the upcoming CIP. She said that while High School Center 2 was a current project and not part of the overall request as they had in their reports, it was still a capacity project that they had an update on.

Ms. Kumazawa said that the space was programmed to be a 61,500-square-foot facility and was intended to serve 400 students daily. She said that the current budget appropriation for the project was approximately $36 million; however, due to scope changes and inflationary increases, they were requesting additional funding as part of the evening’s budget amendments. She said that currently in the design phase, construction would take place from 2024 to 2026, with the center scheduled to open for students during the 2026-2027 school year.

Ms. Kumazawa said that the next slide provided an overview of their two planned new elementary schools. She said that in the southern feeder pattern, the recommendation to construct an elementary school in the Mountain View district was based on the findings of the Mountain View Master Plan study. She said that the project aimed to alleviate overcrowding at Mountain View Elementary School, and once both buildings were completed, they would have additional capacity to address long-term growth, as well as adequate playgrounds, parking, and parent drop-off areas. She said that the design for the southern feeder pattern elementary school was currently underway, with construction set to begin next year. She said that school would be open for students during the 2026-2027 academic year.

Ms. Kumazawa said that in the northern feeder pattern, Baker Butler Elementary School was currently overcrowded, and its student population was projected to continue growing. She said that the student yield analysis from new development indicated that the Baker Butler and Hollymead districts had the highest impact of 956 potential students. She said that it was recommended that a school be constructed to benefit both Baker Butler and the other schools in the northern region.

Mr. Kumazawa said that a redistricting study was currently underway for that area, following a phased approach. She said that the implementation of the first phase would occur during the next school year to address current overcrowding. She said that the second phase, which involved the full implementation of the study, would take place in the 2029-2030 school year when the new school was open for students.

Ms. Kumazawa said that the middle school facilities plan was also underway, and preliminary recommendations were listed in four phases. She said that the recommendations addressed both long-term capacity conflicts at the middle school level and renovations to comprehensive middle schools and the community lab school. She said that the final report was not yet complete; however, numerous resources, including the presentation from the recent gallery walk, were available on the building services webpage.

Ms. Kumazawa said that she would now discuss renovation projects. She said that although the division consistently funded ongoing maintenance, their buildings required more comprehensive renovations to efficiently and holistically bring them up to date. She said that renovation projects aligned with the ACPS strategic goal of promoting equity for all students across the County, ensuring that all schools were safe, functional, and provided the facilities necessary for current educational programming.

Ms. Kumazawa said that they had likely seen the visual on the current slide before, which illustrated the age of their school buildings. She said that general renovation projects continued to be underfunded, and their school facilities continued to age. She said that as demonstrated by the chart, most of their school buildings were over 40 years old, and that no new building constructions had taken place since Baker-Butler over 20 years ago.

Ms. Kumazawa said that they had updated this information with the weighted age of buildings, which was displayed at the bottom. She explained that this calculation considered additions that impacted a school's age, the effective age of a school, and added new spaces. She said that they had made efforts to shift the ages of the buildings toward a younger side, but the core building spaces remained their original ages.

Ms. Kumazawa said that renovations would commence at the high school level. She said that ACPS had completed the Albemarle High School Western Albemarle High School Master Plan, which served as the basis for this recommended project. She said that the study focused on improvements to align with the division's design imperatives, such as transparency, sustainability, flexibility, and spaces designed for student learning. She said that feedback from stakeholder groups, including students, administrators, community members, and staff, was used to identify and prioritize the projects recommended in the study. She said that this project also included elevator additions at each of the high schools to meet the division's goals of providing equitable services to all students and ensuring safety and security in our facilities. She said that although this component was new to the project itself, the elevator addition request had been recommended since the 2019 and 2021 reports.

Ms. Kumazawa said that the elementary school improvements project aimed to provide funding for renovating schools that historically had stable or declining enrollment, representing the oldest schools by age and weighted age. She said that additionally, an elementary school facility assessment tool had recently been developed by ACPS Building Services staff to objectively evaluate their school facilities utilizing a comprehensive list of criteria.

Ms. Kumazawa said that to ensure that scores and rankings maintained consistent standards, each criterion was assigned a score based on a defined five-point attribute scale. She said that criteria were grouped into three broad categories, which were interior spaces, exterior spaces, and structure and systems. She said that these could be weighted differently to reflect priorities and dynamically adjust these scores. She said that by both raw score and weighted score, the five schools at the bottom of the list resulted in the lowest facility assessment scores, and these were the ones recommended for renovations in the five-year CIP.

Ms. Kumazawa mentioned that some of the improvements recommended in those schools included interior improvements such as auxiliary spaces and bathrooms, and exterior improvements like parking and bus loops. She said that one could see from the photos on the slide that these were much-needed improvements for which they could now attach a quantitative metric. She said that there was a detailed list by school and what they measured for this assessment in the appendix of the report.

Ms. Kumazawa said that the special education department was currently spread across several permanent and temporary facilities. She said that the department's goal was to house programs such as the intensive support center, early childhood special education, and itinerant staff in a permanent and centralized location. She said that their post-high building had exceeded its capacity for enrolled students and the services it could provide for the current needs of the students. She said that a significant addition and renovation would be necessary to ensure high levels of safety, security, capacity, and instructional learning opportunities.

Ms. Kumazawa said that the School Division owned the Ivy Creek Building, located on the Lambs Lane campus, which was currently used for the Piedmont Regional Education Program (PREP). She said that the lease agreement ended in 2025, providing an opportunity to renovate and use the permanently owned space for special education services instead of seeking temporary spaces scattered across the County.

Ms. Kumazawa said that moving on to their new recommendations, she would discuss all three projects starting with the Lambs Lane Master Plan. She said that in 2022, the Lambs Lane Master Plan study was completed with the goals of improving security and safety, identity and sense of place, optimal use, equity, environment, and wayfinding on the campus that served Albemarle High School, Journey Middle School, Greer Elementary School, Ivy Creek School, and the Boys and Girls Club.

Ms. Kumazawa said that as a result of this study, the School Board recommended full funding to construct Phase 1 of the Loop Road in FY25, or Year 1, to gain cost efficiencies by combining the project with the High School Center 2 project. She said that the campus served nearly 25% of their students enrolled in ACPS and was centrally located in the County, making improvements to the overall campus was widely agreed upon as beneficial for students, staff, and the community. She said that analysis of GIS census tract data revealed that the neighborhoods closest to this campus were the most densely populated and were home to the greatest number of low-income residents.

Ms. Kumazawa said that English was not the first language for many families living nearby, and the same neighborhoods welcomed many refugee families who found a haven in the County, along with many foreign graduate students and their families. She said that the children of these families attended the schools on the campus, as she had previously mentioned. She said that Journey Middle School and Albemarle High School enjoyed great diversity and served the greatest percentage of English learners and students who qualified for free and reduced lunch in the division.

Ms. Kumazawa said that the entire master plan extended well beyond the five-year CIP, and the proposed improvements were thoughtfully sequenced to ensure that the most immediate needs were addressed first and that taxpayer dollars were spent wisely. She said that the study identified traffic congestion as the biggest issue with the existing campus. She said that a proposed loop road, as seen on the slide, that would provide a second means of access between Lambs Lane to Rio Road was identified as the most urgent need. She said that in addition to alleviating traffic congestion, this proposed main loop road would provide a secondary route for emergency response vehicles. She said that the loop connector road would also provide facilities and access ways for pedestrian and bike traffic, landscaping and green space, and improved storm water management.

Ms. Kumazawa said that school walk zones were implemented in 2021 by ACPS in response to the national bus driver shortage. She said that there were currently 12 schools with approved walk zones for the current school year. She said that school walk zones were subject to unusual safety hazards, which could include railroad crossings, lack of safe crosswalk infrastructure, and topography or road curvature that prevented cars from seeing walkers. She said that this project requested funding for the maintenance and improvements of ACPS school walk zones.

Ms. Kumazawa said that funding was currently budgeted in their maintenance program to replace the HVAC system at Monticello High School. She said that the amount currently budgeted was for an in-kind replacement, which would deliver increased energy efficiency but was not aligned with the County's climate action goals. She said that this project aimed to add a geothermal well field to the HVAC system to allow for greater energy efficiency and less reliance on natural gas. She said that this recommendation came from the Advisory Committee on Environmental Sustainability, and staff were continuing to study the alternative for the most accurate cost estimate.

Ms. Kumazawa said that she would now give a quick overview of their ongoing programs. She said that the current slide included a summary of the five programs and their corresponding five-year funding. She said that she would cover one of these in detail as it had a significant change, which was the school bus replacement program. She said that this had increased over previous years. She said that they were introducing a new program called electric school buses. She said that this program provided funding for replacing school buses based on a needs-based fleet size. She said that their School Board policy outlined the replacement guidelines.

Ms. Kumazawa said that the program had been part of the CIP since FY14 and historically funded 10 to 20 replacements per year. She said as their fleet aged and buses ran more miles each year, they were now requesting an increase in funding to replace approximately 28 buses per year for the next five years. She said that several reasons had led to this increased need. She said that currently they had a backlog of 65 buses that were either 16 years old or had more than 200,000 miles on them. She said that without changes to this situation, their number of road calls would continue to rise, and repair costs may increase significantly.

Ms. Kumazawa said that this also impacted driver morale. She said they aimed to provide drivers with quality equipment for them to perform their jobs well, and recruiting more drivers into an aging fleet would be more challenging. She said that the proposed replacement cycle would catch them up within a five-year period, after which they could return to more average levels of replacements.

Ms. Kumazawa said that this was a new program, the electric school bus purchase, which they were proposing for the upcoming CIP. She said that to align with the County's climate action goals, four EV (electric vehicle) units had been introduced to the fleet using alternative funding methods. She said that they proposed a plan for two additional EV units per year based on infrastructure availability and also included the purchase of ancillary EV equipment. She said that they assumed that grant funding would remain available to cover the additional costs above the regular costs of a diesel unit.

Ms. Kumazawa said that they were requesting this as a separate project from the school bus replacement program to have a separate planning process for EV grants that could be coordinated outside of the diesel bus replacement rotation and to monitor any increases in EV funding and potential future reductions in diesel bus funding based on available infrastructure and utilization changes. She said that was it, and the summary of the CIP request included the 11 projects as well as their current ongoing programs.

Mr. Gallaway said that regarding the electric vehicle additions, he would like to know the theoretical operational costs, including maintenance facilities and training for those who would work on the buses. He asked if this was included in the onboarding strategy of the program.

Ms. Schmidt stated that bringing two buses at a time was part of their strategy to learn and adapt. She said that their technicians had received training and were now learning how to maintain the bus effectively. She said that the phased approach allowed them to analyze the situation better and address any potential issues. She said that while staffing concerns may arise, she was more focused on the infrastructure required to support this growing fleet. She said that the existing infrastructure needed significant improvement to accommodate their expanding transportation needs.

Mr. Gallaway said that with the $10 million project on Loop Road at the Lamb's Lane campus, he wanted to clarify that the primary concern was the examination of the $10.3 million in conjunction with the Hydraulic and Lamb's Lane intersection, which they were considering as a study. He said that combining these two projects would likely be more sensible from a funding perspective than treating them separately. He said that they needed to remain focused on that issue. He said that the intersection did not function effectively without the loop road, and conversely, the loop road may not operate efficiently without the changes to the intersection.

Mr. Gallaway said that this project could potentially save money or be suitable for a SMART SCALE application, Revenue Sharing, or alternative options could be explored. He said that it would benefit both Lambs Lane's internal circulation and its campus while addressing the current issues at the intersection. He emphasized that they needed to consider the combined costs of both projects to determine the total expenses accurately. He said that he was somewhat surprised that this was not considered under capacity projects in the way they were categorizing it. He said that in terms of other facilities, such as those changes that could arise from that site and potentially address their capacity issues over the next five to 15 years, those concerns had been isolated or put off. He said that he would leave that to be further discussed by Ms. McKeel.

Ms. McKeel said that in the past, the Board of Supervisors had discussed combining capital projects to save money when they were a natural fit. She noted that this was relevant to what Mr. Gallaway mentioned about electric vehicles. She said that when considering electric buses, it was essential to evaluate the relocation of a car wash, bus station, and mechanical bus depot, as these facilities may become outdated due to the introduction of electric buses. She said that the current facility was outdated and insufficient, so discussing the possibility of moving the facility to another location should be considered, although this topic required further discussion.

Ms. McKeel said that implementing these strategies would free up more property and land on Lambs Lane campus for high school capacity, as well as considering a transition toward electric buses and modernizing school transportation. She said that understanding how all these aspects interconnected was important and could result in a cost savings. She said that addressing Hydraulic Road issues and improving Center 2 and the loop road were essential components of their partnership.

Ms. Kumazawa said that the request for $10 million in 25 was primarily due to timing, considering the compounding effects and opportunities provided by the master plan. She said that this was a critical step to initiate its implementation. She said that this request took into account that without it, other pieces could not fall into place, and funding would not be available for several years if they pursued revenue sharing or alternative plans. She said that they were open to exploring those options as well. She said that the report merely reflected the timing aspect.

Ms. McKeel said that it was excellent because they functioned as a team and performed best when working together rather than in isolation. She took this opportunity to simply say that with the possibility of more land on the Lambs Lane campus for expansion, looking at around $180 million or $140 million for another high school. She said she heard something about five years, but she may have misunderstood that information. She said that in her world, there were better ways to do it than thinking about another high school on 29 North.

Ms. Mallek said that she wanted to move on to a couple of other notes she had. She said that she was pleased to hear about Post-High and the Ivy Creek facility. She said she thought that made a lot of sense, especially in that location, except that she was a little worried because it had always been critical to have post-high on a transit loop, as many of them could not drive. She said that they needed to consider how their work in transit connected with the changes from PREP to post-high. She said that they must avoid working in silos and collaborate to ensure that they are addressing the needs of students who relied on public transportation when they were working on transit.

Ms. McKeel said that she wanted to understand better the rankings by raw score, as displayed on slide 37. She said that she wanted to ensure that she understood the rankings better because what she thought she heard was that the higher the score, the better the school. She said that in other words, the higher the score, the better the school was proportionally. She said that consequently, the five schools at the bottom had the lowest scores, indicating they were in the most need of assistance. She asked if the factors used to determine these scores were included in the report.

Ms. Kumazawa said that they were included in Appendix H.

Ms. Mallek expressed gratitude for following the BIL (Bipartisan Infrastructure Law) federal funds and additional EPA (Environmental Protection Agency) dollars for buses and similar projects. She noted that there was a grants person who could handle this because it was a full-time job to track all these opportunities and determine which ones might be useful. She asked if someone could send them a link to the building services appendix for further research, as it may help clarify the situation regarding the master plan recommendations. She asked whether there were state funds allocated for the renovation projects listed in slide 34 or if that funding was for ongoing projects. She said that there was legislation from four or five years ago that provided significant revenue for school renovations in older schools across the Commonwealth, and she did not know if they had pursued some of those funds.

Ms. Kumazawa said that they had applied for competitive construction grants that they typically did not qualify for based on their LCI. She said that most recently, they had been given one-time construction funds that provided funding for their current renovation projects. She said that she was not aware of any upcoming state funding that could support this.

Ms. Mallek said that on slide 39, she would like to know where PREP (Piedmont Regional Education Program) went when it was replaced.

Ms. Kumazawa said that they were currently looking for a new location, but she had not received any recent updates.

Ms. Mallek said that she was particularly interested in researching the walk zones, as this had become a significant crisis in Crozet, around Crozet Elementary. She expressed her gratitude for all the work done on the drivers to increase the availability of buses. She said that she did not know how they would manage to get the children back onto the buses. She said that each school she passed by during the day, especially between 8 and 9 and 2 and 4, had a large number of parents who continued to take their kids to school and dropping them off.

Ms. Mallek noted that this created traffic problems in these older neighborhoods, and the walk zone issue was exacerbated by the fact that those older neighborhoods around Crozet Elementary had no sidewalks. She said that they were not on the walk to school list, even though their geography was literally 100 yards away. She said that she hoped that this particular category could address these issues and make a significant difference for communities as a whole. She noted that it appeared that the EPA had substantial funding available for the gap between diesel buses and electric vehicles, along with the necessary infrastructure, and she hoped that they would pursue these opportunities.

Ms. LaPisto-Kirtley thanked staff for the informative presentation and explanation. She said that regarding the utilization of EPA funds for converting from diesel to electric, that they all supported electric buses, but the amount they were looking at, which was 28, was a pretty substantial size. She said that given Ms. McKeel's suggestion about potentially relocating everything at Lambs Lane, including the bus and gas station facilities, to another location, she would like to know if they had explored CNG (compressed natural gas) or LNG (liquified natural gas) as a transitional phase.

Ms. LaPisto-Kirtley said that while diesel was the worst, CNG and LNG were significantly better alternatives. She said that as they transitioned to electric buses, which were costly and required extensive infrastructure and training, it would be beneficial to consider the potential of using CNG or LNG as an interim solution. She said that they did use a lot of miles, so they did not want to have something breaking down.

Ms. LaPisto-Kirtley said that they were discussing the construction of two new elementary schools at about 500 each, and she questioned whether limited land availability hindered the possibility of designing schools that could be expanded in the future rather than building another school altogether. She said that for instance, in areas like Hollymead and Baker Butler, overcrowding was an issue; however, if these schools had been designed to be expanded, it would have resulted in both cost savings and long-term benefits. She said that she was not suggesting doubling the size of a school but rather increasing it by 100 might have long-term cost benefits.

Ms. Kumazawa said that the report stated that they may increase the capacity of the northern feeder pattern elementary school to 600 students in the future, based on the findings of the redistricting study. She noted that as they approached this decision, it was possible that they might determine that 500 students was insufficient, so it should be considered.

Ms. LaPisto-Kirtley said that they should consider expanding the building design by featuring two-story structures with upper grades on the second level and primary grades on the lower level. She said that she wanted to discuss the geothermal system at Monticello. She said that she believed that was very important but that she would like to know the cost difference between installing a geothermal system and replacing the HVAC system conventionally. She asked if they were considering state and federal credits for implementing geothermal technology. She said that she was aware that geothermal systems could be expensive, so she was posing that question.

Ms. Kumazawa said that the geothermal project at Monticello did not have a price tag yet, but it would be similar to the EV program. She said that they were looking at alternative funding to help offset the higher costs.

Ms. LaPisto-Kirtley said that she noticed on slide 37 that two items were in red, and one of them was Stony Point, which had a score of 97. She asked what the plans were for addressing that.

Ms. Kumazawa said that the request was to address issues in the order of their lowest rank and priority. She said that they would renovate one school at a time, based on its ranking. She noted that the five highlighted schools represented each of the five CIP years.

Ms. LaPisto-Kirtley said that she knew the population there was only about 195 students. She asked if they were discussing renovations of the interior.

Ms. Kumazawa said that it could be interior and exterior.

Mr. Andrews said that he believed they had thoroughly examined these aspects and identified numerous points that had not been considered before. He said that he noticed that when discussing the 500 versus 600 cost estimates, the per-pupil cost remained unchanged in the actual estimate. He said that if they increased the budget by $10 million to reach 600, then it was uncertain how these figures could be considered accurate at this stage. He said that when constructing a building, the final costs would depend on various factors that could not be predicted now. He said that they must acknowledge their limitations in determining the exact outcome at present.

Mr. Andrews said that one overarching comment related to some of the discussions about geothermal systems and electric buses, as well as numerous school renovation projects and improvements, was that it would be beneficial for him to understand the operational benefits and associated costs with these capital projects. He said that as they moved forward with future capital projects, he recognized that some of his statements may seem naive.

Mr. Andrews said that he installed a geothermal system which significantly reduced costs and that he had an electric car, which also saved costs. He noted that it was not something that could be universally applied, nevertheless, he appreciated the operational costs of the projects they were proposing. He said that most aspects had been covered. He said that he would like to ask about solar installations on schools as well, a topic that had been discussed previously. He said that he would leave this question for another time.

Ms. Price said that she appreciated the feedback provided. She emphasized her appreciation for slide 43, which discussed school walk zones. She said that this proposal aligned well with their efforts to prioritize safety through increased use of speed zone cameras around schools. She said that regarding slide 32, she acknowledged that the cost differential between southern and northern feeder pattern elementary schools had been a topic of discussion. She said that it was surprising that in this instance, in just three years, the estimated cost of a school increased by 25%, and by 33% when student numbers rose from 500 to 600. She said that she appreciated the hard work and dedication put into the presentation. She said that the public should understand the reality of the costs as they moved forward with his construction.

Ms. McKeel said that when discussing costs in schools with 500 and 600 students, she knew that there had been past discussions about elementary schools, steps, floors, and considering how to build schools on smaller pieces of property due to their high cost. She said that going forward, building up rather than out was a different approach to consider. She said that she wanted to loop back to the idea of Center 2. She said that in thinking about looking forward and possibly considering constructing Center 2 with an additional level that remained empty initially, it could be built out later as needed. She said that in her experience at the University of Virginia, they constructed the Emily Couric Cancer Center with a whole floor left empty for years, which allowed for future expansion.

Ms. McKeel said that thinking futuristically, building an empty floor and allowing it to remain vacant for five, six, or seven years was cheaper than attempting retrofitting or adding an addition later on. She said that that school provided a great opportunity for doing that, as they would eventually outgrow their population. She said that she hated to leave the discussion about PREP and Ivy Creek where it was left, which implied that ACPS had kicked PREP out and it needed to find another space. She said that she did not want to leave it at that because she believed it was inaccurate. She asked if they could correct this.

Mr. Matthew Haas, Superintendent, said that PREP had been searching for another location for the school, as the population it served at Ivy Creek had significantly decreased over the past several years. He said that they had allocated 29 slots each year that they had prepaid for as part of their agreement. He said that they typically did not have half that number attending there. He said that they would be able to serve all of their students who would have attended Ivy Creek School in the facility they were maintaining on the Lambs Lane campus. He said that those students would be served. He said that PREP was already looking for another facility and was considering other locations at present, which would likely remain undisclosed due to negotiations.

Mr. Haas said that they were currently leasing properties to serve their highest need students; and that they were leasing a facility that they owned out to an outside entity and then leased other spaces for their own students. He said that they could all agree that this arrangement did not make sense, so they would be moving forward with the facility, that PREP would continue to implement their program at another site, and they would no longer utilize the traditional services they received from Ivy Creek. He said that they would provide these services on their own and continue to use PREP for the ancillary services that they had needed to use it for in the past.

Ms. McKeel said that she appreciated the clarification.

Ms. Acuff confirmed that their lease was expiring, so they had been searching for a new location, and this coincided with their reassessment of the Lambs Lane campus.

Non-Agenda Item. **Recess.** The Board recessed its meeting at 2:52 p.m. and reconvened at 3:05 p.m.

Agenda Item No. 3. **Joint Work Session with the School Board:** Five-Year Financial Plan Work Session, *continued.*

Mr. Bowman said that he would first introduce the slide that focused on the four-step plan of the CIP, which started with the adopted CIP, updating their staff work, updated revenue assumptions, project costs, timing, and anything else relevant. He said that it also involved engagement with the School Board to determine where to go from there. He said that as they examined the CIP, they should ensure that any projects selected in the Strategic Plan, whether for FY29 or other changes within the first four years, would best move forward all of the County's strategic goals and objectives.

Mr. Bowman said that to provide a framework for how staff would think about considering recommendations, he would show the next slide, which was his last chart of the day. He said that the slide demonstrated the current draft of the CIP for the first four years with their updates to date. He said that for FY29, they made an assumption based on past Board direction and prioritized maintenance, replacement, and obligation projects in the CIP. He said that if they had programmed this in there what would their expenditure line look like for the debt service they would have.

Mr. Bowman said that they referred to their County's adopted financial management policies, which were most recently updated in September of 2022. He said that these policies helped them understand the headroom available within their financial policies as they considered their Triple Triple A bond rating. He said that there were two policies, but only one was displayed on the screen. He said that this policy focused on a target ratio of 2% of the total real estate tax base in the County, represented by the red line, and the total outstanding debt that the County had in a given fiscal year, represented by the blue line. He said that it was not the annual debt service payment on that debt, but the total amount of debt that they would hold.

Mr. Bowman said that what they would see across those years was that in FY28 was where they would have the tightest amount of headroom, meaning about 1.7% in that headroom. He said that it equated to about $72 million of what the County could issue in debt and be within its financial management policies. He said from this illustration, as a financial best practice, staff would not recommend going all the way up to $72 million because if there were to be a situation in which there was a drop in assessed values, they could find their selves above this financial policy and then potentially impact the bond rate and agency that got them the best possible rate for their 20-year repayments.

Mr. Bowman said that there was not really a number to recommend because when they reached the recommended budget, as they learned what the real estate revalidation would be on January 17, and as they began to refine their models, they would have a better sense of what that would be. He said that it would be just the absolute theoretical maximum based on what they knew today, which spoke to their debt capacity. He said that their other key debt ratio was looking at their total General Fund revenues that came in every year and how much was the annual payment of debt service. He said that they had again a little more headroom on that one, which is why it was not shown. He said that this spoke to capacity, but they also needed to consider affordability, which was what they looked at on the next slide.

Mr. Bowman said that if they were to add projects to any portion of that $72 million, staff would begin to ask themselves the following questions as they prepared a balanced CIP. He said that they needed to consider first whether there was debt capacity up to a certain point based on what they knew today, and there was; and second, if they had the related funding needed for that debt capacity. He said that there were two components to think about, which were one-time funding for the project and ongoing funding to pay the debt service on that project for the next 20 years. He said that they referred to a one-time portion as pay-as-you-go funding, which typically equaled 5% of their projects. He said that if the Board decided on a $72 million budget, they would require $3.6 million initially to execute the project.

Mr. Bowman said that following bond issuance, annual debt service payments for lease revenue bonds would amount to $5.7 million over 20 years. He said that general obligation bonds offered a slightly better rate of approximately 0.25%, resulting in an annual debt service payment of $5.6 million. He said that the funding source for this option had not been specified and would have to be considered during the FY25 budget process. He said that for reference, the current fiscal year's value of one penny on the real estate tax rate was approximately $2.7 million; however, this number would be updated after January. He said that this just provided a framework for understanding how pennies, capacity, and debt service could be interconnected.

Mr. Bowman said that this was certainly the financial piece of capacity. He said that however, when considering the financial side of capacity, they must also examine the impact on future flexibility because once the debt is issued, it became an obligation that must be repaid, and that capacity would have to be spoken for some time.

Mr. Bowman said that they needed to explore the Board's earlier questions, such as what the operating costs of this project were if they decided to construct a new park, and if they could hire the necessary staff and maintain the operations needed to support it consistently. He said that to ensure effective long-range planning, they must consider their capital funds and operating funds together.

Mr. Bowman said that lastly, they must assess their County's ability to execute these projects. He said that it was not a comment on anyone's expertise or ability but rather an acknowledgment of the broader context in which their projects operate. He said that with these factors in mind, he anticipated that today's discussion would only confirm that they had $72 million dollars in capacity. He said that if they felt a little disappointed, the process was not over.

Mr. Bowman said that this led them to consider where they would go from today's meeting until the adoption of the CIP in the annual budget in May. He said that they would proceed with staff, based on some of the assumptions and work completed today, to update the current plan. He said that looking forward to addressing the four components he mentioned, they must ask themselves, both in the operating budget and capital budget, what actions were necessary to achieve all goals and objectives outlined in the Strategic Plan? He said that some of these may appear in the capital budget, some in the operating budget, and others through existing appropriated projects, and trying to fund that right now would help them move forward with this.

Mr. Bowman said that in March through May, the Board and School Board would have opportunities to re-engage with the CIP and, of course, the operating budgets as well. He said that during that time, various options were available to increase CIP revenues if desired. He said that several levers that could be pulled were listed on the current slide.

Mr. Bowman said they would know in January the impact of the CY24 reassessments. He said that as previously mentioned, the Board of Supervisors needed to weigh those annual reassessments. He said that they must determine what the total financial picture looked like in the budget as it moved forward. He said that they must adopt a tax rate that considered all of those factors, and it would have an impact on the blend of reassessments and the rate to determine what the County's revenues would be. He said that these were annual legislative processes involving the Board of Supervisors through the budget process.

Mr. Bowman said that the next item to highlight was the investment of one-time funding discussed earlier. He said that last year, there was a total of almost $17 million in one-time funding contributed by both boards, which helped projects move forward and stay on track amid high project costs and increased borrowing costs. He said that as they examined any end-of-year positive variances from FY23, any other one-time funding available, applying it into capital would be an opportunity to continue moving projects forward.

Mr. Bowman said that finally, the second investment of one-time funding was the annual opportunity to assess the balance between the operating budget and the capital budget, asking themselves, as the Board did last year, whether changing how funds were allocated to capital in a particular year would be more beneficial. He said that this decision-making process was why long-range financial planning was essential, helping them understand the implications of today's choices on tomorrow's outcomes.

Mr. Bowman said that the final example mentioned was particularly timely because the Board of Supervisors would meet with state representatives tomorrow to discuss General Assembly authority for state and neighboring legislation enabling a local sales tax that could be used for school construction projects. He said that for perspective, the 1% sales tax the County currently received in the General Fund was approximately $23 million to $24 million annually. He said that if the authority were enacted, it would certainly bring a major change to the landscape of the CIP. He said that this aimed to provide some context for the current state of staff's thinking and reflected on Board discussions that had taken place in the past and those that may be considered at present.

Mr. Gallaway said that he had a few clarifying questions. He said that he doubted that they would be able to complete the task by tomorrow, but noted that the fact two former School Board members were now local delegates meant they should understand their local CIP issues and how the passing of the 1% sales tax could impact their CIP, and the actual context of what they saw today could be meaningful, and if a visual presentation could not be prepared, it should certainly be presented verbally. He said that in addition to having a reelected senator whose primary case for reelection was his seniority and ability to get things done, this should not be overlooked in the conversation. He said that unfortunately, he would not be present tomorrow to make his own case for that.

Mr. Gallaway reiterated that if two former School Board members did not pursue this with determination, then he did not understand why they were elected as delegates. He said that he would say that to them if he were sitting there tomorrow. He said that anything they could do as a helpful bit of information to them to make that case, he thought they had an opportunity from a former Charlottesville School Board member up until, what, a few months ago, a former Albemarle County School Board member. He said that he would also say that the complexity, and the CIP were just part of it, as they related to the County's Strategic Plan and some of the things that were shifting and how they addressed issues concerning what they could afford in the CIP. He said that it was essential to make a few comments on this matter.

Mr. Gallaway said that SMART SCALE and how they got transportation projects funded in this state were going through a major transformation this year. He noted that they had an excellent team that had performed very well under the former SMART SCALE scoring, and he suspected they would be just as expert at it moving forward. He said that transportation leveraging dollars that they put into the CIP could become increasingly critical and vital. He said that this would place more pressure on local funding and resources. He said that economic development would have a larger role in SMART SCALE scoring.

Mr. Gallaway said that understanding the importance of economic development for their local economy's diversification and impact on mobility within the area was essential for everyone. He emphasized that the transportation leveraging aspect of the CIP must remain strong or even grow in the future. He mentioned the recent conversation about developer incentives for affordable housing added complexity to the issue. He said that affordable housing impacted all of them in a way and was challenging to comprehend fully due to its multifaceted nature.

Mr. Gallaway said that their workforce, students, employees, their ability to recruit and retain individuals, and having people who were employed being able to live in the same County they were in. He said that all of that, when considering developer incentives, the consensus was tax abatements, which meant foregoing revenue in the future. He said that everyone needed to be prepared to say that affordable housing was an important enough issue that they should pursue it, as this Board had expressed support for. He said that pursuing affordable housing would have revenue impacts on them down the road and ultimately affect the CIP.

Ms. McKeel said that in order to keep her comments brief, she agreed with what Mr. Gallaway had just said. She said that she wanted to ensure that both the Board of Supervisors and the School Board had included in their legislative packet the importance of the 1% sales tax for CIP. She said that for clarity, her understanding was that this would come about through a referendum process, where voters would have the opportunity to vote on the 1% increase. She asked if that was accurate and if that was what they were all discussing.

Mr. Haas said that was correct.

Ms. McKeel said that she had already received emails from constituents that asked how she dared suggest a 1% sales tax. She said that they would have the opportunity to vote on it through the referendum. She said that she was in favor of it, and felt the details were important for the public to understand. She asked if Mr. Bowman could provide comments regarding the importance of the Triple Triple A bond rating to help the public understand.

Mr. Bowman said that there were two key factors to consider. He said that first, when the County borrowed funding, it enabled them to secure the best possible interest rate, similar to having an impeccable credit score. He said that the County completed its largest bond issuance in history recently, and in one of these issuances, there were up to nine bidders competing for the opportunity. He said that if they were not in such a position, they may not have as many bidders and might not secure the best possible rate. He said that when that happened, the annual interest rate on tens of millions of dollars could have a substantial impact on the budget. He said that the second benefit was evident when examining their County General Fund.

Mr. Bowman said that debt service became very important, particularly in the context of the capital budget as these projects were interconnected. He said that it also highlighted the flexibility that the Board possessed. He said that manageable debt service payments provided the Board with ample flexibility on a year-to-year basis to address any strategic objectives. He asked Mr. Sumner if he had anything to add to that statement.

Mr. Sumner said that Mr. Bowman had provided an accurate summary. He said that having the Triple Triple A rating demonstrated strong fiscal management over their operating funds, general funds, strategic planning, and capital improvements funds. He said that possessing a Triple Triple A rating was a recognition by others that they were putting their best fiscal foot forward.

Ms. McKeel said that she found it important that on page 7 to remember that when they increased the food and beverage, transient occupant, and cigarette tax, these increases were equivalent to 3.3 cents from the real estate tax. She noted that the rising property assessment values were comparable to an additional 10 cents for their constituents. She said that these figures were crucial to remember.

Ms. Mallek said that the complexity of all of this would be all-consuming for the next few months from their perspectives as they did the homework and tried to understand all these different things, such as financial headroom, spaces, and so on. She said that regarding what Ms. McKeel just mentioned about the built-in increases in the budget that they had had over the last year, they were doing a lot with that, and they needed to make sure that they were using it and all of their resources really well.

Ms. Mallek said it was hard to predict whether the population numbers would be accurate or whether the housing numbers would be accurate, as well as the values. She said that they just had to do the very best they could to get as close as possible to these at the different levels. She said that in her mind, she must take it a little bit at a time and not just look and think that should be 30%, then they would just go for that. She said that ideally, they needed to have some actual evidence that they were moving in that direction, and intermediate data that came along would be able to ground truth all of these projections.

Ms. LaPisto-Kirtley asked if it was correct that if the 1% sales tax were passed, that would equate to $23 million to $24 million.

Mr. Bowman said that was approximately what they currently received at 1% for the County's General Fund. He said that it would be put in the General Fund or a designated fund established for the purposes of the referendum.

Ms. LaPisto-Kirtley said that it was incredibly important they helped their legislators pass this, as it would be crucial for all the school districts, all the counties and cities.

Mr. Andrews said that their meeting tomorrow would be significant not only in relation to the 1% sales tax but also in recognizing the funding formulas for schools and how they were supported by the state. He noted that it was essential to consider changes made to redistricting, which could affect areas such as northern feeder, located near Rivanna and North Fork. He said that there were many factors they must take into account as they moved forward, and it was crucial to remain flexible in their approach.

Ms. Price said that initially, she had a comment about the lottery. She said that when it was approved, it was marketed under the premise that all the money would go to schools. She said that however, once they received the funds, the schools were cut in other ways, and it was essentially robbing Peter to pay Paul, or sort of a bait and switch tactic. She said that to avoid similar issues, it was very important that if they managed to secure the 1% sales tax for school funding, they must document and demonstrate to the public that they were not reducing funding for schools elsewhere. She said that the additional funds would be on top of the existing budget, and it was something that they needed to demonstrate.

Ms. Price asked to see slide 52. She said that after examining the red circle on the slide, it indicated a decrease to 0.3% of the outstanding debt as a percentage of assessed value of taxable property. She said that this could potentially yield up to $72 million. She said that it would be based on the assumption that there was no decline in the assessed value of real estate, so a great recession or declining values would cut into that. She said that if interest rates, the cost of borrowing, increased, it became more expensive to borrow money. She said that if they were to use the $72 million mentioned in the next slide, which she strongly opposed, they would need $3.6 million initially and an additional $5.6 million in debt funding per year.

Ms. Price said that each penny increase in the real estate tax rate currently generated $2.7 million; therefore, increasing the real estate tax rate by more than two cents would be necessary to cover at least that $5.6 million to $5.7 million. She said that if property values declined or interest debt increased, it made the expenditure even more expensive. She said that she would not encourage anything further than the 1.7% they were already at, because if they exceeded the 2% value limit, they risked losing their Triple Triple A bond rating, which would increase the cost of all debt. She said that this was an important aspect for the public to understand. She said that they did not have the full $72 million at their disposal due to numerous variables that could lead to significant financial consequences in case of any economic changes.

Mr. Alcaro said that something that caught his attention was when Mr. Bowman mentioned that the equivalent of real estate taxes amounting to 13 cents came from appreciation in property value and another factor which he currently could not recall. He said it was commendable that there was additional revenue available because in their County, there were numerous projects requiring attention. He expressed confidence that the Board, Mr. Richardson and the involved teams were utilizing these funds wisely.

Mr. Alcaro said that regarding Mr. Gallaway's comments on affordable housing, he had visited Woodbrook Elementary School and Stony Point earlier that morning and found out that in the past week alone, three families of students had been evicted from their homes. He said that this highlighted the urgent need for affordable housing in their County. He said that the principals at these schools would be able to provide valuable information on this matter.

Mr. Alcaro said that he wanted to emphasize the importance of allocating funds for renovations. He said that if they looked at the summary on page 7 of the book, they saw that elementary school improvements had increased to $63.2 million, up from $50 million the last year. He said that an additional $35.7 million brought the total to approximately 98.9%. He said that the middle schools' improvements were yet to be determined. He said that if they used the amount from last year, he would be conservative and say $20 million. He said that he appreciated the additional $2.8 million that went into improvements this year. He said that it brought the total need for renovations to $119 million compared to $106 million last year.

Mr. Alcaro said that by allocating $2.8 million, it was like making minimum payments on a credit card and would take forever. He said that generations of students would not experience the benefits if they did not act boldly. He said that if they were to act boldly and allocate $10 million annually, the renovations could be completed within approximately 13 years, otherwise, it would take generations. He said that another point of interest was that the conversation about the one cent sales tax had been revived, seemingly going through periods of being on and off again.

Mr. Alcaro said that during the last genuine meeting of the CIP Oversight Committee, Ms. Mallek, Ms. Acuff, Mr. Randolph, Mr. Cal Morris, Mr. Bruce Dodson, and he had recommended a five-penny increase, with one penny added each year for five consecutive years. He said that proposal did not see the light of day, and then the pandemic occurred, making all previous plans obsolete. He requested that they reconsider implementing their own. He said that he fully acknowledged the political aspect of it. He said that he understood the importance of anticipating recurring expenses with 43 years of experience in business budget planning. He said that if they had those five pennies, they would have received approximately $10 million annually, which could cover renovations. He requested the Board to consider getting that back to the same tier that they had proposed it in 2019.

Mr. Paige said that in slides 15 through 20, it showed significant projects for the County. He said that also, slide 49 highlighted projects that were important for the School Board, and they were prioritized. He asked for clarification regarding how they would determine a priority list that encompassed all these projects. He asked who would be responsible for making this decision, and what criteria would they use.

Ms. Price said that she believed that 15 to 20 projects had already been approved in the CIP.

Mr. Paige said that he understood the decision for the current year, but asked how the CIP-funded projects would be prioritized in the future. He said that the CIP committee had at one time existed, but it no longer did, so he would like to know how projects for the CIP were considered and what criteria were used without the committee's input.

Ms. Price said that she believed it was a different format for providing the same information from the Schools and the County. She said that this information was then incorporated into the process, which was proposed and voted on by the Board of Supervisors eventually. She said that it was simply a different mechanism. She said that the sharing of information remained the same; they received data from both the Schools and the County, assessed its affordability, and ultimately, the Board of Supervisors made a decision based on either the previous process or this process.

Ms. Mallek said that it was more of a committee of the whole than just two people from each body, which broadened the discussion from the very beginning.

Mr. Paige asked if the committee of the whole referred to the Board of Supervisors.

Ms. Mallek said that it also included the School Board.

Ms. McKeel said that the process now included all of the members rather than a select few on the committee, so it would include the Board of Supervisors and the School Board.

Ms. Price said that ultimately, these were all decisions made by the Board of Supervisors.

Ms. Berlin said that she was going to make a comment, as there was no student present in the room. She emphasized that she thought it was always important to involve students in such meetings. She said that she made this point at the School Board meeting and still considered it important. She said that her son went through a public school system and was now 21 years old. She said that from the time he was born, which was a year before Baker Butler opened its doors, he would be graduating from college when the new southern feeder school's doors opened. She said that it had been 25 years since they, as a community, had built a new school.

Ms. Berlin said that she understood all the political issues and revenue constraints; however, she believed that bringing the student perspective into consideration was essential. She said that during these 25 years, they had not been able to make any investments in a new school due to the Great Recession. She said that comparing the two schools within her jurisdiction, Broadus Wood and Crozet, the difference was stark. She said that they were committed to equity, however, when she visited Crozet Elementary and observed the bright windows, the light streaming in, and the constructive learning spaces provided for students, it was a stark contrast to the situation at Broadus Wood.

Ms. Berlin said that she was informed by the principal that they had been struggling with a basic issue, not even related to learning, but health and safety, specifically, the drop-off circle, which had been problematic for the past 15 years. She said that even if they managed to make this commitment, it seemed unlikely that renovations at Broadus Wood would be completed by 2028. She said that as a result, a student entering kindergarten and graduating from fifth grade, and they would not have had changes made.

Ms. Berlin said that they must acknowledge that they must be bold. She said that they needed to think about how they could take that out to the community and to the General Assembly; to really transition their community to continue to grow and to meet the equity needs of their students, they needed to be bold. She said that otherwise, her children would be sitting in this meeting when they are hopefully homeowners, in 25 years from now, saying they still needed to make these improvements. She said that they must remain bold in the face of economic challenges, always thinking about what this means for their community's children, because they are the future.

Ms. Price said that it was the Board of Supervisors in 2010 that reduced the real estate tax by six cents, which was why they had not built a school for decades.

Ms. Acuff said that Ms. Berlin was correct. She said that she agreed with her colleague on several of these aspects. She said that Ms. Berlin was correct in pointing out the difference between new space versus a 50-year-old space. She said that by visiting Crozet Elementary or Stony Point, they could observe that some schools had narrow halls and poor lighting. She said that eight years ago, the Long-Range Planning Committee had identified that 89 out of 900 classrooms lacked natural light, making them practically closets. She said that they had attempted to break through walls to install solar tubes, which went through two stories, providing a glimmer of outside light. She said that however, they were not conducive. She said there were significant differences between these spaces and that research showed substantial variation in children's attachment to school in bright and inviting settings.

Ms. Acuff said that they were meeting with legislators on December 18, so any take-home lessons they had, and anything not included in the handouts they could provide for a second bite at the apple. She said that they would be advocating for changes in numerous aspects, including the sales tax dedicated to construction. She said that there were some comments when discussing their facilities regarding electric buses or solar panels or geothermal energy. She said that they had run that by Lindsay Snoddy and Matt Wertman, who were on the Advisory Committee on Environmental Sustainability, which had a mission to align with the County's Climate Action Plan.

Ms. Acuff said that to conform with energy efficiency, there may be some costs involved. She said that they were diligently working to secure grants for electric buses and electric charging stations. She said that currently, they had halted applications until a broader plan with the County Transportation

Department was established. She said that they decided to proceed with that, but there was a marginal difference in Crozet between the addition of a 35,000 square foot space and the need to replace the boiler system.

Ms. Acuff said that instead of opting for a conventional replacement, they chose to implement geothermal technology, which was more expensive initially but offered long-term benefits in terms of energy efficiency and educational value. She said that the community understood their commitment to environmental concerns. She said that these advancements came with costs, including those associated with energy efficiency. She said that they had been cautious about managing expenses and had applied for grants to support the geothermal project as they moved forward.

Mr. Alcaro said that he would like to make a brief comment regarding Ms. McKeel's discussion on the referendum. He said that during the 2016 referendum, Ms. Acuff and he spoke with numerous individuals about the importance that price became an issue in the absence of value. He said that they aimed to convey that there was significant value to their community through various projects, including maintenance for every school, including Woodbrook, and others. He said that as a result, the referendum passed with a vote of 74-26. He said that if such an issue arose again in the future, it was important to continue emphasizing that price became an issue in the absence of value.

Ms. McKeel said that it behooved all of them to remember that they were going to have to work toward that goal. She said that their community was very centered around education, which was shown in the last referendum.

Ms. Acuff said that the referendum won in every single precinct, with at least 66% approval in each one.

Ms. Price noted that they just recently received notification that their educational funding had been cut by $10 million. She said that a couple of months ago, every wage earner in the County had received a $200 refund. She noted that they would save 50,000 wages out of their 150,000 population multiplied by 200, which equaled $10 million that they had paid for the schools right there.

Ms. McKeel said that they were now contemplating a 10% cut for every department. She said that it made no sense.

Ms. Acuff said that one of the things they would ask the legislators about was the hold-harmless for another year.

Ms. Price asked if the County Executive and the Superintendent had adequate information from this Board discussion.

Mr. Richardson said yes.

Mr. Haas said yes.

At 3:49 p.m., Ms. Le adjourned the meeting of the School Board.

Agenda Item No. 4. Closed Meeting.

At 3:50 p.m., Ms. LaPisto-Kirtley **moved** that the Board go into a closed meeting pursuant to Section 2.2-3711(A) of the Code of Virginia:

- appointments to various boards and commissions including, without limitation, the executive board of the Charlottesville Albemarle Convention and Visitors Bureau, Fire Prevention Board of Appeals, Local Board of Building Code Appeals, Charlottesville-Albemarle Airport Commission, Route 250 West Task Force, and the board of directors of the Thomas Jefferson Water Resources Protection Foundation;
- appointment of the County's Chief Financial Officer; and
- the annual performance of the County Executive; and
- the annual performance of the Clerk to the Board of Supervisors

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

AYES: Mr. Andrews, Mr. Gallaway, Ms. LaPisto-Kirtley, Ms. Mallek, Ms. McKeel, and Ms. Price.
NAYS: None.

Agenda Item No. 5. Certify Closed Meeting.

At 5:29 p.m., Ms. LaPisto-Kirtley **moved** that the Board of Supervisors certify by a recorded vote that, to the best of each supervisor's knowledge, only public business matters lawfully exempted from the open meeting requirements of the Virginia Freedom of Information Act and identified in the motion authorizing the closed meeting, were heard, discussed, or considered in the closed meeting.

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

AYES: Mr. Andrews, Mr. Gallaway, Ms. LaPisto-Kirtley, Ms. Mallek, Ms. McKeel, and Ms. Price.
NAYS: None.

Agenda Item No. 6. Boards and Commissions.
Item No. 6. a. Vacancies and Appointments.

There were no motions coming out of Closed Meeting.

Agenda Item No. 7. Adjourn to 6:00 p.m. Lane Auditorium.

At 5:29 p.m., the Board adjourned its meeting to 6:00 p.m. Lane Auditorium. Opportunities for the public to access and participate in this meeting are posted on the Albemarle County website on the Board of Supervisors home page and on the Albemarle County calendar. Participation will include the opportunity to comment on those matters for which comments from the public will be received.

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Chair

Approved by Board
Date: 05/07/2025 Initials: CKB