

A regular meeting of the Board of Supervisors of Albemarle County, Virginia, was held on July 6, 2016, at 9:00 a.m., Lane Auditorium, County Office Building, McIntire Road, Charlottesville, Virginia.

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

ABSENT: None.

OFFICERS PRESENT: County Attorney, Greg Kamptner, and Acting Clerk, Travis O. Morris.

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

Ms. Palmer also introduced staff present and the presiding security officer, Officer Jason Beech.

Agenda Item No. 2. Pledge of Allegiance.

Agenda Item No. 3. Moment of Silence.

Agenda Item No. 4. Adoption of Final Agenda.

Motion was offered by Ms. McKeel to adopt the final agenda. Ms. Mallek **seconded** motion.

Roll was called and the motion carried by the following recorded vote:

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

NAYS: None.

Agenda Item No. 5. Brief Announcements by Board Members.

Mr. Randolph reported that there was an outstanding turnout for the Scottsville Fourth of July parade, despite the inclement weather.

Ms. McKeel stated that there had been good coverage of that event on television.

Ms. Mallek presented information underscoring the progress made in the region on cleaning the headwaters of the Chesapeake Bay despite rapid population growth.

Ms. Mallek distributed copies of the Monticello Wine Trail map to fellow Board members and encouraged them to share the material with visitors.

Ms. Mallek reported that the Charlottesville Municipal Band had played the previous night to more than 1,000 attendees at the Martin Luther King Jr. Performing Arts Center, accompanied by the U.S. Army Chorus. She stated that the Armed Forces Salute Song at the end recognized hundreds of servicemen and women who stood as the band played their anthem. Ms. Mallek said that she hopes County residents will stand at the next concert, because in the discussion for the funding for the band, there were lots of cheers for the County. She stated that she hopes others will understand that this is a regional band, and she wishes they would change their name to the "Central Virginia Concert Band." She added that there will be a family pops concert on the afternoon of July 23 at the Charlottesville Pavilion.

Ms. Mallek reported that some parades have been going on in the Whitehall District for 100 years, and there was one in Crozet on July 2 with more than 4,000 people showing up at the park afterward for the activities. She stated that there were also parades in Free Union and Earlysville for the Fourth. Ms. Mallek added that the naturalization ceremony was held at Monticello on July 4th, and the comments made by presenters and new citizens were very impressive. She also recognized the work of Tim Tolson in Crozet for leading the community association for the last eight years and provided the organizing framework for the weekend celebration.

Ms. Palmer announced that last year, the levels of the Sugar Hollow Reservoir were dropping precipitously and it was difficult to change the release from the reservoir because of DEQ's instream flow requirements for the Moormans River below. She stated that through the work of Rivanna Water and Sewer Authority (RWSA) have determined that it was likely due to the valve and a poorly calibrated meter at the outlet of the reservoir that was putting too much water into the Moormans River, so hopefully some alterations being made will address the issue.

Ms. Palmer reported that the odor control for the Moore's Creek Treatment Plant is being addressed through a \$9 million plan approved by the RWSA to make the surrounding community nicer to live in, and there will be a small kickoff meeting on July 15 with Mr. Randolph representing the County at that event. She noted that the RWSA projects are not paid by County taxes, but are paid by Rivanna's ratepayers.

Ms. McKeel commented that she is glad they are working to solve this problem.

Agenda Item No. 6. Proclamations and Recognitions.

Item No. 6a. Resolution of Appreciation – League of Women Voters.

Ms. Palmer stated that Ms. Deborah Brooks, the current President of the Charlottesville Area League of Voters, was present and would accept the recognition on behalf of the organization for its 70th anniversary. She then read and **moved** to adopt the following Resolution of Appreciation for the League of Women Voters:

**Resolution of Appreciation for
The League of Women Voters**

- WHEREAS,** women of our community, in March of 1946, in order to meet a need for informed public participation in government, formed a League of Women Voters, now expanded to include men and to cover the Thomas Jefferson Planning District region; and
- WHEREAS,** for 70 years the League has provided invaluable non-partisan voter services such as voter guides, registration drives, and candidate forums; and
- WHEREAS,** after thorough study, the League takes action and over the years has worked to protect our rivers, our public and private drinking water supplies, residents' health, our land use through long-range planning, our handling of solid waste, and quality education; and
- WHEREAS,** the League has educated the public through frequent Community Dialogues about issues that affect us locally, statewide, and nationally; and
- WHEREAS,** the League, through its emphasis on knowledgeable public service, has been a training ground for members who have become elected city, county, and state officials.
- NOW, THEREFORE, BE IT RESOLVED** that we, the Albemarle County Board of Supervisors, do hereby recognize The League of Women Voters of the Charlottesville Area for its outstanding contributions and join in celebrating its seventieth anniversary.

Signed and sealed this 6th day of July, 2016

Ms. Mallek **seconded** motion.

Roll was called and the motion carried by the following recorded vote:

AYES: Mr. Dill, Ms. Mallek, Ms. McKeel, Ms. Palmer, Mr. Randolph and Mr. Sheffield.
NAYS: None.

Ms. Deborah Brooks addressed the Board and asked members of the League of Women Voters to stand. Ms. Brooks stated that the League shares many of the County's concerns about issues in the community, and thanked the Board for the recognition.

Ms. Mallek commented that she had joined the League of Women Voters in Amherst, Massachusetts in 1973, and said the organization provides an excellent training ground for important issues such as energy and fracking, noting that the "observer corps" functioned as meeting reporters when the press was not present.

Ms. Palmer stated that she was also trained by the League and went into public service because of this experience.

Agenda Item No. 7. From the Public: Matters Not Listed for Public Hearing on the Agenda.

Mr. Bill Schrader, White Hall District, addressed the Board, stating that he wants to take them back to the report provided by the Charlottesville-Albemarle Chamber of Commerce indicating that the City of Charlottesville, through its "Pilot Program," built a profit into utility bills that goes into the City's general operating fund. Mr. Schrader stated the Chamber had estimated that about 1/3 of the residents on the utility bills were Albemarle County citizens, and over the life of the agreement the amount going into the City's coffers totals more than \$22 million. He emphasized that he feels the Pilot Program has breached the revenue-sharing agreement the County has with the City, which says in Section 4 that they cannot apply increasing taxes that the other party in the agreement cannot impact, so because the County cannot send out utility bills, this breaches the agreement. Mr. Schrader said this has been going on since 1985, and he is not sure how many staff people, if any, knew this was going on, and emphasized that it is not just the \$22 million but the \$255 million the County has paid to the City since the agreement went in place, as well as another \$15 million going into their coffers in January 2016. Mr. Schrader said

that based on this information, he requested of the Board that the County Attorney send a letter to the City of Charlottesville that Albemarle will not send them a check in January until they find out if the agreement has been breached. He stated that would go a long way in figuring out what they will do about a bond program for the schools, and also suggested that the County Attorney or an attorney of their choosing, go in and see if what is in the agreement is correct and true. Mr. Schrader emphasized that he feels this contract should be stopped, and he does not feel the City should not be taking funds from Albemarle County citizens.

Ms. Linda Goodling addressed the Board and stated that she is a resident of Ivy who lives off of Route 682, noting that the traffic on Route 250 has become increasingly worse. Ms. Goodling stated that the Board should be mindful of new developments, including one that Mr. Kyle Reddinger wants to develop, and said that a friend lives near that area and has observed accidents involving people pulling in and out of her road. She said that while it would be nice to have a restaurant where the old gallery was located, it will be a very dangerous intersection. Ms. Goodling stated that the County is worried about money, and she would be willing to pay more taxes to maintain a wonderful community, without the additional growth.

Agenda Item No. 8. Consent Agenda.

(Discussion: Ms. Mallek said that Item 8.4, the license agreement for the historic sign shows one dimension, but the map shows something twice as big, so she would like clarification before voting on it. Mr. Foley suggested that staff check on the item and bring it back later in the day.

Motion was offered by Ms. McKeel to approve Items 8.2 through Item 8.5, and to pull Item 8.4 (for discussion later in the afternoon) on the consent agenda. Ms. Mallek **seconded** motion. Roll was called and the motion carried by the following recorded vote:

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

Ms. Mallek recommended that fellow Board members read the minutes of February 24, 2016, because it is a wonderful review of their strategic priorities meeting, and said that it would be good for them to read at multiple points throughout the year.

NonAgenda. Mr. Sheffield asked Mr. Kamptner if he would provide a response at a later date to Mr. Schrader's comments.

Mr. Kamptner stated that staff will need to look into this further and may need additional time beyond their meeting the following week, as it will be a complex review.

Item No. 8.1. Approval of Minutes: February 24, February 25, March 30, April 12, and May 10, 2016.

Ms. Mallek pulled the minutes of February 24, February 25, March 30, April 12 and May 10, 2016, and carried them forward to the next meeting.

By the above-recorded votes, the minutes were carried forward to the next regular meeting.

Item No. 8.2. FY 2016 Appropriations.

The Executive Summary forwarded to the Board states that Virginia Code §15.2-2507 provides that any locality may amend its budget to adjust the aggregate amount to be appropriated during the fiscal year as shown in the currently adopted budget; provided, however, any such amendment which exceeds one percent of the total expenditures shown in the currently adopted budget must be accomplished by first publishing a notice of a meeting and holding a public hearing before amending the budget. The Code section applies to all County funds, i.e., General Fund, Capital Funds, E911, School Self-Sustaining, etc. There is no increase to the total FY16 Budget due to the below appropriation. A budget amendment public hearing is not required because the amount of the cumulative appropriations does not exceed one percent of the currently adopted budget.

This request involves the approval of one (1) appropriation as follows: •One (1) Appropriation (#2016086) to appropriate \$1,000,000.00 for a transfer from the General Fund fund balance to the FY16 Capital Improvement Program Funds pursuant to Board direction during the FY 17 budget process. This appropriation does not increase the total County budget.

Staff recommends that the Board adopt the attached Resolution (Attachment B) to approve appropriation #2016086 for local government and school division projects and programs as described in Attachment A.

Appropriation #2016086 **\$0.00**

This appropriation does not increase the total County budget.

Source: General Fund fund Balance	\$ 1,000,000.00
Capital Program Fund fund Balances	\$(1,000,000.00)

This request is to transfer \$1,000,000.00 of FY 15 General Fund fund balance (excess revenues over expenditures) from the General Fund fund balance to the Capital Improvement Program funds to support capital projects pursuant to the Board's direction during the FY 17 budget development process. In addition, this request also reduces the use of School Division CIP fund balance by \$500,000.00 and General Government CIP fund balance by \$500,000.00, and therefore it does not increase the County's FY 16 budget.

This use of General Fund fund balance appropriation will be budgeted in the Capital Program Fund for "pay as you go" capital projects and to support the cash management requirements for projects which will eventually be supported by loan proceeds.

By the above-recorded vote, the Board adopted the following Resolution to approve appropriation #2016086 for local government and school division projects and programs:

**RESOLUTION TO APPROVE
ADDITIONAL FY 16 APPROPRIATIONS**

BE IT RESOLVED by the Albemarle County Board of Supervisors:

- 1) That Appropriation #2016086 is approved; and
- 2) That the appropriation referenced in Paragraph #1, above, is subject to the provisions set forth in the Annual Resolution of Appropriations of the County of Albemarle for the Fiscal Year ending June 30, 2016.

**COUNTY OF ALBEMARLE
APPROPRIATION SUMMARY**

APP#	ACCOUNT	AMOUNT	DESCRIPTION
2016086	4-1000-93010-493010-930027-9999	1000000.00	SA2016086 FY 15 GF Surplus-Savings
2016086	3-1000-51000-351000-510100-9999	1000000.00	SA2016086 FY 15 GF Surplus-Savings
2016086	3-9010-51000-351000-510100-9999	-500000	SA2016086 FY 15 GF Surplus-Savings
2016086	3-9010-51000-351000-510103-9999	500000	SA2016086 FY 15 GF Surplus-Savings
2016086	3-9000-69000-351000-510100-6599	-500000	SA2016086 FY 15 GF Surplus-Savings
2016086	3-9000-69000-351000-510103-6599	500000	SA2016086 FY 15 GF Surplus-Savings
TOTAL		2,000,000.00	

Item No. 8.3. First Amendment to the Promissory Note for the Lewis & Clark Exploratory Center.

The Executive Summary forwarded to the Board states that the Board of Supervisors approved an appropriation of \$130,000.00 in CIP fund balance to the Economic Development Authority (EDA) for the purpose of funding a loan for the Lewis and Clark Exploratory Center (LCEC), subject to: 1) an agreement between the County and the EDA regarding the EDA's reimbursement of the funds to the County when the LCEC repaid the loan to the EDA; 2) a note or some other instrument acceptable to the County Attorney by which the LCEC would agree to repay the loan to the EDA with a specific time table; and 3) the City of Charlottesville contributing or committing to contribute the other \$130,000 required to make up the \$260,000 shortfall.

The original note provided that the loan was to be repaid, without interest, by October 17, 2013; however, a series of 6-month extensions to the loan has been granted by the EDA since that time and the LCEC has made payments to the EDA totaling \$1,250.00.

On October 29, 2015, the Board of Supervisors received a letter from the LCEC requesting that the County forgive the EDA loan of \$130,000 to the LCEC, and the City of Charlottesville received the same request; however, at its meeting on December 9, 2015, the Board of Supervisors denied the request, instead directing the EDA to meet with LCEC representatives to restructure the loan agreement in a way that accommodates the LCEC's funding challenges.

A meeting with the Chairman and Treasurer of the EDA, two members of the LCEC Board, and the Executive Director of the LCEC took place on February 5, 2016 to discuss the Center's projected revenues for 2016 and the level of repayment they could manage for the remainder of this year. Additionally, the EDA representatives affirmed the EDA's goal for the loan to be repaid, rather than forgiven. With the LCEC agreeing to continuation of quarterly interest payments of \$625 through 2016, it was determined that the EDA and LCEC representatives would meet again in January 2017 to review the status and terms of the outstanding note. Subsequently, at its meeting on February 9, 2016, the Economic Development Authority voted to extend repayment of the loan to December 31, 2016 and to apply the quarterly payments to the outstanding principal balance, rather than interest; thus, making a substantive contribution to the LCEC on behalf of the County. The EDA also requested the County Attorney draft the necessary agreement for the LCEC Board's consideration (the "First Amendment to the Note," Attachment A) that, once executed, would enable the 2016 quarterly payments to be processed and applied to the Principal Amount Outstanding.

The County-EDA agreement allows for the extension if it is approved by the Board and the EDA. The EDA-LCEC promissory note also allows for extensions, also subject to prior Board approval. LCEC's fourth extension request was approved by the Board on June 3, 2015 and two quarterly payments have been received. The LCEC has attempted to make subsequent quarterly payments to the EDA but was directed to hold these payments until the First Amendment has been approved and executed.

The extension of the loan payment deadline further delays the return of the funding to the County's Capital Improvement Program. RECOMMENDATION: Staff recommends that the Board approve the First Amendment to the note of the Lewis & Clark Exploratory Center of Virginia, Inc. to extend the repayment of the loan to December 31, 2016.

By the above-recorded vote, the Board approved the First Amendment to the note of the Lewis & Clark Exploratory Center of Virginia, Inc. to extend the repayment of the loan to December 31, 2016.

Item No. 8.4. License Agreement for Historical Sign on County Property.

Note: Pulled from agenda to discuss later in meeting. During other matters from Board, this item was discussed and moved to future agenda.

Item No. 8.5. Resolution to accept road(s) in Ivy Vista Subdivision into the State Secondary System of Highways.

At the request of the Director of Community Development and by the above-recorded vote, the Board adopted the following resolution:

The Board of County Supervisors of Albemarle County, Virginia, in regular meeting on the 6th day of July, 2016, adopted the following resolution:

R E S O L U T I O N

WHEREAS, the street(s) in **Ivy Vista Subdivision**, as described on the attached Additions Form AM-4.3 dated **July 6, 2016**, fully incorporated herein by reference, is shown on plats recorded in the Clerk's Office of the Circuit Court of Albemarle County, Virginia; and

WHEREAS, the Resident Engineer for the Virginia Department of Transportation has advised the Board that the street(s) meet the requirements established by the Subdivision Street Requirements of the Virginia Department of Transportation.

NOW, THEREFORE, BE IT RESOLVED, that the Albemarle Board of County Supervisors requests the Virginia Department of Transportation to add the street(s) in **Ivy Vista Subdivision**, as described on the attached Additions Form AM-4.3 dated **July 6, 2016**, to the secondary system of state highways, pursuant to §33.2-705, Code of Virginia, and the Department's Subdivision Street Requirements; and

BE IT FURTHER RESOLVED that the Board guarantees a clear and unrestricted right-of-way, as described, exclusive of any necessary easements for cuts, fills and drainage as described on the recorded plats; and

FURTHER RESOLVED that a certified copy of this resolution be forwarded to the Resident Engineer for the Virginia Department of Transportation.

* * * * *

The road(s) described on Additions Form AM-4.3 is:

- 1) **Ivy Vista Drive (State Route 1224)** from Dick Woods Road (Route 1224) to end of cul-de-sac/end of State maintenance, as shown on plat recorded in office of the Clerk of Circuit Court of Albemarle County in Deed Book 1676, page 0559, with a 50-foot right-of-way width, for a length of 0.02 miles.

Total Mileage – 0.02

Item No. 8.6. County Grant Application/Award Report, ***was received for information.***

The Executive Summary states that pursuant to the County's Grant Policy and associated procedures, staff provides periodic reports to the Board on the County's application for and use of grants.

The attached Grants Report provides a brief description of one grant application made during the time period of May 14, 2016 through June 17, 2016.

This report also includes a comprehensive look at potential Five Year Financial Plan implications if projects and/or programs that are supported by grants are continued with local funding after the grants end. As grant funding ends, recommendations will be included in the County Executive's proposed annual budgets for the Board's consideration as to whether local funding should be used to continue those projects and programs. No County funds will be used to fund the continuation of those projects and programs without Board approval.

The budget impact is noted in the summary of each grant.

GRANT REPORT ACTIVITY – May 14, 2016 through June 17, 2016

Applications were made for the following grants:

Granting Entity	Grant Project	Type	Amount Requested	Match Required	Match Source	Department	Purpose
Virginia Department of Agriculture and Consumer Services	Ragged Mountain Distillery through Agriculture and Forestry Industries Development Fund (AFID)	State	\$17,000	\$17,000	Economic Opportunity Fund	Economic Development	This grant will be used to provide funds for building improvements and machinery, tools and equipment investments. The project will complement the County's robust farm winery and farm brewery production, and also ensure the transfer of farming expertise between generations, as Ragged Mountain Distillery will introduce an apprenticeship program.

Awards were received for the following grants:

None at this time.

Comprehensive Look at Potential Five Year Financial Plan Grant Impacts:

The following chart includes grants that are expected to end within the next five years and an estimate of the County's cost over the next five years if the grant-supported position, project or program is continued after the grant ends. The continuation of those positions, projects and programs will be considered as part of the County's annual budget process.

Grant Entity	Grant Name	Summary	# of FTE	Designation of Current Budget Match	Expected End Date	FY16 Grant Amount*	Potential Financial Impact - Includes Five Year Plan salary assumptions				
							FY17	FY18	FY19	FY20	FY21
Virginia Department of Criminal Justice Service	FY16 Byrne/Justice Assistance Grant (JAG) Law Enforcement	This grant provides funding for a current police Sergeant position to form and lead the new Problem Oriented Policing (POP) Team and includes equipment/supporting costs. This grant requires the local match to increase each year with the goal at the end of the grant to be for a full time employee to be hired.	1	Grants Leveraging Fund	6/30/2020	\$125,910.00	\$ 35,961.74	\$ 73,308.49	\$ 112,096.36	\$ 152,383.46	\$ 155,383.98
Virginia Department of Criminal Justice Service	FY16 Byrne/Justice Assistance Grant (JAG) Crime Analysis	This grant provides funding for the current Crime Analyst position. The grant requires the local match to increase each year with the goal at the end of the grant to be for a full time employee to be hired.	1	Police Department	6/30/2018	\$33,879.00	\$ 52,420.18	\$ 71,785.57	\$ 73,752.87	\$ 75,798.46	\$ 77,925.47
*does not include local match funds							\$ 88,381.92	\$ 145,094.07	\$ 185,849.23	\$ 228,181.92	\$ 233,309.45

The following chart includes an estimate of the County's cost over the next five years for the replacement of equipment that was purchased with grant funding. The replacement of such equipment will be considered as part of the County's annual budget process.

Grant Name	Summary	# of FTE	Designation of Current Budget Match	Actual End Date	FY17	Potential Financial Impact				
						FY18	FY19	FY20	FY21	
2006 Assistance to Firefighters	This grant provided funds for the purchase of turnout gear in 2006. The equipment life is now expiring and the estimated amount of approximately \$140,000, which is typically budgeted in a given year for this expense, is now estimated to be inadequate to replace the equipment over time. The additional funds listed in this chart reflects the additional costs estimated to replace this equipment each year. Costs in the out years is estimated to decrease due to the newly centralized management process and expected efficiencies.	0	Fire Rescue Fund	6/30/2006	\$ 158,068.76	\$236,700.23	\$ 191,830.46	\$ 147,090.10	TBD	
Equipment Grant	This grant provided funds for the purchase of fitness equipment. The equipment life span is now expiring.	0	Fire Rescue Fund	6/30/2009	\$ 37,878.00	\$ 39,117.00	\$ 40,356.00	\$ 53,345.00	\$ 54,934.00	
					\$ 195,946.76	\$275,817.23	\$ 232,186.46	\$ 200,435.10	\$ 54,934.00	

Item No. 8.7. Board-to-Board, June 2016, ***A monthly report from the Albemarle County School Board to the County Board of Supervisors, was received for information.***

Item No. 8.8. Rivanna Water and Sewer Authority Quarterly Update, ***was received for information.***

“This is a written quarterly update to be included with your July meeting material and information packets as needed. I would be happy to be in attendance if desired, otherwise, this report will be used at your discretions. Please let your staff know if you have any follow-up questions and I will be happy to provide additional information:

- FY 2016-2017 Budget Adopted for both Authorities: Budgets for FY 2017 were passed by the Board of Directors for both Authorities. The budgets and the rates adopted can be found at [rivanna.org](http://www.rivanna.org/financials-and-procurement/) under <http://www.rivanna.org/financials-and-procurement/>.
- Water Treatment Plant Granular Activated Carbon Filtration Improvements: Construction is underway to incorporate advanced carbon filtration technology at RWSA’s water treatment plants, supporting an interest developed from within the community. This project will advance drinking water quality provided to our citizens by ACSA and the City, which is already high quality, to a superior level. Completion is anticipated in late 2017. To date, all five sites are mobilized. South Rivanna is working on: reinforced concrete structure placement; permanent lime-feed building

foundation; ongoing electrical work; and 90% large diameter, ductile iron pipe has been placed. Observatory is working on: finishing reinforced concrete structure placement; permanent lime-feed building foundation has started; ongoing electrical work; 90% large diameter; and the ductile iron pipe has been placed. North Rivanna is working on: GAC building foundation; and erosion and sediment control is in place. Crozet: Clearwell Expansion is complete and in service. The GAC building is under construction. ACSA fence relocation is complete. Construction work at the Crozet Water Treatment Plant will be in proximity to residential areas, and we will continue our previous and current efforts to work closely with those neighborhoods and keep them informed including two HOA's we have communicated with previously. Scottsville: GAC building has been excavated and concrete pouring has begun; erosion and sediment controls are in place; and storm water management sand filled structure is undergoing excavation.

3. Sugar Hollow Update: At the beginning of this spring, we experienced lower than normal reservoir levels at Sugar Hollow which has prompted Rivanna to collect data from upstream, downstream, and flow meters to determine if there is a possibility we have been overestimating the amount of water we release from Sugar Hollow. To address this concern, as well as balance the objectives set by the permit, Rivanna has reduced the release, which was approved by DEQ. Rivanna has reduced the release to what we believe the current actual inflow into the reservoir is using engineering estimates that better reflect naturally occurring current conditions. These engineering estimates and calculations used to address the significant reduction in reservoir levels at Sugar Hollow were shared with DEQ and support their (DEQ) decision to make a temporary release change. We will continue to monitor this important resource for the community. Currently, no water is being transferred from Sugar Hollow Reservoir to Ragged Mountain Reservoir.

Rivanna and DEQ are working together to get a better understanding of the various issues at play that cause the reservoir levels to drop so quickly. There have been several meetings in the field to obtain stream flow data. During the next month or two, we will be looking into various possible reasons why the releases in March and April were obviously not accurate compared to what the permit intended. This will include the following:

- Calibrate the metering device that measures the release from the reservoir when there is no overflow at the dam.
- Install a meter on the transfer line from Sugar Hollow to Ragged Mountain to get a more accurate accounting of the water usage for that purpose.
- Determine and verify the seepage factor from the reservoir that is part of the formula used in the permit for the release.
- Continue to gather more data on inflows. A single data point for this on 4/26 was good data to have, but we feel we need more information and data to determine trends.

4. Reservoir Management Study: At the September 2014 Board meeting, the RWSA Board authorized that a contract for Reservoir Management Services be executed with Dinatale Water Consultants to conduct a study of RWSA's five reservoirs. The scope of work included the following major elements:

- Review and analysis of existing watershed, reservoir inflow, and reservoir data.
- Identification of the factors and sources that result in existing or potential water quality concerns related to algal growths or that may interfere with the treatment of raw water at the Authority's water treatment plants.
- Review and suggest modification to current monitoring plan.
- Identification of key factors or parameters that are regularly or seasonally carried by streams from the watershed to the reservoirs and contribute to water quality problems related to algal blooms.
- Development of strategies for management of water quality in the Authority's five drinking water reservoirs.

RWSA currently employs a comprehensive monitoring program to sample, identify and count algal populations in the reservoirs. By conducting this sampling program with existing staff, we have saved roughly \$180,000 on sampling and lab analysis that would have otherwise been performed by consultants. We have observed and treated algal blooms in our reservoirs when necessary over the last two years. One purpose of this water quality management study was to identify other strategies and methodologies for reducing the occurrence of algal blooms and their impacts in our reservoirs. In May the Board heard a presentation by Alex Horne and Kelly DiNatale about their current findings and approved another year of data collection and analysis to refine the report and present a final version in February 2017. That will include detailed recommendations on monitoring, treatment, and capital projects the board may want to consider in the near future.

5. Schenks Branch Interceptor Replacement: The City's Schenks Greenway public park is presently closed for RWSA to construct a new 30-inch interceptor between Harris Street and the entrance to the McIntire Recycling Center. A fence has been installed to shield the construction

zone from surrounding development, and construction is being limited to business hours. The contractor's revised schedule lists a fall completion but is being revised.

The presence of unsuitable material at the Rt. 250 Interchange connection point, rock within the excavation, adverse weather conditions over the winter months, and general difficulties with deep sewer installation has slowed progress. In order to optimize production within the narrow construction corridor and wet conditions, the Contractor has modified their pipe installation methods. They have also drilled into the rock ahead of their trench in order to make it easier to remove and brought in larger equipment to hammer the rock out. Unfortunately even these measures have not been successful in order to expedite the removal of the rock. Based on the size of the construction corridor, it is not feasible to use a larger rock hammer and they have now begun to investigate other methods which include a large rock saw mounted on the boom of an excavator. Once a revised method has been confirmed, a revised project schedule will be provided. A previous schedule anticipated project completion by mid October 2016 which would place them approximately 5 months behind schedule based on current contractual completion dates. Sewer pipe and manhole installation work will continue over the next few months to be followed by reconstruction of the Greenway, including a new walking path and landscaped areas.

6. New Rivanna Pump Station: Installation and backfill grouting of the new 60-inch interceptor pipe inside the tunnel is complete. Reinforcing steel, conduit installation, and concrete pours for the walls of the new pump station are ongoing. The ground floor slab shoring over the west pump room has been installed and the concrete floor pour is anticipated mid-month. The contractor has assembled most of the large diameter piping inside the pump station and installed the bridge cranes.
7. Wastewater Plant Odor Control: The bid was awarded to MEB General Contractor's for \$9.3 million at the April 26, 2016 Board meeting. A "notice to proceed" will likely be issued on June 27th. Crews will mobilize their equipment and materials beginning early July. Staff has kept in close communication with the local neighborhood and a small kick-off for the project may be forthcoming.
8. Ivy Materials Utilization Center Transfer Station: The agreement between the County and RSWA defining the responsibilities of each party for this project has been approved by the Board of Directors. The engineering firm has been selected, SCS Engineers, at the last Board meeting and a contract has now been executed. The contract is for the permitting, design and construction management for the transfer station using the concepts approved by the County Board of Supervisors. A kick-off meeting with County, Authority and Engineering staff was held on June 15 and was very productive. Ideas were discussed and worked concerning operating the new facility with such details as traffic flow, utilities and water needs, configuration of the "tunnel" are related equipment needs, leachate treatment and more. Many of the ideas could produce costs savings. The original concept of 11,800 square feet is what is being worked on for the initial site plan review application. The Authority is still on schedule to submit that application to the County in October.

Agenda Item No. 9. Amendment of the FY 17 – FY 21 CIP to Add School Projects Associated with the Bond Referendum.

The Executive Summary presented to the Board states that on April 13, 2016, the Board approved the FY 17-FY 21 CIP with the understanding that the Board may subsequently amend the CIP to add projects if the Board decided to pursue a bond referendum on the November 8, 2016 election ballot.

On May 4, 2016 and May 11, 2016, the Board held additional discussions on this topic and directed staff to provide a public hearing opportunity for citizens at an upcoming Planning Commission meeting and to reconvene the CIP Oversight Committee to provide comments and feedback to the Board on this topic.

On May 12, 2016, the School Board provided a resolution that requested specific school projects be included on the bond referendum.

On May 24, 2016, the Planning Commission held a public hearing on the potential amendment to the CIP, and on May 26, 2016, the Oversight Committee met to review the proposed amendment and discuss a potential bond referendum.

On June 1, 2016, after the Board reviewed the feedback from the Planning Commission, the public hearing, and the Oversight Committee, and reviewed a proposed package of projects, timing, and potential tax implications, the Board directed staff to bring back a recommended amended CIP for the Board's consideration.

This proposed amendment includes \$35.5M in additional school projects, thereby increasing the FY 17 - FY 21 CIP from a net total of \$144.6M to \$178.5M and the associated debt service from \$115.8M to \$121.1M for a total amendment of \$39.2M. The amendment totaling \$39.2M is required in order for all related costs and revenues to be in place to execute the projects if the General Obligation (GO) Bond Referendum is approved in November. Attachment A is the Resolution to amend the FY 17 - FY 21 CIP and associated debt service and provides further details. Attachment B is a Resolution of Official Intent to Reimburse Expenditures with the Proceeds of a Borrowing if the GO Bond is approved by County voters in November 2016 pursuant to the recommendation of the County's financial advisors. In addition, there is a companion appropriation request (Appropriation #2017-002) included under a separate FY 17 Budget Amendment and Appropriation executive summary being presented to the Board for its consideration on July 6, 2016 to appropriate the adjustments associated with this amendment that affects the FY 17 Adopted capital budget. The CIP amendment and related funding assumptions are summarized below.

- A. The Resolution to approve the CIP Amendment (Attachment A) amends the revenues included in the FY 17 - FY 21 CIP and associated Debt Service as follows:
- \$33.9M net increase in various CIP Revenues
 - \$0.09M increase in proffer revenue
 - \$3.0M total increase in the General Fund transfer to the CIP of which \$0.5M increases the CIP Fund Balance
 - \$31.3M net increase in borrowed funds: the increase in total GO Bond borrowed funds of \$33.4M is offset by the reduction in the lease revenue bonds borrowed funds of \$2.3M associated with School Security Improvement project costs which were already included in the Adopted FY 17 - FY 21 CIP)
 - \$5.3M increase in General Fund transfer for the associated Debt Service
- B. The Resolution to approve the CIP Amendment also amends the expenditures included in the FY 17 FY 21 CIP and associated Debt Service as follows:*
- \$33.9M net increase for the following additional capital projects and the estimated costs of issuance associated with a successful GO Bond Referendum:
 - High School Capacity Planning totaling \$0.5M
(Note: this project is not to be included in the Bond Referendum)
 - Learning Space Modernization totaling \$10.9M
 - School Security Improvements totaling \$2.9M for a net increase of \$0.6M
(Note: \$2.3M had already been included in the FY 17 Adopted CIP)
 - Western Albemarle High School Addition totaling \$6.0 M
 - Woodbrook Elementary School Addition & Modernization totaling \$15.2M
 - Cost of Issuance totaling \$0.7M - \$5.3M in debt service costs

**Net of transfers between CIP funds*

- C. The CIP amendment also includes the following funding assumptions:
- There will be a 2016 GO bond referendum for projects, and related costs of those items are listed below lettered b.- f.
 - Capital Projects
 - a. **High School Capacity Planning** is funded 100% with Cash (\$100K in FY17 / \$400K in FY18 - This is not recommended for inclusion in the Referendum)
 - b. **Learning Space Modernization** is 94% Borrowed / 6% Cash with the borrowing based on the useful life per School Division estimates: 97% of the project is 20-year useful life items and 3% of the project is estimated to have a 10-year useful life
 - c. **School Security Improvements** is 94% Borrowed / 6% Cash with the borrowing 20Year useful life per School Division estimates
 - d. **Western Albemarle High School Addition** is funded as follows: 1.6% Proffer/ 92.5% Borrowed / 5.9% Cash with the borrowing amount based on 20-Year Useful Life per School Division estimates
 - e. **Woodbrook Elementary School Addition & Modernization** is 94% Borrowed / 6% Cash with 20-Year Useful life per School Division estimates
 - f. **Cost of Issuance** is estimated at 2% of the borrowed amount for each project based on the project's useful life and funding for the cost of issuance is planned to be borrowed at 100%.
 - Borrowed Proceeds
 - Funding for projects lettered b.-f. will be included in the GO Bond Referendum with the expectation that an approved Referendum will result in a lower interest payment for the associated debt service.

- o Borrowed proceeds will be issued as required - borrowing is estimated to occur at the following intervals (FY 18, FY 20, and thereafter based on the needs of the project and residual appropriated authority.)
 - CIP funding model includes an estimated real estate tax rate increase of 1.3 cents in FY 18 and 2.1 cents in FY 19.
- D. The chart below summarizes the net impact of amending the CIP and associated Debt Service to include the additional school projects of \$35.5M.

Summary of Changes	Amount (\$)	ADJUSTMENTS		Net Impact (\$)
		Borrowing Costs (\$ +/-)	Net Change with FY 17 - FY 21 Adopted (\$ +/-)	
CIP				
School Security Improvements	2,900,000	0	-2,219,814	680,186
Woodbrook Addition, Modernization & Renovation	15,200,000	0	0	15,200,000
Learning Space Modernization	10,900,000	0	0	10,900,000
High School Capacity Planning	500,000	0	0	500,000
WAHS Science Lab Addition & Modernization	6,000,000	0	0	6,000,000
Cost of Issuance	0	656,226	-73,922	582,304
CIP Total	35,500,000	656,226	-2,293,736	33,862,490
Debt Service				
Various Issuances	0	5,625,385	-286,713	5,338,672
Debt Service Total	0	5,625,385	-286,713	5,338,672
Total CIP and Debt Service				
Total CIP and Debt Service	35,500,000	6,281,611	-2,580,449	39,201,162

- E. The following chart summarizes the FY 17 - FY 21 CIP model results displaying the estimated tax rate implications, the estimated CIP fund balance amounts at the end of each fiscal year, and the estimated operating impacts. The summary has been revised to reflect the portion of the dedicated tax rate increase of 1.3 cents planned to support the anticipated operating costs associated with these projects beginning in FY 19. In FY 18, the full amount of funding associated with the estimated tax rate increase in FY 18 will be dedicated for CIP.

AMENDMENT RESULTS	FY 17	FY 18	FY 19	FY 20	FY 21
Debt & CIP Financial Summary					
Estimated Additional Pennies Required					
FY 17 Adopted CIP	1.0		2.1		
FY 17 Amended CIP		1.3			
CIP Fund Balance Estimate	1,932,617	2,848,815	885,833	2,969,601	1,410,485
Operating Impacts Estimate					
Supported by portion of dedicated tax rate increase (1.3 Cents in FY 18)	0	0	213,194	220,421	297,248

The attached recommended amended CIP includes an additional net \$33.9 Million in projects and an additional \$5.3M in associated debt service. The additional costs to the County associated with this amendment is estimated to require the equivalent of 1.3 cents on the tax rate beginning in tax year 2017.

Staff recommends that the Board adopt 1) the Resolution to Approve an Amended FY 17- FY 21 Capital Improvement Plan (Attachment A) and 2) the Resolution of Official Intent to Reimburse Expenditures with Proceeds of a Borrowing (Attachment B).

Ms. Lori Allshouse, Director of the Office of Management and Budget, addressed the Board and stated that she will briefly discuss the CIP formal amendment resolution, and thanked Mr. Trevor Henry and other staff who have been talking about this with the Board over the past several months. Ms. Allshouse stated that they have been discussing the proposed bond referendum since May, and on June 1 the Board approved amending the CIP and discussed the wording of a referendum question. Today staff will ask the Board to formally adopt the resolution to amend the CIP and to adopt a resolution for the referendum to appear at the November 8 election. Ms. Allshouse stated that on June 1, the Board directed staff to bring back a formal resolution to adopt the amended CIP and asked that they include the projects to be included in the bond referendum, and that \$500,000 in equity funding for high school capacity planning, not to be included in the referendum, be added to the CIP.

Ms. Allshouse stated the CIP amendment includes \$35.5 million in school projects, with a net impact of \$33.9 million to the CIP due to net impact, as there will be reduced costs to account for the

school security improvements already included in the adopted CIP, including the estimated cost of issuance that goes with that. She stated there is also a change to the debt service fund, with a net impact of \$5.3 million due to including the estimated associated debt service funding over the five-year period and reducing the amount associated with the school security improvements already in the adopted CIP. She presented a summary of projects to be added in the amendment, including high school capacity planning, which will not be in the bond referendum; learning space modernization; school security improvements, with \$2.3 million already in the adopted budget; Western Albemarle High School and Woodbrook Elementary School additions and modernization; and the cost of bond referendum issuances.

Ms. Allshouse presented information on modeling of the debt service, stating that there are debt service policies that the Board has approved, and noted that staff monitors the CIP carefully to ensure the County stays within its AAA rating, looking at it as a percentage of taxable property as well as a percentage of revenues. She presented a model that started with the first adopted CIP, added projects associated with the bond referendum, then added a high school in the out years at a cost of \$60 million. Ms. Allshouse noted that there is a goal for debt service as a percentage of assessed value of taxable property not to exceed 2%, and said the CIP is modeled through 2023 to show some of the impacts of debt and borrowing that goes past the current CIP. She pointed out the national debt service average among AAA localities, and noted that Albemarle stays well within the debt service goal of 2% throughout the entire CIP time period, with many other localities in Virginia having a goal of 3%.

Ms. Allshouse reported that staff has estimated the impact of the CIP amendment as an additional 1.3 cents on the tax rate for calendar year 2017, and this will provide the funding to support the increased CIP and debt service costs as well as the estimating operating costs for building-related improvements beginning in FY19. She stated that an estimated 2.1-cent tax rate increase is already programmed into the currently adopted CIP for calendar year 2018, and referenced a chart provided on the tax rate changes throughout the CIP period. Ms. Allshouse stated that in FY17, the real estate tax rate is 83.9 cents, with an operations estimate of 3.8 cents for FY18, which may change as revenues and expenses are adjusted. She said the additional impact of the calendar year 2016 referendum is 1.3 cents, with the total reaching 89 cents at the end of 2018, and 2.1 cents for FY19. Ms. Allshouse noted that the Board is adding the projects presented to the CIP regardless of how they are funded, and said that staff recommends that the Board formally adopt the resolution to approve the amended CIP as in Attachment A, and the resolution of the official intent to reimburse expenditures with the proceeds of a geo-bond if the referendum is approved by voters on November 8, as recommended by the County's financial advisors.

Ms. Mallek stated that the CIP is the County's planning and budget document, but there will still need to be a complete budget analysis every year to make those decisions. Ms. Allshouse confirmed that is the case, stating that this is a planning document.

Mr. Dill asked if there is an assumption as to how much the assessments would go up, and how that was derived. Ms. Allshouse responded that they include a 1.7% average per year overall, and said that it was established by the revenue staff in the Finance Department as an estimate.

Mr. Foley stated that it is an historical projection, although that has been difficult to do in recent years. He also clarified that in terms of appropriating money for these projects, the appropriation of the money for the high school study is before them today, with all other items in future years.

Ms. Palmer asked if the 3.8 cents in FY18 operating represents the gap normally shown in the five-year period. Ms. Allshouse responded that the 3.8 cents has been the same assumption they have been using for several months now in putting together the annual budget, and they started doing a two-year fiscal plan in the planning stages. She stated this is a funding amount that includes the basis of sharing funding with schools and the needs moving forward, and this number does not include any new positions for local government, and reflects a \$400,000 savings planned, so it is very frugal and basically takes care of the basics as they were assumed in the budget process.

Mr. Foley noted that one driver of that on both the school and local government side is a 2% salary increase for both schools and local government to keep up with market, which they talked about during the review process.

Ms. Palmer asked if this includes compression. Mr. Foley responded that he did not think they had assumed that variable at the time because they pulled it out at the end of the budget process, but it is a challenge seen going forward that staff feels is important to address, and has been identified in the Board's strategic plan now as well.

Ms. Palmer stated that the 3.8-cent figure is large, although she realizes it is being included for planning purposes, and she asked what kinds of things could make that change. Mr. Foley responded that they could include a 0% raise projection in the future, which would probably drop them below market.

Ms. Allshouse stated that revenue projects coming in better than expected would also change this.

Mr. Foley said the Comprehensive Services Act figure was a big increase in the projections, but staff has actually projected that it would increase further going forward, and healthcare was also expected to increase. He stated that those items and salaries against very flat and modest revenue projections were driving those numbers.

Ms. Mallek stated that her constituents in White Hall have been pleased that the County has added 16 police officer positions over the last four years, so while this has increased salary costs it has had very good consequences and comfort from citizens.

Mr. Foley said that Ms. Allshouse presented the budget about 12 times in community meetings, and even with the 3.8 cents there are no new positions, so no police officer positions would be added and there would still be a budget shortage.

Ms. Palmer stated that there was a statement in May about increasing the complexity of the County's debt management, and asked staff to elaborate further. Ms. Allshouse responded that Trevor Henry had shared some information about this, and since then the Finance Department will be hiring someone soon as a head accountant to take on debt service as one of their primary duties, and Finance has already been assuming these responsibilities. She stated that the department had changed the position description so that a large portion of that person's time would be spent on debt management, reflecting changes in the County's growth and how much is borrowed for the CIP.

Ms. McKeel clarified that they are looking at amending the CIP to include these projects, with \$500,000 for high school capacity design that they pulled out of the bond referendum.

Ms. McKeel then **moved** to adopt the proposed Resolution approving the amended FY17-21 Capital Improvements Plan as reflected in Attachment A. Mr. Dill **seconded** the motion.

Roll was called and the motion carried by the following recorded vote:

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

NAYS: Mr. Randolph and Mr. Sheffield.

(The adopted Resolution is set out below:)

AMENDED FY 17-21 CAPITAL IMPROVEMENT PLAN RESOLUTION

BE IT RESOLVED by the Board of Supervisors of Albemarle County, Virginia:

- 1) That the Capital Improvement Plan for the County for Fiscal Years 17-21 was adopted on April 13, 2016; and
- 2) That the amended Capital Improvement Plan for the County for Fiscal Years 17-21 is summarized in the attached document; and
- 3) That the amended Capital Improvement Plan for the County for Fiscal Years 17-21 is approved

Ms. McKeel **moved** to adopt the proposed Resolution of Intent to Reimburse Expenditures with Proceeds of a Borrowing as reflected in Attachment B. Ms. Mallek **seconded** the motion.

Roll was called and the motion carried by the following recorded vote:

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

NAYS: Mr. Randolph and Mr. Sheffield.

(The adopted Resolution is set out below:)

RESOLUTION OF OFFICIAL INTENT TO REIMBURSE EXPENDITURES WITH PROCEEDS OF A BORROWING

WHEREAS, the Albemarle County Board of Supervisors, Virginia (the "Borrower") intends to acquire, construct and equip the items and projects set forth in Exhibit A if approved by County voters in a Bond Referendum in November 2016, hereto (collectively, the "Project"); and

WHEREAS, if approved by County voters in a Bond Referendum in November 2016, plans for the Project have advanced and the Borrower expects to advance its own funds to pay expenditures related to the Project (the "Expenditures") prior to incurring indebtedness and to receive reimbursement for such Expenditures from proceeds of tax-exempt bonds or taxable debt, or both;

NOW, THEREFORE, BE IT RESOLVED by the Albemarle County Board of Supervisors that if a General Obligation Bond Referendum is approved by County voters in November 2016:

1. The Borrower intends to utilize the proceeds of tax-exempt General Obligations bonds (the "Bonds") or to incur other debt, to pay the costs of the Project in an amount not expected to exceed \$35,000,000.

2. The Borrower intends that the proceeds of the Bonds be used to reimburse the Borrower for Expenditures with respect to the Project made on or after the date that is no more than 60 days prior to the date of this Resolution. The Borrower reasonably expects on the date hereof that it will reimburse the Expenditures with the proceeds of the Bonds or other debt.
3. Each Expenditure was or will be, unless otherwise approved by bond counsel, either (a) of a type properly chargeable to a capital account under general federal income tax principles (determined in each case as of the date of the Expenditure), (b) a cost of issuance with respect to the Bonds, (c) a nonrecurring item that is not customarily payable from current revenues, or (d) a grant to a party that is not related to or an agent of the Borrower so long as such grant does not impose any obligation or condition (directly or indirectly) to repay any amount to or for the benefit of the Borrower.
4. The Borrower intends to make a reimbursement allocation, which is a written allocation by the Borrower that evidences the Borrower's use of proceeds of the Bonds to reimburse an Expenditure, no later than 18 months after the later of the date on which the Expenditure is paid or the Project is placed in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid. The Borrower recognizes that exceptions are available for certain "preliminary expenditures," costs of issuance, certain de minimis amounts, expenditures by "small issuers" (based on the year of issuance and not the year of expenditure) and expenditures for construction of at least five years.
5. The Borrower intends that the adoption of this resolution confirms the "official intent" within the meaning of Treasury Regulations Section 1.150-2 promulgated under the Internal Revenue Code of 1986, as amended.
6. This resolution shall take effect immediately upon its passage.

Exhibit A

Amended Capital Improvement Program
Future Bond Funded Projects
FY16/17

Project	Amount (\$)
Learning Space Modernization	10,900,000
School Security Improvements	2,900,000
Western Albemarle High School Addition	6,000,000
Woodbrook E S Addition & Modernization	15,200,000
Total Debt Issue -Amended CIP Projects	35,000,000

Agenda Item No. 10. General Obligation Bond Referendum to Fund Capital Improvements for County Schools.

The Executive Summary presented to the Board states that on June 1, 2016, the Board selected the form and style of the proposed question on the referendum to be placed on the ballot. Staff returns with a resolution for the Board's consideration that will initiate the process to have a referendum to fund capital improvements for County schools appear on the November 8, 2016 ballot.

In order for the referendum to appear on the ballot at the November 8, 2016 election, the Board must adopt an ordinance or resolution: (1) requesting that a referendum be held on the question of the County issuing general obligation bonds; (2) setting forth in brief and general terms the purpose or purposes for which the bonds are to be issued and the maximum amount of the bonds to be issued; and (3) requesting the Circuit Court to order an election to be held on the question. Virginia Code § 15.2-2640.

The attached resolution (Attachment A) addresses the three requirements of Virginia Code § 15.2-2640. The resolution also states the proposed ballot question (section 5), directs the Acting Clerk to file a certified copy of the resolution in the Circuit Court (section 6) as required by law, and directs the County Attorney to prepare and file the necessary pleadings in order to obtain an order from the Circuit Court that an election be held on the question on November 8, 2016 (section 7). In substance, the ballot question is the same as the question presented by staff and selected by the Board at its June 1, 2016 meeting. The question's organization and phrasing has been further refined to ensure that it meets the "plain English" requirement in Virginia Code § 24.2-684.

Attachment B is a summary of the key acts and milestones that will take place if the Board adopts the resolution and the Circuit Court is requested to order the election.

If the Board elects to issue general obligation bonds after voter approval of the referendum, there will be some savings resulting from a more favorable interest rate. There will be some costs associated

with printing the explanation of the referendum question and publishing it in the newspaper, and there may be additional costs associated with printing the ballot.

Staff recommends that the Board adopt the attached Resolution (Attachment A).

Mr. Kamptner stated that this is the next step in the referendum process and is the Board's consideration of a resolution that will do three things required by statute: request that a referendum be held on the question of the County issuing general obligation bonds, setting forth in brief and general terms the purpose or purposes for which the bonds are to be issued and the maximum amount of the bonds, and requesting the Circuit Court to order an election to be held on the question. He said the resolution also includes three additional items: directing the acting Clerk to file a certified copy of the resolution in the Circuit Court as required by law, directing the County Attorney to prepare and file the necessary pleadings in order to obtain an order from the Circuit Court, and directing that the election be held on the question on November 8, 2016. Mr. Kamptner noted that the ballot question has been slightly revised but is substantively the same one the Board had considered and directed staff to proceed with on June 1 to better meet the plain English requirements of the Public Finance Act, and the resolution has been reviewed by the County's bond counsel. Mr. Kamptner noted that county and school division staff are currently developing a public engagement plan, which will be presented to the Board at their August 3 meeting. He stated that Attachment A reflects the resolution itself, and Attachment B is a summary of key milestones and actions to be taken between now and November 8.

Mr. Sheffield asked Mr. Foley if staff will provide amounts in terms of dollars and staff time for the public engagement plan. Mr. Foley responded that they will.

Ms. Palmer asked if what will be on the ballot is included in Attachment A. Mr. Kamptner responded that the question in Section 5 of the resolution will be included, and the resolution will be filed with the Circuit Court as the judge has to approve the question.

Ms. McKeel suggested that she read the ballot question aloud, and Board members agreed that she should. Ms. McKeel read the question as, "Shall the County of Albemarle, Virginia, contract a debt and issue general obligation bonds in the maximum aggregate principal amount of \$35,000,000 for the purpose of providing funds, in addition to any other available funds, to finance the cost of improvements to Albemarle County public schools, including designing, building, expanding, and renovating school properties, including new buildings and additions, renovations, and improvements to existing buildings, installing new furnishings and equipment in the public schools, and the related costs to issue the bonds and to reimburse the County for temporary financing?"

Mr. Kamptner stated that the voters will vote "Yes" or "No" to that question.

Ms. Palmer asked where the actual projects would be listed. Mr. Kamptner explained that the County Attorney is directed to issue an up to 500-word informational statement, and all the information that will identify the projects and their costs will be issued in that statement.

Ms. Palmer asked if it includes timing for the projects, as there is eight years with a possibility of two-year extensions. Mr. Kamptner responded that if the issue of timing is resolved, it can be included, but they may want to leave that flexible.

Ms. Palmer asked if the 1.3 cents that will begin in calendar year 2017 may not occur if they are not ready to start any projects. Mr. Foley stated that the Board will still have to authorize the expenses.

Ms. Mallek noted that it is likely that the first year's money would go into design, which has not yet been completed for the academy or improvements, because they cannot start building until they have invested in a design.

Mr. Foley said the Board will still have to take action that will set the actual timing, which will be based on design and interaction with the school system, and he is not sure about whether the impacts will be starting in FY17 or FY18 or when the debt service actually starts.

Ms. Mallek stated that usually those impacts come in later, after the projects are started. Ms. Allshouse said that is correct, as they usually start the projects using County funds then pay themselves back.

Ms. Palmer stated that she is just trying to ascertain the level of flexibility here, because the information provided for FY18 shows 3.8 cents for operations, and additional impact of 1.3 cents for the 2016 referendum, so if they are doing design next year, they would not add the 1.3 cents to the FY18 year. Ms. Allshouse responded that while there is some flexibility, the model has it built to come in at that point.

Mr. Foley noted that because the Board has amended the CIP, these projects will still get done, the County is just financing them in the most effective way to save money. He stated that the CIP funds capital projects either through cash, borrowing, grants, or proffers, with financing throughout the CIP, but none of the assumptions therein take advantage of the County's AAA bond rating, which requires a referendum. Mr. Foley said that if they go forward with this action today, they will get the best possible financing rates, better than what is projected now in the rest of the CIP because they are going to the voters for approval.

Ms. Mallek **moved** to adopt the proposed Resolution as reflected in Attachment A requesting a referendum on the question of issuance of a general obligation bond, setting forth the purposes of the bond referendum and the maximum amount of bonds to be issued, and requesting the Circuit Court to order an election to be held pursuant to Virginia Code 15.2-72610 and 15.2-72611. Mr. Dill **seconded** the motion.

Roll was called and the motion carried by the following recorded vote:

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

NAYS: Mr. Randolph and Mr. Sheffield.

(The adopted resolution is set out below:)

**RESOLUTION REQUESTING THAT A REFERENDUM ON THE QUESTION OF
THE ISSUANCE OF GENERAL OBLIGATION BONDS BE HELD,
SETTING FORTH THE PURPOSES OF THE BOND REFERENDUM AND
THE MAXIMUM AMOUNT OF BONDS TO BE ISSUED, AND REQUESTING THE CIRCUIT COURT TO
ORDER AN ELECTION TO BE HELD PURSUANT TO VIRGINIA CODE §§ 15.2-2610 AND 15.2-2611**

WHEREAS, on May 12, 2016, the School Board of Albemarle County, Virginia adopted a resolution requesting the Board of Supervisors of Albemarle County, Virginia (the "County") to hold a referendum on the question of contracting a debt, borrowing money, and issuing general obligation bonds of the County in the maximum aggregate principal amount of \$35,500,000 for the purpose of providing funds, with any other available funds, to finance the costs of improvements to Albemarle County public schools; and

WHEREAS, the Board of Supervisors of the County of Albemarle, Virginia (the "Board" and the "County," respectively), has determined that it is advisable to contract a debt and to issue general obligation bonds of the County in an aggregate principal amount not to exceed \$35,000,000 for the purpose of providing funds, in addition to any other available funds, to finance the costs of improvements to Albemarle County public schools including designing, building, expanding, and renovating school properties, including new buildings and additions, renovations, and improvements to existing buildings, installing new furnishings and equipment in the public schools, and the related costs to issue the bonds and to reimburse the County for temporary financing.

NOW, THEREFORE, BE IT RESOLVED:

1. The Board determines that it is advisable to contract a debt and to issue general obligation bonds of the County in the amount and for the purposes set forth below.

2. The Board authorizes general obligation bonds of the County to be issued in an aggregate principal amount not to exceed \$35,000,000 for the purpose of providing funds, in addition to any other available funds, to finance the costs of improvements to Albemarle County public schools including designing, building, expanding, and renovating school properties, including new buildings and additions, renovations, and improvements to existing buildings, installing new furnishings and equipment in the public schools, and the related costs to issue the bonds and to reimburse the County for temporary financing (collectively, the "Project").

3. The total cost for the Project is currently estimated to be \$35,000,000, and it is the County's intention to pay all such estimated costs from the proceeds from the sale of the general obligation bonds. If the total cost of the Project exceeds \$35,000,000, any such additional costs will be paid from other available funds.

4. The bonds shall be general obligations of the County for the payment of principal of and premium, if any, and interest on which its full faith and credit shall be irrevocably pledged. The bonds shall bear such date or dates, mature at such time or times not exceeding forty years from their dates, bear interest at such rate or rates, be in such denominations and form, be executed in such manner and be sold at such time or times and in such manner as the Board shall hereafter provide by appropriate resolution or resolutions.

5. The Board hereby requests the Circuit Court of Albemarle County, Virginia, to order an election to be held on November 8, 2016 pursuant to Virginia §§ 15.2-2610 and 15.2-2611 on the following question, provided that such date is at least 81 days after the date on which the Court enters its order. The question on the ballot shall be substantially in the following form:

QUESTION: Shall the County of Albemarle, Virginia, contract a debt and issue general obligation bonds in the maximum aggregate principal amount of \$35,000,000 for the purpose of providing funds, in addition to any other available funds, to finance the costs of improvements to Albemarle County public schools including designing, building, expanding, and renovating school properties, including new buildings and additions,

renovations, and improvements to existing buildings, installing new furnishings and equipment in the public schools, and the related costs to issue the bonds and to reimburse the County for temporary financing?

- ☐ YES
☐ NO

6. The Acting Clerk is directed to promptly file a certified copy of this resolution in the Circuit Court of Albemarle County, Virginia.

7. The County Attorney is directed to promptly prepare and file in the Circuit Court of Albemarle County, Virginia any pleadings necessary to obtain from the Court an order that an election be held on the question set forth in Section 5 of this resolution on November 8, 2016 pursuant to Virginia Code §§ 15.2-2610 and 15.2-2611.

8. This resolution shall be effective immediately.

Agenda Item No. 11. Resolution to Authorize the County's Acceptance of an Unmanned Aircraft System in Search and Rescue Operations.

The Executive Summary presented to the Board states that in recent years, the use and ownership of unmanned aircraft systems ("UAS") in the United States has substantially grown. On December 21, 2015, the Federal Aviation Administration (the "FAA") required all UAS owners to register their aircraft with the FAA by February 19, 2016. Over 325,000 individuals registered their UASs with the FAA, eclipsing the 320,000 airplanes registered with the FAA.

As UAS ownership has expanded, the potential uses for the aircraft have also broadened. UASs are utilized by both private and public sector entities for a variety of activities, including but not limited to, deliveries, photography, training, farming, mapping, and surveying.

Mr. David King, a founder of King Family Vineyards, is offering to donate a UAS that weighs 2.83 pounds to the Albemarle County Sheriff's Office (the "Sheriff") to assist the Sheriff's search and rescue capabilities. Federal regulations require that the County own the UAS in order for the aircraft to receive a public use Certificate of Authorization from the FAA.

The Sheriff's Search and Rescue Division performs search and rescue functions for missing persons cases in the County. Virginia Code § 19.2-60.1 permits the use of UAS by law enforcement agencies to assist the agencies' search and rescue efforts during Amber Alerts, Blue Alerts, Senior Alerts, or to alleviate an immediate danger to any person. Additionally, as permitted by Virginia Code § 19.2-60.1, the Sheriff's Office may perform incident situation awareness and incident scene documentation functions with the UAS that are not for law enforcement purposes.

In order to use a UAS for search and rescue operations, a public use Certificate of Authorization must be obtained from the FAA. Pursuant to 49 U.S.C. § 40102(a)(41), only a political subdivision, such as the County, may receive a public use Certificate of Authorization to own and operate a UAS. The Sheriff's Office is not a political subdivision of Virginia.

On June 21, 2016, the FAA released new regulations for drones. The FAA now has a "UAS registration" process for drones weighing between .55 pounds and 55 pounds. All UASs that weigh less than .55 pounds do not need to register with the FAA. All UASs that weigh more than 55 pounds will have to follow the FAA traditional aircraft registration process. However, these rules are not applicable to public entities, as they are already covered by the Certificate of Authorization process.

In order for the Sheriff's Office to operate a UAS for search and rescue functions, the UAS must be owned by the County. If the County accepts the donation of the UAS from Mr. King, the County can then apply for a public use Certificate of Authorization. Virginia Code § 15.2-951 authorizes counties to receive gifts of personal property.

The County will also need to execute the attached Memorandum of Understanding ("MOU") with the Sheriff's Office in order to allow the Sheriff's Office to perform search and rescue functions with the UAS. The County Attorney and the Sheriff have reviewed and approved the attached MOU (Attachment A), and the County Attorney has prepared the attached Resolution (Attachment B) authorizing the County's acceptance of the UAS and authorizing the County Executive to execute the MOU.

There is no budget impact related to the County's acceptance of the UAS.

Staff recommends that the Board adopt the attached Resolution (Attachment B) authorizing the County's acceptance of the UAS and authorizing the County Executive to sign the MOU.

Sheriff Chip Harding addressed the Board and stated that Mr. David King and Chief Charles Werner, members of the County's search and rescue team, will present information on this topic as they have done a lot of work on it.

Mr. David King addressed the Board and stated that Sheriff Harding had sent him to attend a legal conference, held in Wise County, about the use of unmanned aircraft systems (UAS) and to a statewide UAS convention the Governor had put in place. Mr. King stated that his recommendation after attending the conferences was that the Sheriff's Department would be well-suited for a UAS system for search and rescue incident command only, not for law enforcement of any kind. He said they have been working on this for more than a year and have collaborated with the Secretary of Technology and VDIM at the state level, and PVCC now runs a class to certify operators of these devices. Mr. King said the Sheriff's Department has used these devices in its training and think it is worthy of the County's consideration. He stated that he is in a position of donating a machine because a few months ago, the Federal Aviation Administration required the serial number off of a machine owned by the political subdivision in order to receive a certificate of authorization (COA). Mr. King said this is no longer required, and the Sheriff's Department can now certify itself and buy its own equipment. He stated they are using his farm for both Sheriff's Department and PVCC training purposes, because you need a training facility in order to have an operating COA.

Chief Charles Werner addressed the Board and stated that he is the former Fire Chief for the City of Charlottesville and is currently working on the search and rescue team for the Albemarle County Sheriff's Office, as well as a senior advisor to the Virginia Department of Emergency Management on the issue of UAS. Chief Werner stated that before his retirement, he started exploring the value of UAS primarily because of the Hannah Graham case and other similar situations, which involved the City, County and University. He said this quickly revealed the benefit of using UAS in searching hundreds or thousands of acres of land, as it allows areas to be searched quickly and eliminates areas not to search, reducing the number of staff or search hours by thousands, and also provides a quicker situational awareness of circumstances. Chief Werner stated that prior to embarking on usage of UAS, Sheriff Harding wanted to ensure that they did this in a professional way, had certified and qualified operators, and that nothing would be done in the way of surveillance or invasion of citizen privacy. He said they tested the theory as to whether use of this device would make the sense they thought it would, with scenarios such as a lost child and a fire situation with potential dangers, and their assumptions were validated moreover. Chief Werner stated that PVCC became one of the first colleges in the country to provide a certification class for emergency responders using UAS, held in May and including eight different localities. He stated that he and Mr. King are before the Board to seek their permission to proceed with operating an unmanned aircraft system in the County.

Ms. Mallek asked if the craft has a height range and if it is big enough to carry some kind of thermal imaging equipment. Chief Werner responded that a device must be under 55 pounds, with this particular craft from Mr. King being 2.8 pounds, and it has the capability of multiple payloads, so it can use a digital camera or video camera up to 2K or 4K quality. He presented an example of a lost child simulation and said the UAS found the child within two minutes without making any other search efforts. Chief Werner said the UAS can fly legally up to 400 feet and operations currently must be line of sight during the day unless there is an exception or waiver issued by the FAA.

Ms. Mallek asked if the 400 feet is above the ground or above an obstacle. Chief Werner explained that it is above the ground or a specific obstacle, but an operator still has to be cognizant of airport flight patterns and entrance corridors, which they will coordinate with the airport.

Mr. King stated that there is a minimum 500-foot buffer distance required from any structure.

Ms. McKeel said that she wants to know more about the airport situation and flight patterns.

Ms. Mallek noted that there is a five-mile radius.

Chief Werner explained that there is a five-mile radius from any airport, particularly when in the flight path, and in any case they would coordinate with the airport for flight within that five miles.

Sheriff Harding stated they will never have anyone operate it who is not certified or who does not know the answers to these questions.

Ms. McKeel said that generally she does not get too excited about drones, given their potential for interfering with other craft, such as helicopters, and situations in which police and fire had been stopped because of drones, but she stated that she does see an advantage for the community. She emphasized that the devil is always in the details in terms of who is operating them, the communication, the education and experience level.

Chief Werner stated that they would communicate with incident command in those situations, so they would never be interfering with another operation. He said that when the Shenandoah National Park fire occurred, he received numerous offers from people to fly their drones, but he said no because there are numerous other aircraft flying. Chief Werner stated that the search and rescue team would actually be the ones in the incident command system environment and coordinate when the crafts can fly or not, because one of the most important things they would do would be to de-conflict airspace.

Ms. McKeel commented that pilots are already having trouble with people using lasers, but reiterated that she does see that this could be a very useful tool.

Mr. Dill stated that he understands the need for this, but wants to know how it is decided where to draw the line between police work and search and rescue. Mr. King responded that he had asked this question of the two Attorney Generals who are in charge of this issue on a statewide level, and whether

the crafts could fly in a case such as that of Hannah Graham. He stated that he was told to ask them in a non-open forum, so he called one of the Attorney Generals and was told to “go find the girl,” but was also told that this cannot be a binding legal opinion. Mr. King said that this said to him that it was an area in flux and that these issues have not been decided, but it was clear to him that the critical issue was when a search became an investigation, and no one has yet made that distinction. He stated that the rules of ground-based teams apply to aerial searches as well, and the issues emerge when UAS craft get lower and slower in the sky. Mr. King pointed out that as soon as an incident requires a warrant, these devices cannot be used unless a warrant is obtained.

Mr. Dill asked if the recordings themselves would be subject to FOIA, as it would be a public relations issue if the information became public. Mr. King responded that at the same conference the question arose as to whether you keep the audio/ visual data obtained, and in asking this question, he was told that the same policy that covers body cameras would cover the UAS information as well.

Sheriff Harding stated that sometimes they have to make the call while they are in motion, and it is more of an issue in the City where there are fenced-in yards, but open areas and fields are accessible.

Mr. Dill asked what the situation would be if it was just a public safety issue such as a rabid animal attacking livestock, and asked who would make the decision how to proceed if it was not a criminal act. Sheriff Harding explained that his office has an MOU with the County Police Department, which makes the request, and he, or his designee, makes the decision as to how to proceed. He stated that there would be other circumstances in which they might want to use this technology, such as flooding incidents where an area is not accessible by boat, and he is the one who would be held responsible if there was an issue.

Chief Werner stated that with a recent series of eight tornados in Fork Union, they were able to use UAS to take photos very quickly and were able to provide information on the damaged areas to landowners for use with their insurance companies. He said that in Essex, they were able to identify four specific areas defined by emergency management, so it went beyond search and rescue, to be used for tasking and enable them to recover more quickly from disaster once it is assessed. Chief Werner stated that the value of UAS use is increasing in the context of recent historic flooding, as it provided information on how much property was underwater and how many people needed to be rescued.

Ms. McKeel expressed concern that there are a lot of drones out there already. Chief Werner responded that his team cannot control those.

Ms. McKeel said that she understands that, but she has already had them in her backyard.

Mr. Dill asked who is responsible for enforcing the law of people using them illegally, and whether you can shoot them down. Chief Werner responded that the FAA is responsible for regulating them and they have a hotline you can call, and if a drone is interfering with an emergency incident scene, state law allows it to be stopped if the operator can be found, but it is illegal to shoot down any aircraft.

Ms. Mallek stated that despite some of these problems, she thinks the use of UAS in emergency incidents is spectacular because it allows aerial navigation of difficult county roads and the ability to find people faster in the event of flooding. Chief Werner said that often the most difficult aspect for incident commanders in making decisions is making them based on information they do not know, so when they can start seeing the magnitude of what that looks like, it changes how fast they can get assistance on the way so recovery can happen more quickly.

Ms. Mallek commented that these could also be helpful with highway accidents in terms of providing a visual to inform which responding machinery to send, which would speed up dispatch tremendously. Chief Werner responded that some places are using traffic forensics of actually doing the photographs and investigations from using UAS and have determined that it takes 1/3 of the time necessary to do ground investigations, which means traffic is freed up and commerce runs more quickly.

Ms. Palmer thanked Sheriff Harding, Chief Werner and Mr. King for the work they have done for the community in this regard.

Ms. Mallek **moved** to adopt the proposed resolution authorizing the County’s acceptance of the UAS and authorized the County Executive to sign the MOU. Ms. McKeel **seconded** the motion.

Roll was called and the motion carried by the following recorded vote:

AYES: Mr. Dill, Ms. Mallek, Ms. McKeel, Ms. Palmer, Mr. Randolph and Mr. Sheffield.
NAYS: None.

(The adopted Resolution is set out below:)

RESOLUTION TO AUTHORIZE ACCEPTANCE OF PROPERTY

WHEREAS, Mr. David King is offering to donate a DJI Phantom 3 unmanned aircraft system (“UAS”) to the County of Albemarle for use by the Albemarle County Sheriff’s Office; and

WHEREAS, Virginia Code § 15.2-951 authorizes counties to accept gifts of personal property;
and

WHEREAS, a Memorandum of Understanding between the County and the Sheriff's Office is necessary in order to allow the Sheriff's Office to perform search and rescue and training functions with the UAS pursuant to Virginia Code § 19.2-60.1(C) and non-law enforcement situation assessments pursuant to Virginia Code § 19.2-60.1(D).

NOW, THEREFORE, BE IT RESOLVED that the Albemarle County Board of Supervisors hereby authorizes the County's acceptance of Mr. King's donation of the DJI Phantom 3 unmanned aircraft system, and authorizes the County Executive to execute the Memorandum of Understanding once it has been approved by the County Attorney.

MEMORANDUM OF UNDERSTANDING
BETWEEN THE COUNTY OF ALBEMARLE, VIRGINIA
AND THE SHERIFF FOR ALBEMARLE COUNTY

This Memorandum of Understanding (the "Agreement") is made and entered into on the 11th day of July, 2016, by and between the County of Albemarle, Virginia (the "County") and the Sheriff for Albemarle County (the "Sheriff");

WHEREAS, Mr. David King donated a DJI Phantom 3 unmanned aircraft system to the County;
and

WHEREAS, the intent of Mr. King's donation is for the Sheriff's Office to use the DJI Phantom 3 unmanned aircraft system for search and rescue operations; and

WHEREAS, the County and the Sheriff desire to enter into an agreement setting forth their understanding with respect to the use and operation of the DJI Phantom 3 unmanned aircraft system.

NOW THEREFORE, the parties hereto covenant and agree as follows:

A. Ownership. The DJI Phantom 3 unmanned aircraft system (hereinafter "UAS") shall remain the property of the County.

B. Certificate of Authorization. The County shall apply for a public use Certificate of Authorization from the Federal Aviation Administration.

C. Use. Upon receipt of a public use Certificate of Authorization from the Federal Aviation Administration, the County will transfer possession of the UAS to the Sheriff.

D. Specific UAS Operations. The Sheriff shall use the UAS for search and rescue operations, pursuant to Virginia Code §19.2-60.1(C). The Sheriff may use the UAS for incident situation assessment functions that are non-law enforcement purposes pursuant to Virginia Code §19.2-60.1(D). Additionally, the Sheriff may use the UAS for training purposes for the aforementioned search and rescue operations pursuant to Virginia Code § 19.2-60.1(C).

E. Insurance. The County shall maintain property insurance on the UAS for the duration of this agreement. The Sheriff's Office shall maintain liability insurance for operations related to the UAS for the duration of this agreement.

F. Term of Agreement. This Agreement shall take effect upon the full execution of this Agreement by the Sheriff and the County and shall remain in force for the duration of the Sheriff's term in office (including terms for which he is re-elected), unless terminated by either party upon thirty (30) days prior written notice. This Agreement may be amended only upon the written agreement of both the Sheriff and the County.

By: (Signed) J. E. Chip Harding Date: 07/11/16
J.E. "Chip" Harding, Sheriff

COUNTY OF ALBEMARLE, VIRGINIA
By: (Signed) Thomas E. Foley Date: 07/08/2016
Thomas C. Foley, County Executive

Recess. The Board recessed its meeting at 2:12 p.m. and reconvened at 2:32 p.m.

Agenda Item No. 12. ~~Albemarle County Service Authority Quarterly Report.~~ **Removed from agenda.**

Agenda Item No. 13. **Presentation:** Charlottesville Albemarle Convention and Visitors Bureau (CACVB) Review Committee Report.

The Executive Summary presented to the Board states that in December 2015, the Board of Supervisors and City Council adopted a Joint Resolution regarding establishment of a Review Committee for the Charlottesville Albemarle Convention and Visitors Bureau (CACVB). The Joint Resolution noted the important economic impact of our local tourism industry and the dedication of City and County revenues to support the CACVB as the designated marketing organization for our area. The Joint Resolution stated that the City and County desire to ensure that these dedicated revenues are managed effectively and are producing the desired results, and that it would be beneficial to have the City and County leadership meet to receive information and provide feedback as to CACVB performance. The Joint Resolution directed the County Executive and the City Manager to establish a Review Committee to perform a bi-annual review, analyze CACVB performance and provide feedback to the CACVB director, the CACVB Management Board and to the respective governing bodies after each review committee meeting as to the efficiency and effectiveness of the jointly created and managed bureau. The Review Committee held its first biennial meeting in May, with results of that meeting being provided in this report to the Board of Supervisors and City Council.

The County Executive and City Manager formed a Review Committee and identified the following work product to meet the directives of the Joint Resolution: The CACVB Review Committee will meet bi-annually and will provide a written report regarding the efficiency and effectiveness of the Bureau based on a high level review of financials and performance metrics following each committee meeting. The Review Committee held its first biennial meeting in May, with results of that meeting being provided in a report to the Board of Supervisors and City Council provided as Attachment A. The report provides background on the CACVB including its mission, governance structure and funding formula. The report also provides an overview of financial data and performance metrics that were discussed during the meeting. The summary section includes the following findings and opportunities:

Findings: The Review Committee finds that the CACVB is managing its dedicated resources effectively and producing the desired results as defined by the established ROI formula and objective industry measures based on the following specific findings:

- The CACVB has achieved an average ROI of 7.2:1 for the past nine years, exceeding the 7:1 ROI target established in the Joint Agreement - this compares to a 5:1 Return On Investment ("ROI") target established for the Virginia Tourism Corporation.
- Independently tracked lodging occupancy percentage and average daily rates both show a continuing upward trend, even as over 72,000 room nights have been added to our region's inventory in the past five years.
- Independently tracked travel economic indicators show healthy growth in all travel related areas including employment, expenditures, payroll, and local tax receipts.
- Growth in new revenues is being dedicated to direct marketing expenditures as evidenced by the growth in that category in the approved FY 17 budget.
- Metrics provided by the CACVB's marketing consultant, local firm Payne Ross Associates, indicate continued growth in media, print and digital circulation and impressions based on implementation of the marketing plan details provided in Attachment B.

Opportunities:

- The Review Committee feels there is an opportunity to revisit the ROI formula to reflect evolving tourism goals and measures - the existing formula was developed in 2004 and may not accurately reflect the changing tourism environment.
- For the past several years resources and attention have been focused on completing the Albemarle Visitor and Adventure Center as a functioning state certified asset promoting the region's outdoor/active recreation options and on creating a more visible and dynamic tourism presence at the Charlottesville Albemarle Regional Airport. Now that those projects are well underway, the Review Committee feels there is an opportunity to look at other longer term initiatives that will increase visitation mid-week and during the slower season of November - March, with a focus on attracting additional business/conference activity.

There is no budget impact associated with this item.

There is no action requested from the Board regarding this item.

Mr. Foley reported that staff will provide an overview of the Charlottesville Area Convention and Visitors Bureau (CACVB), and stated that in December 2015, the Board of Supervisors and City Council both adopted a resolution to establish a review committee of the CACVB. He explained that the purpose for establishing the review was the fact that a significant amount of funding that goes to the CACVB from the City and County, generated from the hotel/motel tax. Mr. Foley stated that the City and County both

felt it was important to establish a review committee to take a periodic look at how the money is being spent and the return on the investment in the CACVB. He said that the members of the committee include the County Executive, the City Manager, the two staff appointees to the CACVB, Lee Catlin and Chris Engel, Kurt Burkhardt, and Jennifer Mayo. Mr. Foley stated that the group meets biannually with the charge of providing a written report regarding the efficiency and effectiveness of the bureau based on a high level review of financials and performance metrics of the CACVB, which have been long established in its bylaws. He noted that Ms. Catlin will provide the committee's findings and suggestions, and they will take some questions at the end of the report.

Ms. Lee Catlin, Assistant County Executive, addressed the Board and stated that the report covers some background regarding the CACVB mission and governance structure and also discusses the funding formula, which specifies directly how funding would be provided to CACVB. She stated that the City and County provide funding to the CACVB in an amount equal to 30% of the transient occupancy tax revenues (TOT) collected by each jurisdiction, and revenues to CACVB have increased except for years during the recession 2010-2012. Ms. Catlin noted that as those taxes increase, funding to CACVB also increases.

Mr. Sheffield said that he thought the amount given was 2% or 3% of the 5% collected. Ms. Catlin explained that the General Assembly typically enables 2% for TOT, but Albemarle got special dispensation to go to 5% with the understanding that the additional 3% would go to support tourism-related entities, and part of the funding also goes to support tourism-related parks and recreation programs.

Ms. Palmer asked if the other 2% goes to the state or is held locally. Ms. Catlin stated that the County keeps it.

Mr. Foley noted that it is primarily going to parks and recreation at this point.

Ms. Catlin stated that in FY 2017, the CACVB budget was approved at \$1.56 million, and there is a chart in the report that details the revenues from the City and County as well as a small amount coming from ticket commissions during that time. She said the budget has increased by about \$61,000 over FY 2016 due to the increase in TOT. Ms. Catlin noted that to ensure the budget reporting is aligned with best practices, the CACVB has restructured its budgeting process to mirror the one used by the Virginia Tourism Corporation with expenses reorganized into three major categories: administrative, marketing and visitors' services. She stated that this made it easier and more transparent to track exactly where revenues are being dedicated and applied to different areas of CACVB expenditure. Ms. Catlin said that a primary goal of the CACVB Board has been to dedicate new revenues to direct marketing, which is the mission of the CACVB to the greatest extent possible, and the revised budget formula makes it easy to see that new resources in FY 2017 are supporting marketing with an increase of about \$68,000 in that category, and expenses for administrative and visitors' services declining.

Ms. McKeel asked for explanation of the administrative costs, as this figure seems very high in comparison to schools or nonprofits, for example. Ms. Catlin responded that it includes rental space in the visitors center and in the adventure center, salaries, IT support and legal services, which are provided by the City.

Ms. McKeel asked if the committee had talked about the level of administrative expenses, as she was taken aback with this percentage. Ms. Mallek stated that this is the first year the Board is getting this kind of detail.

Ms. Catlin said the category includes several different items and she would like to provide them with a breakdown of the line items.

Ms. Mallek noted that the last figure she saw for rent had the County paying \$50,000 to the City for the building, whereas the building in Crozet is something like \$800 a month.

Mr. Foley commented that there is no comparison between the CACVB and something like the school system. Ms. McKeel responded that she understands that in the context of the costs for nonprofits.

Ms. Mallek stated this is a government agency, and they need to do better. Mr. Foley reiterated that staff can provide a breakdown of those costs.

Ms. Catlin stated that administrative often looks like overhead and salaries, but this also includes hard costs for buildings and equipment.

Ms. Mallek said that she was told that when staff travels to conferences it is part of the marketing budget, and she feels it should be more clearly described than buying materials and paying the marketing agency. Ms. Catlin stated that the marketing category includes the payment to Payne, Ross & Associates, website costs, the tourism festival and sponsorship payment, the U.S. Cycling Team, the opening of the Visitors' Center in Crozet, and the Visitors' Guide printing and distribution.

Ms. Mallek said that she is referring to staff travel.

Mr. Randolph asked if the U.S. Cycling Team was just a one-time expense. Ms. Catlin stated that the joint agreement specifies a return on investment (ROI) measurement that the CACVB is required to

report on and outlines an annual ROI ratio of 7:1, or \$7 of return for every \$1 of funding provided to the CACVB, and the agreement provides a formula for calculating the ratio. She said the CACVB publishes an annual ROI report card for the City Council and Board of Supervisors, which is provided to the Board in the fall, and the ROI has averaged about 7.2:1. Ms. Catlin stated that it is important to look at some other metrics for ROI, including information gleaned from Smith Travel Research, a leading lodging industry research company, which is used by the Virginia Tourism Corporation to provide monthly and annual lodging data for the state. She said that Smith measures a number of different things, but one of importance is the occupancy percentage, which reflects the percentage of rooms in the jurisdiction that are occupied, and that rate in general continues to trend upward. Ms. Catlin stated that it is important because there have been new hotels opened with a total of 72,000 annual room nights added from 2010 to 2015. She said the average daily rate, the average rate paid for rooms sold, continues to trend upward, and the positive combination of occupancy and pricing is a good sign as new rooms are coming into the market.

Ms. Catlin reported that the Virginia Tourism Corporation compiles and provides locality-specific data that measures estimated travel expenditures and revenues directly generated by those expenditures, and staff has included a chart of the specific data provided by VTC for 2010-2014. She stated that direct travel-related employment in the locality increased by 11% during that time period; expenditures that are direct spending by domestic travelers, including food, accommodations, transportation, and entertainment, increased 23% during that time period. Ms. Catlin said that local tax receipts, which are direct travel-related local taxes generated within the locality, increased 16% during that time period. She stated that payroll, which is direct wages, salaries and tips related to travel industry employment in the area, increased 20%; and local lodging tax increased 27% during that period. Ms. Catlin said that measures from VTC across the board showed good, healthy growth over the past five years. She stated that she had also included some summary information from Payne, Ross & Associates, which has been contracted by CACVB to manage the marketing plan, and the information they provided shows the investment being made into that particular part of CACVB outreach as well as the returns realized for impression and reach for the marketing program.

Ms. Catlin stated that the review committee feels that CACVB is managing its resources effectively and producing the desired results as defined by the established ROI formula and objective industry measures, based on the following findings: growth in new revenues is being dedicated to direct marketing expenditures, as evidenced by the growth in that category in the approved budget; an average ROI of 7.2:1 for the past nine years, which exceeds the 7:1 ROI target established in the agreement and the 5:1 ROI target established for the Virginia Tourism Corporation. She stated that independently tracked lodging occupancy percentage and average daily rates both show a continuing upward trend, even as room nights have been added to the region's inventory, and independently tracked travel economic indicators show healthy growth in all travel-related areas including employment, expenditures, payroll and local tax receipts.

Ms. Catlin said that even as they saw these positive findings, the committee noted several opportunities to make sure were brought to the careful attention of CACVB board and staff. She stated that the ROI measurement, as established in the agreement, is over 10 years old and may no longer measure evolving tourism trends that are very important to the region, so it might be time to relook at the ROI formula to make sure they are tracking the things that are most important. Ms. Catlin stated that they also discussed that in terms of increasing the demand for mid-week and off-season lodging, there is room for growth, and that translates into more business travel. She said that this led to a discussion of convention centers and other things that might boost mid-week opportunities in the lodging market. She said that in addition to looking at well-known anchor destinations in the area, the committee discussed the need to promote attractions that make a day three and day four. Ms. Catlin stated that in the past year, resources were focused on building the area's outdoor adventure profile, with the opening of the center in Crozet and U.S. Cycling being a part of that. She noted that they also discussed having a more robust tourism presence at entrances to the community, such as the airport, with those efforts underway.

Mr. Dill asked what conventions are held here now and where those facilities would be. Ms. Catlin responded that as a precursor to the work being discussed, they would need to do a careful assessment of what is held here, and said that the CACVB frequently gets calls and puts out the word to the Omni and Boar's Head, but there are typically not enough rooms locally to host that many guests, particularly during certain times of the year. She stated that conventions often want to have their meeting spaces and rooms to be collocated and near amenities within walking distance, so it would be an important step to do a strategic assessment in terms of what is missing and the size range.

Mr. Sheffield asked if they have ever done an analysis of what market they would capture dollar-wise versus the investment made over a 20-year period. Ms. Catlin responded that they would need to do that in terms of how it would cost out, and would need to look at conferences that would be attracted here.

Mr. Sheffield said that every few months, there is a group that wants to come here for a conference but cannot because there are not adequate spaces. Ms. Catlin stated the CACVB Board gets reports on the bids put out that they are not able to satisfy.

Ms. McKeel commented that it is not just rooms, it is being able to put people in a room and feed them, and the available facilities have capped out. Mr. Foley stated that this is a strategic issue that needs to move to the next level of evaluation.

Ms. McKeel stated that the PAC Committee looked into having the Town and Gown convention for the University. Ms. Catlin noted that Mr. Chip Boyles had done a lot of work on it, but this area was not able to accommodate it.

Ms. McKeel commented that there is a lot of new hotel space, but a lot of it is suites rather than just rooms, so the options are more along the lines of efficiency units. Ms. Catlin stated that the market is going in some different directions, and there has also been a lot of interest in boutique-style hotels, which is good for that sector of the market, but not for the convention-style lodging. She said that looking at the market strategically from the lodging product and how to direct travel toward off-season and mid-week.

Ms. Palmer asked what a healthy occupancy rate is for hotels. Ms. Catlin responded that staff can bring that back, but she thinks it is about 65%.

Mr. Randolph stated that it is 70%. Ms. Catlin stated the local area was at or above what would be considered healthy occupancy, with times where occupancy is 100% and times when it is much less.

Ms. Palmer asked if the trend continued to go up during the recession. Ms. Catlin responded that there was a bit of a dip, and said that occupancy had been going up, from 66% when the measurement started to 70% currently.

Ms. Palmer commented they were at a lower level in 2005 and 2006.

Ms. Mallek noted that the budget had doubled during that time, going from \$800,000 to \$1.6 million.

Ms. Catlin stated that the trend had happened at the time there were many more rooms added, so the TOT has increased. She said there was a dip for a few years but they built back up again, with a peak in 2009, a dip in the three subsequent years, and rebuilding with an upward trend leading to the present.

Mr. Dill asked how the education sector was measured in this context, whether it was food sales or restaurant sales, etc., given that there are a lot of programs at UVA and in the County and City. He stated that this concept was something that came out of the Central Virginia Economic Forum held at the research park recently, in terms of how important all kinds of education are for economic growth and the fact it was an economic driver. Mr. Dill said it seems that this is a focus that might not fit a particular niche and could be overlooked, in terms of promoting it. Ms. Catlin responded that is a good point, and there is a UVA representative on the CACVB Board, so they try to stay connected to the opportunities there such as parents' weekend and alumni weekend, and other times when out of town visitors were coming here.

Mr. Dill stated that even having non-UVA educational events and separate institutions on certain topics or activities would draw people here.

Ms. Mallek said that a Chautauqua-type experience would really draw people.

Ms. Catlin stated that one of the trends the VTC has been seeing is experiential and authentic traveling, and there is an abundance of that opportunity locally.

Mr. Dill said that organic farming and writing workshops would also be a draw, especially in the rural areas.

Mr. Randolph stated that he would like to see a measurement of the occupancy percentage by month so he could see what off season looks like and how much of a drop-off there is, noting that his daughter operates a food business close to Monticello that has a significant decrease in business in January and February. He said there is a lot of volatility in the figures linked in part to the performance of UVA's sports program, with the football team not selling all of the seats in the house, and also not selling hotel rooms and restaurants.

Ms. Mallek asked how they achieved County-specific numbers and how they would understand the benefit to Albemarle, because the ROI formula is not really a tangible measurement. Ms. Catlin stated that she could break out the Albemarle-specific VTC numbers, and she thought she could do the same for Smith Travel.

Ms. Mallek asked staff to elaborate on the specific "outdoor adventure profile" activities the CACVB does, because she has been a partner in the country and they have always been asked to put together their own packages, but that is what the CACVB should be doing as part of their job, and that has not happened yet. She stated that a constituent downtown mentioned to her that there is a shortage of 300 rooms, but the hotel representatives on the CACVB already have full rooms, so there is not really any motivation for them. Ms. Mallek said that this aligns with the reforming of the CACVB's role and what is expected of them as a return on this very large investment. She stated that when she first came on the Board in 2008, her bed and breakfast constituents were concerned about paying as much as \$30,000 to \$50,000 a quarter in TOT but did not feel they were getting anything for that. Ms. Mallek commented that she feels it has improved a little bit since then, and they do not need to start from scratch in terms of the market analysis. She stated that the Richmond Convention Center was the model suggested to her, and they actually paid for their capital costs with the TOT, in the same way there might be a tourism zone locally. Ms. Mallek said there are several people who are interested in the small hotel market in the

western part of the County and feel that the industry is not quite there with the Monday and Tuesday night occupancy, and she would like to hear about the CACVB's plans for that going forward.

Agenda Item No. 14. **Transportation Matter:** Virginia Department of Transportation (VDOT) Quarterly Report.

Mr. Andrew Scott, VDOT Project Engineer, and Mr. Kobina Gaituah, VDOT Associate Engineer, presented the report to the Board. Mr. Scott stated that VDOT has just opened the Louisa residency, which was closed during the recession, and Fluvanna and Louisa are now part of that, with the Charlottesville residency picking up Madison County.

Mr. Scott reported that Route 643-Rio Mills Road is currently in the scoping phase, with a bigger area plan for a Rio Mills-Berkmar connector that will go through that area and the County submitting an HB2 application for that, and a possible boat ramp going in. He stated that VDOT will be installing a temporary traffic signal at the Route 151/250 intersection, and the length it will be there depends on another HB2 application for a roundabout there. Mr. Scott said they may be putting wooden poles in there, similar to what has been used with the Route 29 widening project, or metal poles if it seems the roundabout is not going to go through immediately.

Ms. Mallek asked when the installation would start. Mr. Scott responded that VDOT will have a schedule later in July, but it should happen this fall, definitely before winter. Mr. Scott stated that rural road construction will take place on Keswick Road and Bunker Hill will take place from late summer to next spring, and they are currently being scoped. He said there is also a Route 250 bridge replacement project, which will be brought to public hearing.

Ms. Palmer asked for more detail on how the Charlottesville residency has changed. Mr. Scott explained that before July 1, the residency had four counties under it: Albemarle, Greene, Fluvanna and Louisa, and VDOT has now reopened the Louisa residency, so that picked up Louisa and Fluvanna. He stated that as part of that reorganization, they picked up Madison County, which used to be a part of the Warrenton residency.

Agenda Item No. 15. **Transportation Matter:** Route 29 Solutions Project Delivery Advisory Panel (PDAP) Monthly Update.

Mr. Andrew Scott reported that the 29 and Rio Road project is moving along very well, with all the mass excavation complete, the bridge beams set, the deck poured, and sidewalks and crosswalks currently being formed. He stated that 56 out of 60+ retaining wall structures have been formed, and crews will be paving the following week as well as putting up median barriers. Mr. Scott said they are about two weeks ahead of schedule, with a late July date for opening the intersection. He mentioned that on the Route 29 Solutions website, there is a time-lapse camera of the project, which is also uploaded to the VDOT YouTube page. Mr. Scott reported that the 29 widening project is also progressing, and they are working up towards a traffic shift where northbound traffic would be shifted into the median so crews can start working on the outside part of the road, and that shift is forecasted for August.

Ms. McKeel asked if that project is running on time for what was being anticipated. Mr. Scott responded that it is, and that completion is slated for October 2017, and once the 29/Rio intersection project is completed, resources will shift to the widening project.

Mr. Scott reported that the Berkmar Drive project is also progressing, with five out of six bridge columns in place and rebar cages already formed and pier caps going up soon, then the steel girders. He stated that there is also a lot of earthwork and excavation underway, although it is not visible to the public. Mr. Scott said that Hillsdale Drive is also moving along well, and a notice to proceed was issued for that last week, with the next milestone being the construction that just started, with staging beginning and trailers going up behind the Homewood Suites hotel.

Ms. Mallek asked if Fielder's Choice is still the contractor. Mr. Scott responded they are still the contractor, and the last milestone is the notice to proceed with the next milestone being the construction that just started, so it is officially under construction.

Mr. Scott reported that construction for Routes 29/250 is complete, with punch list items being reviewed now and adjustments being made for one of the signals at Angus Road. He stated that construction is complete and VDOT is waiting for Dominion Power to come in and install the lights, which is outside the VDOT scope of work. Mr. Scott said the retaining wall staining will be done later this fall as part of the 29 Solutions contract.

Ms. McKeel asked if the fence had been completed behind the retaining wall, as she was told it would be back up by the time the project was completed. Mr. Scott responded that Mr. Lou Hatter of VDOT had gone out there the day before, and he would follow up with him.

Ms. Palmer asked if you could walk behind there. Mr. Scott responded that there is limited access fencing.

Ms. McKeel added that there are neighbors that back up to that, so you could walk on their property, and there is an area for VDOT work access but it is not really a walkway. Mr. Scott said it is called a "maintenance bench," but it is not for pedestrians.

Ms. McKeel stated there was a fence the neighbors had that had to come down because of the project, but some of them had really wanted to maintain it. Mr. Scott said that he did not know those specifics, but he would speak to Mr. Hatter about it.

Mr. Scott reported that the adaptive signal project is on hold until the design-build projects are finished because the signals cannot be timed until those projects are done, but all the infrastructure is in place and only the software component needs to be implemented. He stated that with bridge projects, Route 641 is complete and Route 810 will begin in August. Mr. Scott said there are two rural rustic road projects underway, with Brock's Mill to be started next week and Doctor's Crossing to be started the week after that. He noted that the road paving schedule is in the Board packets, and said that a latex modified mix on Route 20 southbound has been completed.

Ms. Mallek asked what "plant mix" is. Mr. Scott responded that plant mix is essentially asphalt, spread by large trucks onto major roads like Route 29.

Ms. Mallek asked what "surface treatment" is. Mr. Scott responded that it is also known as "chip seal" where stone is put down and tar is laid on top of it.

Ms. Mallek asked if that is the same as "slurry," which was used a few years ago with disastrous results. Mr. Scott responded that it is not.

Ms. Mallek said she has already heard negative comments from people on the improvements list, because when this was done under the previous contract it was a disaster, with the road ripping up and seepage occurring, but the contractor never came back to fix it. She commented that there were elderly people slipping as they checked their mail and children's bicycles skidding out from under them, and VDOT needs to be sure they are not making road conditions worse when they do improvements. Mr. Scott explained that surface treatment is what is done on rural rustic, and it is a different process when it is done on an already paved road. He noted that VDOT usually comes in afterward to sweep the road and get rid of any loose stones, and the more you travel on it, the more it sinks in.

Ms. Palmer asked why they are not just putting another layer of asphalt on it. Mr. Scott responded that it is more expensive and they can get more roads done if they use the surface treatment than if they use the asphalt. That process is more for neighborhood roads, not major roads like Route 29 or Rio, and the roads last as long if they are properly maintained. He stated that another example of a surface-treated road is Polo Grounds Road, which is a highly traveled road, and that treatment was done very well.

Ms. McKeel stated that some of the asphalt in older neighborhoods have reached the end of their lifespan, many of which were not up to standard because they predated VDOT standards.

Mr. Scott asked the Board to let VDOT know if they are aware of roads in these neighborhoods, which are checked every four to six years with measurements for rideability, how much vibration is present, and vehicle trips per day.

Ms. McKeel asked if he could send a link on how to get the results from the machines placed in neighborhoods to measure these factors. Mr. Scott responded that he would.

Mr. Scott reported that the active traffic management system at I-64 will be complete on July 8, including all of the new message boards and cameras going over Afton Mountain.

Ms. Mallek stated that about seven months ago, there was a safety issue in which a landowner was willing to donate land for widening on Brown's Gap Turnpike so that two cars could pass, and she would like it to be followed up on before winter. Mr. Scott responded that he would follow up on that item.

Ms. Palmer asked Mr. Scott for a link to the traffic report on Old Lynchburg Road. Mr. Scott responded that Mr. Gaituah would be handling all of the traffic studies.

Mr. Kobina Gaituah addressed the Board and stated that the Route 743-Earlysville Road study on truck speed was completed; the crossing request for Route 1140-South Pantops Drive is in the works, and signs will be put up and possibly a block crossing. Mr. Gaituah reported that regarding Ms. Mallek's request for the removal of the passing zone at Earlysville Road, research shows that it is the only passing zone between Hydraulic Road and Earlysville, so taking that out means that everyone would have to stay behind slow-moving vehicles until they reach the end, so that is the reason the request was not fulfilled.

Ms. Mallek stated that the problem is the people exiting the business, which has been there since the 1950s, and when people are turning toward Charlottesville and heading south, the passing lane is in the middle of the no-passing lines on the other side. She said that she only recently became aware of this, and since the request went in the speed limit has been lowered to 40 and signs have been put up, but she would hate to wait until someone is killed before doing anything, so she would like VDOT to reconsider.

Mr. Gaituah reported that the study of the through arrow at Route 29/250 is complete and that arrow has been removed, as it had been causing some confusion. He stated that the John Warner Parkway had a request for a sign to direct people as to where downtown is, but there is limited space in the median and trying to fit all of it onto a sign board is proving difficult. Mr. Gaituah noted that the results of that study will be completed within a month.

Mr. Gaituah reported that the mast arm of the signal at Rio Road and Earlysville Road is an older model, and the fix is to take down the entire signal arm and put up a newer one that would support signal heads and signs. He stated that there is also a plan to put on flashing arrows and to try to get away from a yield on green, with the arrows making more sense to drivers. Mr. Gaituah reported that flashing arrows have also been installed on the I-64 ramps at 5th Street and Route 250. He stated that there is a signal at Rio Road and Four Seasons that is unwarranted, and there is a process to the removal that will begin after Rio is reopened in which flashing yellow lights will be put up for 90 days, and that will be closely monitored to see if the service level reduces or if problems arise.

Ms. Mallek stated that while she does not represent that area, she travels that way all the time, and Four Seasons Drive is a major connector between Route 29 and Rio Road and helps create the grid with other streets. She said that Four Seasons Drive is impossible to use during rush hour if you are heading north to Rio Road, and taking away the possibility for people to turn south onto Rio to go north onto Earlysville Road will reduce service tremendously and increase driver aggravation, as well as having people jump out at a flashing yellow light and possibly causing accidents. Ms. Mallek suggested that installing a sensor would make it so that it does not have to rotate when people are not there.

Ms. Palmer stated that she uses that road a lot too, and she would be frustrated with this change.

Ms. McKeel said that if you are coming towards Rio Road on Earlysville Road where the church is, there is a double right-hand turn there and there used to be a sign for right turn on red, but that went away, and she is not sure why it had disappeared. She stated that she has seen several near misses with cars there and asked if the new signal would take care of that. Mr. Gaituah responded that it would, but it could not be installed on the mast that is there currently.

Ms. Mallek said the reason they went to the two right lanes turning right is because the traffic backs up all the way to the reservoir without it.

Ms. McKeel clarified that her point was that cars cannot make two lanes turn onto Hydraulic Road on the red light because it is dangerous.

Ms. Mallek stated the sign that is up is on northbound Hydraulic where you are only allowed to turn right from the right lane onto Route 29.

Mr. Gaituah reported that the project for the Route 29 rumble strips has been re-advertised, and initially it had been combined with some earthwork but it was hard for contractors to commit to both of them so it has been separated, and hopefully that will be re-advertised soon. He stated that due to the current weather situations, there have been a lot of cleanup activities, and inmates from the regional jail have been employed for mowing and trimming.

Ms. Mallek asked where the rumble strips are going to go, and if it is on Route 29 South. Mr. Scott confirmed that they are.

Agenda Item No. 16. Closed Meeting.

At 4:00 p.m., Mr. Dill **moved** that the Board go into Closed Meeting pursuant to Section 2.2-3711(A) of the Code of Virginia under Subsection (1): 1. to consider appointments to boards, committees, and commissions in which there are pending vacancies or requests for reappointments; and 2. to conduct the annual performance review of the County Executive; and under Subsection (7): 1. to consult with and be briefed by legal counsel and staff regarding specific legal matters requiring legal advice relating to permitted and prohibited public expenditures and advocacy of a bond referendum; and 2. to consult with and be briefed by legal counsel and staff regarding litigation in the case of Route 29 LLC v. County of Albemarle because a public discussion would adversely affect the negotiating or litigating posture of the County. Ms. Mallek **seconded** the motion.

Roll was called and the motion carried by the following recorded vote:

AYES: Mr. Dill, Ms. Mallek, Ms. McKeel, Ms. Palmer, Mr. Randolph and Mr. Sheffield.
NAYS: None.

Agenda Item No. 17. Certify Closed Meeting.

At 6:04 p.m., the Board reconvened into open meeting, and Mr. Dill **moved** that the Board certify by a recorded vote that to the best of each Board member'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. Ms. Mallek **seconded** the motion.

Roll was called and the motion carried by the following recorded vote:

AYES: Mr. Dill, Ms. Mallek, Ms. McKeel, Ms. Palmer, Mr. Randolph and Mr. Sheffield.
NAYS: None.

(**Note:** Mr. Sheffield read the following Transactional Disclosure Statement and filed with the Clerk's Office: "I am employed as Executive Director of JAUNT, a regional public transportation provider owned by the City of Charlottesville and the counties of Albemarle, Fluvanna, Louisa, Nelson and Buckingham located at 104 Keystone Place, Charlottesville, Virginia 22902, and have a personal interest in JAUNT because I receive an annual salary from JAUNT that exceeds \$5,000 annually.

JAUNT is a subject matter of this agenda because the litigation pertains to public transit service provided by JAUNT and JAUNT could realize a reasonably foreseeable direct or indirect benefit or detriment as a result of any decision related to JAUNT.")

Agenda Item No. 18a. Boards and Commissions: Vacancies and Appointments.

Ms. McKeel **moved** to **appoint** Ms. Alfreda Morris to the Piedmont Virginia Community College Board with said term to expire June 30, 2020. Ms. Mallek **seconded** the motion.

Roll was called and the motion carried by the following recorded vote:

AYES: Mr. Dill, Ms. Mallek, Ms. McKeel, Ms. Palmer, Mr. Randolph and Mr. Sheffield.
NAYS: None.

Mr. Sheffield noted that the Fiscal Impact Advisory Committee is up for reappointment, and with the changing proffer policy, the Board would like to have a joint meeting with the advisory committee to discuss their evolving role and get their input and future interaction that needs to happen.

Non-Agenda.

Ms. McKeel then **moved** that the Board approve Addendum 1 to the County Executive's employment agreement, increasing the County Executive's salary in Section 5, Paragraph A, by 2%, from \$184,853 to \$188,550 per year, effective July 1, 2016, and that the employee provide to employer every other year a survey of the market for his comparable position in similar localities, with all other provisions, terms and conditions in the County Executive's employment agreement remaining in full force and effect. Ms. Mallek **seconded** the motion.

Roll was called and the motion carried by the following recorded vote:

AYES: Mr. Dill, Ms. Mallek, Ms. McKeel, Ms. Palmer, Mr. Randolph and Mr. Sheffield.
NAYS: None.

ADDENDUM #1 TO COUNTY EXECUTIVE'S EMPLOYMENT AGREEMENT

This Addendum #1 to the County Executive's Employment Agreement dated June 30, 2015, hereinafter "the Agreement," is dated June 30, 2016 for identification, by and between the Albemarle County Board of Supervisors, hereinafter "Employer" and Thomas C. Foley, hereinafter "Employee."

The parties agree to the following amendment to the Agreement:

1. Section Five ("Compensation"), paragraph (A), is amended to reflect that, effective July 1, 2016, Employee's annual salary shall be increased by two percent (2%) to one hundred and eighty-eight thousand, five hundred fifty dollars (\$188,550) and will continue to be paid in equal monthly installments as provided for County employees generally, and is also amended to require that the Employee provide to Employer every other year a survey of the market for his comparable position in similar localities.

2. Except as amended above, the Agreement shall remain in full force and effect and the Employer and Employee hereby ratify and confirm all provisions, terms, and conditions set forth in the Agreement and any amendments thereto, including this Addendum.

IN WITNESS THEREOF, the Albemarle County Board of Supervisors has caused this Agreement to be signed and executed in its behalf by its Chair and the Employee has signed and executed this Agreement, both in duplicate, the day and year first above written.

Liz Palmer, Chair
Albemarle County Board of Supervisors

Thomas C. Foley, County Executive

Agenda Item No. 19. From the Public: Matters Not Listed for Public Hearing on the Agenda.

There were none.

Agenda Item No. 20. **Presentation:** Brooks Family YMCA Construction Quarterly Update.

Mr. Kurt Krueger, YMCA Board Chair, addressed the Board and thanked them for their generous contribution to the project, and for having the foresight to collaborate with the City of Charlottesville and the YMCA on a project that will benefit the citizens of the community, which none of them could have done individually.

Ms. Jessica Maslaney, CEO, Piedmont Family YMCA, addressed the Board and stated that the YMCA broke ground in November 2015, and presented slides showing the progress made since that time. Ms. Maslaney stated that the construction foundations and exterior walls are near completion, with the sand filter set and main pool piping installed, and all the underground plumbing and electrical rough-in was started. She said that in April, the steel erection was underway, the pool was excavated and the framework was started, with all masonry walls complete, and as of June 29, the steel framework is now complete, the roof deck installation is in progress, and the mechanical, electrical, plumbing and sprinkler rough-ins are complete. Ms. Maslaney stated that the report includes a timeline of everything expected to happen in the next 60-90 days, and said that they try to keep all the construction progress updated on the Brooks Family YMCA Facebook page. She said the left side of the building is the natatorium, with a 10-lane cold water competition pool and a 3-lane warm water family recreation and therapy pool. Ms. Maslaney stated that on the right side, there are also two basketball courts with a suspended walking track, and in the front there is a youth center with a child watch zone, a family intergenerational space, and a teen center, which the local high schools' "Avid" program will help design as part of a 10-week program. Ms. Maslaney reported that the YMCA has managed its contingency well, so they will be adding a mezzanine on the third floor and extending to 2,000 additional square feet for fitness in addition to the first floor/lobby fitness space. She stated the pool is on the left and the basketball court is on the right, and there will be three multi-purpose rooms, a group exercise space, and a functional training space, as well as a cycling studio, office space and storage space.

Ms. Maslaney said that the Y wants to differentiate itself from other groups in the community, with the goal of building strong kids, strong families, and strong communities, which they do through focus areas of youth development, healthy living and social responsibility, and programs are focused around those areas. She stated that the Y's goal is to inventory what is happening in the community, and they do not want to reinvent what other organizations are doing, they want to strengthen what is already happening. Ms. Maslaney referenced a menu of what the YMCA does besides just a "gym and swim," from family strengthening, social services, and advocacy services. She stated that the Y works to building a healthier community by ensuring that activities are affordable and accessible to everyone in the community, so the learn to swim program partners with schools to "waterproof" the community; there is also a "hop the gap" educational school readiness program, a diabetes prevention program and a togetherness program. Ms. Maslaney reported that the Y is actively trying to meet with groups that have cross services with them, as they feel there are a lot of great partnerships they can have with community agencies, and this fall the Y will hold a series of events with identified nonprofit agencies to see how they can work together.

Ms. Maslaney reported that the Y has all the funding needed to complete this project and has a \$12 million bank loan, with all pledges received in the schedule expected, and their capital campaign committee is working on a \$6 million fundraising effort to try to cut their mortgage in half, which will allow them to redirect approximately \$450,000 into programs, services and community outreach initiatives. She stated that this will allow them to establish a power scholars program to address summer learning loss for low-income children, adventure guides family strengthening program, a youth in government program for high school students, a "live strong at the Y" cancer survivors program, and a newcomers program for low-income, at-risk refugee families in the community.

Mr. Dill asked how much the Y will be using the McIntire Park facilities in terms of the outdoor life and hiking facilities. Ms. Maslaney responded that the Y plans to use many of those amenities and are very excited about the McIntire Botanical Gardens, and sees the opportunity to collaborate with other parts of the park. She stated that the ground lease has five acres in the park, but the Y does not necessarily have scheduling rights to the fields but will work with the Parks and Recreation Department on that.

Mr. Dill asked if they were doing any programs with the high schools. Ms. Maslaney responded that the AVID program, which is a goal-setting program for teenagers, will work with the Y for 10 months and help design the teen center space, and hopefully the new principal at Charlottesville High School will work with the Y on establishing some additional programs.

Ms. McKeel noted that AVID focuses on students who are identified as first generation college students, and there is a large population of those students throughout the county.

Mr. Krueger stated that the competitive pool in the natatorium will be the home pool for the Charlottesville swim team, so they will be practicing there during the school year, and there are also a number of CHS students who do not play on the athletic teams, but would like to have some kind of outlet or participate in after-school activities. He noted that many students can walk to the facility, but the Y will also be working with the schools to establish bus routes with the City.

Ms. Palmer asked if other high schools will be using the pool. Mr. Krueger responded that no school other than CHS had designated time at the natatorium, but the Y is serving Western Albemarle, Miller School and Field School at the Crozet facility. He stated that pool space in the area is very limited, so there will likely be more requests to use the new pools, and the Y also serves a large segment of the community with its Kayak swim program.

Ms. McKeel stated that Charlottesville students are often able to take swim lessons through their programs, but Albemarle County students have never had the benefit of a swim facility, and she hopes the YMCA will have outreach to those students as well, especially minority students who need to learn how to swim.

Mr. Krueger stated that through their collaboration with Gordon Hair and his Ben Hair Just Swim for Life program, they would like to be able to offer swim lessons, although there are some bussing and transportation issues in order to be able to do it. He said that with the new McIntire Park facility they would like to reach out to every second grader in Charlottesville and Albemarle and see if the Y can teach them to swim.

Ms. McKeel commented that good coordination is needed with the schools, especially for students in the urban ring.

Ms. Mallek stated that Gordon Hair has been working with the elementary schools in Crozet, but that effort has fallen apart, so she will forward some emails to Ms. McKeel to get some help with this.

Ms. Maslaney stated there are 70 YMCAs across the state, and those organizations are eager to come in and help advise on the implementation and programmatic aspects.

Ms. Mallek said that everybody is moving to a salt pool, and the health problems for chlorine pool swimmers is significant over time, and the maintenance is so much less that the initial investment in a salt pool is recouped quickly. Ms. Maslaney responded that the Y is building a state of the art pool with chloramine evacuation systems on both pools, UV capabilities, and state of the art controller systems, and she will forward that information to the Board.

Ms. Mallek commented that some children have bad allergies to chlorine and cannot even swim in it, and Crozet had salt water so the Y has experience with that. Ms. Maslaney stated that the system at Crozet was switched about a year ago and is now chlorine, and salt pools are geared more toward backyard personal use, with additional challenges for commercial pools.

Ms. Palmer said that one of the big issues with public pools is to get people to shower before they go in, which increases allergy reactions dramatically, and asked if the Y uses them as a standard protocol. Ms. Maslaney responded that they do, and just added on-deck showers, so they will be encouraging people to use them before they get in the pool.

Mr. Krueger noted that the Y has been working with consultants which has access to a lot of best practices for school construction, safety, and health, including addressing the chloramine issues that arise with public pools, and they are trying to build a state of the art natatorium that meets the best practices nationally that they have now.

Board members thanked the Y representatives for coming in.

Agenda Item No. 21. **Public Hearing:** FY 2017 Budget Amendment and Appropriations.
(Advertised in the Daily Progress on June 26, 2016.)

The Executive Summary presented to the Board states that Virginia Code § 15.2-2507 provides that any locality may amend its budget to adjust the aggregate amount to be appropriated during the fiscal year as shown in the currently adopted budget; provided, however, any such amendment which exceeds one percent of the total expenditures shown in the currently adopted budget must be accomplished by first publishing a notice of a meeting and holding a public hearing before amending the budget. The Code section applies to all County funds, i.e., General Fund, Capital Funds, E911, School Self-Sustaining, etc.

The cumulative total of the FY 2017 appropriations itemized below is \$12,379,600.29. Because the cumulative amount of the appropriations exceeds one percent of the currently adopted budget, a budget amendment public hearing is required.

The proposed increase of this FY 2017 Budget Amendment totals \$12,379,600.29. The estimated expenses and revenues included in the proposed amendment are shown below:

ESTIMATED EXPENDITURES

General Fund	\$	(78,247.00)
Special Revenue Funds	\$	380,410.00
ECC Funds	\$	11,974,931.24
Capital Improvements Funds	\$	102,506.05
TOTAL ESTIMATED EXPENDITURES - All Funds	\$	12,379,600.29

ESTIMATED REVENUES

Local Revenue	\$	11,045,432.19
State Revenue	\$	4,506.05
Federal Revenue	\$	342,835.00
Other Fund Balances	\$	986,827.05
TOTAL ESTIMATED REVENUES - All Funds	\$	12,379,600.29

The budget amendment is comprised of nine (9) separate appropriations as follows:

- One (1) Appropriation (#2017002) to appropriate \$100,000.00 pursuant to the Board's direction on June 1, 2016 and the Board's expected adoption of a Resolution on July 6, 2016 related to the Board's approval of the amendment of the FY17-21 Capital Improvement Program;
- One (1) Appropriation (#2017003) to appropriate \$11,212.00 to the Albemarle Charlottesville Regional Jail (ACRJ) from the Blue Ridge Juvenile Detention Center (BRJDC) and Reserve for Contingencies. This appropriation does not increase the total County budget;
- One (1) Appropriation (#2017004) to reduce the appropriation for the School Resource Officer by \$78,247.00 and reallocate the remaining \$78,248.00 of the cost of the officer to the Reserve for Contingencies;
- One (1) Appropriation (#2017005) to appropriate \$2,506.05 for the Acquisition Conservation Easement (ACE) program;
- One (1) Appropriation (#2017006) to appropriate \$10,000.00 in donations to the Department of Fire Rescue;
- One (1) Appropriation (#2017007) to re-appropriate \$27,575.00 to the Fire Rescue Services Fund to complete a temporary pilot program to provide office administrative support to volunteer fire rescue stations;
- One (1) Appropriation (#2017008) to re-appropriate \$42,835.00 in federal grant funds for the Police Department to complete the awarded grants;
- One (1) Appropriation (#2017010) to re-appropriate \$300,000.00 in federal funding through the Commonwealth of Virginia Department of Housing and Community Development's Community Development Block Grant (CDBG) program; and
- One (1) Appropriation (#2017011) to re-appropriate \$23,261,982.66 to the Emergency Communications Center for various projects. A portion of this re-appropriation, totaling \$11,287,051.42, does not increase the total County budget for a net increase to the total County budget of \$11,974,931.24.

After the public hearing, staff recommends that the Board adopt the attached Resolution (Attachment B) to approve the FY 2017 Budget Amendment in the amount of \$12,379,600.29 and to approve appropriations #2017002, #2017003, #2017004, #2017005, #2017006, #2017007, #2017008, #2017010, and #2017011 for local government and school division projects and programs as described in Attachment A.

Appropriation #2017002 **\$100,000.00**

Source: School CIP Fund balance \$ 100,000.00

Pursuant to the Board's direction on June 1, 2016 and the Board's expected adoption of a Resolution on July 6, 2016 related to its approval of the amendment of the Adopted FY 17-21 Capital Improvement Plan (CIP), this request is to appropriate \$100,000.00 in School Division CIP Fund fund balance towards the High School Capacity Planning project in FY 17. The total project is estimated at \$500,000 and is included over a two year period in the FY 17 - 21 CIP. This project will include the review and analysis of various options to address the current and growing significant overcrowding at Albemarle High School (AHS). In addition, various complex factors, including real estate, transportation, economic and architectural issues will be analyzed in the study to determine the best long-term solution for the County. The analysis will include the implications associated with various options, including building a new high school and the best use of a potentially vacated portion of AHS.

Appropriation #2017003 **\$0.00**

This does not increase the total County budget.

Source: Blue Ridge Juvenile Detention Center \$ 8,116.00
Reserve for Contingencies \$ 3,096.00

This request is to appropriate \$11,212.00 to the Albemarle Charlottesville Regional Jail (ACRJ) from the Blue Ridge Juvenile Detention Center (BRJDC) and the Reserve for Contingencies. Subsequent to the County's adoption of the FY17 budget, the ACRJ and BRJDC Boards adopted agency budgets that included insurance-related adjustments that will require a transfer of funding from the BRJDC to the ACRJ and will increase the County's contribution pursuant to the regional agreements.

After the approval of this appropriation, the FY17 Reserve for Contingencies balance will be \$241,665, of which \$16,400 has been reserved for a citizen survey.

Appropriation #2017004 **(\$78,247.00)**

Source: Transfer from School Division (\$78,247.00)

During the FY17 Budget Work Sessions, the Board approved funding for a School Resource Officer with the assumption that the School Board would provide funding for half of the costs associated with the position. The total cost of the officer position would have been \$156,495.00 and it was initially intended to be funded with \$78,248.00 in General Fund revenue and \$78,247.00 in School Fund revenue. After the work sessions, the School Board found that it was unable to include this position in its budget and did not include funding for this position in its adopted budget.

This request is to reduce the current appropriation for the School Division's share of the School Resource Officer position totaling \$78,247.00 and to reallocate the General Fund share totaling \$78,248.00 from the Police Department's budget to the Reserve for Contingencies. After the approval of this appropriation, this increases the Reserve for Contingencies to \$319,913, of which \$16,400 has been reserved for a citizen survey.

Appropriation #2017005 **\$2,506.05**

Source: General Gov't CIP Fund fund balance \$ 2,506.05

This request is to appropriate \$2,506.05 of fund balance for State revenue received in FY 16 from Virginia Land Conservation Foundation (VLCF) Transfer Fee Stewardship Fund to support the Acquisition Conservation Easement (ACE) program. The County and the Public Recreational Facilities Authority (PRFA) together accepted a total of twelve easements during the relevant period and \$20,048.40 in VLCF funding. Of these easements, the County co-holds one with the PRFA and one on its own, for a total of 1.5 easements, making the County's share of the State revenue \$2,506.05. Of the relevant easements, the PRFA co-holds one with the County and 10 on its own, for a total of 10.5 easements, making the PRFA's share \$17,542.35.

Appropriation #2017006 **\$10,000.00**

Source: Fire Rescue Donations Fund fund balance \$ 10,000.00

This request is to appropriate \$10,000.00 from the Fire Rescue Donations Fund to the Department of Fire Rescue. These donations will support various efforts, such as the car safety seat program, public education and one-time equipment or station furnishing purchases.

Appropriation #2017007 **\$27,575.00**

Source: Fire Rescue Services Fund fund balance \$ 27,575.00

This request is to re-appropriate \$27,575.00 from the FY16 Fire Rescue Services Fund balance to FY17 to complete a temporary pilot program to provide office administrative support to volunteer fire rescue stations. This funding was originally appropriated at the Board of Supervisors' October 7, 2015 meeting. This request has been reviewed with and is a priority of the Fire and Emergency Medical Services (FEMS) Board. This pilot program is scheduled to end in February, 2017.

Appropriation #2017008 **\$42,835.00**

Source: Federal Revenue \$ 42,835.00

This request is to re-appropriate the following Police Department grant funds:

- ☐ \$13,542.00 in federal funds from a U.S. Department of Justice grant to assist in funding overtime hours by current officers in support of reducing crime and the improvement of public safety through more "Community Policing".
- ☐ \$13,126.00 in federal funds from a state Department of Motor Vehicles Highway Safety grant to reduce DUI accidents through increased DUI enforcement, along with other traffic safety enforcement, including speeding and safety restraint usage.

- \$5,276.00 in federal funds from a state Department of Motor Vehicles Highway Safety grant to reduce motor vehicle accidents through increased speed enforcement, along with other traffic safety enforcement, including DUI and safety restraint usage.
- \$9,899.00 in federal funds for a Virginia Department of Criminal Justice Services grant to provide advanced Problem Oriented Policing (POP) training to police supervisors.

Appropriation #2017010 **\$300,000.00**

Source:	Federal Revenue	\$300,000.00
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This request is to re-appropriate \$300,000.00 in federal revenue through the Commonwealth of Virginia Department of Housing and Community Development's Community Development Block Grant (CDBG) program. The funding will provide public sanitary sewer to twenty homes as Phase II within the Oak Hill Subdivision.

Appropriation #2017011 **\$11,974,931.24**

Source:	Local*	\$ 22,410,730.61
	State Revenue	\$ 2,000.00
	ECC Funds fund balances	\$ 849,252.05

* On June 1, 2016, the Board approved an appropriation in the amount of \$11,287,051.42 for the County's share of the ECC projects as part of the CIP Carry-Forward Resolution; this amount will not increase the total County budget. The remainder of the re-appropriation totals \$11,974,931.24.

The Emergency Communication Center (ECC) requests that the County, acting as fiscal agent for the ECC, reappropriate a total of \$23,261,982.66 as follows:

- \$18,735,449.43 in various local and state revenue recovered from the project partners for the ECC 800 MHz Regional Communications System Replacement Project. This supports the replacement and upgrade of the infrastructure for the regional 800 MHZ Public Safety Radio System. The project partner shares are: City of Charlottesville – 25.2%, County of Albemarle* – 51.1%, University of Virginia – 15.9%, Charlottesville/ Albemarle Airport – 2.4%, RWSA – 2.4%, ACSA – 2.0%, and ACRJ – 1.0%.
- \$3,273,008.54 in various local and state revenue recovered from the project partners for the Regional Computer Aided Dispatch (CAD)/Technology Project. This supports the replacement of multiple outdated computer systems for all public safety agencies within the City, County and University. The project partner shares are: City of Charlottesville – 39.77%, County of Albemarle* – 47.10%, and University of Virginia – 13.13%.
- \$491,411.55 in ECC fund balance to complete the 800 MHz radio system augmentation project which improves system coverage and replacement of equipment such as generators, uninterrupted power supplies, and recorders for 800 MHz radio system users.
- 402,272.64 in various local and state revenue recovered from the project partners for the 911 Emergency Telephone System. This supports the replacement of the telephone system at the ECC and the back-up facility at ACOB 5th Street which is near completion with the system being in use since February 2016. The project partner shares are: City of Charlottesville – 40.58%, County of Albemarle* – 42.67%, and University of Virginia – 16.75%.
- \$250,000.00 in ECC Fund Balance for the replacement of the dispatch consoles within the ECC, which will coincide with the installation of the new CAD System equipment.
- \$82,840.50 in ECC Fund Balance to complete the upgrade of the ECC's Pictometry Oblique Imagery Mapping software, which is upgraded in conjunction with the new CAD System.
- \$25,000.00 in ECC Fund Balance for the repair and replacement of bi-directional antenna (BDA) equipment, which provides in-building radio coverage for the public safety providers. The ECC is responsible for 26 BDA units that are within government buildings throughout the City, County and University.
- \$2,000.00 in state funding for training for public safety communications personnel.

Ms. Lori Allshouse, Director of the Office of Management and Budget, addressed the Board and stated that Virginia Code requires that the County hold a public hearing before amending its budget when the total amount of the funds appropriated exceed 1% of the expenditures of the current adopted budget. She stated that the proposed FY17 budget amendment includes nine separate appropriations totaling approximately \$12.4 million, and these appropriations include the appropriation of grant monies for ECC projects and other adjustments, primarily associated with the transition to the new fiscal year. Ms. Allshouse stated that staff's recommendation is for the Board to approve the budget amendment and adopt the resolution for the appropriations.

The Chair opened the public hearing. There was no comment offered, and the Chair closed the public hearing.

Mr. Randolph **moved** to adopt the proposed resolution to approve the FY 2017 Budget Amendment in the amount of \$12,379,600.29 and to approve appropriations #2017002, #2017003, #2017004, #2017005, #2017006, #2017007, #2017008, #2017010, and #2017011 for local government and school division projects and programs. Ms. McKeel **seconded** the motion.

Roll was called and the motion carried by the following recorded vote:

AYES: Mr. Dill, Ms. Mallek, Ms. McKeel, Ms. Palmer, Mr. Randolph and Mr. Sheffield.
NAYS: None.

(The adopted Resolution is set out below:)

**RESOLUTION TO APPROVE
ADDITIONAL FY 17 APPROPRIATIONS**

BE IT RESOLVED by the Albemarle County Board of Supervisors:

- 1) That the FY17 Budget is amended to increase it by \$12,379,600.29;
- 2) That Appropriations #2017002, #2017003, #2017004, #2017005, #2017006, #2017007, #2017008, #2017010, and #2017011 are approved; and
- 3) That the appropriations referenced in Paragraph #2, above, are subject to the provisions set forth in the Annual Resolution of Appropriations of the County of Albemarle for the Fiscal Year ending June 30, 2017.

**COUNTY OF ALBEMARLE
APPROPRIATION SUMMARY**

APP#	ACCOUNT	AMOUNT	DESCRIPTION
2017002	3-9000-69000-351000-510100-6599	\$100,000.00	SA2017002 H S Capacity Planning
2017002	4-9000-69985-466730-312350-6301	\$100,000.00	SA2017002 H S Capacity Planning
2017003	4-1000-33020-433020-700002-1003	\$11,212.00	SA2017003
2017003	4-1000-39001-439000-563400-1003	(\$8,116.00)	SA2017003
2017003	4-1000-99900-499000-999990-9999	(\$3,096.00)	SA2017003
2017004	4-1000-31013-431010-999998-1003	(\$156,495.00)	SA2017004
2017004	4-1000-99900-499000-999990-9999	\$78,248.00	SA2017004
2017004	3-1000-51000-351000-510307-9999	(\$78,247.00)	SA2017004
2017005	3-9010-24000-324000-240766-1007	\$2,506.05	SA2017002 ACE
2017005	4-9010-81010-481020-580409-1240	\$2,506.05	SA2017002 ACE
2017006	3-8405-51000-351000-510100-9999	\$10,000.00	SA2017006 App Fund Balance
2017006	4-8405-93010-493010-930050-9999	\$10,000.00	SA2017006 Transfer to FR Fund
2017006	3-1805-51000-351000-512008-9999	\$10,000.00	SA2017006 Transfer from Fund #8405
2017006	4-1805-32016-432010-580015-1003	\$10,000.00	SA2017006 Donations - Misc
2017007	3-1805-51000-351000-510100-9999	\$27,575.00	SA2017007 App fund balance
2017007	4-1805-32011-432010-130000-1003	\$20,500.00	SA2017007 part-time wages
2017007	4-1805-32011-432010-210000-1003	\$1,500.00	SA2017007 FICA
2017007	4-1805-32011-432010-550104-1003	\$2,000.00	SA2017007 mileage
2017007	4-1805-32011-432010-600100-1003	\$200.00	SA2017007 office supplies
2017007	4-1805-32011-432010-520300-1003	\$850.00	SA2017007 telecommunications
2017007	4-1805-32011-432010-601100-1003	\$200.00	SA2017007 uniforms and apparel
2017007	4-1805-32011-432010-360000-1003	\$100.00	SA2017007 advertising
2017007	4-1805-32011-432010-800200-1003	\$850.00	SA2017007 furniture and fixtures
2017007	4-1805-32011-432010-800700-1003	\$1,375.00	SA2017007 technology equipment
2017008	3-1519-33000-333000-300001-1003	\$13,542.00	SA2017008 Federal Revenue
2017008	4-1519-31013-431010-120000-1003	\$12,579.00	SA2017008 Overtime Wages
2017008	4-1519-31013-431010-210000-1003	\$963.00	SA2017008 FICA
2017008	3-1533-33000-333000-330011-1003	\$13,126.00	SA2017008 Federal Revenue
2017008	3-1533-51000-351000-512004-9999	\$992.00	SA2017008 Grants Leveraging fund
2017008	4-1533-31013-431010-120000-1003	\$12,972.00	SA2017008 Overtime
2017008	4-1533-31013-431010-210000-1003	\$992.00	SA2017008 FICA
2017008	4-1533-31013-431010-800100-1003	\$154.00	SA2017008 Machinery & Equipment
2017008	3-1529-33000-333000-330011-1003	\$4,901.00	SA2017008 Federal Revenue
2017008	3-1529-51000-351000-512004-9999	\$375.00	SA2017008 Grants Leveraging Fund
2017008	4-1529-31013-431010-120000-1003	\$4,901.00	SA2017008 Overtime
2017008	4-1529-31013-431010-210000-1003	\$375.00	SA2017008 FICA
2017008	3-1508-33000-333000-330412-1003	\$9,404.00	SA2017008 Federal Revenue - DCJS
2017008	3-1508-51000-351000-512004-9999	\$495.00	SA2017008 Grants Leveraging Fund
2017008	4-1508-31013-431010-550100-1003	\$9,899.00	SA2017008 Travel/Training
2017010	3-1219-33000-333000-330009-1008	\$300,000.00	SA2017008 Federal Revenue
2017010	4-1219-81030-481030-300205-1008	\$15,000.00	SA2017008 Administrative Services
2017010	4-1219-81030-481030-950523-1008	\$285,000.00	SA2017008 ASCA - Oak Hill
2017011	3-4100-24000-324000-240552-9999	\$2,000.00	SA2017011 VA 911 Board Training Funds for PSAP
2017011	3-4100-51000-351000-510100-9999	\$357,840.50	SA2017011 App Fund Balance
2017011	4-4100-31040-435600-312210-1003	\$82,840.50	SA2017011 Upgrade of Pictometry Oblique Imagery Mapping
2017011	4-4100-31040-435600-550100-1003	\$2,000.00	SA2017011 VA 911 Board Training Funds for PSAP
2017011	4-4100-31040-435600-800201-1003	\$250,000.00	SA2017011 ECC Dispatch Console Replacement Project
2017011	4-4100-31040-435600-800700-1003	\$25,000.00	SA2017011 BDA Equipment Repair/Replacement

2017011	3-4110-19000-319000-160502-9999	\$4,721,333.26	SA2017011 ECC Regional 800 MHz - City
2017011	3-4110-19000-319000-160503-9999	\$9,573,814.66	SA2017011 ECC Regional 800 MHz - County
2017011	3-4110-19000-319000-160512-9999	\$2,978,936.46	SA2017011 ECC Regional 800 MHz - UVA
2017011	3-4110-19000-319000-160534-9999	\$449,650.79	SA2017011 ECC Regional 800 MHz - Airport
2017011	3-4110-19000-319000-160627-9999	\$449,650.79	SA2017011 ECC Regional 800 MHz - RWSA
2017011	3-4110-19000-319000-160633-9999	\$374,708.99	SA2017011 ECC Regional 800 MHz - ACSA
2017011	3-4110-19000-319000-181314-9999	\$187,354.48	SA2017011 ECC Regional 800 MHz - ACRJ
2017011	4-4110-31058-435600-950185-1003	\$18,735,449.43	SA2017011 ECC Regional 800 MHz Project
2017011	4-4117-31061-435600-310000-1003	\$721,131.00	SA2017011 ECC Regional CAD/Tech Project
2017011	4-4117-31061-435600-312700-1003	\$13,903.74	SA2017011 ECC Regional CAD/Tech Project
2017011	4-4117-31061-435600-312710-1003	\$263,827.58	SA2017011 ECC Regional CAD/Tech Project
2017011	4-4117-31061-435600-332100-1003	\$1,444,523.00	SA2017011 ECC Regional CAD/Tech Project
2017011	4-4117-31061-435600-550100-1003	\$2,157.11	SA2017011 ECC Regional CAD/Tech Project
2017011	4-4117-31061-435600-800150-1003	\$100,000.00	SA2017011 ECC Regional CAD/Tech Project
2017011	4-4117-31061-435600-800700-1003	\$311,121.51	SA2017011 ECC Regional CAD/Tech Project
2017011	4-4117-31061-435600-999996-1003	\$1,950.00	SA2017011 ECC Regional CAD/Tech Project
2017011	4-4117-31061-435600-999999-1003	\$414,394.60	SA2017011 ECC Regional CAD/Tech Project
2017011	3-4117-19000-319000-160502-9999	\$1,301,675.50	SA2017011 ECC Regional CAD/Tech - City
2017011	3-4117-19000-319000-160503-9999	\$1,541,587.02	SA2017011 ECC Regional CAD/Tech - County
2017011	3-4117-19000-319000-160512-9999	\$429,746.02	SA2017011 ECC Regional CAD/Tech - UVA
2017011	4-4110-31060-435600-300204-1003	\$800.00	SA2017011 ECC 800 MHZ Radio Augmentation Project
2017011	4-4110-31060-435600-312105-1003	\$3,096.43	SA2017011 ECC 800 MHZ Radio Augmentation Project
2017011	4-4110-31060-435600-312351-1003	\$6,500.00	SA2017011 ECC 800 MHZ Radio Augmentation Project
2017011	4-4110-31060-435600-331601-1003	\$9,791.00	SA2017011 ECC 800 MHZ Radio Augmentation Project
2017011	4-4110-31060-435600-540000-1003	\$1,200.00	SA2017011 ECC 800 MHZ Radio Augmentation Project
2017011	4-4110-31060-435600-800150-1003	\$264,158.20	SA2017011 ECC 800 MHZ Radio Augmentation Project
2017011	4-4110-31060-435600-800305-1003	\$195,995.35	SA2017011 ECC 800 MHZ Radio Augmentation Project
2017011	4-4110-31060-435600-999999-1003	\$9,870.57	SA2017011 ECC 800 MHZ Radio Augmentation Project
2017011	3-4110-51000-351000-510100-9999	\$491,411.55	SA2017011 ECC 800 MHZ Radio Augmentation Project
2017011	4-4105-31059-435600-800715-1003	\$402,272.64	SA2017011 ECC 911 Emergency Telephone System
2017011	3-4105-19000-319000-160502-9999	\$163,242.24	SA2017011 ECC 911 Emergency Telephone System - City
2017011	3-4105-19000-319000-160503-9999	\$171,649.74	SA2017011 ECC 911 Emergency Telephone System - County
2017011	3-4105-19000-319000-160512-9999	\$67,380.66	SA2017011 ECC 911 Emergency Telephone System - UVA
TOTAL		\$47,353,303.42	

Note: Ms. Palmer stated that the Board has been asked to rearrange the order of the remaining public hearings and begin with Agenda Item No. 25. Board members concurred.

Agenda Item No. 25. Public Hearing: Ordinance to amend County Code Chapter 4, Animals and Fowl to be consistent with State Code.

An ordinance to amend Albemarle County Code Chapter 4, Animals and Fowl, Article II, Dogs, Division 1, In General, Section 4-201, Dogs Killing, Injuring or Chasing Livestock or Poultry. The ordinance would clarify that the general district court may order that a dog determined to have injured or killed livestock or poultry be euthanized as a means of killing the dog, and would permit the general district court to order that any dog that has been found to have injured or killed only poultry be microchipped and either confined securely or transferred to another owner whom the court deems appropriate, consistent with Virginia Code § 3.2-6552.
(Advertised in the Daily Progress on June 20 and 27, 2016.)

The Executive Summary presented to the Board states that the 2016 General Assembly amended Virginia Code § 3.2-6552 to clarify that the general district court may order that a dog determined to have injured or killed livestock or poultry may be euthanized as a means of killing the dog and would allow the general district court to order that any dog determined to have injured or killed only poultry be microchipped and either confined securely or transferred to another owner whom the court deems appropriate.

An amendment to the County Code is necessary to make it consistent with the Virginia Code.

Staff has prepared a draft ordinance (Attachment A) to amend County Code § 4-201, Dogs killing, injuring or chasing livestock or poultry. The proposed ordinance would: -Amend § 4-201(B) to clarify that the general district court may order that a dog determined to have injured or killed livestock or poultry be euthanized as a means of killing the dog and to update the Virginia Code reference; and -Amend § 4-201(C) to allow the general district court to order that any dog that has been found to have injured or killed only poultry be microchipped and either confined securely or transferred to another owner whom the court deems appropriate.

The Animal Control Unit has confirmed that the amendment would not have any impact on its operations.

The adoption of the proposed ordinance would have no impact on the County's budget.

Staff recommends that after the public hearing, the Board adopt the attached ordinance (Attachment A).

Mr. John Blair, Senior Assistant County Attorney, addressed the Board and stated that he will be presenting for their consideration amendments to Albemarle County Code § 4-201, which incorporate changes made by the General Assembly to the Virginia Code, specifically § 3.2-6552, which went into effect July 1, 2016. He stated that the County Code section mirrors the state code, and the proposed amendments would keep County Code consistent with state code. Mr. Blair explained that the amendments' purpose is to provide a judicial alternative for dogs found to be poultry killers by the Albemarle County General District Court. He stated that under the previous code provisions, the judge had two options: to have the dog euthanized, or to be transferred to a state that does not border Virginia and forbidden to return. Mr. Blair said that the amendments would give the judge two new alternatives: to have the dog's ownership transferred to a new owner in any state, even Virginia or a bordering state, with the dog microchipped and registered to the new owner; and to allow for the owner to keep the dog, with the dog microchipped and required to be kept inside the owner's residence or in an enclosed structure that ensures that other animals, children or adults cannot have contact with the dog. He noted that if the owner decides to take the dog off his property, the dog would need to be muzzled and on a leash so as not to have contact with another human or animal.

Ms. McKeel commented that these are the same restrictions put on a dog by the court if the animal bites a human, so it seems this legislation for poultry now parallels that. Mr. Blair confirmed that it does.

Ms. Palmer commented that this code seems to punish the animal and not the owner, which she finds Medieval, in that animals who attacked were tried and hung. She stated that she wished they could change the "shall" to a "may," but Mr. Kamptner has indicated that the County can only be more stringent, not less. Mr. Kamptner stated that his office can further explore what "more stringent" means, as the County has to either parallel the related state code verbatim or be more stringent.

Ms. Palmer said that they could be more stringent by punishing the owner and requiring the dog to be kept under lock and key or control, rather than euthanasia, and if this is defined by monetary means, that would be more stringent for the owner. She stated that while the Board would not be addressing this particular aspect tonight, she would like to revisit it in the future.

Ms. Mallek asked if there was a distinction made between livestock and poultry, perhaps because the "victims" are of lower value. Mr. Kamptner responded that there was a distinction in the code.

Ms. Mallek stated that the County needs to do a better job with its animal welfare ordinances, and that would likely address the issue that Ms. Palmer has raised.

Ms. McKeel said that they had talked about this several times at previous meetings.

Ms. Mallek commented that Stacey Norris would be bringing forth a draft sometime later this summer, to serve as a starting point.

The Chair opened the public hearing. There was no public comment, and the Chair closed the public hearing.

Mr. Randolph **moved** to adopt an Ordinance to amend Albemarle County Code § 4-201 as presented. Ms. McKeel **seconded** the motion.

Roll was called and the motion carried by the following recorded vote:

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

NAYS: None.

(The adopted Ordinance is set out below:)

ORDINANCE NO. 16-4(1)

AN ORDINANCE TO AMEND CHAPTER 4, ANIMALS AND FOWL, ARTICLE II, DOGS, DIVISION I, IN GENERAL, OF THE CODE OF THE COUNTY OF ALBEMARLE, VIRGINIA

BE IT ORDAINED By the Board of Supervisors of the County of Albemarle, Virginia, that Chapter 4, Animals and Fowl, Article II, Dogs, Division I, In General, is hereby amended as follows:

By Amending:

Sec. 4-201 Dogs killing, injuring or chasing livestock or poultry - Generally

CHAPTER 4. ANIMALS AND FOWL

ARTICLE II. DOGS

DIVISION I. IN GENERAL

4-201 Dogs killing, injuring or chasing livestock or poultry--Generally.

A. It shall be the duty of any animal control officer who may find a dog in the act of killing or injuring livestock or poultry to seize or kill such dog forthwith, whether such dog bears a tag or not. Any person finding a dog committing any of the depredations mentioned in this section shall have the right to kill such dog on sight, as shall any owner of livestock or his agent finding a dog chasing livestock on land utilized by the livestock when the circumstances show that such chasing is harmful to the livestock. Any court shall have the power to order the animal control officer or other officer to kill any dog known to be a confirmed livestock or poultry killer, and any dog killing poultry for the third time shall be considered a confirmed poultry killer. The court, through its contempt powers, may compel the owner, custodian, or harbinger of the dog to produce the dog.

B. Any animal control officer who has reason to believe that any dog is killing livestock or poultry shall be empowered to seize such dog solely for the purpose of examining such dog in order to determine whether it committed any of the depredations mentioned herein. Any animal control officer or other person who has reason to believe that any dog is killing livestock, or committing any of the depredations mentioned in this section, shall apply to a magistrate of the county, who shall issue a warrant requiring the owner or custodian, if known, to appear before the general district court at a time and place named therein, at which time evidence shall be heard. If it shall appear that the dog is a livestock killer, or has committed any of the depredations mentioned in this section, the district court shall order that the dog be: (i) killed or euthanized immediately by the animal control officer or other officer designated by the court; (ii) or removed to another state that does not border the Commonwealth and prohibited from returning to the Commonwealth. Any dog ordered removed from the Commonwealth that is later found in the Commonwealth shall be disposed of pursuant to Virginia Code § 3.2-6552

C. Notwithstanding the provisions of subsection B, if it is determined that the dog has killed or injured only poultry, the district court may, instead of ordering killing, euthanasia, or removal to another state pursuant to this section, order either (a) that the dog be transferred to another owner whom the court deems appropriate and permanently fitted with an identifying microchip registered to that owner or (b) that the dog be fitted with an identifying microchip registered to the owner and confined indoors or in a securely enclosed and locked structure of sufficient height and design to prevent the dog's escape; direct contact with the dog by minors, adults, or other animals; or entry by minors, adults, or other animals. The structure shall be designed to provide the dog with shelter from the elements of nature. When off its owner's property, any dog found to be a poultry killer shall be kept on a leash and muzzled in such a manner as not to cause injury to the dog or interfere with its vision or respiration, but so as to prevent it from biting a person or another animal.

State law reference--Va. Code § 3.2-6552.

(Code 1967, § 4-9; 4-13-88; Code 1988, § 4-9; Ord. 98-A(1), 8-5-98, § 4-203; Ord. 09-4(1), 7-8-09; Ord. 14-4(1), 6-4-14, effective 7-1-14)

Agenda Item No. 24. **Public Hearing: Vehicle License Ordinance Amendments.**

An ordinance to amend Albemarle County Code Chapter 9, Motor Vehicles and Traffic, Article IV, County Vehicle Licenses, by amending Sections 9-401 Violations, 9-404 License Tax-Amounts, 9-405 License Tax-Prorating, and 9-406 License Tax-Refunds. The ordinance would impose an annual \$250 penalty on owners of out-of-state vehicles not registered in Virginia within 30 days of residency for so long as the motor vehicle remained unregistered in Virginia; update the amounts of various County vehicle license taxes; allow for the monthly proration of vehicle license taxes for both new and previously-registered vehicles; and eliminate both the rounding of the prorated vehicle license tax to the nearest dollar and the minimum prorated vehicle license tax of \$2.00. *(Advertised in the Daily Progress on June 20 and 27, 2016.)*

The Executive Summary presented to the Board states that upon review of the County's vehicle license ordinance, the Finance Department is recommending updates and improvements to four sections of Chapter 9 (Motor Vehicles and Traffic) of the Albemarle County Code. These proposed revisions are intended both to improve the County's collection practices and to align the County Code with current State law.

The attached proposed ordinance (Attachment A) would amend four sections of Chapter 9 (Motor Vehicles and Traffic) of the Albemarle County Code.

1. Sec. 9-401 - Vehicle License - registration deadline - Would impose a \$250 penalty annually on out-of-state vehicles not registered in Virginia within 30 days of residency, as enabled by *Virginia Code* § 46.2-662(B). The provision to impose the fee on an annual basis was added after the Board's initial review of a draft ordinance on June 1 as enabled by *Virginia Code* § 46.2-662(B).
 - Purpose: To ensure that new residents timely register their vehicles and begin paying their fair share of taxes. The Virginia Department of Motor Vehicles

- already requires registration of vehicles garaged in Virginia for more than 30 days.
- Consequence: Would penalize owners of vehicles with out of state license plates if not registered in Virginia within 30 days of a change in residency.
2. Sec. 9-404 - Vehicle License Tax - Would update the various County vehicle license fee amounts in accordance with the adopted FY17 County budget.
- Purpose: To codify the County vehicle license fee amounts approved in the County's adopted FY17 budget.
 - Consequence: Owners of certain vehicles would pay different fee amounts for their County vehicle license, depending on their gross vehicle weight or the gross weight of trailers and semi-trailers, consistent with the County's adopted FY17 budget.
3. Sec. 9-405 - Vehicle License Tax - proration - Would: (a) allow the monthly proration of the vehicle license tax for previously registered vehicles; (b) eliminate the rounding of a prorated vehicle license tax to the nearest dollar; and (c) eliminate a minimum prorated vehicle license tax of \$2. These proposed amendments are system driven. The current regulation requires manual computation and adjustment entry in the current system, which is not programmed to round a prorated vehicle license tax to the nearest dollar.
- Purpose: Albemarle County is the only jurisdiction in Virginia served by the Revenue Administration System vendor that manually pro-rates vehicle license fees in the current manner. Vendor customization(s) for Albemarle's unique provisions would be more costly than any revenue that might otherwise be generated.
 - Consequence: Though some taxpayers may pay slightly more or slightly less in vehicle license taxes, staff does not expect a significant impact.
4. Sec. 9-406 - Vehicle License Tax - refunds - Would: (a) eliminate the rounding of prorated vehicle license tax refunds to the nearest dollar; and (b) eliminate the minimum prorated vehicle license tax refund of \$2. These proposed amendments are also system driven. The current regulation requires manual computation and adjustment entry in the current system, which is not programmed to round vehicle license tax refunds to the nearest dollar.
- Purpose: Albemarle County is the only jurisdiction in Virginia served by the County's Revenue Administration System vendor that manually pro-rates vehicle license tax refunds in the current manner. Vendor customization(s) for Albemarle's unique provisions would be more costly than any revenue that might otherwise be generated.
 - Consequence: County staff does not expect a significant impact from this proposed amendment.

Though the budgetary impact of these proposed amendments is difficult to predict with any certainty, staff anticipates that only one of the proposed revisions would have a budget impact. Staff projects that updating the various County vehicle license fee amounts (§ 9-404) would result in a \$250,000 revenue gain in FY17, as reflected in the adopted FY17 budget. Staff does not anticipate a significant budget impact from any of the other proposed revisions.

Following the public hearing, staff recommends that the Board adopt the attached proposed ordinance (Attachment A).

Ms. Betty Burrell, Director of Finance, addressed the Board and presented information on proposed changes to County Code and thanked revenue team staff for their work, as well as recognizing Mr. Andy Herrick, Senior Assistant County Attorney, for his work in preparing for this item. Ms. Burrell stated that Chapter 9, Article 405, allows for the monthly proration of vehicle taxes on both new and previously registered vehicles and deletes the rounding of the vehicle tax to the nearest dollar, and in one particular example, a \$32.00 bill would be \$32.08. She noted that while this does not seem like a big change with respect to administration, there have been problems with the system and staff is having to perform the rounding manually, and she noted that there will be minimal impact to customers.

Ms. Mallek asked for clarification that it is less work just to leave the pennies on the bill amount rather than rounding them. Ms. Burrell confirmed that is the case. She also mentioned that she has communicated individually with some Board members who had inquired about vehicles in the community whose owners maintain a residence here but have out-of-state plates, and therefore do not pay County personal property taxes. Ms. Burrell stated that the Board had proposed some increases in vehicle license fees as part of balancing the budget, and in concert with the adopted budget already in place, staff is asking for the amendments to the codes to be able to charge the fees as included in the budget.

Ms. McKeel stated that she is aware of numerous situations in which people do not change their registrations to Virginia for years after they move here, and she asked whether this is complaint-driven and enforced by the police department. Ms. Burrell responded that the County does not have the staff resources for this to be a complaint-driven process, and should the Board adopt this, staff intends to first communicate with leasing managers and agents at apartment complexes, as those tend to have more transient individuals who are less likely to register their vehicles. She added that the DMV requires

licensing of vehicles after 30 days, so this tool provides a second enforcement tool after the individual does not comply with Virginia law. Ms. Burrell emphasized that the County is not relying on the police department because it is known that their resources are already overextended, and the hope is not to enforce a penalty but to have people register their vehicles and pay taxes based on those values.

Ms. McKeel stated that she is aware of cars that have been in the County for years, and those belong to residents of houses, not apartments. Ms. Burrell responded that this was the first step toward addressing the problem, so if the Board wants to give direction to Finance to take it to the next level, they certainly can take it to the next level.

Mr. Dill asked if students are required to change their registrations to Virginia and then back to their home states when they return. Ms. Burrell clarified that this does not apply to students, as they are treated differently under state code with respect to vehicle registrations.

Ms. Mallek said that her understanding is that military personnel can register anywhere they want to, and there is an exemption for them, with Delaware and Florida having no vehicle taxes, and thus being the most used states. Ms. Burrell responded that there are provisions under what was once called the "Soldiers and Sailors Act" that treat military personnel differently.

Ms. McKeel said there is nothing that tells people they need to change their registration, such as their auto insurance.

Mr. Sheffield stated that most insurance companies have a clause that requires people to notify the company if they move.

Ms. McKeel commented that she is amazed by how many of these situations there are.

Ms. Palmer stated that the County does not have the force to start policing this.

The Chair opened the public hearing. There was no public comment, and the Chair closed the public hearing.

Ms. Mallek **moved** to adopt the proposed Ordinance to amend the vehicle license ordinance. Mr. Sheffield **seconded** the motion

Roll was called and the motion carried by the following recorded vote:

AYES: Mr. Dill, Ms. Mallek, Ms. McKeel, Ms. Palmer, Mr. Randolph and Mr. Sheffield.
NAYS: None.

(The adopted Ordinance is set out below:)

ORDINANCE NO. 16-9(1)

AN ORDINANCE TO AMEND AND REORDAIN CHAPTER 9, MOTOR VEHICLES AND TRAFFIC, ARTICLE IV, COUNTY VEHICLE LICENSES, OF THE CODE OF THE COUNTY OF ALBEMARLE, VIRGINIA.

BE IT ORDAINED by the Board of Supervisors of the County of Albemarle, Virginia, that Chapter 9, Motor Vehicles and Traffic, Article IV, County Vehicle Licenses, of the Code of the County of Albemarle, Virginia, is hereby amended and reordained as follows:

By Amending:

Sec. 9-401	Violations.
Sec. 9-404	License tax--Amounts.
Sec. 9-405	License tax--Prorating.
Sec. 9-406	License tax--Refunds.

CHAPTER 9. MOTOR VEHICLES AND TRAFFIC

ARTICLE IV. COUNTY VEHICLE LICENSES

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Sec. 9-401 Violations.

A. It shall be unlawful for any owner or operator of a motor vehicle, trailer, or semitrailer to fail to obtain a valid local license, as required by this article. Law enforcement officers may issue summonses or warrants for violations. A violation of this article shall constitute a class 4 misdemeanor.

B. In addition to any penalty authorized under this chapter, a penalty of \$250 shall be imposed upon the resident owner of any motor vehicle that, following the end of the owner's first 30 days of residency in the Commonwealth, is required to be registered in Virginia but has not been so registered. This penalty shall be imposed upon the resident owner annually for as long as the motor vehicle remains unregistered

in Virginia. This penalty shall be assessed and collected by administrative process, executed by the director of finance or his designee.

(Ord. of 8-8-90; Ord. of 6-9-93; Code 1988, § 12-21.1; Ord. 98-A(1), 8-5-98; Ord. 05-9(2), 12-7-05, effective 1-1-06; Ord. 08-9(1), 12-3-08)

State law reference – Va. Code § 46.2-752(G).

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Sec. 9-404 License tax--Amounts.

A. On all motor vehicles, except as otherwise specifically provided in this article, there shall be an annual license tax based on gross vehicle weight. The license tax shall be forty dollars and seventy-five cents (\$40.75) for vehicles with gross vehicle weights of four thousand (4,000) pounds or less and forty-five dollars and seventy-five cents (\$45.75) for gross weights in excess of four thousand (4,000) pounds. Gross maximum loaded weight shall be substituted for gross vehicle weight for motor vehicles not designed and used primarily for the transportation of passengers.

B. On every motorcycle there shall be an annual license tax of twenty-eight dollars and seventy-five cents (\$28.75).

C. On every trailer or semitrailer not designed and used for transportation of passengers, there shall be an annual license tax as follows:

Gross Weight	Annual Tax
0 - 1,500 lbs.	\$18.00
1,501 lbs. and above	\$28.50

D. In the case of a combination of a tractor-trailer or semitrailer, each vehicle constituting a part of such combination shall be taxed as a separate vehicle.

E. On every motor vehicle, trailer or semitrailer upon which well-drilling machinery is attached or other "specialized mobile equipment" as defined in Virginia Code § 46.2-700(B), there shall be an annual license tax of sixteen dollars and fifty cents (\$16.50).

F. Except as provided in section 9-403(B), the license tax prescribed herein shall be due and payable on or before June 5 of each year, and shall be included and separately stated on the personal property tax bill.

(Code 1967, § 12-93; 1-18-73; 6-7-89; Code 1988, § 12-25; Ord. 98-A(1), 8-5-98; Ord. 99-9(1), 11-10-99; Ord. 02-9(1), 11-6-02; Ord. 05-9(2), 12-7-05, effective 1-1-06; Ord. 07-9(2), 12-5-07, effective 1-1-08)

State law reference--Va. Code §§ 46.2-694(A), 46.2-694.1, 46.2-752, 46.2-1168.

Sec. 9-405 License tax--Prorating.

The license tax prescribed by this article shall be prorated monthly commencing with the month in which such license tax first becomes due and payable. The license tax shall be collected from and include that month on the basis of one-twelfth of the annual license tax through each month remaining in the current license year.

(Code 1967, § 12-94; 4-21-76; 6-7-89; Ord. of 3-20-91; Code 1988, § 12-26; Ord. 98-A(1), 8-5-98; Ord. 05-9(2), 12-7-05, effective 1-1-06)

State law reference – Va. Code § 46.2-752(A).

Sec. 9-406 License tax--Refunds.

Any person who has paid a license tax under this article who disposes of the vehicle, trailer or semitrailer for which the tax was paid and does not purchase another vehicle, trailer or semitrailer may request a prorated refund of the license tax paid. The director of finance shall refund to the applicant one-twelfth (1/12) of the annual license tax for each full month remaining in the current license year.

(Code 1967, § 12-95; 4-21-76; 6-7-89; Ord. of 2-14-90; Ord. No. 96-12(1), 12-11-96; Code 1988, § 12-27; Ord. 98-A(1), 8-5-98; Ord. 05-9(2), 12-7-05, effective 1-1-06; Ord. 08-9(1), 12-3-08)

State law reference – Va. Code § 46.2-752(A).

An ordinance to amend Albemarle County Code Chapter 15, Taxation, by amending Sections 15-100 Payment of taxes; penalty; interest, 15-702 Definitions, 15-706 Procedure for claiming exemption, 15-802 Applications for assessment-By property owner, 15-910 Penalty for late remittance or false return, 15-1102 Proration of tangible personal property, 15-1213 Penalty for late remittance or false return, and 15-1603 Exemption from taxes on property for disabled veterans; Application for exemption. The ordinance would allow a \$10 minimum penalty on unpaid taxes; clarify the definition of "total combined income" for the purposes of tax relief for elderly and/or disabled persons; reduce the frequency with which existing tax relief recipients must file an affidavit of financial information to once every three years under prescribed circumstances; eliminate a "late" filing extension for use value assessment applications; eliminate the requirement that the director of finance personally impose transient occupancy tax penalties; impose a penalty of 10% of the tax assessable or \$10.00, whichever is greater, on the failure to file a required tangible personal property tax return; eliminate the requirement that the director of finance personally impose food and beverage tax penalties; amend the minimum penalty for failure to pay food and beverage tax to prohibit the penalty from exceeding the amount of the assessable tax; and clarify the property tax exemptions granted to disabled veterans to conform to recent changes in state law.

(Advertised in the Daily Progress on June 20 and 27, 2016.)

The Executive Summary presented to the Board states that upon review of the County's tax regulations, the Finance Department is recommending updates and improvements to eight sections of Chapter 15 (Taxation) of the Albemarle County Code. These proposed revisions are intended both to improve the County's collection practices and to align the County Code with current State law.

The attached proposed ordinance (Attachment A) would amend eight sections of Chapter 15 (Taxation) of the County Code.

1. Sec. 15-100 - Minimum Tax Penalty - Would impose a \$10 minimum penalty on unpaid taxes. *Virginia Code* § 58.1-3916 generally allows a penalty of 10% or \$10 (whichever is greater) on unpaid taxes. The corresponding provision of the County Code currently allows only a penalty of 10%. In cases where the unpaid tax is less than \$100, this proposed amendment would impose the \$10 minimum penalty allowed by state law.
 - Purpose: To discourage delinquencies and equalize the penalty for all taxpayers.
 - Consequence: Would increase penalties on unpaid taxes of less than \$100.
2. Sec. 15-702 - Tax Relief for Elderly/Disabled Persons - Income - Would clarify the definition of "income" for purposes of tax relief for elderly and/or disabled persons. In determining qualification for tax relief for elderly and/or disabled persons, *Virginia Code* § 58.1-3212 previously provided that income include only those sources of gross income that were subject to federal income tax. The General Assembly has eliminated that specification from state law, and staff is recommending that it be removed from the County's definition of "income."
 - Purpose: To align the County Code with state enabling authority.
 - Consequence: Certain applicants for tax relief may be required to report additional sources of income on their applications, resulting in a projected \$10,000 revenue gain annually to the County.
3. Sec. 15-706 - Tax Relief for Elderly/Disabled Persons - Applications - Would change the current requirement that existing tax relief recipients file an affidavit of financial information every year to require that it be filed once every three years, allowing annual re-certifications in the intervening years, as enabled by *Virginia Code* § 58.1-3213(B).
 - Purpose: To reduce the filing burden on elderly and/or disabled applicants.
 - Consequence: Would give some relief to applicants for the second and third year of their tax relief application cycle, and would create a significant operational efficiency for Revenue Administration staff.
4. Sec. 15-802 - Use Value Assessment Applications - Would eliminate an unnecessary "late" filing extension for use value assessment applications, as those applications are already timely if filed within 30 days of the mailing of notices of a general reassessment.
 - Purpose: To remove ambiguity in the County Code regarding use value application filing deadlines.
 - Consequence: There are no consequences anticipated.
5. Sec. 15-910 - Transient Occupancy Tax Penalty - Would eliminate the unnecessary specification that the Director of Finance personally impose transient occupancy tax penalties. The amounts and conditions of those penalties would remain unchanged.
 - Purpose: To remove an unnecessary specification from the County Code, to allow for greater administrative efficiency.
 - Consequence: There are no consequences anticipated.
6. Sec. 15-1102(F) - Penalty for Failure to Timely File Personal Property Return - Would allow a 10% penalty for the failure to file a business personal property return, as enabled by *Virginia Code* § 58.1-3916. A clarification was added after the Board's initial review of a draft ordinance on June 1 to include a reference to *Virginia Code* § 58.1-3518.
 - Purpose: To incentivize the timely filing of business personal property tax returns. Because the County already receives property information from the Department

of Motor Vehicles and other sources, most individuals are currently not required to file personal property tax returns. Self-reported returns are primarily for business personal property.

- Consequence: Business taxpayers not timely filing their personal property tax returns would be assessed a 10% late filing penalty.
- 7. Sec. 15-1213 - Food and Beverage Tax Penalty - Would: (a) eliminate the unnecessary specification that the Director of Finance personally impose food and beverage tax penalties; and (b) align the minimum penalty to the amount allowed by *Virginia Code* § 58.1-3916.
 - Purpose: To remove an unnecessary specification from the County Code, to allow for greater administrative efficiency.
 - Consequence: There are no consequences anticipated.
- 8. Sec. 15-1603 - Disabled Veterans' Property Tax Exemption - The 2011 legislation that initially granted property tax exemptions to disabled veterans raised a number of questions, many of which were answered by a 12-point opinion of the Virginia Attorney General. The General Assembly responded with a number of clarifying amendments to Virginia Code § 58.1-3219.5. Staff is recommending amendments to the County Code to track the most current state law.
 - Purpose: To align the County Code with current state enabling authority.
 - Consequence: There are no known negative consequences at this time.

While the budgetary impact of these proposed amendments is difficult to predict with any certainty, staff anticipates that only four of the proposed revisions would have budget impacts:

- Sec. 15-100 - Minimum Tax Penalty - projected \$200 revenue gain per year.
- Sec. 15-702 - Tax Relief for Elderly/Disabled Persons - Income - projected \$10,000 revenue gain per year due to reduction in tax exemption.
- Sec. 15-1102(F) - Penalty for Failure to Timely File Personal Property Return - projected \$100,000 one-time revenue gain in FY17. Some revenue gain may be expected in subsequent years, but the amount is most likely to decrease over the years as more taxpayers comply with the filing deadlines.
- Sec. 15-1603 - Disabled Veterans' Property Tax Exemption - projected \$67,000 revenue loss per year. This section is needed to conform the County Code to the Virginia Code.

Staff does not anticipate significant budgetary impacts for any of the other proposed revisions.

Following the public hearing, staff recommends that the Board adopt the attached proposed ordinance (Attachment A).

Ms. Burrell stated that this ordinance will amend County Code Chapter 15, Article 1, Section 15-100, related to minimal tax penalties, and will impose a \$10 minimum of unpaid taxes, so an owner paying \$100 of his \$150 tax bill would ultimately pay a minimum of \$10 on the residual, rather than \$5. She said this is a means to encourage people not to let tax bills linger, and \$10 is not an unusual threshold. Ms. Burrell stated that the amendment also clarifies the definition of "income" under § 15-702 for purposes of tax relief for the elderly and disabled, and staff is recommending adoption of this change to conform to changes made by the Commonwealth of Virginia.

Ms. Mallek said that in the past, the income of people living in the house was not counted, but it seems this ordinance changes that provision. Ms. Burrell responded that this does not address the income of non-qualifying individuals, and said that she would have Mr. Andy Herrick provide some clarification.

Mr. Herrick explained that this does not pertain to the people for whom income is counted from, it has to do with the sources of income, and it used to be that only the income counted as gross income on a federal tax return, but this widens that provision based on the change in state law.

Ms. Mallek asked what the implications of this to families would be, as she is very concerned that there will be unintended consequences with this. Mr. Herrick stated that additional sources of income that were not previously counted towards an applicant's net worth would be included, and this might affect some people if that income was not treated as a source of gross income for federal tax purposes but now is considered income under this provision. He explained that the state law amendment eliminates the provision that it must be counted as gross income on federal tax returns, so the current definition no longer requires that provision.

Mr. Dill asked what kind of income would not qualify. Mr. Herrick responded that he cannot think of any specific examples, but the prior qualification required that it be gross income for tax purposes, and the current definition no longer requires that to be income.

Mr. Sheffield asked if they can pass this with the idea of revisiting it in the future. Ms. Mallek stated that the consequence would be whether they are already at a maximum as far as program qualifications, and asked if they can do something so that people who have been in the program, whose circumstances have not changed, would not be booted out, especially at a very advanced age.

Mr. Kamptner clarified that this amendment is bringing the County's requirements into compliance with state law, and the Board can ask staff to come back in a year to identify the impacts it has had, and that could be the basis of a legislative initiative.

Ms. Mallek said that still leaves a year when people will be in dire straits if they are booted out in January, and she understands the consequences of these kinds of modifications and perhaps she has more low-income constituents out in the very rural areas, but they will never survive if they lose their waiver.

Ms. Palmer stated that the question is what those very low-income people would have that would qualify under this change but do not qualify now.

Ms. Mallek said that if she had information about those kinds of details, she would be able to understand it better, but there was nothing provided in that regard.

Ms. McKeel asked what the income threshold is to get the waiver. Ms. Burrell explained that the income threshold is \$69,460, which is about where the Albemarle County median income is, so they are really not talking about people who have substandard incomes.

Mr. Dill commented that the threshold is just the maximum, so some people might have less than that.

Ms. Burrell noted that the tax relief is done on a scale in terms of percentage of relief, so if they bump up close to the maximum and something in their income changes that throws them out of the program, it will not be people who are living off of substandard incomes.

Mr. Dill said that, for example, a person who makes \$10,000 and gets an additional \$30,000 would still qualify for the program.

Mr. Kamptner stated that staff can come back with examples of the income that is not reported on the federal return as gross income that would be counted, so they can give the Board a better picture of what types of income would affect what type of people would receive this exemption.

Ms. Rocio Lamb, Chief of Revenue Administration, explained that the law changed in July 2015, and staff ran a report showing that only 2 people out of 800 were affected, and there are certain types of income that are non-taxable at the federal level, so it was unfair because not all income was counted. She noted that she could send the Board the types of income that were not going to be counted that now would be counted.

Ms. Mallek asked what happened to those two people, and if they were booted out of the program. Ms. Lamb responded that they will be this year.

Ms. Palmer stated that she likes the idea of having staff come back with information on the impacts of the change. Mr. Kamptner responded that staff can do that whenever there is enough relevant information to bring back to the Board, and he will work with Finance to find out when that is.

Mr. Sheffield asked if this will require a public hearing. Mr. Kamptner responded that it will not, because it will just be informational.

Mr. Sheffield noted that the Board will be voting on this tonight.

Ms. Palmer stated that they have to vote on it in order to comply with changes in state regulations.

Ms. Mallek said the County may have options to expand the program in order to address this, and commented that this is happening at the same time they are thinking about other changes in the tax rates.

Ms. Burrell stated that she has a few more items to review under the ordinance amendments, and said that Section 15-706 is to reduce the requirement that existing recipients file annually, with the two subsequent years requiring just a certification that their income has not changed, and staff believes that will be tremendously helpful to applicants and would allow Finance administration to operate more efficiently because they will not have to review 800+ applications every year, which can be very time consuming.

Mr. Sheffield asked what is entailed in an affidavit. Ms. Burrell responded that it is just a signature that says the information a person provided last year is still correct.

Mr. Dill asked if they have to file it in person. Ms. Burrell responded that they do not, and in fact staff would encourage them not too, and mail it in instead. Ms. Burrell reported that § 15-802, to delete the unnecessary late filing extensions for land use value assessment applications, and staff is not sure if this came about because of biennial or less frequent reassessments, but the recommendation is to move the extension that is in County Code. She noted that applications are due in September, but the County still accepts applications as late as December with a late filing fee, and this change proposes removal of a third filing extension.

Ms. Mallek asked if this refers to the original application to join the land use program or the biennial filing for the revalidation. Ms. Burrell responded that this pertains to the original application.

Ms. Mallek asked what sort of documentation the County is requiring of applicants to prove that they have been farming for five years, as this has been a gap in the system for a while and she wants to make sure they are closing it.

Mr. Peter Lynch, Real Estate Assessor, addressed the Board and stated that the County requires five years of income information to show that applicants have made at least \$1,000 per parcel per year from agriculture for those years, except for forestry, which does not require actual income to be made.

Ms. McKeel asked if that requirement would not change. Mr. Lynch confirmed that it will not.

Ms. Burrell stated that the recommendation to adjust Section 15-910-A would delete the specification that she personally imposes transient occupancy taxes, as she does not. She said that penalty for late remittance of personal property in general 15-1102-F allows a 10% penalty for failure to file a business personal property return and it is enabled by 58.1-3916. Ms. Burrell stated that this is a situation where those who are not compliant will pay the penalty, out of fairness to law-abiding citizens who submit on time.

Ms. Palmer asked for confirmation that the penalty is 10% and not some lower amount, as that was a question received by the Chamber of Commerce. Ms. Burrell responded that she is not aware of other jurisdictions that administer a lower rate, and said that she understands the desire to not be extremely punitive, but 10% is the penalty on individual taxes, so this will match what is already charged for late payers. She stated that in order to make personal property assessments for businesses, the County needs the filing and it makes it difficult to administer personal property for business without it.

Mr. Randolph asked whether the late fee is assessed the day after the due date. Ms. Burrell confirmed that it is, and it does not increase, it is one late filing penalty.

Ms. Mallek stated that people bring their payments in by hand so they do not have to rely on the postal service. Ms. Burrell said that she hopes the County will have a system in place where people can file electronically.

Mr. Dill asked what happens when a business does not pay and whether they are sued. Ms. Burrell explained that the County sends notices to business owners explaining that there will be penalties and fees associated with delinquency, and if those go unanswered over a period of time, the County escalates the collection process. She said that there are law abiding businesses that file on time and pay on time and others who willingly or unwillingly do not pay, and it is better to pay as much as you can as soon as you can than to allow additional interest charges. Ms. Burrell noted that a business cannot get a business license without first having paid the business personal property.

Ms. Burrell reported that § 15-603 pertains to Veterans' exemptions, and the ordinance simply mirrors the language that appears in Virginia Code. She said that after this was adopted in 2011, there were several questions answered by the Attorney General, and the General Assembly went back and clarified some of the language as it pertains to Veterans' exemptions.

The Chair opened the public hearing. There was no public comment, and the Chair closed the public hearing.

Mr. Randolph **moved** to adopt the Ordinance as presented. Ms. McKeel **seconded** the motion.

Roll was called and the motion carried by the following recorded vote:

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

NAYS: None.

Mr. Foley stated that regarding the next section for discussion, the County is in the midst of an analysis for economic development purposes that compares Albemarle with other jurisdictions to see how tax structures and many other things match up, and feels that they need more time. He said that staff suggests that the Board go through the full public hearing process, asking questions and taking comments, to make sure all data points are lined up and that they are not making a move into something that will put them at a competitive disadvantage in trying to put together an economic development program. Mr. Foley stated that he would not want the Board to be in a position of taking a vote and having some more information that might affect that, and he suggested that they go through the hearing process anyway.

Mr. Sheffield asked if they could also take comments when the item is heard the following week.

Ms. Palmer asked Mr. Kamptner if it would be better to have a public hearing, or to have public comments during the "Matters from the Public" agenda item.

Mr. Kamptner suggested that the Board hold the public hearing tonight, close the public hearing tonight, and take public comment when this is on the agenda of their meeting the following week.

(The adopted Ordinance is set out below:)

ORDINANCE NO. 16-15(1)

AN ORDINANCE TO AMEND AND REORDAIN CHAPTER 15, TAXATION, OF THE CODE OF THE COUNTY OF ALBEMARLE, VIRGINIA.

BE IT ORDAINED by the Board of Supervisors of the County of Albemarle, Virginia, that Chapter 15, Taxation, of the Code of the County of Albemarle, Virginia, is hereby amended and reordained as follows:

By Amending:

Sec. 15-100 Payment of taxes; penalty; interest.
Sec. 15-702 Definitions.
Sec. 15-706 Procedure for claiming for exemption.
Sec. 15-802 Applications for assessment--By property owner.
Sec. 15-910 Penalty for late remittance or false return.
Sec. 15-1102 Proration of tangible personal property.
Sec. 15-1213 Penalty for late remittance or false return.
Sec. 15-1603 Exemption from taxes on property for disabled veterans; Application for exemption.

CHAPTER 15. TAXATION

ARTICLE I. IN GENERAL

Sec. 15-100 Payment of taxes; penalty; interest.

A. Taxes due and owing to the county for real estate shall be due and payable in two (2) installments. The first installment shall be due and payable on or before the fifth day of June of the year such taxes are assessed and the second installment shall be due and payable on or before the fifth day of December of the year such taxes are assessed.

B. Taxes due and owing to the county for tangible personal property, machinery and tools, mobile homes and public service corporations shall be due and payable in two (2) installments. The first installment shall be due and payable on or before the fifth day of June of the year such taxes are assessed and the second installment shall be due and payable on or before the fifth day of December of the year such taxes are assessed.

C. Supplemental tax assessments for real estate, tangible personal property, machinery and tools, mobile homes and public service corporations shall be due and payable within thirty (30) days of the billing date.

D. A penalty equal to ten percent (10%) of the amount past due or ten dollars (\$10.00), whichever is greater, shall apply on all taxes remaining unpaid after the due date.

E. Interest at the rate of ten percent (10%) per annum shall apply on all taxes and penalties commencing the first day of the month following the month in which such taxes are due and continuing until paid.

F. The provisions herein shall not alter or supersede any other provisions of state law or any county ordinance, the subject of which is not specifically addressed herein.

G. Nothing in the provisions of this section shall be construed to prohibit the payment of the whole of the taxes levied by any taxpayer in one (1) sum at any time, provided that any penalty and interest that may have accrued on the whole or any part thereof at the time of payment shall be paid therewith.

(8-10-77; 10-8-80; Ord. of 2-14-90; Ord. of 2-5-92; Ord. No. 95-8(2), 10-4-95; Code 1988, § 8-1.3; Ord. 98-A(1), 8-5-98)

State law reference--Similar provisions, Va. Code, § 58.1-3916.

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**ARTICLE VII. REAL ESTATE TAX EXEMPTION FOR
CERTAIN ELDERLY AND DISABLED PERSONS**

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Sec. 15-702 Definitions.

The following definitions shall apply in the interpretation and enforcement of this article:

(1) *Dwelling*. The term "dwelling" means a building occupied as a residence.

(2) *Income.* The term “income” means the total gross income from all sources comprising the amount of money received on a regular basis which is available to meet expenses, regardless of whether a tax return is actually filed, or whether the money is taxable or deductible from an eligible owner’s income tax return.

(a) Income shall include: (i) retirement payments, including the portion that represents the contribution of the retiree; (ii) nontaxable social security retirement benefits; (iii) disability payments; and (iv) rental income.

(b) Income shall not include: (i) life insurance benefits; (ii) receipts from borrowing or other debt; and (iii) social security taxes taken out of the pay of a retiree.

(c) The income of a self-employed person received from the business shall be the gross income of the business, less the expenses of the business.

(3) *Manufactured home.* The term “manufactured home” means a structure subject to federal regulation which is transportable in one or more sections; is eight (8) body feet or more in width and forty body feet or more in length in the traveling mode, or is three hundred twenty (320) or more square feet when erected on site; is built on a permanent chassis; is designed to be used as a single-family dwelling, with or without a permanent foundation, when connected to the required utilities; and includes the plumbing, heating, air conditioning, and electrical systems contained in the structure.

(4) *Net combined financial worth.* The term “net combined financial worth” means the net present value of all assets, including equitable interests, and liabilities, both as of December 31 of the immediately preceding calendar year, of the owners, and of the spouse of any owner of the dwelling. The term “net combined financial worth” shall not include: (i) the value of the subject dwelling and the land, not exceeding ten acres, upon which it is situated; (ii) the value of furniture, household appliances and other items typically used in a home; and (iii) the outstanding balance of any mortgage on the subject property, except to the extent that the subject property is counted as an asset.

(5) *Owning title or partial title.* The term “owning title or partial title” means owning the usufruct, control or occupation of the real estate, whether the interest therein is in absolute fee or is in an estate less than a fee, such as the holding of a life estate, but not the holding of a subsequent remainder interest.

(6) *Permanently and totally disabled person.* The term “permanently and totally disabled person” means a person who is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment or deformity which can be expected to result in death, or can be expected to last for the duration of such person’s life, as certified pursuant to section 15-706 herein.

(7) *Real estate.* The term “real estate” includes manufactured homes.

(8) *Relative.* The term “relative” means any person who is a natural or legally defined offspring, spouse, sibling, grandchild, grandparent, parent, aunt, uncle, niece, or nephew of the owner.

(9) *Taxable year.* The term “taxable year” means the calendar year for which the exemption is claimed.

(10) *Total combined income.* The term “total combined income” means the income received from all sources during the preceding calendar year, without regard to whether a tax return is actually filed, by (i) the owners of the dwelling who use it as their principal residence, (ii) the owners’ relatives who live in the dwelling except for those relatives living in the dwelling and providing bona fide caregiving services to the owner whether such relatives are compensated or not, and (iii) nonrelatives of the owner who live in the dwelling except for bona fide tenants or bona fide paid caregivers of the owner, whether compensated or not. The following amounts shall be excluded from the calculation of total combined income:

(a) The first sixty-five hundred dollars (\$6,500.00) of income of each relative who is not the spouse of an owner living in the dwelling and who does not qualify for the exemption provided by subdivision 9 c hereof.

(b) The first seventy-five hundred dollars (\$7,500.00) of income for an owner who is permanently disabled.

(c) If real property otherwise qualifies for the exemption and if the eligible owner(s) can prove by clear and convincing evidence that the physical or mental health of the eligible owner(s) has deteriorated to the point that the only alternative to permanently residing in a hospital, nursing home, convalescent home or other facility for physical or mental care is to have a relative move in and provide care for the eligible owner(s), and if a relative does move in for that purpose, then none of the income of the relative or of the relative’s spouse shall be counted towards the income limit, provided that the owner of the dwelling has not transferred assets in excess of five thousand dollars (\$5,000.00) without adequate considerations within a three (3) year period prior to or after the relative moves into the dwelling.

(2-15-73; 3-20-75; 11-9-77; 8-13-80; Ord. of 12-19-90; Ord. of 4-7-93; Code 1988, § 8-23; Ord. 98-A(1), 8-5-98; Ord. 03-15(2), 11-5-03; Ord. 05-15(4), 12-7-05, effective 1-1-06; Ord. 07-15(1), 10-3-07, effective 1-1-08; Ord. 11-15(1), 5-11-11; Ord. 14-15(3), 9-3-14)

State law reference--Va. Code §§ 36-85.3, 58.1-3210, 58.1-3212, 58.1-3217.

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Sec. 15-706 Procedure for claiming for exemption.

Owner(s) claiming the exemption from the real estate tax established by this article shall apply for the exemption as provided herein:

A. *Annual filing of affidavit; time to file.* Except as provided in paragraphs (A.1) and (A.2), the eligible owner(s) shall file the affidavit required by this section with the director of finance between January first and April first of each taxable year for which the exemption is claimed. In lieu of the filing of an annual affidavit, once a taxpayer is determined to be eligible, an affidavit may be filed on a three-year cycle with an annual certification by the taxpayer that no information contained on the last preceding affidavit filed has changed to violate the limitations and conditions provided in this article. Such annual certification must be filed not later than April first of the taxable year.

1. *First-time claimant.* Owners claiming the exemption for the first time may file the affidavit required by this section after April first, but before November first, of the taxable year.

2. *Hardship claimant.* Owners claiming the exemption as hardship claimant(s) may file the affidavit required by this section after April first, but before November first, of the taxable year. The term "hardship claimant" means only those cases in which the owner(s) claiming the exemption was/were hospitalized or in a nursing home between January first and April first of the taxable year, or a similar situation which, in the judgment of the director of finance, constitutes a hardship case justifying the extension of the filing period set forth in paragraph A beyond April first of the taxable year.

B. *Form and content of affidavit.* The affidavit shall be on a form prescribed and provided by the director of finance. The affidavit shall set forth the names of the eligible owner(s) and all other relatives of the eligible owner(s) occupying the real estate for which the exemption is claimed, their total combined income and their net combined financial worth. If the eligible owner(s) is/are under sixty-five (65) years of age, the form shall have attached either:

1. A certification by the Social Security Administration, the Department of Veteran Affairs or the Railroad Retirement Board to the effect that the eligible owner(s) is/are permanently and totally disabled; or, if the eligible owner(s) is/are not eligible for certification by any of these agencies;

2. A sworn affidavit by two (2) medical doctors who are either licensed to practice medicine in the Commonwealth or are military officers on active duty who practice medicine with the United States Armed Forces, to the effect that such person is permanently and totally disabled. A certification pursuant to 42 U.S.C. 423(d) by the Social Security Administration, so long as the person remains eligible for such social security benefits, shall be deemed to establish that the person is permanently and totally disabled. The affidavit of one of the doctors may be based upon a physical examination of the person by the doctor. The affidavit of one of the doctors may be based upon medical information contained in the records of the Civil Service Commission which is relevant to the standards for determining whether the person is permanently and totally disabled.

C. *Determination of eligibility.* If, after audit and investigation, the director of finance determines the subject real property to be eligible for exemption, he shall grant the exemption and shall exonerate the amount of the exemption from the real estate tax liability of those properties entitled to the exemption.

D. *Duration of exemption.* An exemption granted shall be effective only for the current taxable year and shall not be retroactive in effect.

(2-15-73; 11-9-77; 8-13-80; 5-13-87; Ord. of 12-19-90; Ord. of 4-7-93; Ord. No. 96-8(2), 12-11-96; Code 1988, § 8-28; Ord. 98-A(1), 8-5-98; Ord. 14-15(3), 9-3-14)

State law reference--Va. Code § 58.1-3213.

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ARTICLE VIII. SPECIAL ASSESSMENTS FOR AGRICULTURAL,

HORTICULTURAL, FOREST OR OPEN SPACE REAL ESTATE

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Sec. 15-802 Applications for assessment--By property owner.

A. The owner of any real estate meeting the criteria set forth in sections 15-800 and 15-804 herein and the standards adopted by the Commissioner of Agriculture and Consumer Services, the Department of Forestry or the Department of Conservation and Historic Resources, and this article, must submit an application for taxation on the basis of a use assessment to the local assessing officer at least sixty days preceding the tax year for which such taxation is sought or within thirty (30) days of the mailing of notices of a general reassessment, whichever is later. An individual who is an owner of an undivided interest in a parcel may apply on behalf of himself and the other owners of such parcel upon submitting an affidavit that such other owners are minors or cannot be located.

B. Applications may be filed no later than sixty days after the filing deadline specified herein, upon the payment of a late filing fee of one hundred twenty-five dollars (\$125.00). An application shall be submitted whenever the use or acreage of such land previously approved changes. No application fee will be required when the change in acreage occurs solely as a result of a conveyance necessitated by government action or condemnation of a portion of any land previously approved for taxation on the basis of use assessment. Failure to submit an application by the specified deadline shall disqualify the entire parcel for taxation under this article. Applications shall be submitted on forms prepared by the state tax commissioner and supplied to the county for use of the applicants. A separate application shall be filed for each parcel listed on the land book.

(8-23-73; 8-13-75; 4-21-76; 4-13-88; Ord. of 8-11-93; Code 1988, § 8-33; Ord. 98-A(1), 8-5-98; Ord. 02-15(3), 5-15-02)

State law reference--Va. Code § 58.1-3234.

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ARTICLE IX. TRANSIENT OCCUPANCY TAX

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Sec. 15-910 Penalty for late remittance or false return.

A. If any lodging provider whose duty it is to do so shall fail or refuse to remit to the director of finance the tax required to be collected and paid under this article within the time and in the amount specified in this article, there shall be added to such tax a penalty in the amount of ten percent (10%) of the total amount of tax owed if the failure is not for more than one month, with an additional penalty of five percent (5%) of the total amount of tax owed for each additional month or fraction thereof during which the failure continues, such penalty not to exceed twenty-five percent (25%) of the taxes collected but not remitted, provided, however, the minimum penalty shall be ten dollars (\$10.00), or the amount of the tax assessable, whichever is less.

B. If any lodging provider whose duty it is to do so shall fail or refuse to file any return required by this article within the time specified in this article, there shall be added to such tax a penalty in the amount of ten percent (10%) of the tax assessable on such return or \$10, whichever is greater; provided, however, that the penalty shall in no case exceed the amount of the tax assessable.

C. It shall be unlawful for any person to willfully fail or refuse to file any return required under this article or to make any false statement with the intent to defraud in connection with any return required by this article. It shall be a Class 3 misdemeanor if the amount of the tax lawfully assessed in connection with the return is \$1,000 or less, and it shall be a Class 1 misdemeanor if the amount of the tax lawfully assessed in connection with the return is more than \$1,000.

(§ 8-43; Code 1988, § 8-51, Ord. No. 98-8(2), 6-10-98; Ord. 98-A(1), 8-5-98; Ord. 07-15(2), 10-3-07, effective 1-1-08)

State law reference – Va. Code §§ 58.1-3916, 58.1-3916.1

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ARTICLE XI. PERSONAL PROPERTY--IN GENERAL

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Sec. 15-1102 Proration of tangible personal property.

A. The tangible personal property tax shall be levied upon motor vehicles, trailers and boats which acquire a situs within the county after January first of any tax year for the remaining portion of the tax year. Such tax shall be prorated on a monthly basis.

B. When any motor vehicle, trailer, semitrailer or boat loses its situs in the county or changes ownership after January first of the tax year, any tax assessed on such motor vehicle, trailer, semitrailer or boat shall be relieved, or refunded if paid. Such relief or refund shall be prorated on a monthly basis. No refund shall be made if the motor vehicle, trailer, semitrailer or boat acquires a situs within the Commonwealth in a nonprorating locality. No refund of less than five dollars (\$5.00) shall be issued to a taxpayer, unless specifically requested by the taxpayer.

C. Whenever a motor vehicle, trailer, semitrailer or boat with a situs in the county is transferred to a new owner within the county, the new owner shall be subject to taxation on a prorated basis for the remaining portion of the tax year. The previous owner shall be eligible for relief or refund as provided by paragraph (B) of this section.

D. For the purposes of this section a period of more than one-half ($\frac{1}{2}$) of a month shall be counted as a full month and a period of less than one-half ($\frac{1}{2}$) of a month shall not be counted.

E. The director of finance may apply any refunds under this section to any delinquent accounts owed by the taxpayer. In addition, this refund may be applied as a credit toward the tax due on any motor vehicle, trailer, semitrailer or boat owned by the taxpayer during the same tax year.

F. Each taxpayer owning tangible personal property with a situs within the county shall file a return on forms prescribed by the director of finance on or before January 31 of each year or within thirty (30) days of the date of purchase or the establishment of a situs within the county. Any taxpayer who fails to file a return required by Virginia Code § 58.1-3518 and/or this article shall be subject to a penalty of 10 percent of the tax assessable on such return or \$10, whichever is greater; provided, however, that such penalty shall in no case exceed the amount of the tax assessable. Such penalty shall be assessed on the day after such return is due, and when so assessed, shall become a part of the tax.

G. Tangible personal property, which was legally assessed by another jurisdiction in the Commonwealth and on which the tax has been paid, is exempt from taxation under this section for the portion of the year such property was legally assessable by another jurisdiction in the Commonwealth.

(§ 8-1.9, Ord. of 2-14-90; Ord. of 2-5-92; Ord. No. 94-8(10), 8-3-94; Code 1988, § 8-69; Ord. 98-A(1), 8-5-98)

State law reference--Similar provisions, Va. Code, §§ 58.1-3516, 58.1-3916.

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ARTICLE XII. FOOD AND BEVERAGE TAX

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Sec. 15-1213 Penalty for late remittance or false return.

A. If any seller whose duty it is to do so shall fail or refuse to remit to the director of finance the tax required to be collected and paid under this article within the time and in the amount specified in this article, there shall be added to such tax a penalty in the amount of ten percent (10%) of the total amount of the tax owed if the failure is not for more than one month, with an additional penalty of five percent (5%) of the total amount of the tax owed for each additional month or fraction thereof during which the failure continues, such penalty not to exceed twenty-five percent (25%) of the taxes collected but not remitted, provided, however, the minimum penalty shall be ten dollars (\$10.00), or the amount of the tax assessable, whichever is greater, provided, however, that the penalty shall in no case exceed the amount of the tax assessable.

B. If any seller whose duty it is to do so shall fail or refuse to file any return required by this article within the time specified in this article, there shall be added to such tax a penalty in the amount of ten percent (10%) of the tax assessable on such return or \$10, whichever is greater; provided, however, that the penalty shall in no case exceed the amount of the tax assessable.

C. It shall be unlawful for any person to willfully fail or refuse to file any return required under this article or to make any false statement with the intent to defraud in connection with any return required by this article. It shall be a Class 3 misdemeanor if the amount of the tax lawfully assessed in connection with the return is \$1,000 or less, and it shall be a Class 1 misdemeanor if the amount of the tax lawfully assessed in connection with the return is more than \$1,000.

(§ 8-88, 12-10-97; Code 1988, § 8-88; Ord. 98-A(1), 8-5-98; Ord. 07-15(2), 10-3-07, effective 1-1-08)

State law reference—Va. Code §§ 58.1-3916, 58.1-3916.1

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ARTICLE XVI. PROPERTY EXEMPTED FROM TAXATION

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Sec. 15-1603 Exemption from taxes on property for disabled veterans; Application for exemption.

A. Pursuant to Article X, Section 6-A of the Constitution of Virginia, and for tax years beginning on or after January 1, 2011, the following real property, including such joint real property of husband and wife, of any veteran who has been rated by the U.S. Department of Veterans Affairs or its successor agency pursuant to federal law to have a 100 percent service-connected, permanent, and total disability, and who occupies the real property as the veteran's principal place of residence, shall be exempt from taxation:

- (i) the qualifying dwelling, and
- (ii) the land, not exceeding ten acres, upon which said dwelling is situated.

If the veteran's disability rating occurs after January 1, 2011, and he has a qualified primary residence on the date of the rating, then the exemption for him under this section begins on the date of such rating. However, no interest shall be due on any refund due to the veteran for taxes paid prior to the veteran's filing of the required affidavit or written statement. If the qualified veteran acquires the property after January 1, 2011, then the exemption shall begin on the date of acquisition, and the previous owner may be entitled to a refund for a pro rata portion of real property taxes paid.

B. The surviving spouse of a veteran eligible for the exemption set forth in this section shall also qualify for the exemption, so long as the death of the veteran occurs on or after January 1, 2011, the surviving spouse does not remarry, and the surviving spouse continues to occupy the real property as the spouse's principal place of residence.

C. For purposes of this exemption, real property of any veteran includes real property (i) held by a veteran alone or in conjunction with the veteran's spouse as tenant or tenants for life or joint lives, (ii) held in a revocable inter vivos trust over which the veteran or the veteran and his spouse hold the power of revocation, or (iii) held in an irrevocable trust under which a veteran alone or in conjunction with his spouse possesses a life estate or an estate for joint lives or enjoys a continuing right of use or support. The term does not include any interest held under a leasehold or term of years.

The exemption for a surviving spouse under subsection B includes real property (i) held by the veteran's spouse as tenant for life, (ii) held in a revocable inter vivos trust over which the surviving spouse holds the power of revocation, or (iii) held in an irrevocable trust under which the surviving spouse possesses a life estate or enjoys a continuing right of use or support. The exemption does not apply to any interest held under a leasehold or term of years.

D. In the event that (i) a person is entitled to an exemption under this section by virtue of holding the property in any of the three ways set forth in subsection C and (ii) one or more other persons have an ownership interest in the property that permits them to occupy the property, then the tax exemption for the property that otherwise would have been provided shall be prorated by multiplying the amount of the exemption by a fraction that has as a numerator the number of people who are qualified for the exemption pursuant to this section and has as a denominator the total number of all people having an ownership interest that permits them to occupy the property.

In the event that the primary residence is jointly owned by two or more individuals, not all of whom qualify for the exemption pursuant to subsection A or B, and no person is entitled to the exemption under this section by virtue of holding the property in any of the three ways set forth in subsection C, then the exemption shall be prorated by multiplying the amount of the exemption or deferral by a fraction that has as a numerator the percentage of ownership interest in the dwelling held by all such joint owners who qualify for the exemption pursuant to subsections A and B, and as a denominator, 100 percent.

E. The veteran or surviving spouse claiming the exemption under this section shall file with the director of finance or his designee, on forms to be supplied by the county, an affidavit or written statement (i) setting forth the name of the disabled veteran and the name of the spouse, if any, also occupying the real property, (ii) indicating whether the real property is jointly owned by a husband and wife, and (iii) certifying that the real property is occupied as the veteran's principal place of residence. The veteran shall also provide documentation from the U.S. Department of Veterans Affairs or its successor agency indicating that the veteran has a 100 percent service-connected, permanent, and total disability. The veteran shall be required to refile the information required by this section only if the veteran's principal place of residence changes. In the event of a surviving spouse of a veteran claiming the exemption, the surviving spouse shall also provide documentation that the veteran's death occurred on or after January 1, 2011.

F. The fact that veterans or their spouses who are otherwise qualified for an exemption under this section are residing in hospitals, nursing homes, convalescent homes, or other facilities for physical or mental care for extended periods of time shall not be construed to mean that the real estate for which the exemption is sought does not continue to be the sole dwelling of such persons during such extended periods of other residence so long as such real estate is not used by or leased to others for consideration.

(Ord. 11-15(2), 5-11-11)

State law reference -- §§ 58.1-3219.5, 58.1-3219.6

Agenda Item No. 22. Public Hearing: Business License Ordinance Amendments.

An ordinance to amend Albemarle County Code Chapter 8, Licenses, by: 1) amending Sections 8-402 License fee, 8-406 Penalty on delinquent license tax or license fee, 8-502 Assessment when license tax not assessed or under-assessed; fraudulent intent, 8-600 Alcoholic beverages, and 8-603 Contractors, developers, electricians, plumbers, steamfitters and speculative builders; 2) repealing Section 8-403 Proration of license tax based on a flat rate for beginning businesses; and 3) adding Section 8-620 Federal research and development contractors. The ordinance would require payment of business, professional, and occupational license (BPOL) fees with the license application for license fees not based on gross receipts or gross expenditures; allow for a 10% penalty for the failure to file a business license application; eliminate the 50% additional penalty for the fraudulent or evasive failure to obtain a business license; eliminate the deduction for alcoholic beverages tax from the BPOL tax on retail gross receipts; lower from \$100,000 to \$25,000 the minimum gross receipts threshold for out-of-County contractors to obtain Albemarle County licenses and pay BPOL taxes to Albemarle County; eliminate the proration of license tax for beginning businesses; and add a new classification for federal research and development contractors.

(Advertised in the Daily Progress on June 20 and 27, 2016.)

The Executive Summary presented to the Board states that upon review of the County's business license ordinance, the Finance Department is recommending updates and improvements to seven sections of Chapter 8 (Licenses) of the Albemarle County Code. These proposed revisions are intended both to improve the County's collection practices and to align the County Code with current State law.

The attached proposed ordinance (Attachment A) would amend seven sections of Chapter 8 (Licenses) of the Albemarle County Code.

1. Sec. 8-402 - License Fee - due date - Would require payment of a business, professional, and occupational license (BPOL) fee at the time of application in the case of any license not based on gross receipts, as enabled by *Virginia Code* § 58.1-3703.1(A)(2)(b).
 - Purpose: To align the County Code with state enabling authority and to receive more timely payment of flat license fees, at the time of a license application.
 - Consequence: Would assess a 10% late payment penalty on businesses subject to a license fee that failed to remit the fee with their business license application.
2. Sec. 8-403 - License Fee - proration - Would repeal the proration of a flat license fee for beginning businesses, as enabled by *Virginia Code* § 58.1-3710(A).
 - Purpose: To simplify the license fee schedule, in alignment with state enabling authority.
 - Consequence: A small number of affected County businesses would pay a full license fee. However, the proposed change would be easier both for business owners to understand and for County to administer.
3. Sec. 8-406 - Failure to File Penalty - Would allow a 10% penalty for the failure to file a business license application, as enabled by *Virginia Code* § 58.1-3703.1(A)(2)(d).
 - Purpose: To identify the failure to file a business license application as a separate offense from the failure to pay the applicable license tax or fee. This proposal would be more fair and equitable for businesses that timely file their license applications and would discourage late filing.
 - Consequence: Based on 2016 filings, 29% of County businesses failed to timely file the required license application and would have been assessed a 10% penalty. The timely 71% of businesses would be treated more equitably for having timely filed their BPOL applications by the due date.
4. Sec. 8-502 - BPOL Penalty - Would eliminate the 50% additional penalty for the fraudulent or evasive failure to obtain a business license, in alignment with the maximum allowable collections under *Virginia Code* § 58.13703.1(A)(4)(b).
 - Purpose: To align the County ordinance with state enabling authority.
 - Consequence: Because staff does not recall having imposed this penalty in the past, staff does not expect a significant consequence from this proposed change.
5. Sec. 8-600(E) - Allowable Deduction for Alcohol License - Would eliminate the ability to deduct amounts paid for County alcoholic beverage business licenses from the license tax due on retail sales generally. This proposal is system driven, in that the current system is not programmed to allow for this deduction.

- Purpose: To align Albemarle County with all the other jurisdictions in Virginia served by the County's Revenue Administration System vendor, none of which allow this deduction. A vendor customization for this purpose would be costly.
 - Consequence: Businesses that report gross receipts for alcoholic beverages would not be able to deduct the amount of the County's flat alcoholic beverage license fee from their retail gross receipts. However, few businesses would be affected by this change.
6. Sec. 8-603(C) - License Tax - threshold for out-of-County contractors - Would lower from \$100,000 to \$25,000 the minimum gross receipts threshold over which out-of-County contractors are subject to County business license taxes, as enabled by *Virginia Code* § 58.1-3715(A). This proposed amendment would allow the County to collect business license taxes that would otherwise go to other localities.
- Purpose: To collect business license fees and taxes from contractors not located in the County that operate within the County, making more equitable tax treatment for businesses with primary offices in the County.
 - Consequence: Out-of-County contractors with County-based gross receipts of \$25,000-\$100,000 would be required to file for an Albemarle County business license and pay the applicable County license fee or tax.
7. Sec. 8-620 - License Tax Rate - Federal Research and Development Contractors - Would add a new classification for federal research and development contractors to the business license ordinance: *Virginia Code* § 58.1-3706(D) provides a special (low) \$0.03 license tax rate for certain principal or prime contractors receiving identifiable federal appropriations for research and development services. Though County staff is already correctly assessing these businesses in accordance with state law, adding this section to the County Code would conform the County code language to the Virginia Code, and would make it less likely to be overlooked in the future.
- Purpose: To align the County ordinance with state enabling authority.
 - Consequence: Because County staff is already correctly assessing these businesses, no negative consequences are expected from this change.

Though the budgetary impact of these proposed amendments is difficult to predict with any certainty, staff anticipates a budgetary impact from only three of the proposed revisions:

- Sec. 8-403 - License Fee - proration - projected \$1,000 revenue gain per year.
- Sec. 8-406 - Failure to File Penalty - projected \$150,000 one-time revenue gain. Some revenue gain may occur in subsequent years, but would likely decrease as more businesses timely filed their required license applications.
- Sec. 8-603(C) - License Tax -- threshold for out-of-County contractors - projected \$10,250 revenue gain per year. Staff does not anticipate a significant budgetary impact from the other proposed revisions.

Following a public hearing, staff recommends that the Board adopt the attached proposed ordinance (Attachment A).

Ms. Burrell reported that Virginia Code requires that applicable tax shall be paid along with the license application in cases where the license is not based on gross receipts, otherwise known as a flat fee, so at the time of filing for business licenses, those that would pay only the \$50 flat fee would file and pay at the same time. She stated that proration of license tax appeals to proration based on the flat rate for new or beginning businesses and it is not required under state code, and it only effects new businesses and will be communicated to them at the time of application. Ms. Burrell noted that currently a business can make application on March 31 and pay a different flat fee than a business opening on April 1, so this change assures that a \$50 flat fee is paid at the time of application. She stated that the penalty on delinquent license tax allows a 10% penalty for the failure to file a business license application, and the proposed language aligns with Virginia Code § 58.1-3703.1(A)2.D, and allows localities to assess a 10% penalty when businesses do not file. Ms. Burrell stated that this is applicable to all businesses that are required to apply for business licenses, not just the flat fee filers. She also explained that new businesses must come in within 30 days of operating, and existing businesses have a filing deadline for renewals of business licenses of March 1.

Ms. Mallek stated that she had received a letter from a constituent that they had to apply for a business license for a rental property, and asked if the category the Board is discussing pertains to this situation. Ms. Burrell explained that this action does not address rental by owner (RBO) and when she assumed her position there was a lull in this area of collection, but the County now has business tax auditors that perform that function.

Mr. Randolph asked if the County is keeping tabs on RBO for Air B&Bs. Ms. Burrell responded that this is a legitimate question, but it is not allowable. Mr. Kamptner clarified that this issue would be in the forefront of the next General Assembly session, and hosting platforms would be able to get information from the hosts.

Ms. Mallek commented that San Francisco just passed an ordinance to impose a \$1,000 fine if they do not get the proper Air B&B information from hosts.

Ms. Burrell stated that § 8-502 addresses fraudulent intent at a 50% penalty, but there is no history of this ever being enforced, and thus staff does not feel it is necessary to add the additional 50% penalty because for every year a business does not file, there is a 10% late penalty. She stated that the amendment to § 8-600(E) removes the deduction for alcoholic beverages flat tax from the BPOL tax for retail or wholesale gross sales receipts. Ms. Burrell noted that the vendor, PCI, for Virginia's customers including Albemarle County does not have this capability, so Albemarle would have to pay for customization of its system, and since this is something that could be a \$25 deduction, staff feels it is appropriate to ask the Board to remove that allowed deduction for alcoholic beverage flat fees. She reported that the amendment to § 8-603 lowers from \$100,000 to \$25,000 the minimum gross receipts threshold for out-of-county contractors, and it will not result in double taxation; the gross receipts attributable to Albemarle are deductible. Ms. Burrell noted that this is the section that has raised the most concern from constituents and from County staff.

Ms. Mallek asked what the Albemarle rate would be. Ms. Burrell clarified that it would be a \$50 flat fee for receipts between \$25,000 and \$100,000.

Ms. Palmer said that for comparison purposes, Greene County was .0012 and Albemarle is be .0016. Ms. Burrell stated that the rate is applicable for receipts over \$100,000, and anything \$25,000 or less would be a flat fee of \$50, and this is the information that staff hopes to bring back.

Ms. Mallek said that she understood Ms. Burrell to say a moment ago that the fee would apply for receipts between \$25,000 and \$100,000.

Mr. Dill noted that the rate was a flat fee of \$50 for up to \$100,000, and a rate of .16 per \$100.00 would be applied for receipts over that amount.

Ms. Mallek stated that her air conditioner service person is in Greene County, and it would not take his business much to get to \$100,000, and she expressed concern that he is now going to have to keep track of all of the different jurisdictions.

Mr. Dill pointed out that contractors are already doing that, and this provision pertains only to the rate of pay. Ms. Burrell noted that it applies to receipts once they reach \$100,000.

Ms. Palmer mentioned the Greene County-based HVAC contractor that she used, and said they were large enough to start keeping track of that, but there are some small contractors that will have to start keeping track of this if it drops to \$25,000.

Mr. Sheffield asked if the contractors have to pay .16 cents per \$100.00 for receipts over \$25,000. Ms. Burrell responded that between \$25,000 and \$100,000 it would be a flat fee, but staff will come back to the Board next week to clarify this.

Mr. Dill asked if the fee is assessed only on the hardware used, not on the services rendered. Ms. Burrell clarified that it is based on gross receipts.

Ms. Mallek noted that it is not like BPOL.

Ms. Burrell reported that a 0.3-cent BPOL tax is being introduced under Section 8-620 for federal research and development contractors.

The Chair opened the public hearing.

Mr. Timothy Hulbert of the Charlottesville Regional Chamber of Commerce addressed the Board and thanked Mr. Foley and Ms. Burrell for reaching out to the Chamber. Mr. Hulbert stated that regardless of where you are in Virginia, if you do \$250,000 worth of business, you pay tax on that amount; if you do \$100,000 of that in Albemarle County and \$150,000 of that in Greene County, you pay tax on the \$100,000 to Albemarle and tax on the \$150,000 to Greene County. He said that the contractor keeps track of all the localities he is working in and files his taxes, but the issue is not the tax, it is the compliance cost. Mr. Hulbert stated that the fact that a \$25,000 threshold is implemented in neighboring counties is irrelevant, and Albemarle County can be a leader here. He urged the Board to be as business friendly as they have been. Mr. Hulbert stated that no one he works with is against the penalties for being late, and if you file your federal income taxes late, the penalty is 1% to 5%; in Virginia it is 6%. He emphasized that regardless of what other counties are doing, 10% seems onerous and this is an opportunity to do what Mr. Foley has suggested, to be competitive, not anti-competitive. Mr. Hulbert said the notion of hitting a business on the front end underscores the need for a prorated rate. He noted that he agrees with the principle of removing the fraudulent intent provision.

Mr. Neil Williamson of the Free Enterprise Forum addressed the Board and said that Albemarle County had somewhat created this situation, and noted that several Supervisors go to Greene County to get their air conditioners repaired, and the reasons are land use decisions the County has made, and inventory that exists. Mr. Williamson stated that he thinks the idea of \$100,000 threshold makes more sense to him in terms of the business size, and he has always cringed at the idea of gross receipts for BPOL tax, and he knows of several businesses that are no longer in existence because they had no net income. He said that the \$100,000 threshold is a reasonable place to be, regardless of what other localities are doing.

There being no further comments from the public, the public hearing was closed.

Ms. Palmer commented that she uses a Charlottesville company for her HVAC.

Mr. Randolph asked Mr. Kamptner if it is legal to have a differentiated tax rate between new and existing businesses. Mr. Kamptner responded that he does not think so, because of the uniformity requirement for taxes within individual classes.

Ms. Mallek stated that in Culpeper, businesses can get some kind of credit in the first year of operation for their second-year BPOL.

Ms. Palmer pointed out that the state tax system has an impact on localities and their ability to collect revenue, and she would urge them to advocate at the state level to allow for a local income tax or provide a larger percentage of state income taxes, so the County is not forced to rely on these small taxes or personal property taxes.

Board members agreed.

Mr. Foley thanked the Finance staff for their work on this item, stating that they get beat up a lot in this process, and their sole objective is equity and fairness, which is what drives what they do and what they bring forward. He stated that if there are a lot of other issues and principles that come to play as the Board makes a final decision, it is only because staff is trying to think differently about some new things, and they will provide a report on it at the next meeting.

Ms. Palmer stated that the Board is very pleased with the Finance Department and appreciates all the work they do, as it is extremely important.

Mr. Foley mentioned the work of the County Attorney's Office also.

Mr. Sheffield said the Finance Department work is a thankless job, and they are the ones that hound people down for money, so they do not get a lot of thanks for that.

Mr. Dill then **moved** to defer action on these tax items until July 13, 2016. Mr. Randolph **seconded** the motion.

Roll was called and the motion carried by the following recorded vote:

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

NAYS: None.

Ms. Mallek asked Ms. Burrell if she and her staff could bring back more information regarding the rental (RBO) item, as there were letters being sent out to people who do not understand why they are receiving them after renting for many years. She stated that she would also like to get more information about the reach-back taxes on vehicles that several of her constituents received, which indicated that the County did not charge them enough tax on their vehicles.

Mr. Sheffield stated that he does not think it is a retroactive tax, because he had similar complaints and the cause of the increase was actually because the County is using more accurate values.

Ms. Mallek said that this is actually a separate situation with people being billed for taxes from two or three years ago. Ms. Burrell suggested that Ms. Mallek call her or email the names, because she is not familiar with the Finance Department having done that.

Agenda Item No. 26. From the Board: Committee Reports and Matters Not Listed on the Agenda.

Mr. Dill stated that his wife had just arrived with a friend from Bend, Oregon, an area the Board had discussed before his time.

Mr. Randolph stated that he used the 32 priorities as an exercise for the Village of Rivanna CAC and asked them to choose no more than 12 priorities, which had been a very interesting exercise, and said that he had shared this with one of the co-leaders of the 5th and Avon CAC. He said that the participants had an increased appreciation for the challenge the Board and County faces in balancing all of the contending priorities, and trying to determine which would be the most significant.

Ms. McKeel said that this is an excellent suggestion.

Mr. Dill asked how long the exercise took. Mr. Randolph responded that it took over an hour, and the group wanted a cost-benefit analysis for each item but that was not part of the exercise.

Ms. Palmer asked when he planned to do that for 5th and Avon. Mr. Randolph responded that he had spoken with Rex Linville about it and he was very interested, so it is up to him.

Ms. McKeel commented that this is a great idea.

Ms. Mallek stated that she had raised a question about **Item 8.4 on the Consent Agenda**, but staff needed a chance to complete their analysis before bringing it back, and she asked if the Board needs a motion on this.

Mr. Kamptner explained that he had received information throughout the afternoon of this meeting, and said that this sign will replace an existing sign on the outside of the court. He explained that the dimensions of the sign posts are 4'x 4.5' x 7'3", and the sign face itself will be approximately 4' x 5', so the staff report and license agreement are correct but need to be clarified and brought back.

Agenda Item No. 27. From the County Executive: Report on Matters Not Listed on the Agenda.

Mr. Foley reported that the Board will have a joint meeting with the Planning Commission and Economic Development Authority at the end of July, at which time they will review data from other jurisdictions on businesses taxes and licenses, as background for the recommended strategic plan on economic development.

He stated that their August 8 meeting is canceled, and there are a few meetings that are to be determined, including one with the City in which they will be reviewing their joint MOUs.

Mr. Foley said that in September, they will be working on joint meetings with the School Board on fiscal plan assumptions, priority-based budgeting and funding strategic priorities and costing them out.

He stated that the Board would typically have a compensation meeting with the School Board in October, which they will still have, but this year they will also have a meeting in September to engage them in priority setting and two-year fiscal planning. Mr. Foley added that the program services review will also come to the Board in September.

Ms. Mallek asked if the Board's second August meeting was canceled. Mr. Foley confirmed that it is August 10, not August 8 as he had previously stated.

Ms. Mallek noted that she had forgotten to report that the State Corporation Commission is holding its public hearing on the Dooks-Cunningham transmission line in Albemarle County, location to be determined, with a 2:00 p.m. and 7:-- p.m. session.

Mr. Foley reported that the Ivy MUC project is underway, and since they approved the project a design firm has been hired, with a kickoff meeting on that project on June 15 to look at some of the details on the scope of the work. He stated that the County is directly engaged with Rivanna staff on this in a way that everyone supports in terms of identifying issues and keeping the project on schedule. Mr. Foley said that in mid-July, they will be launching a website and issuing a press release on the work going on there; in August, the service authority will be briefing the solid waste alternatives advisory committee on the project; in October, there will be a community meeting on the project. He stated that all of this work leads up to putting the project out to bid, and the agreement calls for the Board to review the design before it is issued.

NonAgenda. Ms. Palmer stated that the Board needs to go back into closed meeting.

At 7:33 p.m., Mr. Dill **moved** that the Board go into a closed meeting pursuant to Section 2.2-3711(A) of the Code of Virginia under Subsection (7) to consult with and be briefed by legal counsel and staff regarding specific legal matters requiring legal advice related to the negotiation of an agreement for court facilities. Ms. Mallek **seconded** the motion.

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

AYES: Mr. Dill, Ms. Mallek, Ms. McKeel, Ms. Palmer, Mr. Randolph and Mr. Sheffield
NAYS: None.

At 9:15 p.m., the Board reconvened into open meeting. Mr. Dill **moved** that the Board certify by a recorded vote that to the best of each Board member'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. Ms. Mallek **seconded** the motion.

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

AYES: Mr. Dill, Ms. Mallek, Ms. McKeel, Ms. Palmer, Mr. Randolph and Mr. Sheffield
NAYS: None.

Mr. Sheffield announced that the Board will be canceling the public presentation on the County's alternative for locating the courts at the County Office Building-McIntire until further discussions can take place with the City.

Mr. Foley said that staff will be following up on that item.

Agenda Item No. 28. Adjourn to July 13, 2016, 3:00 p.m., Room 241.

At 9:16 p.m. Ms. Mallek **moved** to adjourn the Board meeting to July 13, 2016 at 3:00 p.m. in Room 241. Mr. Dill **seconded** the motion.

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

AYES: Mr. Dill, Ms. Mallek, Ms. McKeel, Ms. Palmer, Mr. Randolph and Mr. Sheffield
NAYS: None.

Chairman

Approved by Board
Date: 08/02/2017
Initials: CKB