

An adjourned meeting of the Board of Supervisors of Albemarle County, Virginia, was held on February 16, 2018, at 12:00 p.m., Room 241, County Office Building, McIntire Road, Charlottesville, Virginia. The meeting was adjourned from February 14, 2018.

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

ABSENT: None.

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

Agenda Item No. 1. Call to Order. The meeting was called to order at 12:00 p.m., by the Chair, Ms. Mallek.

Ms. Mallek the recognized the presiding security officer, Officer Beach, and County staff around the dais.

Agenda Item No. 2. Presentation on County Executive's FY 2018-2019 Recommended Budget.

Mr. Richardson reported that this would be the official rollout of the upcoming year's annual budget, and staff is trying to deliver tangible results in an ever-evolving landscape. He stated that the FY19 budget reflects the second year of a two-year strategic plan, and the Board will see some deliberate connection from the current year's budget. He thanked Supervisors for their attention and continued hard work.

Mr. Richardson stated that the desired outcomes of this meeting are to have staff provide a good overview of the recommended budget and some of the major drivers that allow the County to move strategically and address a number of quality of life issues in the community in a professional and thoughtful manner. He said that staff hopes this meeting will set a nice framework for future work sessions, and at the end of this discussion Ms. Allshouse will be available to answer questions as they make final preparations for next year's budget. Mr. Richardson commented that he feels this is a starting point in considering how they understand the decisions made in FY19 would have an immediate effect on their FY20 budget planning. He stated that the general and capital funding is in the budget to support a significant and important partnership with public schools, and is also there to provide for organizational sustainability to advance the Board's priorities and allow them to adapt as the community evolves and needs emerge that were not previously planned.

Mr. Richardson said the current year's budget is the culmination of the strategic and financial planning processes as presented, and the Board's FY17-19 strategic plan is their visioning process to identify immediate needs and make the greatest impact on the community – which is a challenging yet fruitful process. He stated that the Board has been very intentional, as has staff, in aligning County resources with strategic priorities. Mr. Richardson said that as recently as September 2017, the Board revisited the strategic plan and made some priorities known for the coming year that hopefully are reflected in the FY19 budget. He noted that it was also shaped from the two-year balanced plan and five-year fiscal plan, and staff has been able to create momentum in the new budget. Mr. Richardson emphasized that the budget sets a financial course to achieve the Board's strategic priorities, with an emphasis on making strategic investments in the community. He stated that they are heading into year two of plan implementation, and he is proud to state that the FY19 budget continues to support those current objectives.

Mr. Richardson reported that in looking at FY18, the budget acknowledged a continued economic turbulence at the state and national level, and the County as an organization was able to work judiciously in advancing strategic priorities – such as rolling out the pilot program for the Neighborhood Initiatives (NIFI) project to fund smaller scale neighborhood improvements; the economic development fund to be able to match state opportunities and encouraging economic investment in the local economy; modernize the zoning ordinance to support small area planning; and implement and develop the Rio/29 Small Area Plan. He stated that they also looked to maximize transformation and increase funding to the innovation fund, which supports projects that yield a return on investment. Mr. Richardson said that staff was looking to do more with less and redesign processes to either save money or yield a high level of service to citizens the County serves. He stated that the organization received a national award for a project partnership with volunteer fire departments – a turnout gear repair project that realized about \$20,000 in savings.

Mr. Richardson said that sustaining a quality organization requires them as staff and elected officials to monitor the customer experience through their feedback, and requires them internally as an organization to keep an eye on staff to commit to continued growth and development – and through that there is a 2% salary increase for all employees in FY18. He stated that there is support for the Acquisition of Conservation Easements, with a dedicated pool of money placed back into that fund to continue that commitment. Mr. Richardson said there had been a bond referendum that had initially implied a tax rate increase, but the Board was able to move forward with a strengthening local economy and defer that increase. He emphasized that it was part of the organization's culture to fund its mandates and obligations, including debt service, as well as partnerships in the community.

Mr. Richardson stated that the County is continuing to enjoy a strong local economy, which ties to

the ability to move things forward in a meaningful way in the coming budget, but without adjusting the tax rate. He said the budget as recommended does not have a tax increase associated with it in the coming year. Mr. Richardson stated that staff feels they can continue to implement strategic priorities yet reserve capacity to allow them to be nimble and respond to emerging opportunities. He said the County would maintain its levels of service to the community served and would be strategic with its investment of savings, which the Board will spend some time on as they move through the work sessions.

Mr. Richardson stated that the budget reflects a strong, significant internal effort to leverage resources, with 18 departments working diligently through the budget process to pay close attention to emerging needs, sustaining the organization, and prioritizing the Board's hard work with strategic priorities. He said those departments funnel their requests and needs through a process in which 18 employees had a meaningful impact in taking all of what was considered and paring it down within reason for what the County could afford going forward. Mr. Richardson stated that those employees represent 197 years of combined experience with the organization, and their ability to leverage resources is also reflected in the budget as presented – with 58 partner agency relationships within the community. He noted that this all culminated into a total FY19 budget of \$428.5 million, with the intent of maintaining and growing the quality of life in the community.

Mr. Richardson presented a graph showing where revenue is coming from and how it would be spent, and it includes every fund – local, state, federal, borrowed proceeds, debt, etc. – of what is coming through Albemarle County government. He noted that it includes pass-through revenue that is earmarked for certain programs and is restrictive in nature. He said that he would also underscore the County's strong collaborative partnership with their public education system that seeks to affect the lives of citizens every day. Mr. Richardson stated that he would like to spend some time on the General Fund recommended budget, which primarily reflects local revenues, and as policymakers this is where the discretionary money is tied and where they look to see if there is organizational alignment with the Board's strategic objectives and community priorities. He noted that two-thirds of the General Fund is comprised of general property taxes, with other taxes comprising 20% and a minor amount after that. Mr. Richardson stated that schools and public safety are highlighted in the budget, and numerous national surveys have indicated that the quality of a community is directly related to confidence in public safety.

Mr. Richardson reported that local revenues are the major budget drivers, and a strong local economy with new money coming into Albemarle has continued, with much of that income being discretionary in nature as to where the resources could be allocated. He stated that the largest category is real estate, with \$4.5 million of the \$7 million shown reflecting the natural market growth in values – reflecting a confidence in the community and the local economy. He stated that approximately \$3 million of the \$7 million was new construction, both business and residential, and Community Development is tied to this activity within the community and tracks it on a daily basis. Mr. Richardson said that local personal property also reflects a strong year, with approximately \$1 million of new growth in that area. He stated that consumer-driven or sales activity is also tied into that, with growth greater than 10% in the past year, indicating a vibrant local economy. Mr. Richardson noted that BPOL or business-driven activity is also an accurate reflection of trade and economic vibrancy in the community.

Mr. Richardson stated that it was helpful to look at the revenue growth to see where it might be allocated, and within that about 21% was committed to agency partnerships, 16% was committed to operating costs, and 63% was personnel – with local government providing services to the community. He mentioned that this also includes new positions in the coming year and a new commitment to pay, benefits, and training and development. Mr. Richardson stated that the 63% for personnel suggests that per capita staffing is identical to what it was in 2009, and over that 10-year period, there has been population growth of 15,000 in the community. He said the general government positions by 1,000 population are exactly level to where they were in 2009. Mr. Richardson noted that several things had occurred since that time, including an economic downturn from 2010 and 2011 through about 2014, paralleling the trends in other local governments across the nation. He stated that localities had to trim back and use creative thinking – sometimes not filling vacant positions and reducing staff levels. Mr. Richardson noted that Albemarle leveraged community partnerships to enable them to do more with less and deliver services to maximize resources. He said the more urbanized the County becomes, the broader the demand for services will be.

Mr. Richardson stated that it is also important to understand where the position growth occurred, and the County has seven functional areas within the organization – excluding schools – with the top two being public health and welfare and public safety, which is where the majority of position growth has occurred over the last 10 years. He noted that about 90% of the net growth in positions has been in those two functional areas, with a 15% commitment to public safety, which is fairly common across local government for both cities and counties. Mr. Richardson pointed out that the growth had occurred in concert with population growth, and he applauded fire and rescue for keeping staff adjustments less than what they would have been otherwise. He stated that there has been growth within the bottom five functional areas in the last two budgets, and there is more dispersion and balance across most of the functional areas – with five positions recommended for Community Development in FY19 and additional staffing recommended for Administration. Mr. Richardson noted that Parks and Recreation and Public Works had remained relatively flat over this period, and as the County urbanizes it will need to look more closely at Public Works. Mr. Richardson stated the Board had recently received the first part of the Parks, Recreation, and Cultural Needs Assessment – along with some CIP Oversight Committee work that was recently questioned in the long term in terms of looking at quality of life projects that could include trail development and public parks.

Mr. Richardson stated that the budget speaks to the commitment of the organization to try to do more with less, maintain levels of service, and begin to look cross-departmentally at where they can leverage resources within the organization. He said the budget supports education, with the schools being a critical partner in the community, and the budget reflects a shared commitment to providing learning and training opportunities for people of all ages and backgrounds. Mr. Richardson stated that the budget recommends approximately \$130.8 million to be transferred to school operations, a 5% or \$6.8 million increase over the current year. He said that in-kind support totals about \$2 million for administrative services, including finance, IT, and legal services. Mr. Richardson noted that the budget also includes \$14.4 million in debt service. He stated that the budget is sensitive to supporting education to the broader community, in areas to include public safety, health and welfare, economic development expansion of broadband, and other related opportunities – as well as to agencies that support education, such as the Boys and Girls Club, United Way, PVCC, and support for libraries.

Mr. Richardson stated that the budget emphasizes a quality organization and strategic priorities, while reserving a level of capacity to address emerging needs. He said that in terms of sustaining the organization, service levels would be maintained as customers expect, within reason. Mr. Richardson said they also need to ask whether there is internal organizational alignment, and as the community evolves they need to prepare people in the organization to evolve as the community changes, so there must be an intentional effort to invest in people. He stated that sustaining a quality organization covers obligations and requirements and includes support for the capital program and debt service, with additional money invested in training and development for the next year. Mr. Richardson commented that succession planning is difficult because it is layered on top of other obligations, but it is an important dedication. He stated that he hopes the County will be able to spend a bit more time in the coming year to design processes with the customer in mind, as part of the efforts to remain a high-quality organization.

Mr. Richardson stated that the highest priorities include advancement of quality of life initiatives, as identified in the Board's strategic plan covering FY17-19. He noted that this consists of 8 goals and 22 objectives, and the FY19 budget represents the second year of a two-year plan to advance these priorities. Mr. Richardson mentioned that they are moving more from planning to implementation but are not there, and they sought ways to speed processes up that need attention. He stated that the budget supports current and future economic development projects, with funding set aside for an arts and cultural initiative to include \$50 thousand as a contingency. Mr. Richardson said the budget continues to invest in strategic and emerging capital needs, with some undesignated funds moved to capital for cash infusion purposes. He stated that they are focused on supporting small area planning for revitalization and urbanization projects, which would need to continue as the urban ring continues to age and the community continues to increase in density – thus increasing pressure to provide more urban services to citizens in those areas. He stated that the budget includes support for transportation-related initiatives, regional transit and multi-modal transportation, and there is a focus on trails and bike paths. Mr. Richardson said the budget includes increased resources for median mowing and other public services, with money available to increase operating hours marginally at the Northside Library. He stated that there are also positions in the budget for neighborhood planning, general planning, and a transportation manager.

Mr. Richardson reported that the Board provided direction in the fall to place more emphasis on a climate action plan, and the proposed budget includes an energy program coordinator, as well as funding for expansion of the material utilization facility at Ivy and a recycling/convenience center. He stated that local government has continued to support pre-K education, and he has suggested that they fund for three additional positions that would allow the County to open a new classroom in FY19, on top of the 10 currently maintained – with a targeted focus on the at-risk four-year-old program. Mr. Richardson noted that the budget also includes project management and implementation for the Board's strategic priorities, including project management and implementation, support of Southwood, affordable housing initiatives, and funding of studies including phase two of the Rivanna River Corridor study, the Pantops Master Plan, and Rio/29 Small Area Plan.

Mr. Richardson stated that the investment of undesignated funds related to Mr. Gallaway's question at his first Board meeting as a Supervisor about the use of County savings from previous years, and in FY18 the revenues performed better than anticipated. He said that staff would spend time at a work session that would allow the Board to look at staff's strategy to put some of that money to work in the current fiscal year within the CIP, the economic development fund, and broadband initiatives – as well as allocating funding in next year's budget. Mr. Richardson said that Albemarle County emphasizes working as one organization that is committed to excellence, and through the budget they have maintained a focus on innovation, transformation, and the efficient use of resources. He stated that the budget allocates resources to the continued momentum with transformational initiatives, such as the County's CIP process improvements and the use of technology needs assessment being performed by outside consultants to measure internal staff use and the customer service experience. Mr. Richardson said that other technology solutions included the innovation fund, which will be increased in this budget to focus on becoming a stronger organization. He stated that the budget increased GIS licensing capacity to expose the tool to more people in the organization, with GIS serving as a way to map and overlay so data can be viewed in ways not considered in the past.

Mr. Richardson reported that emerging opportunities include transparency in analytics and the way the County works in the context of changing customer expectations. He stated that there are arising community needs not otherwise captured in the strategic plan, with Yancey School and Biscuit Run reflecting two opportunities that emerged over the past year and required the organization to remain open, nimble, and adaptable to consider them for the betterment of the community. Mr. Richardson said the budget also includes an additional budget analyst and a business process analyst, which will allow the

County to become more proactive and less reactive to address future trends. He stated that the budget reflects savings in healthcare and the Children's Services Act, and FY18 had been a good year that would enable them to maximize the benefits provided to employees and their dependents.

Mr. Richardson said there were meetings in December in which requests not included in the FY19 budget were discussed. He explained that advancing strategic priorities included requests for 22.5 positions, with 4 positions already approved in the FY18 budget that would carry over, and he referenced charts showing where the positions were focused – with 72% of positions tied to advancing strategic priorities reflected in that category. Mr. Richardson said that this suggested to him a high organizational alignment and what the most important priorities can be advanced in the coming year, but he noted that not every position tied to strategic priorities was funded in his proposed budget. He stated that they must be disciplined as an organization to reserve and earmark some level of purposeful margins with transportation funding, as they cannot leverage 100% of resources and remain adaptable to emerging needs.

Mr. Richardson said there were several positions supported that were tied to maximizing transformation and addressing emerging needs. He stated that it is both a blessing and a curse to recognize that one-third of the positions requested by the 18 departments were approved, tying back to customer service delivery and acceptable turnaround times. Mr. Richardson emphasized that they would continue to look for areas where technology can help drive process redesign and fewer people would be needed or as many "touches" to produce the same level of quality internally and externally. He stated that the organization would need to change to keep pace with the community served, which means incorporating best practices that are used across the nation and redesigning service where applicable, as well as staying current in their fields through education, training and development. He added that this is a continual evaluation, a blend of innovative management and investment in growth and development of people. He stated that this requires them to be visionary yet practical so they can maximize use of staff.

Mr. Richardson stated that the County is at a crossroads, and he is proud of the fact that staff has worked hard – with the Board's vision and support – to maintain all unfunded mandates. He said that one of their challenges was that they could put more money in the capital but are also making that a priority with undesignated funds through cash infusions into the CIP. Mr. Richardson stated that there is continued uncertainty in the economy nationally, and there has been a lot of work done to successfully deter a tax rate increase – but that may have to be addressed as they near 2020. He said there are upcoming capital needs for schools, and the CIP Oversight Committee evaluated this and estimated about \$90 million in needs to take the County forward with K-12 public education. He noted that the committee expanded that discussion to consider what else should be evaluated as the County moves toward 2020, with an eye toward maintaining the AAA bond rating.

Mr. Richardson summarized his report by stating that staff and the Board have a common obligation to make local government work for the citizens of the community as a partnership, including the 58 agencies and citizens served. He stated that the County is judged on the basis of community economic vitality, community quality of life, and community responsiveness to its needs – and he believes that this budget addresses all three of those areas. Mr. Richardson noted that not everything was funded in the budget, but all three of those areas were considered, and they would continue this discussion through budget work sessions between now and April. He emphasized that Albemarle County did not become such an amazing community by accident, and the leadership and vision of past boards has put them in an outstanding position to move the community forward.

Ms. Lori Allshouse, Director of the Office of Management and Budget, addressed the Board and recognized Jody Saunders, who put a lot of effort into staff's presentation. She stated that the budget document before them includes an ABRT report and recommended funding from the City and the County. Ms. Allshouse said there is also a piece of paper that identifies the next steps in the budget process: a February 20 public hearing at 6 p.m. in the auditorium; the Board's first work session on February 22; another work session on February 26; a work session on March 1 to address the School Division's budget request as well as the CIP discussion; a work session on March 5 to address specific items raised by the Board; and at that point, they will finalize the tax rate for advertisement and will approve the proposed budget. She noted that if additional work sessions are needed, there is time set aside on March 27 and 29, with another public hearing on April 10 and budget adoption and setting of the tax rate on April 17. Ms. Allshouse stated that the plan is to appropriate the budget on May 2, 2018.

Mr. Gallaway asked if compensation and HR would be handled under the Administration functional area. Ms. Allshouse responded that it is by department, so the HR Department was included in Administration, but the positions are all through different departments and would be discussed as they work through each department. She clarified that in terms of the 2% increase and benefits, that would be shared as they discuss the first department and discussed with each one subsequently.

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

There were none.

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

There were none.

Agenda Item No. 5. Closed Meeting.

There was no need for a closed meeting.

Agenda Item No. 6. Adjourn to February 20, 2018, 6:00 p.m., Lane Auditorium.

At 12:55 p.m., there being no further business, Ms. Mallek adjourned the meeting to February 20, 2018 at 6:00 p.m. in Lane Auditorium.

Chairman

Approved by Board
Date 07/05/2018
Initials CKB