

An adjourned meeting of the Board of Supervisors of Albemarle County, Virginia, was held on April 10, 2018, at 4:00 p.m., Lane Auditorium, County Office Building, McIntire Road, Charlottesville, Virginia. The meeting was adjourned from April 4, 2018.

PRESENT: Mr. Norman G. Dill, Mr. Ned Gallaway, Ms. Ann Mallek, Ms. Diantha H. McKeel, Ms. Liz A. Palmer and Mr. Rick Randolph.

ABSENT: None.

OFFICERS PRESENT: County Executive, Jeff Richardson, County Attorney, Greg Kamptner, Clerk, Claudette Borgersen, and Senior Deputy Clerk, Travis O. Morris.

Agenda Item No. 1. Call to Order. The meeting was called to order at 4:04 p.m., by the Chair, Ms. Mallek.

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Agenda Item No. 2. **Work Session:** Consideration of November CIP Bond Referendum and Content.

Ms. Mallek stated that the Board would be considering a November 2018 bond referendum and its inclusions. She stated that Ms. Lori Allshouse will be leading the presentation.

Ms. Lori Allshouse, Director of the Office of Management and Budget, addressed the Board and stated that she and Holly Bittle, Grants and Budget Analyst, lead of the CIP program for the Office of Management and Budget, will be discussing the capital plan and potential bond referendum. Ms. Allshouse stated that their goal is to obtain Board guidance on the FY19-23 CIP and potential November 2018 bond referendum. She said they will review the upcoming schedule, with many items before them on a monthly basis. Ms. Allshouse stated that they will touch base on the direction received from the Board at their March 29 work session and will review some additional scenarios requested by them at that time. She noted that they will also be seeking Board direction on whether to pursue a November 2018 bond referendum, and if so, what maximum dollar amount should be placed on the referendum. Ms. Allshouse stated that they will also be looking to the Board for direction on quality of life categories for funding, along with guidance on potential projects to be included.

Ms. Allshouse stated that she will review the budget and CIP schedules, with two parallel objectives including adoption of the FY19 budget – including operating and capital – and the five-year CIP plan. She said this meeting date will include the CIP long-range planning work session, followed by a public hearing on the Board's budget. She stated that the Board will hold a public hearing on the tax rate on April 17 and will set the tax rate and approve the FY19 budget. Ms. Allshouse noted that on May 9, staff will bring forward a resolution on appropriations, at which time they will appropriate the monies into categories for FY19. She stated that if the Board decides to go to a referendum in November, staff would like them to finalize their local government referendum CIP projects. She noted that if they decide to have a referendum, there are additional dates needed.

Ms. Allshouse reported that on May 24, if the School Board has projects in the referendum, such as the center representing phase one of their school improvement project, will be in the proposed FY19 budget. She said should they decide to put the center and any other items on a referendum, the School Board will request the Board to take action on the School Board-related bond referendum items. Ms. Allshouse stated that on June 6, the Board will approve the CIP, including any bond referendum projects, and on June 13 the Board will request the Circuit Court to order an election, stating the purposes of the bond or bonds and the maximum amounts. She noted that more dates will follow if they proceed to a referendum.

Ms. McKeel noted that May 24 is a Thursday, and asked if the School Board would be taking action at that time, but would not be meeting with the Board. Ms. Allshouse confirmed that it is exclusively a School Board action.

Ms. Allshouse stated that on March 29, the Board reviewed several CIP scenarios, put into five categories. She explained that "foundation" is the basic CIP scenario, with others being more enhanced and directed by the CIP Oversight Committee. She stated that scenario three includes phase one of the high school improvement project; scenario four includes high school phases one to three; and scenario five includes high school phases one to three, as well as quality of life projects. Ms. Allshouse referenced additional information on the scenarios with estimated resources needed to support the different scenarios. She reported that the guidance received from the Board on March 29 indicated that they were interested in scenario three, with a request to staff to provide additional options on April 10. She noted that the Board also directed staff not to exceed expenditure levels associated with scenario four. Ms. Allshouse stated that there were 3.8 cents associated with scenario three and 4.3 cents associated with scenario four over the next five years. She said the Board asked staff to stay within the 3.8 to 4.3-cent area, and to not exceed scenario four with their modeling. Ms. Allshouse added that staff took those suggestions and will also provide them with a few additional models.

Ms. Allshouse stated that the Board's CIP is a plan that considers the next five years and is a plan, not a budget, but the plan currently has several items not included that are important projects – and these were ranked in the top 15 by the Technical Review Committee (TRC). She said their CIP also has some important areas and projects not included in the CIP, as well as some that have not yet been

requested to be included in the long-range plan or CIP – which they will hear about in the near or far term, such as the volunteer fire/rescue facilities maintenance program, and those items are on a watch list.

Ms. Allshouse shared additional CIP scenarios for Board consideration, stating that all scenarios will include at least the base scenario items. She stated that scenario three includes mandates and obligations, maintenance and replacement projects – which are considered automatic in the County for inclusion in the CIP once the TRC determines they are necessary and important to do. She stated that the scenario also includes some carry-forward ongoing unfinished projects from prior years, funding for the courts, ACE program funding from FY20-23, a \$2.0 million reserve for advancing strategic priorities, the Ivy Recycling Center, a volunteer facilities pilot project, a partial design cost associated with police evidence processing and vehicle storage project, and a high school capacity improvements phase one – which is center one, at a cost of \$35.1 million.

Mr. Randolph asked if there are any items under scenario three that carries with them an expectation of a future tax increase to cover the costs, such as the courts. Ms. Allshouse explained that there would be additional debt expenses associated with any project built into the third or fourth year of the CIP, but it is likely the County will need to put additional resources into that – which may or may not include a tax increase. She noted that there would be additional debt coming on board, but there is also debt being retired. Ms. Allshouse stated that because they look at the CIP as a five-year plan, things that occur in year three and four may affect years outside of the five-year window being discussed.

Mr. Randolph commented that there is a wild card in the potential need for additional revenue. He mentioned the police evidence processing/vehicle storage facility, which is now included in scenario three, and asked if the police are aware that it is included while a public safety training academy and police satellite training academy are not. Mr. Randolph said the reason why he raises the issue is because it might be worthwhile to try to get part of a police training program done in one year of the CIP, then tackling some of it in future years. He clarified that his question is whether the police department has endorsed these priorities as presented.

Ms. Mallek pointed out that these are vehicles that are evidence, which is why they are important.

Mr. Randolph asked if the police feel this is the highest and best use of public dollars at this point, more so than the training academies. Ms. Allshouse explained that the police evidence processing vehicle storage only has partial design included in the CIP and there is actually no funding in the current plan for building the storage facility. She stated that her understanding is that this item is very critical for the police department, and she thought it was their top priority. She indicated that Mr. Walker would provide more detail.

Ms. Mallek commented that hopefully he could also address the phasing in of the academy.

Mr. Doug Walker stated that pursuing a satellite police academy in conjunction with the Central Shenandoah Criminal Justice Training Academy is a priority, but not at the current time. He said it falls more in the out years, and the Board can expect to see the project in a year or two as the police department seeks a different relationship with Central Shenandoah. Mr. Walker emphasized that the vehicle storage is a higher priority this year, but the training needs and academy interests are still high.

Mr. Randolph stated that there could be no better use of tax dollars at any time than to ensure the police are well-trained in the latest law enforcement approaches and tactics, given the legal liabilities if someone does not follow standard operating procedures.

Mr. Walker said he is confident the police would agree with that, and they are pursuing some interim opportunities within their current facility to try to improve their ability – even in addition to what they are doing at Central Shenandoah. He reiterated that the larger project for an academy to serve Albemarle and perhaps the region will emerge in a future CIP.

Ms. Mallek noted that some of this is dictated by the time required to release from the current contract.

Ms. McKeel commented that Board members have been supportive of the ACE program, but she wonders how it ends up as an absolute in scenario three, as \$500,000 per year will fund about \$6.5 million in projects in the CIP.

Ms. Mallek responded that the recommendation from the CIP Committee was that rather than ACE always being a “foster child” that gets budget leftovers, it be put in the budget as a line item so that it has a standard and predictable funding plan for it – as it had from 2003 or 2004 up to 2009.

Ms. McKeel stated that she understands the absolutes of maintenance items, but the ACE funding seems high and it would fund a lot of debt service.

Mr. Randolph commented that for the Planning Commission over the last four years, there has been no higher priority in the CIP on an annual basis, because they understand the multiplier effect of the ACE program and the ability to permanently set aside land for preservation.

Ms. Palmer stated that as assessments go up and the County contemplates tax increases, the ACE program becomes even more important for rural farms, and she sees the basis to keep it in.

Ms. McKeel noted she is not suggesting that it be completely removed, but she noticed that it is a big amount that would fund a lot of debt service. She asked whether it has to be at a level of \$500,000.

Ms. Mallek pointed out that it is about 30% of where they funded it before the recession.

Ms. Allshouse said this will be the Board's approved CIP, so as they work through this it will be their decision as a Board.

Ms. Allshouse stated that OMB felt it would be helpful to share the scenario planning process and the assumptions that go into models, as the amounts and timing can change when assumptions change. She explained that different timing can affect the outcomes, and the sooner the County increases ongoing resources, the greater the overall capacity – so if they consider raising the tax rate for the CIP, doing it sooner in the five-year period is cumulative and gives the CIP more capacity. Ms. Allshouse stated that raising the rates or towards the end of the model, it has less capacity, which is an important consideration. She said this year, staff is introducing a new concept called "short-term borrowing," which allows the County to only go out for bond issuances every other year. She noted that there are a lot of costs associated with bond issuances, and short-term borrowing is recommended by the County's financial consultants for the County to borrow from itself or get a note it could pay back.

Ms. Allshouse stated that regarding the out years, FY22 and FY23 CIP spending may require additional resources, and the debt may not be owed until a few years out based on the construction schedules. She said the third box is entitled "end-of-year contributions," and she explained that reconciliation done at the end of every year gives the Board opportunities to use one-time money that may become available from the general fund. She stated that at the end of the year, capital contributions can be really powerful in the CIP, so moving it from funding to CIP can add capacity and serves as cash funding. Ms. Allshouse stated that they do not use it for paying debt over time because it is an ongoing cost, but it would help them to not have to borrow. She said the "cost variables" item reflects the assumption that interest rates may change over a five-year period, with current rates based on Davenport's recommendation. She stated that project costs are estimates, and those may also change from initial to final cost estimates. She stated that operating costs and impacts may require further scrutiny, as there may be associated needs with projects to be launched and operated.

Ms. Allshouse reported that staff will be providing three additional scenarios at this meeting, based on the Board's March 29 direction, with scenario three being enhanced foundation plus the high school phase one center, based on the set of assumptions and projects discussed. She stated that 3A is a specific request from a Board member to add in the Scottsville Elementary School addition, with a 3B scenario removing the school and adding \$12 million in other "generic" projects to occur within the five years of the CIP.

Mr. Randolph asked if the \$12 million is an arbitrary number. Ms. Allshouse responded that it is, and she just chose a number. She stated that 3C also started with scenario three, but doubling the \$12 million to \$24 million – still staying within the five years. She referenced a slide showing dollar amounts and additional resources needed over natural revenue growth during that time period, noting that if the assumptions, cost estimates, and timing are accurate, staff has projected that 3A and 3B would require a 4-cent increase in taxes over five years, and 3C would require 4.2 cents.

Ms. Mallek asked if the worst-case scenario is 4.4 cents, above the 3.8 cents as a starting point and an additional .4 cents more. Ms. Holly Bittle stated that they started with 3 cents and adding in Scottsville Elementary School would require .2 additional cents; going to scenario 3B would take out Scottsville and add in \$12 million in projects, with 3C adding \$24 million in projects – and that is 4.2 cents.

Ms. Mallek said that 3A is .2, 3B is .2, and 3C is .4, all additional to the base.

Ms. Bittle confirmed this and said they also included operating impacts for high school center one.

Mr. Randolph observed that another scenario taking 3A and adding Red Hill improvements would mean \$16.8 million – well shy of the \$24 million – and that would amount to .3 to meet the infrastructure needs, addressed by upgrades both at Red Hill and Scottsville. He stated that he brought Scottsville Elementary up originally because of the existence of the trailers, but these figures seem to support the logic of addressing both schools simultaneously for .3 cents.

Ms. Mallek stated that this works in her mind, and there are economies of scale by having a larger project.

Ms. McKeel said this is an interesting idea, but she wants to ensure that the School Board is prioritizing these projects. She asked Ms. Allshouse to confirm that staff has been working with the School Division over the last week.

Ms. Allshouse confirmed that she had recently met with Rosalyn Schmitt, and her understanding is that the School Board would be requesting items on the referendum, pending from their May 24 meeting. She emphasized that it is also important for the Board to look at all projects, but it is the School Board that made the request to the Board.

Ms. Mallek responded that the Board would not preempt their decision.

Mr. Kamptner stated that the School Board's resolution in 2016 was fairly broad, and did not describe specific projects in individual schools.

Ms. Palmer noted that they do not have to put everything in a referendum and could keep it small, then do another one in a few years. She expressed concern about putting too much into the referendum, as that commits the County to the projects and they do not know what the five years would look like. She stated that the stormwater program takes up about 1.6 cents of the budget, and there is also a 2% increase in assessments built into the program over each year for five years – and a lot of residents do not get that low of an increase. Ms. Palmer reiterated her concern over committing the County to doing these kinds of tax increases for the next five years, not knowing what the economy is going to be.

Ms. McKeel stated that she wants to ensure they are not doing anything to finalize decisions that should be up to the School Board in terms of projects.

Mr. Gallaway commented that they may put \$24 million, but instead of Red Hill it would go to Crozet.

Ms. McKeel agreed, stating that the Board may not know what the School Board's decision would be.

Ms. Allshouse mentioned that there is a chart on the County's webpage that shows the financial impact of changes in assessments and how it would affect a specific homeowner. She stated that the columns reflect different home values and the assumption of a 2% assessment increase each year on a particular home, so for a \$300,000 home; the next column shows the tax bill at the current 83.9-cent tax rate, factoring in 2% annual assessment increases and property value increases. She stated that with scenario 3, there would be a 2.2% increase in FY20, with 1 cent in FY21; and 0.8 cents in FY22 for operational cost estimates associated with the school center. She noted that these would ultimately total 4 cents and noted the impact to a tax bill based on each 1-cent change to the tax rate.

Ms. Mallek mentioned that the natural growth from values for this year is approximately \$7 million, equivalent to about 3 cents, and that is another way the revenue can be achieved.

Ms. Allshouse stated that the \$7 million is reassessments as well as new growth.

Ms. McKeel clarified that \$3 million is the new part of that.

Ms. Mallek stated that the revenue is over and above last year, which is equivalent to several pennies.

Ms. Allshouse confirmed this.

Mr. Randolph stated that the benefit side is what the County would be getting in terms of the high school project, and \$12 million in referendum projects, the bulk of which would go also to the School Division. He said they would be producing meaningful results as a result of that, and it is important to keep that in mind.

Ms. Allshouse said there is ongoing conversation about the stormwater program, and they can support that with a change in tax rate rather than a utility, so staff added that chart as well.

Mr. Randolph commented that if they switch over the stormwater program and put it into the existing property tax system, the people with the largest properties who pay the highest taxes would pay more than they would under the utility. He stated that he is not sure if constituents are aware of that reality, as higher-assessed properties would mean paying more in taxes.

Ms. Allshouse stated that staff was also asked to bring back debt capacity policies, including debt service as a percentage of revenues, with the Board's policy set at a 10% maximum. She noted the AAA average and said that using two of their scenarios, 3 and 3C, they stay within their policy.

Mr. Gallaway noted that the dash on the chart represents the average of the AAAs, not a policy-driven mark.

Ms. Allshouse confirmed this. She noted that the chart also shows outstanding debt as a percentage of assessed property, which is another metric, and this is also in the Board's financial policies – with a cap at 2% shown and the AAA and AA averages also shown, as well as where the Board's scenarios fall.

Mr. Randolph stated that the Board would need to be clear on setting the FY22 budget in calendar year 21, with the level being almost at the AAA debt ceiling average at that point. He added that there is a reasonable safety margin to work with.

Ms. Palmer said if the referendum passes, there would be a community expectation that all of this gets done within 10 years, and for purposes of the CIP staff has put that in 5 years – but a future Board could decide to put off a tax increase and implement the projects in a 10-year period.

Ms. Allshouse responded that this is a good point, and this is based on time assumption, but they could borrow the funding to extend to 10 years.

Ms. Palmer commented that they are in a situation where interest rates are rising, and on the last referendum they found it beneficial to borrow all the money at once. She said if they find themselves in the decision-making process again, they may end up faced with a difficult decision to go more quickly.

Ms. Allshouse said this is also a good point, because they want to make their best decision on saving as many resources as possible.

Ms. McKeel stated that there is an advantage to having the CIP be so fluid.

Ms. Allshouse agreed, stating that the CIP is a plan and not an absolute.

Ms. Mallek said that one of the biggest disappointments during the recession was running up against the headroom cap, as mentioned by Mr. Randolph, was not being able to benefit from the lower purchase costs because they were in disarray and were not organized. She stated that there is an advantage to shrinking the financial part so that it becomes a worst-case scenario, rather than dreaming about something that could be problematic in five years.

Ms. Allshouse stated that she has several questions to ask the Board, the first being whether the County should pursue a November 2018 referendum for the high school capacity improvement phase one center, which is in their proposed budget, as it would trigger a lot of activities they would need in order to get moving. She said if the Board says yes to the referendum, the second question is whether it should include any other quality of life projects – school or otherwise. Ms. Allshouse stated that an additional question would be what is the maximum amount and an amount per category, which would be followed by guidance on projects that could be on the referendum.

Ms. Mallek asked Ms. Allshouse to revisit the slide with the different categories. Ms. Allshouse explained that the Oversight Committee had looked at some recommendations regarding what to put on a referendum in 2018, 2020, and 2022 – and the team that considered that looked at high-ranked TRT projects reflecting geographic diversity, quality of life, non-mandated projects, timelines, importance to citizens, conditions of facilities, project diversity, strategic initiatives, etc. She said that a proposed \$39M referendum considered by the committee in November did not include information about the high school improvement project, so there were other high-ranking projects that may still be of interest.

Ms. Allshouse asked if the Board is ready to discuss the high school improvements phase one.

Ms. Palmer commented that she approves of the CIP and these are all good projects, but she is concerned about putting all of this in the referendum because it ties them to it. She stated that she likes the idea of having citizens vote on things, but she is very concerned about future Boards being locked into tax increases when the future is not known. She reiterated that she would feel comfortable without so much in the referendum, and assuming a 5.3-cent increase over 5 years in scenario three, with a 2% increase in assessments – which can really mean 10 or 20% for some people. Ms. Palmer emphasized that she would like to see how the economy does and have a smaller referendum, then do the projects if they can afford them, or do another referendum in a few years.

Mr. Randolph asked Ms. Palmer to qualify what she means by a smaller referendum and what projects she would like to include. Ms. Palmer responded that she would be in favor of scenario three, which includes the school projects, and they do not yet know what they are doing with the stormwater.

Ms. Mallek asked how far down in the project list they need to address today, or whether they need to say yes or no to the referendum process to start the calendar going forward, with subsequent meetings to identify specific projects. She added that if they have approval for a referendum, but decide not to proceed, that is not a problem legally. Ms. Mallek stated that she does not feel they are trapped into a situation where a future Board would be hemmed into a tax increase.

Mr. Kamptner reiterated that staff does not need absolute certainty today and May 9 is their target date, so that can be communicated to the School Board in time for them to prepare a resolution.

Ms. Mallek stated that it would be helpful to provide feedback to staff at this meeting.

Ms. Allshouse said it is challenging to go to a dollar amount and then go to projects, but it is also difficult to list the projects first and have the dollar amount follow. She suggested that the Board discuss and provide comments on the bond referendum in general, and whether or not they endorse scenario 3.

Mr. Randolph stated that he voted against the 2016 referendum because it was not solely bricks and mortar projects; most items outside of the Woodbrook expansion were already included in the CIP for future year funding; there was a lack of empirical and comparative data and evidence for improved learning results associated with the modernization of classrooms; and the referendum utilized scarce CIP dollars outside of Woodbrook and Western Albemarle's Environmental Academy, for less than essential projects. He stated that this year he will support the referendum, because he sees a modified scenario 3C as including essential projects that meet all the criteria cited two years earlier. He reiterated that he would like them to address Scottsville and Red Hill sooner rather than later, as the southern part of the County needs validation that leadership cares about elementary education there. He said he would like to have at

least as much money as is reflected in 3C, modified. Mr. Randolph clarified that he would come down at a figure of about \$17 million to try to cover both school costs in the referendum.

Ms. Palmer said they had allocated \$1.5 million for Red Hill in 2016, and in talking to School Board members and staff, they felt it was the right thing to do at that time as it was desperately needed.

Ms. Mallek mentioned that these things are happening three years from now, not in the moment.

Mr. Gallaway pointed out that the Red Hill decisions were made prior to the decision to close Yancey, so the rationale around those improvements did not reflect bringing students in from a closed school.

Ms. McKeel stated that the last time there was a referendum it was a tool used as a way to fund the project, with the Board being clear that the project would go forward and the referendum serving as a funding mechanism. She said with the amount of money proposed this time for referendum, they are asking the community to indicate whether they will go forward. Ms. McKeel commented that before they make a decision on what they are doing, it seems that would need to be answered -- and if they say no, the Board would have to go back to the drawing board.

Mr. Kamptner stated that the referendum also has the ability to accelerate when projects will happen.

Ms. McKeel said that with the projects being in the CIP, she wonders if that means the County will proceed with or without the referendum passing. She asked if the ones voted no from the community are not going to be done, or if the projects would just be scaled back to the point the County could afford to do them without the bond funding.

Ms. Mallek pointed out that from the discussions she heard in 2016, people thought they were getting a choice -- which was why the School Board was so glad it had passed. She stated it is not a given and an empty request to vote on this, and that is important for people to understand. Ms. Mallek emphasized that she wants to know from constituents whether they want to support the projects that have been languishing for 10 or 20 years, which is a long list.

Mr. Richardson stated that this is a way to accelerate major capital projects and is a mechanism to sensitize the community that big capital programs cannot be absorbed into a current budget -- even with a good local economy with strong growth. He said there is an ambitious level of capital needs that the Board is grappling with, and the packaging of the referendum is trying to manage the expectations of the community. Mr. Richardson emphasized that to do ambitious CIP programs contemplates a tax rate increase, because existing operations and CIP funding will not accomplish the kinds of things they are talking about. He added that the financial modeling is a way to connect to the community and manage community expectations.

Ms. McKeel said they need to have that discussion, because the last referendum had a different type of discussion.

Mr. Gallaway commented that prior to the bond referendum being approved by the Board of Supervisors that year, the School Division voted on whether or not to do security enhancements or Woodbrook, with the additional pieces of the lab at Western Albemarle also in that debate. He stated that had the bond referendum not been used to accelerate those projects, the Board would likely be considering one of those three in the current budget. He commented that it allowed them to do a larger chunk of projects, along with the funding at a better rate, that was the rationale for the referendum.

Mr. Randolph mentioned that Scottsville Elementary School security improvements are scheduled for FY19 and would be on the CIP this year. He also stated that the Board talks about the CIP being 2.4 cents behind where it should have been because of what was taken out during the recession. Mr. Randolph said that only generates \$4.32 million today, so even if that was in there, it would not help the County with the scale of the need in terms of a learning center.

Ms. Mallek pointed out that it would pay for the learning center because it would be leveraged to \$40 million in borrowing. She emphasized that the cash gets them 90% more in the borrowing, so they would pay for center one if they had the 2.3 cents included.

Ms. McKeel said they cannot fund the scale of the projects the community is requesting and residents expressed that they want.

Mr. Randolph commented that in terms of education, those are projects teachers and students acknowledged that they need.

Ms. Palmer commented that in 2014, 2015, and 2016, the County increased the tax rate and she was very supportive of that and felt it was needed. She stated that they were also looking at increased assessments at that time, and they would be for the coming year as well. Ms. Palmer said it bothers her that the referendum commits them to the projects and gives the community the expectation it will all get done in a certain length of time. She stated that she is concerned about constituents who might have a jump in their assessments along with an increased tax rate and commitment to these projects, and she would like current and future Boards to have more control.

Ms. Mallek stated that she feels the Board has complete control to make decisions with the annual budget process, and she was late in understanding how beneficial bond referendums could be -- which she now views as the only way to get some of these projects done.

Mr. Gallaway asked for some examples of the advancing strategic priorities that would be in the \$2 million. Ms. Allshouse explained that it is a reserve and is essentially the Board's strategic priorities that have some capital impacts.

Ms. Mallek provided the example of small area planning.

Mr. Gallaway stated that they have been talking about a chunk to go on the bond referendum, and he does not think they can put advancing strategic priorities on there as such a general item.

Ms. Allshouse responded that it is not in the referendum and the only thing on scenario 3 is the high school capacity, and the rest of the items are included in the Board's regular CIP program.

Mr. Gallaway clarified that the way they are looking at the pennies on the tax rate on the chart, it does include those things -- and they continue to talk about the bond referendum as if it would have this impact. He stated that if it is a lower amount, combined with the other one, it will start to compound in terms of tax figures. Mr. Gallaway said that he would like to know clearly on the bond referendum regarding the dollar amount and tax rate of specific projects, even though they do not have to be identified at this point.

Ms. Allshouse mentioned that even just the Board's foundational scenario has a need for a tax rate increase, and those would need to be considered based on previous decisions.

Ms. Mallek said this was the 1.3 cents that became 2 cents they have been discussing since 2015, but have not yet had to do because they have been able to get cash from other funding sources. Ms. Allshouse confirmed that they have been able to defer this.

Mr. Gallaway stated that it would actually be somewhat less when attached to the bond referendum. Ms. Allshouse confirmed this and said the foundational level is 2 cents, and the high school phase raised that to 3.8 cents.

Ms. Mallek commented that the two categories should be separated.

Mr. Gallaway said the reality would be a mix of projects on a bond referendum that ask for voter approval, and there will be some that are clearly funded a better way. He stated that he does not think this affects the way the questions are asked on the ballot, but it does impact the rationale when they go to the public and talk about specific projects.

Ms. McKeel commented that this is a bit different from what they had done the previous year.

Mr. Gallaway said he would be comfortable discussing 3C, as the School Board may come back and say they do not need to move forward with certain projects at this time.

Mr. Dill stated they should be conservative and stay with scenario 3, because most people will not grasp the nuance of whether it would be used as a funding mechanism or as a means for approval. He said the public will feel they are voting yes or no on it, and it will not make the County look good if they simply proceed with doing them anyway. Mr. Dill commented that he has high confidence it will pass, but he is concerned that they are a bit too excited about the "magic" of referendums with a lower rate and public approval. He stated that despite the "easy money" perception, they are still going into a lot of debt and increased tax rates. Mr. Dill added that these are very uncertain times and they should try to be as conservative as possible.

Mr. Gallaway responded that he feels the expectation is for them to be as efficient as possible, and taking 15 years to do a section of projects that could be done in half the time, using a mechanism that is more efficient, yields things that people can actually realize the benefit of.

Mr. Dill said that some constituents he has spoken with perceives it as no matter how much the County can get, they want more and more and more, and he feels they can be frugal but still have a wonderful quality of life.

Ms. McKeel responded that they cannot continue to say that all development will happen in the development area and not provide the revenues to fund the infrastructure that makes the development area work and a place where they want to live. She stated that she is not willing to pit the rural areas against development areas, but if they continue to focus projects on the development area, they have to support growing areas with infrastructure or they will fail.

Ms. Palmer stated she would not argue that, but the question to her is whether it would go into a referendum.

Ms. McKeel stated that she just wants to ensure they can support the growth area, and the reason they are in this position is the fact they have not been able to adequately address it -- yet the County continues to grow.

Ms. Mallek said that 15,000 more people are in the County than when she started on the Board, with 7,000 in Crozet over the last 10 years.

Ms. McKeel echoed Mr. Richardson's comments that they will not be able to support that kind of commitment and quality of life infrastructure on their operational budget unless they want to stretch it out for 20+ years.

Mr. Gallaway commented that at one point they had pushed the limit of the AAA debt ceiling, staying within it but pushing it with \$300 million in debt. He stated they are actually striking through the middle of conservative and liberal approaches, and no one on the Board would want to risk the AAA rating.

Ms. Mallek pointed out that the timing of the projects is such that not everything will happen in June to September, which will help to stretch things out.

Mr. Randolph stated that they want to see how the learning center works out and the School Board will be doing a test of it as a model this year to determine its efficacy and the buy in, as well as challenges such as transportation that will arise. He emphasized that this is a unique opportunity and in government sometimes you have to step up and do the right thing. Mr. Randolph stated that the case for supporting the learning center project is undeniable, and the alternative would be building an overly expensive school like Fluvanna's. He added that they are already phasing through the School Division, which is showing a conservative approach that is mindful of where the Board and the economy is.

Ms. Palmer stated she is not advocating for not doing the high school center, but she is concerned because of the number of elderly and fixed-income people in the area. She said they want to do the best for the urban area and provide a good quality of life, but it concerns her that there are a lot of people who have limited funds.

Ms. Mallek said she is supportive of the bond referendum and is not ready to establish specifics, but it is important that they determine what can be saved when multiple contracts are done at the same time. She stated that the projects could be staggered and still be in the same bond referendum, with phasing decisions made as they have more detail year by year.

Mr. Randolph stated that his district has the highest percentage of poor elderly people in the County and he understands this will have an impact, but it must be balanced with the good of the community. He reiterated that although he voted against the bond referendum, but will enthusiastically support it this time because he feels the critical need is there.

Ms. Mallek asked Ms. Allshouse if she has sufficient direction. Ms. Allshouse said her understanding is that the Board would like to pursue a November 2018 referendum for the high school capacity center, and on the next question there is still some discussion as to whether they would be adding to that or not.

She stated that there are categories from the Oversight Committee pertaining to quality of life, schools, transportation, community facilities, greenspace, and public safety -- which are based on information on priorities obtained through November 2018. She said since that time, there was additional information on the Scottsville Elementary and the learning space modernization for elementary and middle schools, as well as the high school modernization. Ms. Allshouse stated that the next category to be shared is transportation, and staff thought of the Albemarle bicycle pedestrian construction program as something to consider, and it includes the Northtown Trail, which is a potential referendum item of interest to the Board. She said staff had shared a map of connections that could be constructed, with an estimated total cost of \$9.8 million, based on a unit cost basis, and they would be able to be leveraged with state and federal funds. Ms. Allshouse added that there are also some potential projects listed from the Community Development Department.

Ms. McKeel stated that many of these projects could be considered part of economic development, as they will support those efforts in the community -- and bicycle and pedestrian amenities are economic development drivers.

Ms. Allshouse stated that the category of community facilities and greenspace could be considered in the context of the parks and recreation needs assessment that is almost complete, and there has been enough information gathered through that to provide the Board with high-ranking recommendations. She said public safety is the last category, and the Oversight Committee has looked at a Fire/Rescue training facility at \$4.1 million, so this is additional information on that project.

Ms. Mallek asked if the \$4.1 million is the total cost or just the Albemarle cost, because it would likely be a jurisdictional item. Ms. Allshouse responded that it is the total cost.

Ms. Randolph said that all of those items add up to about \$24 million.

Ms. Mallek stated that this is the rationale behind 3C.

Ms. Allshouse suggested that staff provide the Board with a list of these projects by email, and in turn they could provide some ranking preferences. She said they have to move toward some decisions if they want quality of life projects in addition to the center -- and if not, they would not pursue them. Ms. Allshouse noted that they will need to determine the projects on May 9, and the challenge is that they



would have to determine some projects and general questions to be put on a bond referendum in the May timeframe to make the required filing deadlines.

Mr. Dill stated that he likes the idea of the homework suggested to review the projects and provide feedback.

Ms. Allshouse said that would be very helpful to staff.

Mr. Gallaway said there should be ways to segment individual projects out within items such as the Northtown Trail, so they could rank a piece of a large project rather than the total.

Mr. Dill stated it would be helpful to have both sets of information so they can evaluate economies of scale.

Ms. Allshouse stated they may also be able to leverage state and federal funds.

Ms. Mallek noted that some of these items are already on their revenue-sharing list, and she hopes the list will shrink down with other sources. She stated that the other clarification needed is explanation of the \$8 million listed on page 10 for Northtown Trail, versus the \$9.8 million just mentioned, as this is concerning.

Mr. Gallaway mentioned that he had traveled around to other counties in 2015, and one of those county's leadership was diametrically opposite in terms of political label, but yet they were campaigning on coming in under cost on an approved bond referendum. He stated that while it may be new to Albemarle, it seems commonplace throughout the Commonwealth and does not seem to be politically motivated.

Ms. Mallek commented that even the most fiscally careful citizens always want the money used wisely, so they want to get things done when there is a good return on investment.

Ms. McKeel stated that there would likely be higher costs if they put the projects off.

Ms. Mallek responded that they lost about \$2 million with the library project because they waited.

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**Recess.** The Board recessed its' meeting at 5:38 p.m. and reconvened at 6:03 p.m.

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Agenda Item No. 3. **Public Hearing:** To receive comments on Proposed Operating and Capital Budgets for FY 2018-2019. (*Advertised in the Daily Progress on April 1 and April 2, 2018.*)

Ms. Mallek introduced County staff at the dais and the presiding security officers.

Mr. Richardson stated that he would briefly reintroduce the proposed recommended budget, with the goal for this meeting to hear from County citizens. He noted that they had held six work sessions and thanked the Board for their time and energy through the budget process. Mr. Richardson recognized Ms. Allshouse and her staff for their tremendous effort.

Mr. Richardson reported that the FY19 recommended budget did not contemplate the need for a tax increase, and the Board has already set a ceiling of 83.9 cents, reflecting the positive local economic vibrancy being experienced. He stated that they are continuing to implement strategic priorities, but also reserve capacity for some emerging opportunities that have arisen over the last 12 months. Mr. Richardson said the budget also maintains current level of services across all departments, and staff has been strategic in working with the Board to identify what their positive cashflow is at the end of the year, as well as strategizing how to best use one-time funds.

Mr. Richardson stated there is a total proposed budget of \$432 million, with money coming from local, state, and federal sources. He said there is a significant reliance on the local economy, which is suggested in the property taxes as representing 43% of all revenues coming through the County. Mr. Richardson noted that there is a partnership and commitment with the School Division, with approximately 47% of revenues focused to ensuring high-quality public schools. He stated that in terms of the general fund, there is an even more significant reliance on general property taxes, with two-thirds of revenue received. Mr. Richardson said they also closely monitor state and national economies, and they remain cognizant of fund balances, AAA rating, and debt capacity. Mr. Richardson stated that expenses reflect a significant investment in schools, public safety, health and welfare, and smaller categories -- all suggesting that there are competing needs and community expectations. He commented that the Board did a good job with strategic planning efforts to determine where resources should be focused.

Mr. Richardson reported that there are strong local revenues with several major drivers, including real estate, with revenue assumptions conservatively estimated at \$1 million higher than the original projection of \$7.5 million. He stated that staff applied the school system funding formula and was able to distribute some of that back to the schools, recognizing the unanticipated gap in state funding that had occurred in the past legislative process. Mr. Richardson stated that there has been a good amount of local growth through real estate, consumer-driven activity, and business-driven activity, which suggest that the economy is doing very well for the region.

Mr. Richardson stated that the County continues its focus on public education, learning and training opportunities for people of all ages, and strengthening the local economy -- as reflected in the low local unemployment rate. He said that priorities have focused on sustaining a high-quality organization, taking care of obligations and requirements and supporting the existing workforce, with a 2% raise included in the budget. Mr. Richardson stated that the Board is continuing to work on strategic priorities, with 8 high-level priority objectives and 22 action objectives. He said that some capacity in the budget has been reserved for maximizing transportation and emerging opportunities, which may not be identified in the five-year planning process.

Mr. Richardson stated that the County is at a crossroads, as reflected in the CIP and bond referendum in the context of opportunities, affordability, and desired community direction -- and there continues to be unfunded mandates as evidenced with the schools' most recent gap. He noted that there are continued challenges with the capital program. Mr. Richardson stated that they continue to identify and address staff capacity issues, with a focus on customer service and deliverables to the community. He said they are balancing a desire for quality of life opportunities with financial affordability and capacity.

Mr. Richardson noted that there has been increased public attention on the stormwater resources program and the possibility of a stormwater utility program. He reported that the stormwater program is fully funded in the FY19 proposed budget, which means .7 cents is continued to be dedicated from the general fund for ongoing operations of the water resources stormwater program. Mr. Richardson said in addition to that, with the Board's support, they identified \$1.5 million of one-time capital money now in the FY19 CIP - and that will be used for mandated programs as well as dam repair and continuing use of cameras of gray infrastructure areas to learn more about necessary future investments. He added that there is a work session scheduled for April 11 to discuss stormwater program funding alternatives beginning in FY20, and there is currently no dedicated funding for the stormwater program for FY20-23, but it was held with a placeholder prior to the Board advancing alternatives after FY19.

Ms. Palmer stated that at a previous Board meeting, Greg Harper had provided a graph that showed 0.7 cents dedicated to stormwater now, but the program is consuming 1.6 cents and she would like to know what they have done with that current 1.6 cents.

Mr. Richardson asked if she means \$1.56 million. Ms. Mallek clarified that it is 1.6 cents, which has equated to about \$3 million that is running the program now.

Mr. Richardson stated they would be able to go through the next fiscal year and be able to continue to operate, maintain all programs, inspections, and operations as they are today. He said in addition to the dedicated funding, there is a \$1.5-million earmark from capital to continue to invest in capital infrastructure, much of which will be used for camera monitoring and updating and learning what the systems are, which will get them through FY19. Mr. Richardson stated that at their April 11 meeting, staff will be getting input as to what type of future revenue modeling the Board would like them to consider -- with the earliest connection into the CIP being FY20.

Ms. Palmer asked if the \$1.5 million is in addition to what is included now. Mr. Richardson confirmed that it is.

The Chair opened the public hearing.

Ms. Vicki Bravo with IMPACT addressed the Board and stated that she is a resident of Locust Avenue. Ms. Bravo said that IMPACT appreciates the housing fund and is very pleased that it remains in the proposed budget. She stated that IMPACT has some ideas as to how the fund could help seniors and others in the County who desperately need affordable housing. She stated that the organization has meetings scheduled with the Board and with others interested in the fund, such as Habitat for Humanity and the Piedmont Housing Alliance.

There being no further public comment, the Chair closed the public hearing and brought the matter back before the Board.

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Agenda Item No. 4. From the Board: Committee Reports and Matters Not Listed on the Agenda.

Ms. Mallek asked fellow Board members to bring forward their comments regarding stormwater at the April 11 meeting.

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Agenda Item No. 5. From the County Executive: Report on Matters Not Listed on the Agenda.

There were none.

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Agenda Item No. 6. Closed Meeting.

The was no closed meeting at this time.

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Agenda Item No. 7. Adjourn to April 11, 2018, 2:00 p.m., Lane Auditorium.

At 6:24 p.m., Ms. Mallek adjourned the meeting to April 11, 2018 at 2:00 p.m. in Lane Auditorium.

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Chairman

Approved by Board
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Date 08/01/2018
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