

A special meeting of the Board of Supervisors of Albemarle County, Virginia, was held on September 29, 2016, County Office Building, McIntire Road, Charlottesville, Virginia, for the purpose of allowing Board members to participate in a work session on the County's Strategic Priorities; and a meeting of State Legislators. The work session was held at 9:00 a.m., Lane Auditorium, and the meeting with the State Legislators was held at 11:30 a.m., in Room 241.

PRESENT: Mr. Norman G. Dill, Ms. Ann Mallek, 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, Greg Kamptner, and Clerk, Claudette Borgersen.

Agenda Item No. 1. Call to Order. The meeting was called to order at 9:01 a.m., by the Chair, Ms. Palmer.

Ms. Palmer then introduced the presiding security officer, Officer Sam Thomas, Deputy County Executive, Mr. Doug Walker, Assistant County Executive, Ms. Lee Catlin, Deputy County Executive Mr. Bill Letteri, and County staff on dais present.

Ms. McKeel also wished Mr. Foley a happy birthday.

Agenda Item No. 2. **Work Session:** Continued Discussion – Strategic Priorities.

The Executive Summary presented to the Board states that the County's adopted FY17 Operating and Capital Budget initiated the development of a priority-driven budgeting process, including Board work sessions and community engagement, to determine Board and community priorities in a constrained economic environment. This priority-driven budgeting process involves identifying priority services and necessary funding levels to support those services, and then aligning resources and desired services in a sustainable way for the future. The process will result in a balanced Two-Year Fiscal Plan that will provide a framework for decision-making on major financial issues.

The Board began this critical process with a strategic initiatives identification session on May 17, 2016, and continued with a priority setting session on June 7, 2016. Following that session, staff refined the identified priority initiatives into draft clarified objectives that will form the basis of the County's FY17-19 Strategic Plan. Staff introduced the draft clarified objectives to the Board on September 14. The Board will discuss the draft objectives and resource allocation issues at this work session and at the work session scheduled for October 11. The Board's feedback and direction will shape the development of the balanced Two-Year Fiscal Plan that will be presented in November.

On September 14 staff provided draft clarified objectives for further discussion and review by the Board in the following categories:

Tier 1 : Identified by the Board as the most critical and urgent items to be accomplished in the FY17-19 Strategic Plan with resources identified and assigned as necessary to complete the expected outcomes.

Tiers 2 and 3: Identified by the Board as important items that should continue at their current level of effort unless some circumstance would cause the Board to reconsider the urgency of the objective.

During this work session, staff will review preliminary one-time and ongoing resource needs for each of the Tier 1 objectives for the current fiscal year as well as for FY18 and 19. Board members will also have the opportunity to share any initial thoughts they may have on the program and service inventory.

The budget impact of the strategic objectives will be presented as part of the balanced Two Year Fiscal Plan to be adopted in December 2016.

Staff recommends that the Board provide desired direction on the draft clarified objectives and share initial thoughts on resource needs and the program and service inventory.

Ms. Lee Catlin stated that she would address the Board about strategic priorities and invited the Board to provide direction and insight regarding the identified priorities. She identified three objectives for the evening session: to obtain direction on tier one, two and three objectives; to identify resource needs to carry out the tier one, two and three objectives; and to begin initial discussions about the program and service inventory (PSI), a tool they would use to identify priority items.

Ms. Catlin acknowledged receipt of some emails from Board members regarding the tier objectives and invited them to provide additional feedback as to their agreement on the priorities identified as tier one, two and three. She noted that the objectives could be changed.

Mr. Foley emphasized that all the issues listed are considered to be priorities.

Mr. Randolph referred to the second item under tier two – “Establish and Implement Strategic Direction to Expand Broadband Affordable Access to Underserved Rural Communities.” He stated that he and Ms. Palmer serve on a committee that would soon provide a report on broadband, and commented that it is more thorough than the interim report produced. Mr. Randolph stated that they should be mindful to look at moving broadband from tier two to tier one and believes that most or all Board members would agree with him. He said that in his travels around the southern part of the County, the issue cited most often by residents is broadband access, which affects education and business development. Ms. Catlin said this is an example of how they have positioned tier two and three priorities with flexibility, and once the broadband report is presented the Board may wish to move it to tier one.

Ms. Palmer said there are other tier two priorities that could also be under consideration for a move to tier one.

Mr. Sheffield said that many tier two items do not have actionable and tangible items, but as they become more actionable they can challenge tier one priorities.

Mr. Randolph agreed with Mr. Sheffield and used the term ripening to describe how these priorities would develop. He said there is a clustering within tier one around the Small Area Plan and the urban ring in the northern sector. He said that once they have agreement as to what the SAP is and look at its various dimensions they would be able to pull in various tangential issues and be able to move additional items up in priority. He said that age-friendly communities are something they should be discussing and is a sleeper issue.

Ms. Palmer identified the water resources program as another sleeper issue.

Ms. Catlin said she likes Mr. Randolph’s use of the word “ripen” to describe issues that may move up the priority scale as they develop. She asked the members if they are in agreement with the priorities and their respective tiers.

Mr. Dill said that within tier two, numbers 1, 5, and 6 have an environmental orientation, but said that Tier one does not have an environmental orientation. He stated that he believes they should better emphasize ecology matters, such as land use and water resources, as this is a high value item for him.

Ms. Mallek agreed with Mr. Dill’s comments.

Ms. Catlin said it is her understanding from member comments that they are pretty much in agreement with the current categorization of items within the tiers, and her next question for the Board is whether they have captured the right things in terms of the focus items for the next two years.

Mr. Dill described some of the wording as having a “mushiness” as to what they are trying to do.

Ms. Palmer agreed with Mr. Dill that there should be more specifics.

Ms. Catlin asked if they would like her to tighten up the language used for some items including land form use and proactive rezoning.

Mr. Foley said that what they are talking about is clearly not just revenue enhancement, but also enhancement to urban areas and these are the two goals they are trying to achieve.

Ms. Mallek stated that facilitation of making things happen is the main goal and other things are a byproduct of this. She said the main objective is to make it easier to do business.

Mr. Foley said the final report released to the public would discuss revenue generation.

Ms. Palmer referred to the “calls to revenue impact model” that has determined the assessed value of a new house has to be at least \$600,000 in order for property taxes to cover the additional costs in County services to an average family. She said they should look at ways to reduce this and perhaps set a goal to reduce it by a certain amount, and thinks the wording in the document does not sufficiently identify everything the Board has been discussing in enough detail.

Mr. Randolph said as they move forward with the strategic priorities, they should be mindful to identify strategies that are important from both an economic development and environmental standpoint as additional growth has environmental consequences. He noted they would have to balance these two issues.

Ms. Palmer said that if the calls to revenue impact model is accurate, then they have to be careful about additional residential growth.

Mr. Foley said that revenue generation would be an issue for the Board to contemplate, and that revitalization and redevelopment would be a part of this conversation. He identified tier two item four, “Completion of Strategic Plan for Economic Development,” as an item that aligns with some of the tier one objectives.

Ms. Mallek stated the challenge is to not make the report so complicated that they cannot do anything with it, and suggested that tier two item one be pushed to 2017.

Mr. Sheffield asked Mr. Foley if the economic development plan is within tier two because it is far enough along not to require priority attention. Mr. Foley said that items within all three tiers are important and are prioritized by resources available.

Mr. Sheffield said he wonders how it can be made clear to the public that the manner in which items have been ranked in priority is more a matter of available resources to carry them out than a matter of importance. Mr. Foley agreed that they should look at how they can make this clearer in the report, adding that an item at the bottom of the list is still considered to be a priority.

Mr. Dill commented that perhaps they should remove the tiers, as a ranking system leads to the perception among the public that some issues are more important than others. Mr. Foley said that to achieve objectives an item has to be resourced sufficiently, and those items listed at the top of the list have more available resources to be accomplished. He said that as timeframes and resources are identified, the ranking of items can change.

Mr. Randolph referenced the small area plan and how, though it will not be finalized for several months, Ms. McClintic's staff could begin working on some items and obtain some data that could be used in the producing the final plan. Mr. Foley agreed with Mr. Randolph and said this is the primary reason the small area plan was left in tier two, as work is already underway with the Economic Development Office in crafting the plan. He said they are already working on the issues identified by the Board as priorities, but are just asking the Board for help.

Ms. McKeel said some of these items blend with other items and what they are attempting to do with prioritization is to address some things first, as the other items would naturally follow.

Ms. Palmer asked Mr. Foley how the Economic Development Office is working with the Community Development Office. Mr. Foley said the committees have regular meetings every six weeks to discuss the strategic plan, and Economic Development requests and obtains feedback from Community Development before reporting to the Board.

Ms. Catlin once again asked members if they had any suggestions regarding the tier one items before moving on with her presentation.

Mr. Sheffield suggested adding some language to the economic development-related items, indicating that the objective is to increase economic preparedness or strategy or vision to remind people that it ties in with tier two objectives.

Ms. Catlin invited Mr. Walker and Mr. Letteri to address the Board.

Mr. Walker said that initially they needed to obtain the "what" and "why" and will now focus on the "when" and "how" of achieving strategic priorities. He said they would need to develop detailed action plans to develop the "how" and establish clarity between the Board, staff, and the community. He said not all items have to be sequential and they can work on different issues simultaneously. Mr. Walker stated that regarding Phase I of the small area plan, the project is underway and resourced and would be finished by April. He said that once the plan is finished they would need to move quickly, and he identified two aspects of this work, recodification of the Zoning Ordinance to make the language easier to understand, and to make changes to the text to enable the accomplishment of the Board's wishes. He said dates and resources were identified through conversations with the County Attorney's Office and Community Development. He said the comprehensive rezoning aspects can occur simultaneously with recodification, and said after these aspects have been accomplished, they would draft a zoning ordinance amendment that would address clarity and consistency, clean-up of the ordinance, and then establish opportunities for proactive rezoning of some part of the development area. He noted that the comprehensive rezoning would be tied to the vision identified in the small area plan.

Ms. Palmer asked for the timeline of the recodification of the Zoning Ordinance. Mr. Walker replied that this would depend on variables with the work of the Planning Commission, the Board, and others involved within the larger community. He said it would take 12-16 months for the County Attorney's Office to complete the technical work and report to the Board.

Mr. Sheffield expressed his concern with such a long time line and how it could be a year of lost opportunities and thinks it is unacceptable to have to wait a year to just be able to discuss what they need to do.

Ms. McKeel agreed with Mr. Sheffield's comments.

Ms. Palmer asked Mr. Walker about which aspect of the zoning ordinance amendment is the most time consuming; clarifying the language or changing the text and why it would take so long. Mr. Walker said that his estimate of the time line is based on conversations with staff. He said that to move things more quickly, they can work on the two aspects simultaneously and do not have to finish with clarity of language clean-up before making substantive changes to the text.

Ms. Palmer said she is more comfortable with substantive changes being made as long as they are specific to zoning within specific areas and not countywide.

Ms. Mallek said she thought the Rio small area plan was being used as a mini, form-based code section, which would enable them to approach it gradually rather than all at once.

Mr. Walker said that comprehensive rezoning is not spot zoning and involves more than one parcel, and pointed out that they are specifically discussing the Rio area.

Mr. Foley said now that they have obtained Board feedback regarding disappointment with the timeline, he can have discussions with staff as to how to expedite things. He mentioned Mr. Sheffield's comments about having areas for future economic development.

Mr. Sheffield referred to a recent Board motion to delay expansion of the area until an assessment could be done of parcels already within the growth area that are acceptable for economic development, which they still have not done. Mr. Foley said looking at that as a motion may be important, as it suggests that before making any zoning changes they would wish to look at the entire County for the growth boundaries and not just the Rio area.

Mr. Randolph said that this afternoon they would meet with state legislators to discuss the establishment of Economic Revitalization Zones, and he proposes making Rio Rd/Route 29 an ERZ, noting that they plan to ask the state for additional taxing authority. He said they want to demonstrate to those outside of the County that Albemarle is committed to doing things differently. He said they need to define what they are trying to do, which he thinks is to economically revitalize the Rio Rd/Route 29 area and transform it into a greater contributor to the economic and social welfare of the neighborhood.

Ms. Palmer said she would add to Mr. Sheffield's comments and asked what additional staff resources it would take to expedite things and work on two issues simultaneously.

Mr. Foley said the motion referred to by Mr. Sheffield calls for a complete inventory analysis of the existing development area to determine if there are industrial development opportunity sites. He stated that Ms. McClintic is working on this and would have this information in a report due in December. He said the motion further called for a comprehensive look at all the boundaries before making changes to specific areas of the boundaries, and this would require a resolution by the Board to the Planning Commission. Mr. Foley stated they would need direction from the Board as to whether this is the way they should proceed, in following what was called for in the motion for a comprehensive study. He said this would be a time-consuming process and might require more staff resources, which would then have to be requested of the Board. Responding to Mr. Sheffield's concerns about having to wait a long time for zoning ordinance recodification and potential lost opportunities, Mr. Foley said the objective is comprehensive rezoning and revitalization of the Rio Rd/Route 29 area. He said that once Ms. McClintic completes her report, the Board can give her direction to find some places within the development area where parcels can be pulled together, or they can rezone existing sites that already have infrastructure so they can respond to the next opportunity that comes along. He said they are also having discussions about other potential industrial sites, including working with University of Virginia on a site.

Ms. Mallek asked if Ms. McClintic's study would identify parcels that are split with portions in and out of the growth area. Mr. Foley confirmed that it would.

Mr. Randolph said that he viewed the resolution passed by the Board as a "comma or a pause," "not as a period."

Mr. Sheffield suggested the Board look at the motion to consider if changes should be made. Mr. Foley agreed with Mr. Sheffield.

Mr. Walker said he would work to provide the Board with a breakdown as to the work involved with staff and the process in amending the zoning ordinance.

Mr. Randolph said that having a concrete test case model in the area of Rio Rd/Route 29 would instill a greater degree of confidence in the public regarding the Board's approach to zoning issues, and doing this thoughtfully would be a huge step forward.

Mr. Dill said it is important to obtain guidance regarding the size of the area, as it risks failing and might not be a good idea for other places unless they make sure it includes a significant area and not just one shopping center or a part of one road. He said when they refer to "Rio Rd/Route 29," people may think of just that intersection.

Mr. Foley said the boundaries are very broad and have been defined in the small area plan work, and staff would provide an update at the next meeting as to the boundaries under consideration.

Ms. Catlin said the next portion of the presentation will focus on the revitalization of aging urban neighborhoods, and invited Doug Walker to present to the Board.

Mr. Walker said this strategy involves several departments, and a related issue for consideration at the next Board meeting would be implementation of the blight ordinance, as there is a case that would require allocation of resources to move forward. He said this is the only issue identified as requiring resources for the current fiscal year, and invited questions/comments from the Board regarding the objectives of the ordinance.

Mr. Foley said that in FY18 and FY19, they have said there would be other resources needed to address aging neighborhood revitalization, and this would be fleshed out and presented in the two-year fiscal plan to be presented to the Board for consideration in November.

Mr. Walker said an important resource is transportation revenue sharing and the extent to which they can take advantage of available state funds by identifying eligible projects and obtaining matching funds to leverage opportunities. He commented that they are leaving a lot of money on the table.

Mr. Randolph referred to private-public partnerships as something they should look at and referred to signs along Route 29 in the Lynchburg area that announce corporate sponsors of community gardens. Mr. Walker said they would be looking at this as well as other options, such as crowd sourcing.

Ms. McKeel said she is working on a project involving a large wall at an entrance corridor to Barracks Road that may require crowd funding. She said she worries when they only use language involving aesthetics, as this suggests they are only concerned about appearances of an entrance corridor. Ms. McKeel stated that this is a part of the issue, but the main issue is about revitalizing a deteriorating core within a main area of the urban core. She said if they want to focus on a development area within the urban ring beyond the one in the Crozet area, they would need to allocate funding and thought to it.

Ms. Palmer expressed her agreement with Ms. McKeel's assessments. She referenced the duck wall, which has a graffiti drawing of a duck, mentioned by Ms. McKeel and described it as a deteriorating infrastructure, adding that it makes one feel as if they are entering a blighted neighborhood.

Mr. Sheffield asked Mr. Foley if he thinks they can address the aging neighborhood issues without forming a public works department, as every urban area has a public works department that handles these things. Mr. Foley said there has been discussion about this for 10 years and a recommendation has been made to reduce contractual work and phase in a public works department.

Responding to Ms. McKeel's comments about the language used in addressing aging neighborhoods making it sound as if the issue is only beautification, Mr. Foley suggested they change the language in this part of the strategic priority document.

Mr. Sheffield said there are two ways to address this issue, with one option being the creation of a public works division and another being to contract out public works functions, with either approach being viable. He said that a public works division would require management of staff, while contracting the work would involve the management of contracts.

Ms. McKeel pointed out that some of the areas they are discussing border Charlottesville, which has a public works department, and this could be an opportunity to work with them in these areas.

Mr. Randolph suggested they look at the possibility of establishing a regional public works authority with Charlottesville as a third option. Mr. Letteri said they could discuss these options at the meeting scheduled for October 4, adding that there is a great deal of partnership with Charlottesville that revolves around environmental issues, such as solid waste.

Mr. Walker commented that item 12 involves a partnership opportunity with Habitat for Humanity in Southwood trailer park, and said that as this opportunity evolves it could become a redevelopment project.

Ms. Mallek said the Southwood project could be a replicable example to use if they can get it to work in terms of being a model of redevelopment.

Ms. McKeel said that a source of federal grant flow-through funding has been identified that they could use for affordable housing revitalization seeding, and she would like to see staff investigate this further as a project they could work on in addition to Southwood.

Mr. Randolph stated that they need a broader strategy and a task force to look at affordable housing, as it would no longer be part of the proffer strategy. He said that as a member of the Habitat for Humanity Board, he can say the organization cannot be relied on to provide all the affordable housing in the community. He noted that the County needs to work closely with Charlottesville on this issue.

Ms. Palmer stated that she and Ms. McKeel attended the recent joint meeting with the Planning Commission, and they were able to receive input from those involved with affordable housing in the community.

Mr. Foley said they consider the Southwood redevelopment item to be very important and believe that redevelopment there would reduce service impacts, and he noted that staff would provide an update on this project at the next meeting.

Ms. Catlin said they would now focus on the other tier two objectives and invited Bill Letteri to address the Board.

Mr. Letteri referred to the courts project item and stated that the adopted capital improvement plan includes funds required to carry out this project as first contemplated, although further discussions could lead to changes in the required funding. He said they expect to have design completed by June

2019. He next referenced the item related to the Department of Social Services, stating that CSA costs are a major factor so the County is exploring ways to reduce costs to CSA, such as establishing partnerships with various agencies. Mr. Letteri noted that one option is to add family support workers.

Ms. Mallek asked if he expects to have a recommendation in time for the FY18 budget process. Mr. Letteri confirmed that he did. He next referenced the item pertaining to the pre-kindergarten program and additional revenue sources, including an effort with the United Way, as well as the Bright Stars program, and the building expansion at Woodbrook Elementary School to add pre-K seats.

Ms. McKeel said that pre-K students are being bussed to Greer Elementary and then bussed from there to Broadus Wood Elementary because of the availability of space and instructional time.

Mr. Letteri next referenced development of alternative, sustainable funding sources and said the Citizens' Resource Advisory Committee is looking at this issue. He stated that the County is also pursuing economic development and is exploring legislative proposals, such as the meals tax, cigarette tax, transient occupancy tax, and others that would require enabling authority. He said they are also looking at expanding the grants program, crowd funding, and charges for services, such as those provided by EMS. He said they would introduce some of these ideas to the Board at the next fiscal planning session.

Mr. Dill asked if they are looking at paramedicine where patients are treated at home to avoid hospital readmissions. Mr. Foley said this is part of what is being discussed, specifically in the Pantops area.

Mr. Letteri said there are discussions between Martha Jefferson Hospital and the local EMS regarding this, adding that there is an eldercare alliance involving the Jefferson Area Board for Aging (JABA) that is looking into this.

Mr. Foley asked Mr. Dill if he would like them to look at paramedicine more broadly instead of just in the Pantops area. Mr. Dill replied that he would.

Ms. Catlin said the last objective is the regional partnership to enhance the Rivanna River corridor, which involves updating the Pantops Master Plan and a Rivanna River Corridor small area plan. She said the Thomas Jefferson Planning District Commission has introduced a plan to address this over the next two fiscal years.

Ms. Mallek commented that it is exciting to be thinking of things in a different way in the hope of obtaining a different result.

Ms. Catlin introduced Ms. Lori Allshouse, Director of the Office of Management and Budget, to discuss the program and service inventory.

Ms. Allshouse referenced the importance of priority-based budgeting and identified aspects, such as prioritizing the use of resources, doing important things well, knowing the true costs of doing business, and basing budget decisions on well understood priorities. She stated that a copy of the PSI has been placed on each member's desk and said there are 246 programs and services categorized by mandates, essential functions of local government, local ordinances and written directives, and discretionary items. She said that programs and services are provided by the general government and invited feedback from the Board.

Ms. Mallek said she would like to know the amount received in fees from businesses that the County provides services to. She cited the rapid expansion of the Fire Marshal's Office, which has expanded from 1.5 to 5 Fire Marshals, with significant expenses involved. She said if the Fire Marshals are advising businesses as to what to do then the businesses should be paying for this. Ms. Mallek stated that she has been told these inspections are required by the County's adoption of the state fire code, and she would like to know which parts of the code they can "un-adopt" as these may not be priority items and are costing a lot of money. She said that in the Whitehall District, the state fire code is countering decisions made by the Board for developments. She gave an example of "No Parking" signs being put up in front of homes due to the street being too narrow under some newly adopted regulations.

Mr. Dill agreed and said he has heard the same thing about the fire code.

Mr. Sheffield asked Ms. Allshouse what "local ordinance written directive" means and how it differs from "essential functions of local government." Ms. Allshouse replied that while there is some overlap, "local ordinance written directive" refers to functions required by specific ordinances or directives, while essential functions of local government are functions that are typically served by local governments.

Mr. Sheffield said that when the public looks at the document and they see a category of discretionary items that includes an ordinance, they may believe these are items that can be easily removed to save money. He asked if another category could be added for items that may be discretionary but not easily removed from the budget. He said he would send her an email with some examples he has noticed. Ms. Allshouse responded that it could be an error in categorization.

Mr. Foley said they have a mandated level of service for various services, such as storm water. However, he said in some cases the Board has chosen to go beyond the minimum requirements in defining a level of service.

Ms. Mallek suggested they divide the category to include the mandated base and the discretionary additional levels of service amounts.

Ms. McKeel said there would be some upcoming discussions about transportation that would involve CAT and JAUNT, and she has noticed that JAUNT is listed under “Board-directed discretionary” and CAT is under “local ordinance.”

Ms. Palmer said they need a term other than “discretionary.”

Ms. McKeel pointed out that 32% of the PSI items are federal and state mandates, and essential functions of local government makes up 35%.

Mr. Foley stated that most localities do not have this level of detail in their budget, and he commended his staff for their work. He asked members if they see anything in the PSI that they think should be reconsidered or studied.

Mr. Sheffield said the PSI is challenging him to look at items and think about their value.

Mr. Dill stated that he does not see anything to completely eliminate, but there are some items they can look at, such as the number of full-time employees within various departments. He said it seems like the \$3 million they spend on libraries is a lot. Mr. Foley explained that one way to look at spending for the library system is to look at the County’s share of the costs and how it compares to that of other localities on a per capita basis.

Ms. Mallek stated that they receive more funding from the state by being a regional library system compared to what they would receive if they were not a regional system. She pointed out that the libraries offer additional services beyond books, such as computer labs to assist people with job searches.

Mr. Sheffield asked if there is an easy way to identify items that are regional as coordination can result in additional funding opportunities. Mr. Foley said there is more regional coordination in Albemarle than in any other region in the state, though that does not mean there are not additional opportunities for them.

Ms. Mallek commented that it is important to cross-reference when reviewing the budget. Mr. Foley stated they would look into providing per capita figures across the board in the future, and pertaining to Ms. Mallek’s earlier question about the Fire Marshals, he said that staff would provide additional information.

Mr. Dill said that one item they can consider is reducing the jail population by getting people in and out quicker or considering alternative sentencing. Addressing the issue of providing per capita information in the budget, he suggested that it is also important to provide per capita per user information.

Mr. Randolph stated that earlier this year, he expressed his concern that the County is spending \$500,000 per year on pet neutering and hopes they can revisit this program once the current contract expires. Mr. Walker said the County is currently evaluating its relationship with the SPCA.

Ms. Palmer noted that the spending on neutering is only a portion of the SPCA budget.

Ms. Mallek said the fee they pay to SPCA is based upon County population and not services provided, and she is glad the County is evaluating its relationship with the SPCA.

Ms. Palmer expressed her hope that they can come up with an alternative to the term “discretionary,” as she does not think it is the best word to use to describe some budgetary items. Mr. Foley said they would take a look at it.

Ms. McKeel asked if the program and service inventory document is available to the public. She said the PSI is an excellent document to show the work the County is doing. Ms. Catlin said they have created a priority-driven budgeting website that has the budget documents, and she would provide the link.

Mr. Randolph stated it is important that the PSI document be distributed to members of the CAC as it provides valuable information. Ms. Catlin responded that she would follow up on this.

Ms. Mallek said the search function on the County’s website is very good, and by typing “program and service review” the PSI document can be accessed. Ms. Catlin said the pending strategic plan would drive the decision making of the two-year plan that would be presented to the Board in November. She summarized her understanding of the Board’s feedback: There should be an introduction of the document to the public with an explanation of the tiers and how and why items were prioritized. It should be clear that items in tiers two and three are fluid and can “ripen” and be moved to tier one at a future time. There should be a clear explanation as to why items that involve economic development are under tiers two and three and that there are items related to economic development in tier one. It is important to emphasize that environmental activities are also important and not being shoved aside by the Plan. The resolution about the Rio Rd/Route 29 area should be reviewed for potential amendment. Staff should look at ways to accelerate the recodification of the zoning ordinance process which may involve working on items simultaneously. The economic development aspect of these items should be emphasized. For the item dealing with revitalizing aging neighborhoods, they would address the public works function and look into

the options discussed, such as partnering with Charlottesville or establishing a public works division. They would potentially add a sub-objective to the Rio/Route 29 item that makes it clear they are not just dealing with aesthetics but the overall conditions of older, deteriorating neighborhoods. Staff would investigate potential grant opportunities to address redevelopment within urban ring neighborhoods. They would study the potential of expanding paramedicine from the Pantops area to other areas of the County where it is feasible. She asked the Board if her summary of their feedback suggestions is complete.

Ms. Palmer and Mr. Dill stated that Ms. Catlin has done a good job.

Mr. Dill said that he has looked up the definition of “tier” in the dictionary and it has two definitions, with one referencing separate rows and the other referencing ranking by hierarchy or priority. He said there is a linguistic issue as some may understand it to mean a ranking order of priorities and others may understand it to relate to separate categories that are not necessarily ranked. Mr. Foley responded that they may look at an alternative to using tiers.

Mr. Randolph expressed his approval of the processes, which he said has allowed them to funnel and prioritize items from a large list.

Ms. Catlin stated that a revised strategic plan would be presented to the Board on October 11, 2016 for adoption, as well as a discussion of resource allocation in preparation for Board review of the draft two-year plan in November and potential adoption of the two-year plan in December.

Ms. Palmer announced the Board would go into recess and reconvene for the meeting with legislators.

Agenda Item No. 3. Recess. The Board recessed at 11:27 a.m.

(Note: Prior to the meeting starting, the Board members and Legislators ate lunch.)

Agenda Item No. 4. Call to Order. The meeting was called back to order at 12:00 noon, in Room 241, by the Chair, Ms. Palmer.

Agenda Item No. 5. Meeting with Area Legislators. State Legislators Present: Senator Creigh Deeds from the 25th District, Delegate Rob Bell from the 58th District, Delegate David Toscano from the 57th District, and Ms. Judy Wyatt, Legislative Director for Delegate Steve Landes from the 25th District,.

Also present: Legislative Liaison for the Thomas Jefferson Planning District Commission (TJPDC), Mr. David Blount.

Welcome and Introductions.

Ms. Palmer welcomed the legislators and their staff that was present. She also welcomed Mr. David Blount, Ms. Faith McClintic, Director of Economic Development; Mr. John Blair, Deputy County Attorney, and Albemarle County Police Officer, Sam Thomas.

2017 Legislative Priorities, John Blair.

- Albemarle County Requested Legislation
 - Land Use and Growth Management
 - Economic Revitalization Zones
 - Equal Taxing Authority

Mr. Blair said the purpose of his presentation is to review the three legislative priorities of the Board of Supervisors. He said the first priority is Land Use – Growth Management. He said that last year, the proper process for rezoning was revolutionized as new legislation imposed constraints on local governments regarding acceptable types of proffers and the types that could be requested. He said the new rules have been in effect for approximately four months, and they do not yet have specific concrete examples of rezoning applications in the County or state. He asked meeting participants to examine the legislation as there are things that his office believes should be changed. Mr. Blair said he would like them to offer a more concrete definition, and the first example he used was the requirement that all proffers must be attributable to the specific development that is part of the rezoning. He stated that “specifically attributable” is not defined in the statute, and gave an example to show the ambiguity of the term: a developer proffers a new school with a capacity for 400 students based on the estimate of the number of new students that would enroll as a result of the developer’s project; a larger school is constructed with capacity for 500 students based on School Board input, of which 100 are not from that development. Mr. Blair said the question related to the proffer is whether the school is now not specifically attributable to the development.

Senator Deeds stated that Mr. Blair’s request is reasonable, but the legislative session is very short and there is not much time for thinking or reacting. He suggested that before the end of the year

and prior to the legislative session, they contact VACO to organize a work session with homebuilders to come up with appropriate language. He said it is likely other localities have the same concern.

Ms. Palmer asked if they have spoken with other localities. Mr. Foley replied that there has been some effort in this regard across the state.

Mr. Blount stated that Albemarle is out in front of this issue, but other localities have now expressed displeasure with the current language and said he would not be surprised if legislators from other parts of the state introduced legislation to address this issue. He noted that he does not have any indication that homebuilders wanted to change the language until it had been in effect for a year.

Senator Deeds said it would be reasonable to get a group together to make a set of proposals and it could be something the counties come up with if the homebuilders will not speak with them. He said it affects other localities in addition to Albemarle, particularly high growth counties.

Mr. Foley stated that this has gone through the VACO process, and they are planning to include it in their program for adoption in November.

Mr. Sheffield commented that he has learned from serving on the Board that discussions have to begin well in advance of when action is to be taken, and wonders if this is the right time to be discussing this issue since this is a short session. Senator Deeds replied that it is good to discuss this issue before December, but the legislative agenda would already have been set so there would not be an opportunity to introduce new topics, and it is never too early to start talking about it.

Ms. Palmer said she had a question about the process and asked if, assuming VACO approves this in November, they then go to the homebuilder's association, or if they are already in contact with the homebuilder's association. Senator Deeds responded that it would be smart to confer with the homebuilders association but they do not have to, and if they work out differences prior to the legislative session they are more likely to get something done, as there is usually not sufficient time to resolve objections during the session.

Mr. Foley said that VACO had their first meeting in August and he is on the steering committee. He said this issue was discussed and the localities agreed that no one understands this particular language. He added that he and Mr. Blount would be following up with VACO. Senator Deeds said it would be wise for everyone to agree on specific language so that it would not be vulnerable to unfavorable Circuit Court rulings.

Mr. Blair continued with his discussion and said he would now address Economic Revitalization Zones (ERZ), the second legislative priority. He stated that cities can designate ERZs and businesses within the zones can be offered tax relief, waiver of permit fees, and regulatory waivers. He said that with more emphasis on mixed-use development, developers are having to acquire multiple parcels for their projects. He said that Albemarle County supports legislation that would allow counties to establish ERZs, and said he would allow Mr. Blount and Ms. McClintic to discuss the specifics of this issue.

Mr. Blount said that he, Mr. Foley, and Delegate Landes had met last month to discuss this issue, and that Delegate Landes has submitted a request to Legislative Services to have legislation drafted, which is in process. He said they are using the same language as the legislation for cities.

Ms. McClintic said the redevelopment efforts in Albemarle County are not unique and there are many underutilized assets in the County, particularly along transportation corridors, that could potentially yield greater tax revenue. She stated that the ability to form ERZs would be another tool to entice developers to come to areas where critical infrastructure, such as utilities, is already in place. She said the initial focus locally for establishing an ERZ would be in the Rio Rd/Route 29 area, and she pointed out that the airport and UVA Research Park are along this corridor. Ms. McClintic said that her colleagues across the state have spoken favorably about the Virginia Enterprise Zone program, which provides tools to achieve redevelopment goals. She said the main difference between the VEZ and the ERZ is that the ERZ would not be a cost to the state. She invited questions.

Mr. Randolph said that with the Go Virginia program rolling out, the ability to establish ERZs would allow these two programs to work together to encourage existing businesses in the County to expand and attract new businesses to that corridor.

Delegate Toscano said they may wish to consider having the legislation enable counties and cities to work in conjunction with the establishment of ERZs, as this would make it easier to access Go Virginia funds.

Mr. Foley said that in discussions last year about equal taxing authority, the topic of economic development came up, and localities are looking for tools to increase tax revenues without having to increase property tax rates. He said if they have bipartisan support, this could be a mutually beneficial arrangement.

Ms. McKeel asked for the status of the draft legislation and suggested they make the changes Delegate Toscano suggested, to allow localities to work together. Ms. Wyatt replied that it has been submitted and she has a copy of the draft. She suggested that Ms. McKeel write something up and said she would give it to Delegate Landes.

Mr. Blair resumed his presentation and stated that the third priority is equal taxing authority. He invited Mr. Foley to discuss this issue.

Mr. Foley said that VACO has supported equal taxing authority for counties for a long time. He said Senator Deeds had suggested they contact urban counties that have similar needs to cities, and said that last year Delegate Landes had drafted a bill that was not introduced. Mr. Foley explained that though the Board still supports equal taxing authority, they have decided that this year they want to focus on a meals tax authority for counties, without the requirement of a referendum and a cap on percentage. He said that York County and VACO are supporting this, and Albemarle County has authority to establish a meals tax, but it is capped at 4%.

Senator Deeds says he would support this legislation but he does not think it has much chance of passing, and he would not be the most appropriate legislator to introduce this as he resides in rural Bath County and he is in the minority party. He said it would be best if a member of the majority party, from an urban County and sitting on the Finance Committee, were to introduce this type of legislation, which he feels would not pass without support in a committee. He commented that he thinks the system of local government is antiquated and would support a change in the way business is done with counties and cities. He said this is an election year for Delegates, the Lieutenant Governor and the Attorney General, and that anything that comes close to a tax increase is unlikely to be passed, although they can continue the discussion. Senator Deeds said his opinion is that this legislation would mainly benefit fast growing counties, but not the rural counties.

Ms. Wyatt stated that she thinks Senator Deeds was very astute in his observations about the current legislative climate and although she cannot speak for Delegate Landes, he does not have a propensity for favoring tax increases. However, she said, this does not mean they should not approach him about the expanded meals tax authority.

Ms. Palmer stated that the Board appreciates honest answers from legislators, though this does not mean they would cease making requests.

Mr. Foley stated that when they met with Delegate Landes, they did not receive an indication from him that he would be willing to introduce legislation about the urban county approach.

Delegate Toscano said he has two questions about the proposed legislation to increase the meals taxing authority: whether it would apply to all counties, and whether there is a patron.

Mr. Foley noted that he thinks York County is preparing legislation.

Delegate Toscano said they would have to have a patron to sponsor the legislation, although he does not think it would likely pass at this time. He said they should continue emphasizing the issue of urbanizing counties having difficulty keeping up with growth, and be able to demonstrate specific benefits that could result if the meals tax were to be raised to a specific percentage, such as the number of police officers or teachers that could be hired, etc. He said they may wish to have the taxing authority only apply to high growth counties to have a better chance of passing, although either way it would be difficult, and stated that he would vote for it.

Ms. Palmer said they have a cost-revenue impact model that determines the average costs to the County in services resulting from a new home. She said they recognize the state relies on the income tax for the majority of its revenue at 67%, while the County receives 74% of its revenue from local property taxes. She said there is a disconnect between the County and state and so by having the authority to increase the meals tax, the County would have the ability to incrementally address the extra costs of new households. Ms. Palmer said this would help, though it is not enough. She asked if there is any hope that the current tax structure could be changed so they would not have to constantly deal with the issue of revenues keeping up with population growth, and asked for guidance as to where the County should direct its efforts.

Delegate Toscano said there is no point in asking for equal taxing authority if it would not completely solve the problem. He said it would make more sense to request an increase in the state income tax so that more money would flow to localities.

Ms. Palmer said that if solving this issue is impossible, they would at least strive to make it better.

Mr. Dill said the county-city divide is an antiquated modality, and they should all be able to tax the same way.

Senator Deeds said that since many of the counties are dealing with similar issues to those of cities, it makes sense for them to have similar taxing authority. He said that taxpayers are opposed to tax increases but want services, and reiterated his earlier suggestion to have the legislation apply to urban counties as rural counties have different needs.

Delegate Toscano said that one day someone would take the initiative and reform the tax system to make it fairer for cities and counties and provide sufficient revenues for needed services. He said it is difficult to deal with taxation in a piecemeal way, and that it would take leadership from the Governor. He

said that BPOL, Business/Professional/Occupational Licenses, are opposed by many, but are an important source of revenue for some localities.

Senator Deeds said that several years ago he introduced legislation to support an analysis of all the taxation studies that have been done, but the legislation did not get anywhere.

Ms. Palmer asked if sharing of services between counties and cities is something that should be considered. She asked if a bill could be introduced to allow cities/counties to share services. Senator Deeds said he has had discussions about combining services, particularly with schools, to benefit from efficiencies. He gave an example of something that was attempted years ago by the City of Clifton Forge, in which they proposed becoming a town within the county and giving up their status as a city, but their city charter requires a referendum. He gave two examples of where combined services were successful: Halifax County and the City of South Boston, Bedford City, and Bedford County.

Ms. Palmer asked if there are incentives to encourage shared services for particular functions, such as social services or transit. Senator Deeds said he cannot point to anything, although there is no reason they cannot look at supporting this.

Mr. Blair said that some of these issues are being discussed by the Commission on Local Government, with the main focus of that group being to find ways to assist localities dealing with fiscal stress, including incentives for encouraging localities to share services. He noted that the study group would be meeting for two years and then provide a report of recommendations.

Ms. Palmer asked for a definition of fiscal stress and wondered if it is a broad or narrow definition. Senator Deeds said that a report is issued each year with a fiscal stress index. Mr. Blair added that there are factors considered such as fiscal capacity to generate revenue to deal with services.

Ms. McKeel added that according to an article she had read, the localities designated to be under the most fiscal stress include Petersburg, Emporia, Buena Vista, Martinsville, and Covington.

Mr. Randolph said that in the past one of the panaceas considered was the lottery and that another source of revenue under consideration is tax revenue from the sale of legalized marijuana. He described these revenue sources as false prophets.

Senator Deeds said that marijuana sales could not be legalized in Virginia as long as the federal government classifies it as a Class I narcotic. He said that although the federal government is not enforcing the law, the banking industry is not going to risk not enforcing the law, and so states where marijuana sales have been legalized have had to set up their own credit unions.

Legislator's Priorities/Questions and Answers, Legislators.

Ms. Palmer invited Ms. Wyatt to provide an update on the work of a new committee Delegate Landes serves on that deals with local government issues.

Ms. Wyatt said the new Appropriations Committee special subcommittee on Petersburg is studying the financial stress of Petersburg, and their first meeting would be held in October. She said that a particular focus of the subcommittee is the effect that Petersburg's financial stress would have on the state's bond rating. She said they are also looking into why the auditor of public accounts did not discover that Petersburg is under this level of financial stress.

Ms. McKeel stated there are fiscally stressed communities throughout the state and \$100 million has been siphoned from the state police and said there are other examples, including the Virginia Retirement System fund, being reallocated. She asked Ms. Wyatt and the legislators what could be done to address the needs of communities so that they do not have to constantly make requests to the legislature and receive the reply that something cannot be done because it is an election year, etc.

Delegate Bell asked for clarification of the increase in the County's fiscal year budget from \$298 million to \$374 million. Mr. Foley replied that the total County budget is \$375 million which includes capital that fluctuates dramatically.

Ms. Mallek stated that during the recession they zeroed out the capital program to survive.

Ms. McKeel said the state had dramatically reduced its funding to the County for transportation and now they must look at other sources of funding. She also mentioned education and how they are "educating by zip code," stating that there is a disparity in resources for education among communities.

Mr. Randolph said he would address Delegate Bell's questioning of the large difference in the County's budget from one year to the next. He said that unfunded mandates and a flat level of state aid despite increases in the student population, as well as their community policing efforts, are a part of the reason for the increase. He said that on paper it would appear that Albemarle is out of control in terms of spending, but in earlier years they had not set aside funds in the capital improvement plan (CIP) and now they need money to increase school capacity.

Delegate Bell said the Board is asking to be able to increase taxes without a referendum by taxpayers because there is no other way to raise sufficient revenues, and said that cities do not have a

referendum requirement, but he wishes they did. He said he is not convinced that additional revenues are necessary, either from state funding to the County or from increased taxation opportunities, without having a referendum.

Mr. Randolph said that what makes Albemarle unique is that if one subtracts from the penny value of land use and includes the penny value of the annexation agreement with the City of Charlottesville, then the County's tax rate equals that of Wise County.

Ms. Mallek asked Delegate Bell if their request to increase the meals tax rate without a referendum is something that could be done. Delegate Bell responded that in the past they allowed for a meals tax and the lottery with the understanding that real estate taxes would remain stable, but real estate tax levels have increased, and he has no confidence that this would not happen again.

Ms. Palmer said the current meals tax has allowed them to increase taxes less than they would have had to without it.

Mr. Sheffield asked Delegate Bell how often the Board has asked for legislative help for economic development, and he would like to know how the state can help the County with the economic development conundrum. He said there is the question of how to increase the business revenue tax base, and it has been a high priority issue to the Board over the past year. He mentioned the recent strategic priority setting session of the Board, with economic development being a top priority, and they are looking at ways to increase revenues without raising taxes. Mr. Sheffield said the legislators are more familiar with the rules in Richmond and said he would like them to provide guidance on ways to find additional revenue sources and legislation ideas that could help Albemarle pull businesses from other localities. Delegate Bell indicated that Albemarle's responses to business proposals to move to the County have often not been welcoming and so the economic facilitators in Richmond are not seeing Albemarle as a place to send business. Mr. Sheffield replied that they are working on the land use preparedness aspect of this and the establishment of an ERZ would have the potential to provide more benefits than tax increases.

Ms. McKeel rephrased her earlier question to legislators and asked what the Board can do better to work with the state and improve the County's fiscal state.

Delegate Toscano said the ERZ legislation is being drafted by Delegate Landes, which indicates that Mr. Landes is interested in this issue, and said he is also interested in this. He said that Ms. McClintic works with the state so the state has to know that Albemarle is open for business. He said there is an impression that it is not open for business, although he realizes the Board is working to change this perception. Delegate Toscano stated that the Governor is not shy about his support for bringing jobs to Virginia and he needs to know that Albemarle would like to have them. He added that the legislators can open doors and would be glad to do so.

Ms. Palmer thanked the legislators for coming and apologized for not having addressed all the issues on the agenda, stating that they would reach out to legislators individually with additional questions.

Mr. Foley pointed out that there would be an upcoming joint meeting with the School Board that legislators would attend, so they would have an additional opportunity to address these issues.

Agenda Item No. 6. Adjourn Board of Supervisors to October 4, 2016, 11:30 a.m., City Space.

At 1:06 p.m., Ms. McKeel **moved** to adjourn the meeting to October 4, 2016, 11:30 a.m., City Space. Ms. Mallek **seconded** the motion. Roll was called, and the motion passed by the following recorded vote:

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

Chairman

Approved by Board
Date: 04/12/2017
Initials: CKB