An adjourned meeting of the Board of Supervisors of Albemarle County, Virginia, was held on March 7, 2017, at 3:00 p.m., Room 241, County Office Building, McIntire Road, Charlottesville, Virginia. The meeting was adjourned from March 2, 2017.

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: Interim County Executive, Doug Walker, County Attorney, Greg Kamptner, Clerk, Claudette Borgersen, and Senior Deputy Clerk, Travis O. Morris.

Agenda Item No. 1. The meeting was called to order at 3:06 p.m., by the Chair, Ms. McKeel.

Ms. McKeel also introduced staff present and the presiding security officer, Captain Peter Mainzer.

Agenda Item No. 2. **Work Session:** FY 2017-2018 Operating and Capital Budgets.

- Item No. 2a. **Wrap Up – review any remaining areas and/or outstanding issues from previous work sessions**

Mr. Walker commented that this is the fourth budget work session, and at this point the budget transitions significantly from the County Executive's recommended budget to the Board's proposed budget, and they have received a budget balanced on revenues and expenses, with choices made by staff in bringing the budget to them. He stated that the Board has asked about items to be added, which add expenses to the budget, and there is an obligation to find resources to cover those expenditures or shelve them. Mr. Walker said that staff will help the Board work through those challenges, but ultimately it is the Board's choice as to what to fund, and the budget also includes recommendations from staff.

Ms. Lori Allshouse, Director of the Office of Management and Budget, addressed the Board and stated that they would begin to discuss items they have placed on the list and working through them, then finalizing their tax rate for advertising, which is not necessarily their final tax rate but must meet legal requirements and deadlines associated with the public hearing. She stated that they will discuss items placed on the list from previous work sessions and a staff item for consideration of beginning the salary compression remedy in May, included in the FY18 recommended budget.

Ms. Allshouse reported that the County Executive's total recommended budget, which is a combination of all the funds, is $397 million and is balanced between revenues and expenditures. She noted that the current real estate tax rate is 0.839 cents per $100 of assessed value, and the recommended budget is based on the current tax rate, as well as a 2.87% overall increase in calendar year 2017 reassessments, and an assumption for the second part of the fiscal year of a 2.5% increase in reassessments for calendar year 2018. Ms. Allshouse mentioned that each penny on the real estate tax rate yields about $1.7 million in estimated collectible real estate tax revenues, and the effective tax rate is .089 cents per $100 in assessed value. She added that tax relief for the elderly and disabled is funded in the recommended budget at $910,000. Ms. Allshouse stated that the focus of the recommended budget is to implement the Board's approved strategic priorities, to drive transformation, to support the quality organization, make thoughtful investments in the future, and meet mandates and obligations.

Ms. Allshouse presented slides describing the items staff had identified from the Board's previous discussions, although they can add new items, and stated that she will go through each item and talk about staff recommendations for their consideration. She said at the March 28 work session, staff would like to discuss the fire/rescue fund and scenic gateways, to give staff time to work on those items.

Mr. Bill Letteri, Deputy County Executive for Financial and Management Services, addressed the Board and stated that the health care analyst position was a recommended addition to the FY18 budget, and he will first provide some background on what they are doing, emphasizing the complexity and volatility of this program. He stated that the healthcare market is a changing and unpredictable environment, and there have also been programmatic changes introduced that cannot be assessed with complete certainty in terms of their impact. Mr. Letteri stated that the County's Chief of Financial Management monitors the healthcare fund on a monthly basis, including an analysis of both current and historical data and revenue and expense data, but even with that data, there is not a linear trend. He pointed out that this is a large fund, with annual expenditures in healthcare approaching $30 million and complexities associated with this plan, with OMB staff monitoring and providing advice and critical information to the Board so they can maintain a solvent plan. Mr. Letteri stated that this is one of a number of funds the OMB and Finance offices monitor on an ongoing basis, and those departments have developed and honed skills necessary to do this work well, and through their guidance and recommendations, the County maintained a AAA status.

Mr. Letteri said that because they are talking about using funds in a healthcare program to support a position or enhanced services, it does not need to be made a part of this budget process. He explained that the source of funding to support this position or some other methodology for enhancing this program would come from the healthcare fund and would not be a budget decision, so it is not time critical. He noted that they are also looking at the option of local choice, so a decision about hiring a position would not make sense at this point. Mr. Letteri stated that an additional step the Board could take at this point is an actuarial study, which fosters understanding the population of the people being insured, understanding age brackets, health histories, etc., which can help inform how much is an appropriate fund balance to reserve, how volatile the plans might be, or the impact of stop-loss programs. He said that staff is also recommending a look at other localities and best practices around the state, engaging the healthcare and financial consultant and asking about monitoring techniques.

Ms. Palmer asked if they are already discussing these things with the consultants. Mr. Letteri responded that they are, but are looking at every possible avenue for new practices, new methods, and anything to enhance what they are doing to see if there are other possible improvements. He stated that staff is proposing to pursue these questions and bring answers back in the fall, and said that one solution would be to continue to use OMB and Finance staff to do the analysis and also consider doing an actuarial study, perhaps annually, because the population will change.

Mr. Walker stated that because they are in the process of evaluating continuing to be self-insured, the consideration of which direction to pursue with the health insurance program would inform whether they should also invest in additional analysis for self-insurance.

Ms. McKeel noted that healthcare decisions are made in the fall anyway, and this particular budget cycle does not have to be made right now.

Mr. Randolph said that the assessor position was proposed by Board members during their discussions, and he does not see it on the list for staffing changes. Ms. Allshouse responded that it is on the list for conversation in the context of the Finance Department's budget.

Mr. Letteri reported that since 2005, the environment and complexity of assessments has changed. He explained at that time, the County did biennial assessments and had approximately 38,000 residential parcels and 4,900 parcels in land use, and the assessor's office had 14 FTEs. He stated that in 2007, a requirement was added in County Code to reassess annually; in 2009, a requirement was added to revalidate all parcels in the land use program biennially. Mr. Letteri said that in 2017, there are almost 46,000 parcels, an increase of approximately 21% over the 2005 time period, and the Assessor's Office has the same number of FTEs, despite a significantly increased work volume. He stated that if they were to apply that linear 21% increase to staff, it would equate to two additional staff.

Mr. Dill asked about the impact of new technology on their work. Mr. Peter Lynch, County Assessor, stated that his staff is "pedaling very fast," and clarified that the County has 46,000 total parcels, up from 38,000, not just residential parcels. He said this is a multiple effect, as they have been doing things in the office to increase efficiency. Mr. Lynch stated that the new computer system helps them analyze properties, and they are also trying to reorganize urban properties so they can be assessed more efficiently. He said that from now to the end of the summer, they will be working on reviews and appeals to the Board of Equalization, and when they had a biennial reassessment, there were assessments one year and the off year to work on reassessments again. Mr. Lynch stated the problem has been that no change was made to make up for the extra work created in the initial process of changing to annual reassessments, then the revalidation of land use was added on top of that, with no more staff added. He said it is getting to the point where his office needs help, and his staff's workloads have been very high.

Mr. Dill asked what percentage of people who ask for equalization reviews get their taxes changed. Mr. Lynch responded that he provided that report last year and does not recall the exact number, but it was a fairly small percentage, and this year because of systems changes and changes to the processes, he budgeted in additional amounts for reserves for reductions in value, and they have caught some issues they find in this review process.

Ms. Palmer stated that this directly affects constituents, and if the County is not doing it right, a lot of people get frustrated, as they have been.

Ms. McKeel noted that this one office has the most impact.

Mr. Dill stated that it is also the one office that provides the County's biggest source of revenue, so they should try to do those things best.

Ms. Palmer said they have talked about the land use program for a while, and the vast majority of people do not abuse the system, but those who do cause great consternation and make the program look faulty for the majority, even though it is a small amount.

Ms. Mallek stated that they can get an update later on the success of the revalidation program, as they are casting a shadow that it is not being managed correctly, a point with which she disagrees strongly. Ms. Palmer responded that she is not making that assertion, and she and Ms. Mallek have talked about the very specific areas that are coming up.

Ms. Mallek said the office takes care of those things, and the County needs to give them the boots on the ground to do that.

Ms. Palmer agreed that she is in favor of funding this position.

Mr. Lynch commented that it often does not take just one visit to a property to see if it is in compliance, and sometimes multiple visits are needed to see that agricultural is happening, as that is not always done all year long.

Ms. Mallek stated that when revalidation was adopted, after being worked on for many years, Mr. Lynch's predecessor stated that he felt his office could handle it, but she is very happy to follow up with it now, as this needs to be run well and with efficiency. She said that her argument to people in the country is that if the County is not running it perfectly, the whole program would be lost, and bona fide farmers understand the huge benefit they receive from this, as well as the contribution they make to the County.

Mr. Letteri said that staff has also recommended a funding strategy to include a one-time adjustment to the transfer to capital, with an additional $1.2 million transfer from general fund ongoing revenues into capital for one-time expenditures in FY18. He stated that staff proposes reducing it by $73,000, which would pay for it in FY18, and thereafter, the $1.2 million or portion thereof would be available to fund it on an ongoing basis.

Ms. McKeel stated that she would support this and commented that this is a critical office for residents to ensure everything is being done properly, and for the County as a whole.

Ms. Mallek proposed that they not worry about where the money is coming from right now, and there may be items surfacing in the end of March that reveal some extra revenues.

Ms. McKeel asked if the Board would like to get a headcount as to their support for these items. She confirmed that there was support from Ms. Palmer, Ms. Mallek, Mr. Dill, Mr. Sheffield and herself.

Mr. Randolph commented that he feels the position is meritorious but is concerned about using one-time CIP funds, and he urged the item to be put in the parking lot and revisited in March to figure out how they would go ahead and fund it.

Ms. McKeel asked Mr. Walker to address the use of one-time funds. Mr. Walker responded that it is reasonable to have this conversation further when they talk about resources for these items, with suggestions for revenues, and clarified that the $1.2 million is ongoing revenue, and has just been identified in FY18 as a one-time contribution to the capital program. He added that the Board could discuss later that they want to make that the ultimate source.

Ms. McKeel said it seems they are saying they are not going forward with some items, such as the healthcare item, and as they go through this they can put the items they are really interested in into a parking lot.

Ms. Allshouse reported that there was a suggestion that they include additional funding for JABA as an item for further discussion, and on February 23, they talked about this funding. She stated that JABA had requested $60,000 for the addition of a full-time options counseling position, and the FY18 recommended budget includes an increase of $30,000 for that person to be hired as a part-time position. She stated that it could be added as an FTE per the Board's request, and explained that options counseling is an interactive decision process provided to clients to offer support in the identification and access to appropriate resources. Ms. Allshouse said that staff's recommendation is using their reserve for contingencies, which totals $300,000 and is typically reserved for contingencies that occur after July 1, and usually they put $250,000 in it, but this year it is slightly more, although they do not want to use a lot of it before the budget is adopted.

Ms. Mallek stated that the Department of Social Services is going to be partnering with this, but there seems to be slightly different tasks, and she would like it to go on the future discussion list.

Mr. Randolph agreed that it should be put in the parking lot.

Ms. McKeel said she would put it with the assessor position, and confirmed that they had at least four votes.

Ms. Allshouse reported that the neighborhood planner position is somewhat unique in that staff had already recommended adding it, and two Board members said to put it on the list for further discussion. She said this s a dedicated resource to help the growing urban neighborhood engagement liaison needs created by increasing development activity, community advisory committees, and strategic plan priorities. Ms. Allshouse noted that the estimated cost for the position is $87,108, and there is a growing service-level needs generated by the community advisory committee strategic plan priorities of urban redevelopment and revitalization that generates projects like the Rio/29 Small Area Plan and master plan updates. She stated that staff's recommendation is to include the position in their proposed FY18 budget, and the funding source could utilize $87,000 of the $200,000 currently included in the budget, to support the implementation of the $1.4 million neighborhood investment funding initiative, as this position could help support that initiative. Ms. Allshouse said if they find that they need to replace that money, FY17 could likely have excess revenues over expenditures as of June 30. She stated that they do go through the audit first to ensure all the numbers are locked down, and in November the Board receives that information along with the CAFER, and at that point, there may be additional fund balance available from the current fiscal year that they could replace the money with. She added that staff feels the timing would work well with the timing of how the neighborhood program will proceed and the projects would get going.

Mr. Randolph stated that he is enthusiastic about this because it is exactly what he was hoping to see out of the neighborhood initiative program, and it is probably more cost effective and will help steer the neighborhood investment funding initiative in a direction that is planning related, which would be valuable for the County long term.

Ms. Palmer asked where the money will come from for next year. Mr. Walker explained that the $200,000 that was included in this budget as additional support for the neighborhood improvement funding initiative program is ongoing, and that $200K will be reduced by the amount needed to support this position. He said the caveat is that if there are additional resources needed for the program, when the audit is complete, staff can work with the Board to identify any resources needed to add to one-time funds. Mr. Walker noted that the position is tied directly to that program, in addition to other priorities.

Ms. Palmer commented that if they do not continue to have that fund, they will have someone working in that area who can hopefully remain. Mr. Walker responded that the $1.4 million is one-time funding, and the $200,000 is ongoing money.

Ms. McKeel said she wants to clarify that this position is not a support administrative position, but is actually an urban planner. Mr. Walker confirmed that it is a professional planner position, and he is not sure whether it will be a principal planner or senior planner, and it is not likely that one individual position would be able to support all seven CACs, but it adds capacity so there are more resources to support those efforts more broadly. He clarified that this person will be a technical expert in planning.

Mr. Dill asked where this will fit in with Community Development in general. Mr. Walker responded that this position will fit into the hierarchy of the Planning Director, along with other senior and principal planners, and at this point it will be up to the Director to assign who will be working on what, but it does create the expectation that the CAC work will need to be accomplished.

Mr. Dill asked how this person might relate to the small area plan and whether they will be involved in that, or if they will only work on smaller projects. Mr. Walker replied that how the workload is divided will be a leadership and management challenge, and one of the resources they provided last year was for site plan review. He stated that with some of that work being done by TJPDC, it frees up staff to work on the recodification priority, so this is an alignment of resources and staff to accommodate their goals and priorities, and this positon will fit in similarly. He emphasized that staff feels this is a good, reasonable next step to add professional expertise into accomplishing strategic priorities around redevelopment and urbanization.

Ms. Mallek commented that adding a planner is returning them to one of the most successful initiatives since before the recession, with staff members like Rebecca Ragsdale reassigned to new roles during the recession, and now that the projects have begun accelerating again, this fills an important gap in terms of staff having thorough knowledge of the CACs and be able to know the playing field.

Ms. McKeel noted that the position is for an urban planner, and it will go on the list.

Mr. Randolph said he does not feel they need to wait until spring for this, as they can fast track it if there is a funding source identified.

Other board members agreed.

Mr. Walker clarified that the Board’s intent is for this to come back as soon as possible, with an appropriation recommendation to use FY17 money to get the position hired, as opposed to waiting.

Ms. Allshouse reported that the next item on the list is a position in Parks and Recreation, and stated that staff is recommending converting a part-time temporary permanent position into full time, at a cost of less than $10,000, but they have also added $90,000 to address that department’s needs, which may include staffing. She said they are doing a community recreation needs assessment to help establish priorities for future development and facilities programming and services, and staff put $90,000 in their budget as a holding place for potential staffing. Ms. Allshouse stated that staff’s recommendation is to implement staffing adjustments after they complete their needs assessment and a subsequent organizational assessment of Parks and Recreation. She noted that they may end up needing more than that, but this is the funding that staff has already placed in the budget for now.

Ms. Palmer stated that Mr. Bob Crickenberger, Parks and Recreation Director, has made it very clear that with the opening of Hedgerow he needs an additional staff person, and they would like to get it open as fast as the Parks and Recreation Department can do it, as they have a process they need to go through. She said that she wants to make sure the $90,000 is enough.

Mr. Bob Crickenberger addressed the Board and said the staffing needs have already been identified in the department’s capital request, and part of the $90,000 reflects back several years when they developed a department resource plan and identified future staffing needs. Mr. Crickenberger said they felt it was best to wait for the results of the assessment plan, as it would entail a lot of information regarding their services, current unmet staffing needs, and future needs.

Ms. Palmer asked if this is in addition to the other staff person needed to open Hedgerow. Mr. Crickenberger confirmed that it is, stating that for all the parks currently on hold, the department has identified the additional staffing need for each one of those facilities in opening.

Mr. Randolph asked if the needs assessment for Hedgerow is a study in progress. Mr. Crickenberger responded that the needs assessment is basically an overall Parks and Recreation master plan that identifies current services, the level of services, unmet community needs, a marketing analysis, and revenue recovery. He pointed out that they were doing their own internal assessment for Hedgerow.

Mr. Randolph asked when that will be completed. Mr. Crickenberger responded that the staffing piece for Hedgerow has been identified, with an additional person supplemented by a part-time seasonal person and a gatekeeper, and all of those have been identified in their capital request.

Mr. Randolph asked if the funding includes a cost for maintenance of bike trails, or if they would rely on volunteer organizations. Mr. Crickenberger replied that it would be both.

Mr. Randolph stated that he would like to see the blueprint and what is being proposed for Hedgerow from an operational standpoint. Mr. Crickenberger said they can provide that information.

Mr. Walker explained that staff is ready to have a separate conversation with the Board about the Hedgerow project and the steps it would entail, as well as where the money would be coming from, because it is a CIP project that has not yet been included in the capital fund. He stated that the $90,000 in the recommended budget was more general at the time, anticipating that the needs assessment to be completed would inform how best to allocate resources generally for support for Parks and Recreation. Mr. Walker said they had a number of needs already identified, including a vacant director positon for McIntire that has been unfilled for a number of years; they have some succession planning concerns considering the seniority of the department's leaders. He stated the last needs assessment was done in 2004, and staff felt it was reasonable to keep options open, and there is a connection that needs to be made between the Hedgerow project, the timing of that completion, and the resources needed in order to maintain it.

Ms. Mallek said there are two tracks: the needs assessment and the long-term decision about how to rearrange or not; and the new person to get the urban parks going. She stated that she would support this parallel approach, but it does not seem that what is in the budget now would achieve both of those. She noted that the need for the Hedgerow person would be part of the CIP discussion that would be happening soon, perhaps next week.

Ms. Palmer noted that the $90,000 is separate from the additional person. Mr. Walker explained that the $90,000 identified in the recommended budget anticipates the completion of an overall needs assessment, but not knowing exactly what position that would support at the time, plus the conversion of a part-time person to full-time. He stated that the Hedgerow conversation, which has arisen much more recently, has a capital component and will have an ongoing component, but that is not reflected in the $90,000 and would need an additional resource that was available at the time the park was operational. Mr. Walker added that he would defer to the Parks and Recreation staff on the timing of that position.

Mr. Kamptner said he thought he understood Mr. Crickenberger to say the Hedgerow position was already in this year's budget. Mr. Crickenberger clarified that it is in their capital request budget as part of the operating obligation for that facility.

Ms. Allshouse stated that a Board member had requested that staff put on the list consideration of a dedicated penny on the tax rate, and staff's understanding is there would be a tax rate increase that would be dedicated to capital as a concept for the Board to discuss. She said they would first share the funding already in the budget to provide a basis for discussion.

Mr. Letteri said this budget includes a fair amount of resources going into the capital plan, at a total of $33 million for FY18, and he presented a chart summarizing the various sources of revenue, with $6.9 million of excess FY16 revenues proposed to go into the fund. He stated that there is $669,000 in one-time funding from VDOT for easement properties, and that is also being put into the capital fund. Mr. Letteri said that contribution to the capital by formula is adjusted to reflect the increase in revenues overall, and that total transfer is $23.6 million. He stated that they restored the funding from $700,000 that was taken out several years ago, and there is a one-time transfer from the general government side of revenues into capital of $1.2 million, which would be available thereafter in the general government budget going forward.

Mr. Walker clarified that it is ongoing revenue, which is identified in this budget for a one-time use.

Mr. Letteri commented that as an example of the degree to which these funds support debt service, there is $23 million in FY18 in debt service payments. He stated that some of these funds support the early borrowing of the bond referendum.

Ms. Allshouse pointed out that this does not yet include the $1.4 million for the neighborhood initiative, but the money is available and just needs to be allocated to capital or elsewhere depending on how the projects go.

Mr. Randolph commented that many of the items on this page are circumstantial to running a surplus, but do not get to the issue of trying to grow the pennies with time to have the funds available in FY20, FY21 and FY22 in terms of a new school. Mr. Letteri responded that they are making progress and are starting to come back to the 3% goal.

Ms. Mallek said the $33 million total must subtract $23 million for debt service, and the remaining $10 million can then be used to borrow $100 million if desired, to do projects. Mr. Letteri replied that it would not be that simple, as portions of it would go into funding equity, portions would support future debt, and they would need to balance the plan over a five-year period, but they are making progress toward increasing that capacity.

Ms. Mallek commented that there was a year when they did not put in any, and a year when they put in $250,000, so they are a lot better off than they were. Mr. Letteri clarified that they are making progress toward increasing that capacity.

Mr. Letteri presented a chart showing the fund balance in each of the five years going forward, based on the activity, revenues, and all other things that would happen in the capital fund. He said that in FY18 they are at $17 million, then drops to $1.4 million and holds, meeting the target of $2 million at the end of the period. Mr. Letteri said they talked about the savings from the interest rate in borrowing, which equates to about $500,000 per year, and staff had previously recommended that it be held in reserve because rates were expected to increase. He stated that it would not be shifted down to fund balance and would be held aside, and fund balance numbers would be recast. Mr. Letteri said if they added a penny to the tax rate and dedicated it to capital, it would generate approximately $1.8 million in additional cash transfers into capital, which would increase based on the projected increase in the value of a penny per tax collections. He stated that it would transfer approximately $10.2 million over the five-year period, and those funds could be used to support pay-go cash equity for projects, or used one time to support a certain amount of borrowing. Mr. Letteri stated that if they dedicated the penny, they could borrow as much as $19-$21 million in projects that would then be supported by the dedicated penny over time.

Mr. Randolph emphasized that they should pay close attention to the chart provided by Ms. Allshouse, as there were lean years of contributions to capital. Mr. Randolph stated that it was prudent financial management to be vigilant to set aside a penny in the good years of the CIP so they had capital on hand, as they did not know what fiscal environment they would be facing when it is time to build a new high school.

Ms. Palmer stated that she has championed a higher tax rate in the years she has been on the Board for this exact reason, but she is seeing that this year, with the changes in assessments, some of her moderate income constituents have had a higher increase in what they are paying out than in the years the Board raised taxes three cents. Ms. Palmer said she has been completely transparent with voters about the fact she would vote to raise taxes and has provided the reasons for that, but she could not support it this year because of the people who really got hit in the assessment process.

Mr. Randolph asked what she would do next year, as the proposal is to add 1.5 cents. Ms. Palmer responded that she would look at it then.

Mr. Randolph stated that he is looking out over five years, and by putting in a penny this year, they may be in a position next year to not have to increase the capital amount, depending on what happens with the courts. He said they have an obligation to future Supervisors to try to do something that ensures that in four or five years when the decision for a new school has to be made, which is estimated at $70 million, that they have prudently gathered some of the resources to lessen what will be a significant borrowing impact. Mr. Randolph stated that the other strategy would be finding $1.6 million to trim from the operations budget, as it is likely they will run a surplus in FY17 since they did in FY16.

Ms. McKeel said that some of the work they are doing in terms of economic development will address this, particularly the small area plan. Mr. Randolph responded that any results would be four or five years out, realistically.

Ms. McKeel stated that the graph provided does not reflect the six-cent drop in the tax rate to hedge off the increased assessment values, as those years could have saved about 30% in capital construction costs.

Mr. Dill said the extra penny is not just dropping out of the sky, it is coming from taxpayers and would be coming from their pockets.

Ms. McKeel noted that salary increases to employees are spent locally.

Mr. Dill added that retail sales receipts in the County increased this year, and money that gets into people's hands gets circulated.

Ms. Mallek said the constrained two-year plan approach is a good one, and there are some things to be smoothed out. She stated that she cannot support an increase or decrease right now, and she argued against the cuts done in 2009 and 2010, and supported the equalized rates that did not happen in 2011 and 2012. Ms. Mallek commented that this is a dramatic increase into capital now, and she looks forward to savings and success in FY17 that will create a significant transfer a year from now, and there is considerable adjustment happening for many people. She stated that most of the complaints she received were from people whose assessments decreased, as they are very alarmed by that. Ms. Mallek added that if they stay to the middle, the Board is doing its job.

Ms. McKeel agreed that being steady as they go, without reacting to extremes, is the right approach.

Mr. Dill stated that their approach has been somewhat conservative, keeping the AAA rating and putting money into reserves.

Ms. Mallek said that putting money into staff, which has been dramatically reduced by 70 positions since 2009, is an important change.

Board members confirmed that they did not want to put the additional penny into capital, as suggested by Mr. Randolph.

Ms. Allshouse reported that the next item for discussion was planning for potential federal cutbacks, and a lot of potential risks have been identified. She stated that some of the things identified for potential risk were DSS funding streams, agencies that depend on federal funding, grants received by the County that are directly from federal government or pass-through from the state, potential changes to Affordable Care or Medicaid. Ms. Allshouse said the Board has a reserve for contingencies of $300,000 that they could rely on throughout the year, which would be reduced if they provided the additional funding to JABA. She stated that the rainy day stabilization reserve was $1.75 million, and that type of fund is used for necessary adjustments throughout the year. Ms. Allshouse said that a surplus is also expected for FY17, which would be an additional funding source. She noted that staff's recommendation is to monitor this carefully.

Mr. Dill commented that the top recommended increase for federal spending is $54 billion in military expenditures, with Virginia being the top beneficiary of that. Ms. Mallek responded that if they do their job well with Rivanna Station, that amount could be considerable locally. She added that her biggest concern is turning Medicaid into a block grant.

Mr. Dill asked if the Board should have a particular structure for monitoring it. Ms. Mallek responded that individual agencies like DSS are watching it, as are OMB staff members.

Mr. Letteri noted that staff reports to the Board quarterly on operations and could flag those items for the Board. Mr. Dill agreed that this would be helpful.

Ms. Allshouse stated that every time they get their quarterly financial report, they also get a projection on how revenues are coming in.

Ms. Allshouse presented a slide reflecting a salary compression remedy as recommended by staff, stating that the schools desire implementation of theirs on May 1 rather than July 1, in an effort to address serious challenges to fill critical positions, such as school bus drivers. Ms. Allshouse said that due to the principles of commonality, schools and general government staff recommend implementation of a salary adjustment such as this at the same time. She noted that the school division has approved salary adjustments for their food service and extended day enrichment program employees, effective in March.

Mr. Walker noted that these are the lower grade positions of 1-4, so it is related to compression and the recommendation has been to collapse those into one grade.

Ms. McKeel commented that the food service and after-school positions are self-sustaining, as they have a revenue source.

Mr. Dill asked what those positions are currently paid. Ms. Allshouse responded that she recalled it being $10 or $11 per hour, with a lot of these positions being vacant currently, and the schools feel that the remedy would help address this more quickly. She stated that for the other groups of employees, the earlier compression remedy is being finalized by the HR Department, with an estimated cost of $74,000 for schools and $77,000 for local government. Ms. Allshouse said that if this is approved by the Board, an appropriation request would come to them in April or May, with funding sources being the schools' existing fund balance reserve for their portion, and the funding source for general government's portion coming from their reserve for contingencies in the current fiscal year.

Mr. Walker noted that this ties into their approval of the budget, since implementing these changes prior to July 1 would assume continued support after that time as part of the budget, so they would have the ongoing funding to support the adjustments.

Ms. McKeel and Ms. Mallek expressed their support for the compression remedy, and other Board members agreed.

Ms. Allshouse stated that they have gone through all of the issues, with several pieces coming back, such as the fire/rescue fund, Hedgerow, and entrance corridor beautification. She said the Board has a requirement to set tax rates for advertising.

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Recess. The Board recessed at 4:30 p.m., and reconvened at 4:43 p.m.

- Item No. 2b. **Finalize Board's proposed budget and Finalize tax rate for advertising**

Ms. Allshouse presented the Board with a draft motion for a decision on the tax rate, noting that it had been approved by Mr. Kamptner.

Ms. McKeel stated that this is what they would be advertising, and once it is advertised, it can go down but cannot go up.

Ms. Mallek said the current tax rate in the County Executive's proposed budget is 0.839.

Ms. Mallek offered **motion** to advertise the 2017 tax rate for public hearing as follows: $0.839/$100 of assessment value for real estate, public service property and manufactured homes. Ms. Palmer **seconded** the motion.

Mr. Randolph stated that he would support that tax rate, encouraging the Board to take a penny out of general government operations and to dedicate a penny to the CIP.

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

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

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Ms. Mallek then offered **motion** to advertise the 2017 tax rate for public hearing as follows: $4.28/$100 of assessed value for personal property; 4.28/$100 of assessed value for business personal property with an original cost of less than $250; and $4.28/$100 of assessed value for machinery and tools. Ms. Palmer **seconded** the motion. Roll was called and the motion carried by the following recorded vote:

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

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Agenda Item No. 3. From the Board: Matters Not Listed on the Agenda.

Ms. Mallek stated that she is requesting a traffic study for Fray's Mountain Road, due to excessive speeding, and VDOT has agreed to follow up. She commented that this is one of many situations in the County where people are speeding on country roads, which puts other drivers in danger.

Ms. Mallek reported that Mr. Peter Lynch will be in Crozet to talk about the assessment process at an event hosted by the Crozet Community Association on March 9 at 7:30 p.m.; other events will be held March 13 at Broaddus-Wood at 7:00 p.m. and March 18 at the Whitehall Community Center at 10:00 a.m.

Ms. McKeel noted that she and Mr. Sheffield will be holding one on March 27 at Jack Jouett at 6:30 p.m.

Ms. Mallek mentioned that if anyone is considering filing for an equalization appeal, the deadline for filing is March 15.

Ms. Palmer stated that constituents have told her they would not bother with an appeal, but she has told them it may be different this time and has encouraged them to pursue it.

Mr. Sheffield said it only takes 15-20 minutes to fill out the appeal form.

Ms. Mallek stated that this is a process for which elected officials have no effect, and this is the only way for citizens to appeal.

Mr. Sheffield said that if people have issues with the assessments but are not coming forward, it will be impossible for the County to evaluate whether the software has problems.

Ms. McKeel added that it would be a problem going forward for them as well.

Ms. Palmer stated that she had held a town hall recently in which all constituents had decreases, but a little further north, the assessments went up, so it is really sectioned off.

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Agenda Item No. 4. From the County Executive: Report on Matters Not Listed on the Agenda.

There were none.

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Agenda Item No. 5. Closed meeting *(if needed).*

There was no need for a closed meeting.

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Agenda Item No. 6. Adjourn to March 8, 2017, 3:00 p.m., Lane Auditorium.

At 4:52 p.m., Mr. Randolph **moved** to adjourn the Board meeting to March 8, 2017, at 3:00 p.m., Lane Auditorium. Ms. Mallek **seconded** the motion. Roll was called and the motion carried by the following recorded vote:

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

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Chairman

Approved by Board
Date: 09/06/2017 Initials: CKB