

An adjourned meeting of the Board of Supervisors of Albemarle County, Virginia, was held on February 25, 2016, at 3:00 p.m., Lane Auditorium, County Office Building, McIntire Road, Charlottesville, Virginia. The meeting was adjourned from February 24, 2016.

PRESENT: Mr. Norman G. Dill, Ms. Ann Mallek (arrived at 4:22 p.m.), Ms. Diantha H. McKeel, Ms. Liz A. Palmer, Mr. Rick Randolph, and Mr. Brad L. Sheffield.

ABSENT: None.

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

Agenda Item No. 1. The meeting was called to order at 3:03 p.m. by the Chair, Ms. Palmer.

Agenda Item No. 2. **Work Session:** FY 2016-2017 Operating and Capital Budgets.

- **Overview.**
 - **Budget Summary**
 - **Revenues**
 - **Expenditures**

Ms. Lori Allshouse, Director of the Office of Management and Budget, addressed the Board, stating that they had held a public hearing on the budget as well as having an overview, and wanted to provide them with the opportunity to share their thoughts and make general observations.

Mr. Dill stated that it is worth noting that in every part of the budget, benefits had increased more than salaries and made up a significant part of employees' pay packages at 30%. He said that salaries, benefits and retirement funds related to staffing comprised the vast majority of the budget.

Ms. Allshouse said this is the first of four work sessions the Board would hold on the budget, and this year wanted to have a more interactive approach rather than just having staff share information. She stated that if the Board has items they wish to discuss further, staff can compile a list of issues to bring back at a later time, and asked them to make sure to provide that input. Ms. Allshouse noted that some items might require more research, but staff would do that during the work session time period. She said that March 8 is the final work session, and that is when the Board will finalize all of its discussion and complete decisions on the proposed budget for the tax rate that will be advertised. Ms. Allshouse said that staff would have an interactive spreadsheet available on that day so they can take items in and out to see what impact they would have.

Ms. Allshouse stated the first work session today would include a general overview of County expenditures and revenues, with general government as a category. The work session on February 29 will include the school budget and information on the healthcare benefit. She said that on March 3, their work session will focus on the CIP and the County's debt. Ms. Allshouse said that on March 8 the Board will finalize the tax rate for advertisement and approve the Board's budget, with March 30 being a public hearing on the final budget.

Ms. Allshouse stated the five year financial plan has a gap. The recommended budget was developed being mindful of the future and the impact in FY 18. She said Mr. Foley had presented information on the "all funds" budget of \$374.5 million, which includes the general fund, schools and capital, but at this meeting they will focus more on the general fund. She presented the general fund revenue budget, stating that it totals \$258.2 million, with general fund property taxes providing 65% of revenues in addition to some other local, state, and federal revenue, as well as use of transfers and fund balance. Ms. Allshouse stated the total general fund revenues have increased about \$9 million or 3.6%, due primarily to the increase in general property tax increases of \$7 million and some increases in other areas. She referenced a graph showing revenues over time and the fluctuation of real estate tax revenues over the year, with the other revenue sources staying relatively flat over the years. Ms. Allshouse pointed out business-related revenues that staff predicts will perform well over the next year, based on three-year trends: sales tax revenues, which are expected to increase 5.8%; BPOL taxes, which are expected to increase 6.5%; and food and beverage taxes, which are expected to increase 7.8%.

Ms. Palmer said she would like to revisit the other revenue increases at some point.

Mr. Sheffield asked if staff might also be able to demonstrate how the projected sales tax revenues and numbers found their way into the County's budget, since they were not collected directly.

Ms. McKeel noted this would be helpful information to include in the budget presentations at the high schools.

Ms. Palmer asked if staff can also clarify why the adopted 2015 sales tax amount is so much higher than the actual, as she wonders why they are predicting it to be so much higher.

She reported that real estate tax revenues represent 65% of the general fund local revenue, and FY17 real estate taxes in the recommended budget will total \$136.5 million, an increase of \$6.8 million or 5.3%. She presented comparative tax information for the 20 largest counties in Virginia, with the group at the top having tax rates ranging from 84 cents to \$1.13 cents on \$100 of assessed value. Ms. Allshouse

said that Hanover County's tax rate is 81 cents, Albemarle's is 81.9 cents, and the tax rates for the bottom group range from 52 cents to 75 cents. She noted this is included in the Board's budget document and is something that staff watches every year.

Ms. Allshouse reported that the recommended budget proposes to increase the tax rate 2.5 cents for FY17, and presented a slide showing how this is proposed to be allocated, with 1 cent dedicated to capital, resulting in \$1.65 million; 1.1 cents dedicated to general government operations, yielding \$1.8 million; and 0.4 cents dedicated to school division operations, totaling \$661,000. Ms. Allshouse said the tax rate is proposed to increase from 81.9 cents to 84.4 cents. She presented a chart illustrating how the tax bill is impacted by changes in assessments and tax rates, and stated that in 2009 an average home was estimated to be \$275,000, so staff tracked that through time by averaging the changes going on in residential areas, which represented 97% of homes in the County. Ms. Allshouse said that staff had taken the house and tracked it year by year, also including some years prior to 2009, and following the same methodology of making changes based on reassessments and changes to the tax rate.

Mr. Randolph said that on the tax bill graph, staff had not provided the relative difference in value from 2007-2016, but it looks to him as though the difference is about \$350 during that time period, and adjusting for inflation with about 8% during that span, the \$350 would be below the inflationary rate. Ms. Allshouse responded that she does not have that information, but it sounds correct to her.

Ms. Allshouse presented information on the recently completed 2016 real estate assessment and explained that it includes commercial, residential, multi-family, rural and all other classes, with tax figures broken out by category and district.

Mr. Randolph asked if there is an explanation as to why existing properties in the Jack Jouett and Rio District are experiencing increasing property values, and asked if it is due to their proximity to the City of Charlottesville and urban amenities. Ms. Allshouse responded that she feels there are a number of factors, but his is a good observation.

Mr. Foley stated the tax assessor can provide some of that information.

Ms. McKeel pointed out that the Jack Jouett District values have been impacted by the bypass for many years, and her home value has depreciated by as much as 50%, and it may be that some of those houses are being sold back. She stated this is anecdotal, but this may be why the values are increasing.

Mr. Sheffield stated that it may also be because there is new infill that is selling at much higher rates, which impacts older neighborhood home values.

Ms. Palmer asked if the property values in Jack Jouett and Rio had decreased more during the recession. Mr. Sheffield responded that Betty Burrell, the Director of Finance, had emailed the Board information on the trends since 2001, which showed good information for each district and classification.

Mr. Randolph asked if the property appreciation figures for Jack Jouett and Rio are significant increases from the year before. Ms. McKeel stated she is not sure if Jack Jouett is the highest, but the district did see an increase once a decision was made on the bypass, but this was all anecdotal and it was difficult to pinpoint an exact reason.

Mr. Sheffield noted that Jack Jouett had gone up 5.8% last year.

Ms. Allshouse reported that another increase recommended in this budget is a proposed increase in the motor vehicle registration fee to go from \$38.50 to \$40.75 per vehicle, which is a recommendation from the Citizen Resource Advisory Committee (CRAC). She stated the proposed increase is projected to generate an additional \$250,000 per year, and the budget recommends dedicating the \$250,000 to the CIP for transportation revenue-sharing projects, which was also recommended by CRAC. Ms. Allshouse said the annual \$250,000 will be proposed to provide \$500,000 in equity funding and to support debt service on \$2.9 million in borrowed funds, and the County would ask VDOT to match at 50% as part of the transportation revenue-sharing program. She stated the change will result in a total of \$6.8 million in Board-approved transportation improvements over the next several years, and the County will pay back the debt service over 20 years.

Mr. Randolph asked Ms. Allshouse why the increase for the motor vehicle registration fee was proposed at that specific amount. Mr. Davis explained the cap on the amount of that fee is currently \$40.75.

Ms. McKeel asked if that cap goes up every year. Mr. Davis responded it has not gone up since 2013, and there are three components to it, the state decal registration fee, the EMS fee set annually in the state budget, and a \$1.50 state safety inspection fee, which establish the cap for the vehicle license tax. He said in the state budget currently proposed, those fees do not change.

Ms. McKeel said this makes great sense to her, and part of the concern from last year was that the County was leaving money on the table that could be matched by the state.

Mr. Randolph stated he had just heard from a constituent who asked him why the Board cannot just raise fees instead of property taxes. Mr. Davis pointed out this fee will be amended effective January 1, 2017 and will be connected with the personal property tax bills to generate this revenue.

Mr. Dill stated the \$6.8 million seems to be precise, and it is quite a few years at \$250,000 with a match to reach that level.

Ms. Allshouse said her information had said “over the next few years,” and the County will go ahead and implement it immediately and start paying the debt service in year three, with half of the borrowing done in the first two years.

Mr. Bill Letteri, Deputy County Executive, stated the County would borrow \$1.7 million in the first year and would bring down \$1.7 million in state matching funds for a total of \$3.4 million, and would do the same thing in the second year to reach the total of \$6.8 million. He said the \$250,000 will be an ongoing source of revenue that enables them to borrow the money and pay the debt service down over time.

Ms. McKeel asked if last year was the first year the County had not made the match. Ms. Palmer said she thought the reason they did not pursue those funds last year was because the County already had so many projects in the pipeline, and VDOT suggested that they finish up those projects before pursuing anything else.

Ms. McKeel stated this was the case, but they should make sure they are pursuing the 1:1 match whenever possible. Ms. Allshouse said they can talk about this more when they discuss capital.

Ms. Allshouse reported that with the general fund budget at \$258.2 million, the transfer to schools is 45%, public safety is 15%, and other categories total the remainder. She stated the expenditure increase at \$9 million is also reflected, and she noted the changes to the different categories, administration, judicial, public safety, public works, revenue-sharing, transfer to schools, transfer to capital and debt, and other uses of funds. She stated there are major drivers in the general fund budget including increase in support for the school system at \$3.3 million, debt service obligations, CSA funding at \$1.4 million, key regional service agencies at almost \$1 million, local government healthcare at \$620,000, and the local government salary market increase at \$460,000.

Ms. McKeel asked if the CSA is just for local government, not for schools. Ms. Allshouse responded that it is, and the local government share is \$300,000.

Ms. Palmer noted this is the net amount after the state contribution.

Ms. Allshouse reported that staff had spoken several times about revenue-sharing with the City, which has a lag factor, and shared a chart beginning in FY11 and going through FY18 showing how the amount changed from year to year. She noted that during the recession, the County's revenue-sharing payment was increasing because it had the lag factor from the boom occurring in a bust year.

Ms. Palmer asked how accurate the revenue-sharing projections are thought to be. Mr. Davis explained the FY18 revenue-sharing payment is based on 2015 figures, so to the extent that data is available, the numbers are accurate. He noted it is based on three factors: the value of locally assessed taxable property in the City and County, the population in the City and County, and the true real property tax rate, which is basically an equalized rate based on factors provided by the state. Mr. Davis said once that information is available from the City and County for 2015, the payment can be calculated.

Ms. Palmer commented that it does not take into account the County's land use tax break. Mr. Davis said it does not, and it is just the fair market assessed value of the property.

Ms. McKeel said the original intent goes back to what was going to be annexed. Mr. Davis clarified that in the early 1980s, there was a proposed annexation of the County that included a large portion of Route 29 and a large portion of Pantops, and in lieu of that annexation litigation proceeding, the City and County got together and negotiated a revenue-sharing agreement. He said it prohibited that annexation from proceeding and established an agreement by which the City can never annex land again.

Ms. McKeel asked if there is a cap to the formula. Mr. Davis responded there is a cap of 1/10 of 1% of the County's assessed value to be paid in any given year, and that has been in effect for a number of years over the history of the agreement, but has not played a factor in recent years. He also explained the greater the amount of tax effort by the County the lower the revenue-sharing payment to the City, so each year the County raises its tax rate and the City does not, that is a factor that reduces the revenue-sharing amount.

- **Cross Departmental**

Ms. Allshouse said there are items in the budget that are considered cross-departmental, and these affect all departments of County government. She stated the budget recommends a 2% salary increase effective July 1 and has a reduction in Virginia Retirement System costs of \$330,000. On the school side the VRS costs are soon to be increasing, but the General Assembly does not make decisions associated with the County's VRS contributions, which are decreasing based on actuarials.

Mr. Randolph stated it is prudent for the County to anticipate that it is going into more austere fiscal conditions, sailing into stronger winds, so the budget seems prudent, but they do not know whether a year from now they will be dealing with worsening conditions. He said from a management standpoint,

he would recommend they look at delaying the 2% salary increase for six months to see if the situation has abated, look at the budget impact on all salary increases for administration in FY17, and look at the budget impact if there are no salary increases at all in 2017. Mr. Randolph stated they have had to go in the past with salary increases that equaled zero in 2009 and 2010, but since 2008 have averaged a salary increase of 2.63% per year. He said he certainly wants those in County government to be compensated, but feels it would be prudent to see the financial impact with those three scenarios.

Ms. Allshouse said staff can provide that information for him.

Mr. Foley asked Mr. Randolph if he is referring just to the local government side. Mr. Randolph responded that he is.

Mr. Foley stated the amount realized for not doing a raise at all for local government is \$462,000. Ms. Allshouse clarified the cost is \$460,000, which is 1%, but that is including other savings in the budget to make up the remaining 1% and generate a 2% increase for County employees.

Mr. Randolph stated at some point they may need to look at the school division, but the state is supposedly going to provide increased salary support for public school teachers.

Mr. Foley noted that local government and schools typically achieve commonality with administrative staff positions and have never moved in a different direction, but they have moved those things separately from teachers' salaries.

Mr. Randolph stated it may be helpful then to have information on the impact to include all administrative staff, both schools and local government.

Ms. McKeel said even if the state says they are going to give the state a 2% raise, it will be much reduced locally because of the composite index factor, so the County will get hundreds of thousands of dollars as opposed to millions, and the announcement about teacher raises should be taken with that caveat. She also said her understanding is that with the first state budget proposal, the teacher raises will not take effect until 2017. Mr. Davis clarified that all of the proposals at the state level are consistent in that the teacher raises are not going into effect in FY18.

Ms. McKeel said this means the salaries are not going to go into effect until 2018, and there will be a whole new General Assembly by then, so she would not bank on anything happening that far out.

Mr. Randolph stated his goal is to take steps now if they find the economy is slowing now, so they will be prepared ahead of time for that step and what the implications will be.

Mr. Foley said the other thing that staff will cover in this presentation is how they have already prepared for a downturn in the County's fund balance, and they have set more money aside in the coming fiscal year than in the current fiscal year in anticipation of a slowdown, with a revenue contingency fund that Ms. Allshouse will cover later.

Ms. Allshouse stated that regarding the healthcare benefits fund, Mr. Walker will provide additional information.

Mr. Doug Walker, Deputy County Executive, addressed the Board, stating that staff will be providing some basic information about health insurance now and more detail for both boards on the 29th, as the increase represents a major cost driver in the budget. Mr. Walker stated it is not just the local government and schools that participate in the self-funded insurance program, and there are a number of other entities that make contributions to the fund and benefit from its services, so the plan changes and impacts affect them also. He provided a graph to illustrate the performance of the healthcare fund over the years, noting the years in which the fund was performing well and bringing in more than it was expending. Mr. Walker said the reserves had grown to a point where a decision was made in 2010-2011 to use some of that fund to mitigate some of the impacts to employer and employee going forward. He stated there was also a point when revenues were flat, which brought the healthcare reserve down to a more appropriate level, but at about that same time claims started to increase and performance on the expense side was outpacing performance on the revenue side, which has left the fund with a reserve that is much too low at a time when healthcare costs are actually going up. Mr. Walker stated the 14.5% increase in employer's share for the health fund is intended to address the increasing cost of supporting the fund as well as replenishing the healthcare reserves to get them back closer to the 20-25% range.

Ms. McKeel said what she could not figure out is why they were going up 14.5%, which is more than anyone else, and said the reason seems to be that the reserves have dropped down to about 10-12%. Mr. Walker stated the reserve is currently at about 12%.

Mr. Letteri said they cannot isolate the 14.5% just to restoring fund balance, as it is a combination of things.

Mr. Foley said it may be good to clarify that the increase in claims experience happened fairly dramatically, not something that had been happening over years, and that is what put them in this position.

Mr. Walker emphasized the reason to have a health reserve is to deal with the volatility of a self-funded program, and the claims over the last two years have indeed been dramatic, so one of the items

staff will discuss with the Board on the 19th is what changes have already been made and what is in the plan design going forward to find the right balance between revenues and expenses as well as to get the fund balance up to an appropriate level.

Ms. McKeel stated there were several years in which the County was only going up 7-8% when other localities were going up double digits, and asked if the \$2 million is included in the 14.5%. Mr. Walker confirmed that it is, and said there is a set-aside that will be used to infuse the fund if it is needed, but they still need to work with the consultant and the HR team to establish when the infusion is needed, but the trajectory of claim costs and revenues will require that some of the increase go to replenishing the structural balance.

Mr. Foley commented that the years when the County did not go up double digits, the reserve fund balance was at about 50% so it seemed responsible to bring that level down.

Ms. McKeel said that, in general, Albemarle had been lower than many communities, but things have changed.

Mr. Randolph said the County offers smoking cessation programs and health/wellness coaches to advise employees about proper eating, exercise, alcohol use, proper sleep, etc.

Mr. Foley and Mr. Walker indicated that staff will be talking about the wellness program in more detail on the 29th.

Ms. Palmer asked if they are going to try to get the healthcare reserve fund up to 25% all in one year or slowly over time. Staff responded that it will happen over two to three years.

Ms. Allshouse clarified the program staff has laid out is over a three-year period.

Mr. Walker said that some of the increases experienced by the other agencies in the Board's budget are also driven by these same increases.

Ms. Allshouse stated when restoring fund balances, it is always preferable to restore them sooner than later because the use might happen sooner, so it is important to keep the fund balance as strong as possible for as long as possible.

Ms. Allshouse said the County funds a lot of agencies in its budget, and she wants to provide a bit more information for clarification. She explained that ABRT is the Agency Budget Review Team, which is a City, County and community collaborative team that has been in place for about 20 years, and it includes a few County representatives. Ms. Allshouse stated the team uses a pretty strong criteria for review that was approved by the Board and City Council several years ago in terms of how applications are ranked and what each of the categories means in terms of the funding requests. She said the committee does not actually say to fund an agency at a specific amount, they just recommend funding in categories such as "exemplary," or "solid," which means they are recommended for full funding, and then goes down from there.

Mr. Dill commented that the City, County and other participating entities that participate in the ranking system does not necessarily agree on the level of funding or the same increase, and it is possible that the County or City could choose to fund an entity without the other doing so. Ms. Allshouse clarified the rating has a range, so if an agency is ranked "fair" the range in the ABRT guidelines recommends the funding be decreased by 25%, and it has been the County's practice for a long time to honor the committee's recommendations. She stated the ABRT team does a very thorough review, including site visits, and then puts out a recommendation, so the County puts a great value on their work.

Mr. Dill said that one of the hardest things to get agreement on seems to be the relative value of the agencies and what they offer.

Ms. Allshouse stated there is also a balance to be struck between new applicants that are considered to be successful and those organizations that have been doing good work for a long time.

Mr. Randolph said he is struck by the fact that the ABRT Committee is using normative language, and he would prefer they move toward empirical assessments as they do with the CIP, in which they indicate that a project does not receive a high enough score but does not brand it "weak." He stated this will get away from agencies having a program branded as being "weak," because sometimes a program can be meritorious, but there just is not money available for certain programs. He said it would be fairer to the agencies to approach it that way, but it would also be much easier for the Board to assess applications if they get away from using a normative approach.

Ms. Allshouse stated that Ms. Gretchen Ellis is present and leads the ABRT process.

Mr. Sheffield said it is unfortunate that Ms. Mallek is not present, because she has always had concerns about this process. Ms. Allshouse said that Gretchen Ellis is present and can answer questions.

Ms. Gretchen Ellis addressed the Board and explained that she has been managing the process for about 18 years, and said the ABRT Committee uses a 100-point scale to rate applications, with

“exemplary” being 90-100 and “solid” being 80-90 and so forth, so there are very clear criteria given to the applicants ahead of time to explain exactly how the applications are rated.

Mr. Randolph asked if that is made clear to the applicants. Ms. Ellis responded that it is.

Mr. Randolph said he had two nonprofit organizations contact him since the previous Friday, and if he was working for a nonprofit that got a “weak” rating, he would find it troublesome and internalize it, whereas getting a score that indicates an application does not rise to the level where it can justify funding, he might view it differently. Mr. Randolph stated he is just asking the ABRT Committee to move towards an empirical system, so that an applicant would know that they missed a rating by a certain number of points. Ms. Ellis explained she is happy to share scores with any of the agencies upon request, but she tries not to share that information publicly, especially in the case of very low scores.

Ms. Palmer asked if Board members can make inquiries about specific applications. Ms. Ellis confirmed they can.

Ms. Palmer also commented that she can see why they would not want to share that information publicly. Ms. Allshouse reported that at one point, the County’s cultural agency and festival applications had also been reviewed and scored by the ABRT team, but over the last few years that has been brought in house for review. She stated those are under Parks & Recreation in the budget, and the applications are reviewed with OMB staff in consultation with others throughout the County. Ms. Allshouse said that regional authorities, such as the jail, are also funded by the County, and there is a category called “joint exercise of power agreements” that covers things like the Charlottesville/Albemarle Convention and Visitors Bureau and the ECC.

Mr. Davis explained the authorities are independent political subdivisions created, with some having very specific funding formulas in the organizational agreements that are a commitment to fund them at certain levels, and joint exercise of power agreements like ECC and Tourism are combined City/County departments, with the County serving as fiscal agent for ECC and the City serving as fiscal agent for the tourism board. He noted there are funding agreements as to the obligations to fund them, with several criteria used to establish that structure.

Ms. McKeel commented that the Jefferson-Madison Regional Library is a bit different. Mr. Davis explained the library is actually a Regional Library Board created under different statutory authority, with an operational agreement that the localities participating in the regional library system have entered into and a funding formula created by that agreement, so even though it is not technically an authority, it operates in a very similar way.

Mr. Dill asked if there is any regular process for reviewing participation in the authorities, because it seems as though it would be hard to get out of an agreement once it is established. Mr. Davis explained the authorities created by the County have Board-appointed representation to their governing bodies and thus participates in the decision-making processes, so there is a constant review process on those operations from that perspective, but changing the charter and funding formula will be a more significant process, especially for those authorities in which the City and County both participate.

Ms. McKeel commented that some of them have a formula prescribed that the County is bound to, such as the SPCA. Mr. Davis explained the SPCA operates by a contract and agreement, not as an authority or a joint exercise of power, and there is a certain amount of payment based on population.

Ms. McKeel said this year the library has requested a 9% increase, but the County is not giving them that because contractually that is not required. Mr. Davis clarified the County is required, based on circulation, to pay a percentage of the regional costs and 100% of local libraries. He stated the County has representation on those boards and some budgetary control over how much it pays, but it is always a source of contention with the library board because if any one member does not appropriate the money for their full percentage of the budget requested, it could create a reduction in the total amount of the budget for the library because of the percentage of funding responsibility. Mr. Davis said the amount of the library board budget drives the amount of contribution from localities, but it is subject to appropriation, and some of this is driven by regional costs but the County has more control over local branch costs.

Ms. Allshouse stated the agencies for which there are written agreements and may or may not have a specific formula for funding, such as the SPCA, and other entities for which the County provides funding that are not in any of these categories, such as PVCC, and they show up in the budget categorically based on the type of services they provide.

Ms. Allshouse then presented information on items that were requested but are not funded, and stated they total about \$6.6 million. She stated the departmental requests include 48 positions totaling \$4.2 million, other departmental operation requests of \$360,000, a salary compression adjustment for schools and local government, which would have cost local government alone \$390,000 this year, the unfunded ABRT agency requests at \$412,000, cultural and festival requests at \$120,000, other regional and community agency requests at \$442,000, and the Fire and Rescue request at \$657,000.

Mr. Randolph stated that at the Board retreat they had discussed the fact that government is becoming much more specialized, and taking the salary total and averaging it out equals \$87,500 including benefits, and while this might seem like a large salary, the kind of skills required would likely pay that person in the six-figure range. He said the salaries are a reminder of the increased cost of

government and the kind of specialization required. Ms. Allshouse clarified that the \$4.8 million is not just for positions.

- **Brief overview of major changes associated with the following expenditure categories:**
 - **Administration Area**

Mr. Letteri stated that he will be reviewing the general government categories in the budget, with the intent of reviewing categories of expense, such as administration, public safety, etc., and highlight key changes, challenges and investments. He said the themes in the budget have been about meeting mandates and obligations and trying to mitigate the impact to services while holding the line, and in that regard, conversation about changes from last year to this year will be somewhat limited.

(Note: Ms. Mallek arrived at 4:22 p.m.) Mr. Letteri said in the category of **Administration**, total proposed expenditures are \$13.1 million representing eight departments or functional areas related to administration. He said the administration group is responsible for the overall management and leadership of the organization, for financial and budgeting operations, legal services, and support operations like HR and IT. Mr. Letteri stated the total category is proposed to increase by 3.5%, the majority of which have already been discussed in terms of salary and benefit increases. He said that a number of departments within this group serve more than local government, legal services, management and budget, finance, and information technology. Mr. Letteri stated it is important to recognize that it is a broad operation, not just local government, and these operations continue to be lean in terms of meeting the demands of the departments, with many reductions that have not come back, and a lot of the ones that did come back going to social services and public safety. He noted that included in some of these categories are strategic investments to help with long-term structural imbalance, such as implementing a time and attendance system to be efficient in this capacity; investments in grants and leveraging outside sources. Mr. Letteri said there are a number of unfunded requests in this budget, mostly in the form of positions, such as an additional Assistant County Attorney, and the same is true in Finance and IT, but staff is recommending the County hold the line until some of the investments come to fruition.

Mr. Walker reported that Human Resources is a department of the schools, but serves both schools and local government, and the County made a transfer to the schools to support the local government share of services, which is about 25% of the total HR capacity. He stated there are two issues that HR has identified as being primary for their interests going forward: diversity, particularly as it relates to recruitment and retention; and help for employees to navigate the increasing complexity of the healthcare marketplace.

Ms. Palmer asked him to explain the diversity item. Mr. Walker responded the department had wanted to hire an HR generalist to focus on diversity in recruitment and retention.

Mr. Dill commented that it is difficult to know which of the 48 total positions would help with efficiency and which positions would be beneficial to the community, because it is challenging to know specifically which of these will make a difference.

Ms. McKeel said this is a great question, because the Board does not necessarily know which of the positions might enhance the organization, as businesses do this type of assessment all the time. Mr. Walker explained that as part of the budget process, individual departments provide the justification for the positions they are requesting and then provide a ranking, so they are making the first judgment within the context of departmental responsibility as to which positions are the most important and why. He stated that in previous years, County staff would do a forced ranking in which they assess all positions against each other, so they are essentially competing for funding. Mr. Walker commented that it is a challenging conversation to have, but it provides some value in looking at the breadth of service provided when deciding to bring a position forward for support.

Mr. Dill stated this is within the department, so someone at a higher level is having to compare those rankings. Mr. Foley said this is usually done with a budget team or the OMB staff to make a ranking across organizations, and in a particularly difficult financial environment, they question how far they can go with that exercise. He stated the \$31,500 requested in OMB's budget, which is a half of a position, is included because it was felt it could bring down more revenue in grants than the position would cost. Mr. Foley said that there is not really anything else included in the budget that was deemed to generate cost savings, but there may be other positions that add value to citizens such as enhancing the police force. He stated it is difficult with a 2.5-cent tax increase and a \$3 million to make these decisions and it is nothing that staff feels good about, but it is before the Board to decide if they can do more. Mr. Foley emphasized that given the circumstances, this was a difficult year to include new positions, and this is the first year in his 16 years with the County that they have not included them. He added that this does not mean they are not valuable positions by any means, and staff can provide that detail to the Board as they wish.

Mr. Dill stated the staffing is such a huge percentage of the budget, it seems like it is worth spending some time on. He said that during the recession, the County eliminated 75 positions out of 680 total and muddled through, and when times got better some of those jobs were restored, but in some cases in different capacities. Mr. Dill said the public will likely ask why the County is keeping positions now if they were able to get by without them before, and he anticipated getting those kinds of questions. Mr. Foley stated these are very difficult choices, and the tax rate can go higher or they can eliminate a

service, and the principles put together in the budget are based on the challenging circumstances in which they find themselves.

Mr. Dill commented that it is a fantastic starting point, and asked what the average position is in terms of pay. Mr. Foley responded that a half-penny will generate about \$800,000, which will cover about 10 positions.

Mr. Randolph stated that if all of the 48 positions are added, that would mean a 2.5-cent increase, making their total tax increase 5 cents.

Mr. Sheffield said he has a question about the cost of police officers, because they typically cost more than the average staff position.

Ms. Allshouse stated they also have an efficiency savings of \$150,000 worked into the budget, and vacancies would likely be the first thing they would look at.

Ms. Mallek commented there have been very strategic analyses every year and as difficult as it was to shrink by attrition the 77 positions, the departments analyzed as being the most deficient social services which was 23 people below state standards, and the police department which was at the bottom of the hundred jurisdictions in the state in terms of officers to population, had positions put back in. She stated this was at great expense. When Board members had conversations in their districts, people were not thrilled about paying more in taxes, but they understood why there was a need for more police officers and social services workers for the community. Ms. Mallek emphasized that each Supervisor may get a different reaction, but said there has been great strategic effort over the last eight years.

Mr. Randolph stated there are two areas of capacity-building within the Albemarle County governmental sector: a grant-writer, as Mr. Foley had mentioned; and economic development, which will bring new industry and tax dollars. He said if those areas can start generating income, then the County can start talking about adding staff in difficult financial circumstances.

Ms. Palmer said she had several calls from constituents after the budget hearing, and she wants clarity from Mr. Foley as to his comment about the County not having a single year over the 16 years he has been here in which a position has not been added to the staff, because there had been 77 positions eliminated during the recession.

Mr. Foley explained that in his 16 years, there had not been a year when at least one position was added, even though there were different positions eliminated, so he is not talking about a net increase. He said he will check the facts on it, but that is his understanding.

Ms. Palmer said she wants to make sure the public does not misinterpret his comments and think there had been a net increase each year.

Ms. Mallek commented there had been a lot of cross-training and reassignment to other departments as part of the downsizing.

Ms. Allshouse said that page 80 of their budget document provides some history of positions for future reference.

Mr. Letteri commented that staff has tried to identify positions that are unfunded and said that if the Board wants more information for the positions, there is a detailed request analysis available.

- **Judicial**

Mr. Letteri stated the category of **Judicial** involves a number of operations related to courts, including the Commonwealth's Attorney, Clerk of Circuit Court, Sheriff's Department, and Courts – Circuit, General District, Juvenile and Domestic Relations Court, and the Magistrate's Office. He said the total category is just under \$5 million, and the proposed budget represents an increase of 3.1% or just over \$150,000 for FY16. Mr. Letteri emphasized these operations get a fair amount of support from the state through the compensation board, but the County makes a substantial contribution to operations, amounting to \$2.4 million across categories. He said that staff feels these investments have been appropriate and necessary to ensure that there is adequate staffing to conduct operations, and that their employees are fairly compensated. Mr. Letteri stated the County provides a good deal of operational support to these departments beyond financial, including HR, Finance and IT. He said that given the magnitude of investment, staff feels that MOUs for these departments are important, and those will be brought back to the Board in the April meeting. Mr. Letteri stated the Commonwealth Attorney's office have some unfunded requests for an additional Assistant Commonwealth Attorney and an office assistant, to help address increased caseloads as well as national cases.

Mr. Dill asked if it is known what the level of state support will be, as it is their responsibility to help fund that office. Mr. Letteri responded the office had made application to the state for assistance, but that request was not approved, which is typical as most Commonwealth Attorneys are not funded in full across the state. He explained that each year, the state provides an allocation for the Commonwealth Attorney's office based on population, so the County can calculate on the basis of that allocation what they can afford to pay their people.

Mr. Foley added that it is based on an approved number of positions for that office and there is a pending request, but it is not known yet whether the state is going to pay even their share of the latest request, so the County would need to wait unless it wants to pick up 100% of the cost. He stated that last year Denise Lunsford was successful in getting the state to approve an additional position, but that is not guaranteed in the latest request. Mr. Foley said he will follow up with staff to see if the state paid their share of that position, and if not, that would mean the County paid for 100% of that. He emphasized the state standards for staffing levels are not very realistic in terms of caseload and workload.

Mr. Davis added that the salaries funded by the state are also generally lower than market, and the number of attorneys provided is based on caseload, but they do not even fund to standards in some instances. He clarified there is no requirement for the locality to fund those positions or offices beyond providing them adequate space and benefits required by state law.

Mr. Randolph asked if the Juvenile and Domestic Relations Court increase of \$10,149 or 8.7% is driven because of additional juveniles coming into the court system. Mr. Letteri responded that he will follow up on that question.

Ms. Mallek said that on the previous page of the budget, it shows that it is for operations and building maintenance, but there may be more to it than that. Mr. Letteri stated that in the category of unfunded requests, the public defender has again asked for a salary adjustment, and staff has proposed to limit it to 2% as was given to other employees.

Mr. Randolph commented that he had found the information Ms. Mallek mentioned on page 111 of the budget, noting the County's contribution increase is \$10,149, and asked if the City is paying the same amount for maintenance. Mr. Letteri responded that the City and County share those costs 50/50.

Mr. Randolph stated this seems like a significant amount of increase, because someone is collecting \$22,000 in additional maintenance costs just for that building.

Ms. Mallek noted it can be an HVAC system or something like that.

Ms. Palmer asked about the time allotment for the Board to ask questions. Ms. Allshouse responded the Board is scheduled to be done by 5:30 p.m., but there will be several other opportunities for them to ask questions when they talk about the CIP and the work session on March 8.

- **Public Safety**

Mr. Walker reported that the **Public Safety** category includes the Police Department, the Fire/Rescue Services Fund, and Inspections under Community Development. He said he wants to point out a few things related to these departments, and said there is an increase in police for the County's share of the regional firearms training center, which will be operational soon. Mr. Walker stated there was a request to increase training opportunities that was not included in the recommended budget in order to take full advantage of the facility. He said there was increased support for two partially grant-funded positions, a problem-oriented policing position and a crime analyst position, and many of the grant positions have a step in which the grant pays a share and the County pays a share over the years. Mr. Walker stated the increase is consistent with where things are in the funding cycle, and it is the second year for the problem-oriented policing position and the last year for the crime analyst.

Mr. Walker stated there have been 16 additional police positions added since 2008, although the current ratio is still at 1.3 per thousand population, short of the 1.5 per thousand in the Comp Plan. He noted the community has been aware of the investment in the geo-policing model, which is not necessarily tied to population ratio, but certainly increases in population without increases in staffing makes that transition to the model much more difficult. Mr. Walker stated the police department's top priority, which was not funded, is to enhance their problem-oriented policing (POP) program. He said that body-worn cameras has also received a lot of attention locally and nationally, and the program is a meaningful but costly investment at \$250,000 in the first year, which is not recommended for funding in the budget although the police department is proceeding with a pilot program with eight cameras.

Mr. Sheffield asked for clarification of the County's funding of POP, since they are increasing funding for it, but not providing staffing. Mr. Walker explained there was a grant applied for and accepted with the expectation that the complement of the POP unit would be filled out over time, but there is not a new investment of resources to take it to the next level.

Mr. Sheffield said he would like to discuss this further as part of the Board's strategic plan discussion, because if the County is not going to be fully funding it, it does not seem as though they are honoring why they pursued the grant in the first place.

Mr. Foley said the Board should mention any other items that should be discussed in their strategic planning in June.

Mr. Andy Bowman, Management Analyst, with OMB, explained the cost in FY17 for one additional officer will be \$156,000, with one-time costs for the vehicle, equipment and startup costs within that amount totaling \$87,000, which will go away in FY18.

Mr. Sheffield said last year they had looked at the possibility of funding two positions through both operations and capital.

Mr. Dill asked why the police officer salary increase is listed as 0.7% rather than the 2% that all other staff is getting. Mr. Bowman stated that within the current fiscal year, there has been turnover in the department whereby employees had left and were new officers hired at lower salaries. Salaries are less than budgeted, and the 2% applies to where they are now, not where they were a year ago.

Ms. Mallek said this was really just the lapse factor.

Ms. McKeel asked for more information about the unfunded Commonwealth Attorney position based on the body-worn camera program. Mr. Walker explained the position has been requested by the Commonwealth Attorney in conjunction with that program, but what is not included is the impact on the County Attorney's office, as it would be impacted by this program.

Mr. Davis said the impact on both offices is that the body-camera recordings become evidentiary material that has to be provided in discovery, which is very labor intensive, and under current law it will require review to see which materials could be withheld. He stated it will also be labor intensive to redact the material that is not appropriate to be released while releasing the parts that should be, and this is envisioned to be a very expensive endeavor for his office, the Commonwealth's Attorney and the Police Department.

Ms. McKeel asked if he has anything in the budget for his office or just for the Commonwealth Attorney. Mr. Davis indicated he does not have a specific request for the body cameras, but in his first budget request he had requested a new assistant position based on overall workload.

Ms. McKeel stated the overtime wages went down for the Police Department, and in her district this means Foxfield, so she asked if the overtime pertains to this.

Colonel Steve Sellers, Chief of Police, indicated that the overtime is reimbursed by Foxfield Races, and the only thing that has not been reimbursed is the planning process, but they have now agreed to reimburse that also.

Mr. Randolph asked if he is seeing greater activity in the urban ring requiring additional policing. Colonel Sellers clarified that the current policing level is 1.2 or 1.3 per 1,000 population, and the County's goal is to move that up. He stated that in their strategic planning analysis, they have determined that there are areas in the urban ring that need additional resources, and about two years ago, he proposed to divide sector one, which is actually their smaller beat, into two parts to be covered by two officers.

Mr. Sheffield asked how much is expected that the County will have to fund for the crime analyst position to fulfill the grant requirements. Ms. Allshouse responded that staff will get that information for him.

Mr. Foley commented this is in the grant report every month in terms of what the County has to pick up, so that information is readily available.

Mr. Bowman stated there will be \$17,000 in lost grant revenue going into FY18 for that position.

Mr. Walker stated that Fire/Rescue has a large funding request that is unfunded in this budget, but he wants to clarify that the County is providing additional support for volunteers. He said that savings have been realized in the current year, which allows the fire fund to make some of these contributions, with the single largest savings in fuel, but also a collaborative effort among fire stations to consolidate their fueling stations at the volunteer stations to reduce the amount of travel time to get fuel. Mr. Walker emphasized this is a good case of making a targeted investment in the combined career/volunteer system to realize savings overall for the fund, which goes to help support other activity within the fund. He stated the budget does not include expanded hours of coverage at Pantops once the new station is completed, and they were able to provide a more cost-effective insurance program for volunteers.

Mr. Walker reported the vast majority of the building inspections program is funded through fees charged for building inspection services.

Mr. Walker stated that in terms of the regional jail, there is a significant increase due to increased costs for personnel and health insurance, and there is also an increase in jail population with a slightly higher rate of increase than the City of Charlottesville. He said there is no increase in staffing to support the jail, but food costs, medical costs and other costs related to the 24/7 housing of people are reflected in the increased costs. Mr. Walker noted that a year ago, they migrated to a five-year rolling average for determining the shares to support the agency, which really helped to manage the significant peaks and valleys of costs and savings. He said with the Juvenile Detention Center, they had implemented a similar change in imposing a three-year average for the same purpose, which had the same impact. Mr. Walker said the juvenile population has remained relatively stable, and a big part of the cost increase beyond salary and health insurance is due to federal mandates for the Prison Rape Elimination Act (PREA), with additional staffing required for coverage added over a period of years to be in compliance by 2018. He noted the regional jail has a similar mandate, but it is not affecting staffing ratios as it is with the juvenile center.

Mr. Randolph asked if the SPCA contract of \$500,000, which had been approved in 2009, is an annual contract or subject to renegotiation. Mr. Walker responded that it can be subject to renegotiation, and it is an annual contract to the extent that unless the County indicates otherwise, there is a factor by which it increases based on increased costs and inflation.

Mr. Randolph stated the SPCA has significant private support in the community in the form of contributions and endowment funds, yet the County has unfunded services for youth and other things, and \$500,000 for the SPCA seems like a lot of money.

Ms. Mallek noted it had increased by about \$200,000 over the last few years. Mr. Walker clarified the services the SPCA is providing to the County is for the pound, which is a mandate managed through the state veterinarians, so those services have to be available in the community, although perhaps the pound and shelter costs can be evaluated.

Ms. Mallek stated that was a very thorough process done by Mr. Davis and Mr. Foley in 2010, and the County spent significant time going through that to end up with the current agreement and be as frugal as possible.

Mr. Foley said the question pertained to the mandated level of service versus a higher level, and whether some of that could be subject to fundraising, which, in principle, is a larger question throughout the budget in terms of whether fundraising can be done instead so that County funds can be reallocated to other services.

Ms. Mallek emphasized that she is quite sure the County funds are not going to the animal surgeries and higher level operations at the SPCA, it is strictly for the pound operation.

Mr. Foley said this was very clear in the way the contract was written.

Ms. Palmer said that staff had said it was based on population.

Mr. Davis said the formula was devised to be based on population, and the SPCA had made a strong case during those contract negotiations that the County was not funding them adequately for the pound services being provided. He noted that staff had done a pretty thorough analysis as to whether those services could be provided more efficiently, and at that point they could not, although it was left on the table as a possible future option.

Ms. Palmer stated that one of the things they get for that money is a very humane pound, and they could probably get it cheaper but it would not be as humanely run.

Mr. Randolph said it would be a humane pound whether they got the \$1/2 million from the County and he does not think that would change the operation. He stated that hearing people talk about not having facilities for women needing treatment or legal representation, it seems as though this funding may be misdirected, as the impression left here is that the community cares more about dogs than it does about people.

Mr. Sheffield commented that it sounds like a strategic plan topic of discussion.

Mr. Walker reported the actual operating budget for the ECC operation is going down, but the County's cost is going up significantly based on the formula for dispatch activity relative to the City and UVA. He stated the County has added staff and auxiliary police officers, and their activity in the community adds traffic.

Mr. Sheffield asked if staff can get that analysis, as he would like to know how many of the calls are for elder-related issues. Mr. Walker responded that he can try to get some of that information from the ECC, but from a budget perspective he wants to make the point that the County's ratio is changing.

Ms. Mallek commented that there is a high rate of auto accidents in the area also, which can be fueling the increase.

Ms. McKeel said she would like to have this information also.

Mr. Walker stated that he will try to get information on "calls by type."

Ms. Mallek indicated that she has questions about the Fire/Rescue section such as the capital outlay expenditures for vehicles that are going to be replaced, unfunded requests from volunteer stations totaling about \$600,000, and clarification of the increase in the number of positions from 50 a few years ago to the current 92. She stated she would like further information about maintenance things at the stations, like mowing and snow-blowing, if they are still occurring. Ms. Mallek said she had spoken recently with an administrator from Augusta County about inspection programs because of new people being hired and associated costs, and he told her that Augusta does not do those and feels they should not pay for it. She stated she would also like to know whether there are fees for services for inspections and the pre-fire planning activities whereby firefighters are going out and visiting businesses, as that might take away from the duty crew.

Mr. Sheffield asked why the Firearms Training Center would be pulled out separately rather than including it under public safety. Mr. Walker responded that it is a regional facility and that may be why.

Mr. Sheffield said that ECC is a cooperative facility also. Mr. Bowman explained that where there are agreements with other entities, such as Darden Towe Park, those have to be accounted for separately from the general fund.

Mr. Sheffield said it would be helpful for people looking at the public page to know that there is another facility to which the County is contributing, and when the center will be opened.

Mr. Trevor Henry, Director of Facilities and Environmental Services, addressed the Board and stated that the firing range should be completed by the end of April, with a few months needed for actual training, and Colonel Sellers will be working on a grand opening ceremony for the facility, which should be open by May or June.

Mr. Sheffield asked if they are identifying a fully funded operational cost for the facility, as he is trying to gauge whether the numbers provided are for the full year. Ms. Allshouse said that Mr. Bowman had clarified that FY17 is a full year of funding.

(Note: Due to the lateness of the hour and the scheduled joint meeting with the Economic Development Authority, the Board recessed the budget work session and agreed to continue with the remaining items at its next work session.)

NonAgenda. Ms. Lee Catlin, Assistant County Executive, reviewed information on the upcoming public engagement meetings: March 15 at 7:00 p.m., Jack Jouett Middle School; March 17 at 7:00 p.m., Monticello High School; March 23 at 7:00 p.m., Western Albemarle High School. She stated that staff is also planning to host several virtual opportunities.

Recess and Reconvene in Room 241. The Board recessed its meeting at 5:27 p.m. and reconvened in Room 241 with the Economic Development Authority.

Agenda Item No. 3. **Joint Meeting with Economic Development Authority**

EDA Members Present: Mr. James Atkinson, Ms. Lettie Bien, Mr. W. Rod Gentry, Mr. Vernon Jones, Mr. Donald Long, Mr. Elton Oliver and Mr. David Shreve.

Officers Present: Mr. James M. Bowling, IV, Attorney, Ms. Faith McClintic, Director of the Office of Economic Development, and Ms. Susan Stimart, Economic Development Facilitator.

At 5:59 p.m., Mr. Gentry, Chairman, called the EDA to order and expressed his appreciation to the Board for having the joint meeting.

Ms. Palmer reconvened the Board of Supervisors meeting at 6:00 p.m. and welcomed everyone to the meeting. Ms. Palmer stated that this will be more of an overview in light of their economic development goals to work with the EDA to increase revenues.

Ms. Palmer then introduced the presiding safety officer and County staff present.

EDA members and Board of Supervisors members then introduced themselves.

(Note: The following agenda was used for the basis of the joint meeting:)

1. Review of Economic Development Work Plan. (*Faith McClintic, Economic Development Director*)
 - a. Overview of Economic Development Authorities: roles, statutory powers, best practices
 - b. Discussion of current operational limitations/restrictions on County's EDA
2. Discussion of Preliminary Findings from Site Inventory Analysis. (*Faith McClintic*)
 - a. Vacant land
 - b. Redevelopment opportunities
3. Discussion of future meetings: timeframe and topics

Ms. McClintic stated that she hopes this will be the first of many discussions about how the EDA and Board can work together to accomplish some really good things for Albemarle County. She reported that several months ago, the County agreed to undertake an extensive analysis to define strategies and plans that will fit best in terms of growing the tax base, and ultimately will have an economic strategic plan that the Board will be asked to adopt. Ms. McClintic stated that as part of that process, staff will be actively seeking public input because they want the plan to be useful, able to be implemented, and supported by County leaders and residents. She said the County has been reviewing its current programs and services, business startup and assistance, business retention and expansion, incentives and policies, as well as the EDA and its functioning relative to other communities. Ms. McClintic stated

they are going through a process of community input, and she has already met individually with EDA members to ask very defined questions, which will also be done with the Planning Commission. She noted that County staff has been out in the community holding focus groups and talking with representatives of the business community, environmental supporters, academic partners, and development partners. Ms. McClintic stated that all of this information is playing into the portrait of Albemarle County today and how it is doing in terms of business location and expansion factors. She said they are also looking at the County's infrastructure and all vacant properties in the development areas, considering what is currently in the Comp Plan and what is zoned, in addition to utility location and available capacity and transportation routes. Ms. McClintic said they are also evaluating what entices companies that are operating here to move elsewhere, such as lower costs and tax structure. She emphasized that Albemarle is trying to compare itself most readily to those communities that have similar industry targets.

Ms. McClintic stated that staff will be coming back with some initial findings and reviewing them with the Board and the EDA, noting that there is a lot of information to be shared, including the inventory of sites and the stakeholder feedback, from community outreach. She stated that her office has been working closely with Community Development in reviewing the comments and feedback received from the development and real estate professionals that participated in focus groups. They are working to take an initial look at what was heard to see if some items can be fixed first administratively, and delineating items requiring Board and Commission action. Ms. McClintic stated they now need to focus on providing solutions to make things easier and more positive for businesses, and an economic development strategic plan will be available later in the year.

Ms. McClintic reported that the business startup and assistance program involves the work of Susan Stimart, who spends a lot of time with one-on-one counseling with entrepreneurs, spending time with them to look for site locations for a new venture, and this is coordinated closely with planning, particularly Elaine Echols, to ensure that the intended use is compliant with the Comp Plan. She stated her office refers a lot of clients to the Small Business Development Center, and works closely with Community Development on land use and permitting process issues. Ms. McClintic said the County is still working on making some adjustments to the business retention and expansion program, and Ms. Stimart and Ms. Catlin have been making an effort to visit a certain number of companies this year, but they have now taken it a step further through a defined questionnaire to ask specific questions to gauge where there may be opportunities, where customers and suppliers may be, and where they can find employees. She commented that in many ways this is a goodwill effort, with effort made to cover the wide spectrum of small businesses in addition to larger ones that might already know who to call when they have issues or concerns. Ms. McClintic noted the purpose of this effort is to try to prevent losing a company over something that might be able to be resolved at the local level.

Ms. McClintic stated that staff would also like to establish quarterly roundtables with different business sectors as a mechanism to provide regular feedback, and this would be an ideal opportunity for EDA and Board members to come together with the business community. She added this will be something that can be done in conjunction with tours of business facilities, to help provide a better understanding of what is going on with businesses. Ms. McClintic stated that she will be working with Greg Kamptner in the County Attorney's Office over the next few months to see if they can streamline the economic opportunity fund performance agreement process, which is currently a bit cumbersome, so that grant recipients can get their money more quickly rather than waiting the current three or four months, which can be difficult for smaller businesses.

Ms. McClintic presented a list of the organizations that the County has met with thus far in conducting focus groups, such as Monticello, the PEC, etc., stating that they have held nine meetings thus far and have put the invitation out for a larger community meeting on March 3.

Mr. Randolph asked if she has not yet met with healthcare sector representatives, since that is one of the four target industries. Ms. McClintic responded that they fall under the "major employers" group, and that meeting includes representatives from the UVA Health System and Sentara.

Ms. McClintic reported that the consultant who is conducting the data research and analysis for the community assessment has begun her work, and a very significant undertaking is to work with County staff, particularly Elaine Echols, to use the GIS system in identifying 240 available parcels within the development area regardless of Comp Plan designation. Ms. McClintic said that Ms. Echols takes great pains in establishing the status of each parcel, such as a zoning application underway or a recent subdivision plan, so the list got whittled down to about 202 parcels. She stated that in looking at what is available today out of the 440,000 acres total in the County, a little over 24,000 acres of property have been developed, with 1,069 acres in industrial; 6,500 in parks and open space; 8,735 in residential; 1,500 for mixed use; and 1,663 for institutional. Ms. McClintic noted the Town of Scottsville is included in this analysis, and said that 20,000 of the 24,000 acres is either already built on or constrained with things such as right of way easements, a water protection ordinance, critical slopes or mountain overlays. She stated the things that have been weeded out of the vacant parcels have the same constraints for the parcels that are already developed.

Ms. McClintic stated this leaves roughly 4,140 acres total, breaking down into 618 acres designated in the Comp Plan for industrial use, 214 acres of which belong to the UVA Research Park and 32 acres belonging to Rivanna Station for federal government use. She noted there are 44 parcels making up the 618 acres, but the largest one of those parcels is just 29 acres, so this is not inconsistent of what she had mentioned in the fall in terms of limited availability. Ms. McClintic reported the mixed use number of 171 acres is 18 parcels, with a combination of residential and commercial space, so it will

depend on the provisions of the mixed use classification as to how it can be developed. She emphasized that with Ms. Echols' guidance, they took the 23 Comp Plan designations and tried to synthesize them into six broader categories. She added that the Town of Scottsville has 285 acres of undeveloped land, so if that is taken out of the equation, that leaves 3,855 acres.

Mr. Sheffield asked if land for the planned unit developments, such as Belvedere or Northpointe, have been excluded from this assessment. Ms. Susan Stimart said they would have taken out a portion of the parcels that have been built upon and parcels that are constrained in order to come up with vacant or underutilized.

Mr. Sheffield stated in that case, Northpointe would be considered undeveloped. Ms. Stimart said that is correct. Ms. McClintic said it is considered undeveloped, but if it has a plan for development already submitted, it would have been pulled out of the equation.

Mr. Sheffield stated there is a fair number of those types of parcels in the Rio District whereby developers have put something in as a placeholder to potentially sell the land for a higher value, and he just wonders how they are being accounted for.

Ms. McClintic said that staff can provide specifics on all of those parcels, and said they have made an effort not to focus on properties that are currently residential, as the Board might want to switch that designation around in order to accommodate what they want to see happen in the development areas.

Ms. Palmer commented that the Board will take a look at the residential and make a decision with some incentive that keeps in mind that commercial and residential will be worth more money. Ms. McClintic said the next time they meet, staff will provide a map showing all of the parcels in the development area and how they are designated, going through and illustrating which ones they have pulled out as being available.

Mr. Sheffield said that an example of this is Berkmar, which was identified in the Comp Plan as commercial but was built out as residential.

Mr. Gentry stated that where this might come into play is with a business that has reached capacity where they are located and need to expand, but there is not a parcel available, contiguous or otherwise, and the first thing businesses do is look for someplace else to be.

Mr. Sheffield commented that this is especially true if the parcel being considered is already rezoned.

Mr. Randolph asked if any of the parcels are within the Town of Scottsville, which does have industrial parcels set aside, because those residents want to see Scottsville's properties included as part of the overall assessment, and it is really important to him to have that additional acreage included, especially in light of a recent discussion in town regarding the use of land in the context of a quasi-industrial purpose.

Ms. McKeel asked for clarification that the largest parcel available is 29 acres.

Ms. McClintic confirmed that it is.

Ms. Stimart added that the next two largest parcels are 27 acres and 18 acres.

Ms. Mallek asked if there is no common ownership around those parcels or any clusters of smaller parcels all owned by the same person. Ms. McClintic said that staff's next steps are to bring that back to the Board on a map to see if there are adjacencies that can create a larger piece, and in conjunction with that, she will be using some engineering assistance to show what other constraints might need to be considered.

Ms. Palmer asked if they are looking at buildings that might be unoccupied.

Ms. McClintic responded that the redevelopment step is entirely separate, but the real estate assessor has already provided a significant list of all properties that have an improved value of under \$200,000 and there are a lot of them along Route 29 in particular. She said this will ultimately be part of their evaluation of what the County has to work with, and they want the primary corridor to look really nice.

Ms. McClintic reported that EDAs used to be called Industrial Development Authorities (IDA), but the name was changed to expand the term to mean more than just industrial uses. She stated this was defined by the federal level as well as the state, and these authorities are doing more than just financing manufacturing facilities. Ms. McClintic said the primary purpose of these authorities, as described in the Code of Virginia was, "promoting industry and developing trade throughout the Commonwealth for the benefit of its residents." She stated it was all intended to help build commerce, promote safety, health, welfare, convenience and prosperity around Virginia, and the authorities had flexibility and authority beyond what local government had, such as providing incentives to a business entity. Ms. McClintic said the statute provided that the authorities could acquire, own, lease, and dispose of properties; make loans for those same purposes; make incentives on behalf of localities; construct or finance pollution facilities; acquire, develop, own and manage industrial parks and associated utilities; and issue bonds and provide

conduit financing. She stated that Sentara hospital system, for example, has a bond financed through the EDA, and financing can also be provided in lieu of having an independent housing authority.

Ms. McClintic emphasized that EDAs are a tremendous tool that can be utilized to promote broader goals of prosperity, safety, health and welfare and overall quality of life. She said that EDAs cannot operate their own facilities unless they are a lessor; cannot make land use decisions; cannot buy land or buildings unless they have their own money to do so; and cannot issue bonds without Board of Supervisors approval. She noted she had done a comparative study of EDAs around Virginia, and some of them have all done some wonderful things around the state, but that all had to be done in conjunction with local government, and it does not work well to have them at cross purposes. Ms. McClintic said that her role is as liaison between the EDA and the Board of Supervisors. She stated that EDAs are technically an independent political subdivision with their own set of by-laws, and economic development staff provides administrative support to them, which Ms. Jordan has done for a long time in the absence of an economic development staff.

Ms. McClintic stated that some of the most interesting things she has seen EDAs do are redevelopment and revitalization projects, such as reuse of an old warehouse. She noted the City of Winchester is a great example of completely revitalizing their downtown, and the EDA in concert with the City acquired some old run-down buildings and created some grant programs to stimulate private sector interest, with the EDA using some of its funds for engineering assessments and architectural evaluations to make the projects more attractive.

(Note: Mr. Dill left the meeting at 6:32 p.m.)

Mr. Gentry commented that their downtown is very vibrant today, and is a walking mall as well as a financial and retail district and hub for legal firms.

Ms. McClintic stated that the Code of Virginia defines some mechanisms for the authority to be able to react more quickly and with greater flexibility than the locality can, and most of the authorities end up owning buildings or land to be reinvested back into the economic development efforts of the community. She noted this is a very carefully defined area of the law, and said that with a creative counsel you can do amazing things, and the local bond counsel from Hunton & Williams, Jim Bolling, has done a lot of work with other EDAs. Ms. McClintic said that many EDAs maintain their own bank accounts and have the same restrictions as localities, and currently the County's Finance office serves as fiscal agent for the EDA.

Ms. McClintic presented a copy of the ordinance stating that the Board approved the EDA bylaws, which is not customary in many communities, and they currently said that no changes can be made to those bylaws without Board approval.

Ms. Palmer asked if there are things the EDA would like to change with the bylaws. Mr. Gentry responded that they will.

Ms. McClintic stated that a key thing to keep in mind is that the local EDA is considered a passive entity from an economic and financial standpoint, and if it were to become active and start doing the things the Board wants, the ability to be able to respond quickly to things, such as obtaining an option agreement on a property or queue up a contract for engineers to come in and do assessments, will be key to their ability to execute and capitalize on opportunities. She stated that currently EDA expenditures go through County Finance, so they are not able to purchase things like wine for entertaining officials, and in other communities there is a separate policy for the Economic Development Office because of this.

Mr. Gentry said the goal is removal of anything that is considered a competitive disadvantage, and the intent is not to reduce communication or gain control, but to forge a positive and provide the opportunity to respond quickly and be nimble and more aggressive in what they are able to do.

Ms. Palmer thanked Ms. McClintic for her presentation.

Ms. McKeel said she would like to have a copy of it electronically, and asked when the Board will be updated again. Ms. McClintic responded that the Board's March is very busy, but she will work with Mr. Foley on securing a time.

Mr. Sheffield commented that they will need to make time, as they are always busy. Mr. Gentry said this is another reason to become more streamlined.

Mr. Shreve stated that none of this implies that there are not situations where there should be a slower approach or more deliberation.

Ms. McClintic said that she can have maps and other items back to the Board in March, and she has asked the consultant working on the data to expedite some of the data, as this might be useful for the Supervisors in their community meetings in helping them to explain the importance of economic development in the context of the budget.

Mr. Gentry stated that the budget shortfall will only get bigger over time without identifying other revenue sources, whether it be through redevelopment or by recognizing and attracting good opportunities. He added that being aggressive and more forthright will help to land those things, and help shrink the deficit over time, which will make everyone's job easier. Mr. Gentry stated that helping property

owners who want the best of everything, but do not want their property taxes to go up need to understand that amenities need to be paid for somehow, and the County will need to find other ways to generate additional revenue.

Ms. McKeel asked Ms. McClintic to contact Mr. Foley about the three budget meetings at the area high schools so that she can attend.

Mr. Sheffield said that it would be helpful if she and Mr. Gentry could also attend the March 21 CAC meeting.

Mr. Gentry noted that the EDA has also been involved with the Places 29 and Route 29 Solutions meetings as well.

Ms. McKeel commented that it will not work out for her CAC's next meeting, but they are all interested in hearing more about economic development.

Ms. Mallek asked if there are success stories with EDAs working on cultural projects, as performance centers attract people to the area and help generate revenue for local businesses. Ms. McClintic responded that the EDA in Prince William County has helped build the performing arts center there as part of a mixed-use park along with the FBI, George Mason, and other entities, with the EDA providing the financing for that facility.

Ms. Mallek said the ACME in the Crozet area and Teledyne in Earlysville will be remediated and ready within two years. Ms. McClintic stated that she is aware of them.

Ms. Palmer stated that she hopes once the CATEC Board makes a decision about CATEC, the EDA can be involved with their move to PVCC to establish a technical training facility.

(Note: Mr. Randolph left the meeting at 7:00 p.m.)

Ms. McClintic said that she has also had some discussions with the Senior Center to remind them that the EDA can play a role in establishing their new facility.

Ms. McClintic stated that she had forgotten to mention the EDA doing bond issues outside of those they do for the County can provide a revenue stream through administrative fees that can be put back into economic development and tourism efforts.

Mr. Gentry said that part of this discussion should be creating a strong and vibrant workforce, and PVCC and the Workforce Center are able to help train those workers, but he hopes that young people coming through schools today will see the opportunity to be able to be educated here and stay in the community to work.

Ms. Mallek recalled that when Micro-Aire was locating here, they had to go to Lynchburg to find machinists, because no one in this area was qualified.

Mr. Gentry said that was a great repurposing of that building.

Ms. Mallek stated that it would be great to have some old factories to work with.

Mr. Gentry said that ACME Visible at one point was a vibrant business, and every business goes through a life cycle, and the community always needs to be prepared for that, and be ready to replace those that do not survive.

Ms. Mallek said it is important to be flexible, and cited the brewery going into the old Morton Foods plant and Music Today ticketing going into ConAgra.

Mr. Atkinson stated that the old Comdial building is another great example of how redevelopment can work, with Custom Ink as a huge manufacturer.

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

There were none.

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

There were none.

Agenda Item No. 6. Adjourn to February 29, 2016, 3:00 p.m.

At 7:04 p.m., Ms. Mallek **moved** to adjourn the Board meeting to February 29, 2016 at 3:00 p.m.
Ms. McKeel **seconded** the motion. Roll was called and the motion carried by the following recorded vote:

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

Chairman

Approved by Board
Date: 07/06/2016
Initials: TOM