

An adjourned meeting of the Board of Supervisors of Albemarle County, Virginia, was held on March 1, 2018, at 3:00 p.m., Room 241, County Office Building, McIntire Road, Charlottesville, Virginia. This meeting was adjourned from February 26, 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 budget work session was called to order at 3:04 p.m., by the Chair, Ms. Mallek. She introduced the presiding security officer, Lt. Terry Walls, and those in attendance.

Agenda Item No. 2. **Work Session:** FY 2018-2019 Operating and Capital Budgets.

Item No. 2a. Presentation of School Board Budget. (begins on page 215) and also refer to School Division's Funding Request document.

Ms. Kate Acuff, Chair of the Albemarle County School Board, acknowledged the schools' strong partnership with the County and the joint responsibility they share in improving the community's quality of life and economic vitality. She stated that the School Board shares the County's vision of providing exceptional educational opportunity for present and future generations. She said the School Board's funding request focuses on educational equity and opportunity and exemplifies that vision, adding that it will help move Albemarle forward. She thanked Jennifer Butler for putting together the presentation and for presenting the slide portion of the presentation.

Mr. Jonno Alcaro, Vice-Chair of the Albemarle County School Board, thanked Supervisors and the County Executive for inviting them to present at today's meeting. He recognized that School Board Member, Mr. Graham Paige, is present today. He explained that the Superintendent's budget has been passed, with some modifications, and thanked Ms. Jennifer Butler for creating the presentation. He presented a slide with a division snapshot:

- County schools serve 13,910 Pre-K – 12 students with a staff of 1,257 teachers and 1,218 classified employees.
- 10% of students were English learners, 30.4% were eligible for free or reduced price meals, 11.9% were served by Special Education, 9.8% were identified as gifted.
- Students were born in 89 countries and speak 74 home languages.
- School cafeterias serve 8,000 meals/day. School buses travel 14,502 miles/day.
- Last year the Families in Crisis Program served approximately 475 homeless children, including 300 public school students and 175 of their siblings.

Mr. Alcaro stated that teachers average 14 years of teaching experience, with 63% holding advanced degrees. He presented figures to demonstrate the quality of education in the County's schools: rated as third best district in Virginia out of 131 districts (top 2.3%), rated #258 in America (top 2.5%) out of 10,574, teachers rated fourth in Virginia (top 3.1%), and 658th in America (top 6.5%). He presented a slide that compared County schools with schools in Virginia for the 2016 – 2017 school year:

	ACPS	Virginia
On-time graduation rate	94.7%	91.1%
Dropout rate	2.8%	5.8%
Graduates earning advanced studies diploma	63.5%	57.7%
Avg. SAT scores of graduates:		
Reading & Writing	596	558
Mathematics	580	538
Students who earned a qualifying Score (3,4, or 5) on at least one AP exam:	81.5%	66.9%

Mr. Alcaro stated that while they are proud of this data, they know there is still work to do to level the playing field for all their students. He emphasized that demographic disparities that have academic consequences exist across the schools, and economically disadvantaged students are overrepresented in chronically absent and suspension data, while underrepresented in academic success data. He next looked at big picture considerations that provided the framework for their request, stating that the core of the School Division's work and of the funding request was the strategic plan, including the County's mission. He presented a slide and reviewed the following:

Mission: The core purpose of Albemarle County Public Schools was to establish a community of learners and learning, through relationships, relevance and rigor, one student at a time.

Vision: All learners believe in their power to embrace learning, to excel, and to own their future.

Core Values: Excellence, Young People, Community, Respect

Student-Centered Goal: All Albemarle County Public School students would graduate having actively mastered the lifelong-learning skills they need to succeed as 21st century learners, workers and citizens.

Ms. Alcaro presented a slide of Strategic Priorities for 2017 – 2018:

1. Create a culture of high expectations for all.
2. Identify and remove practices that perpetuate the achievement gap.
3. Ensure that students identify and develop personal interests.

He presented their definition of equity as follows: “The shared mission of our schools should be to end the predictive value of race, class, gender, and special capacities on student success by working with families and communities to ensure each individual student’s success.”

Mr. Alcaro stated that promoting equity is the gateway to opportunity for students, though they have significant work to do in this area. He said this year’s funding request builds on last year’s equity and access initiative by focusing resources on equity and opportunity. He listed stakeholder organizations for providing valuable feedback: budget survey participants, Classified Employee Advisory Committee, County Student Advisory Council, Parent Council, School Health Advisory Board, Special Education Advisory Committee, Superintendent’s Advisory Council, and Teacher Advisory Committee.

Mr. Alcaro listed three community priorities as determined by the budget survey of 2,247 community members:

1. Competitive salaries to attract and retain high-quality teachers.
2. Competitive salaries to attract and retain high-quality support staff (food services, teaching assistants, bus drivers, etc.)
3. Fully funding all student experiences (field trips, school and art supplies) so that no students are charged for participating in school.

Mr. Alcaro reviewed the following three takeaways: Personnel, Equity, and High School 2022. He noted a reduction in qualified teacher applicants, reflecting a national trend, with over 1,000 vacant positions in Virginia in 2016. He said the funding request reflects an investment in employees, with competitive salaries to attract and retain high-quality employees, including meaningful salary increases and full-time healthcare benefits for many part-time employees. He stated this would assist with retention of high-turnover employees. He stated the funding request builds on last year’s equity and access initiative, including expansion of mental health services for high school students, removing transportation barriers to attendance at high school academies, and elimination of class fees. Mr. Alcaro stated that they are moving forward with an intense focus of ensuring that every student has access to the competencies and opportunities they need to thrive as learners, workers, and citizens. He said High School 2022 represents an upcoming shift in high school programming and is designed to empower students to identify, develop, and pursue their interests, and to afford all students the highest potential for success after high school.

Mr. Alcaro next reviewed proposed revenues and expenditures. He presented a chart that compared 2017–2018 revenues with revenues proposed for 2018–2019.

	Adopted 2017 – 2018	Proposed 2018 – 2019	\$/ % Change
Local	\$127,821,506 (0.8%)	\$135,044,096 (2.1%)	\$7,222,590 (5.65%)
State	\$49,666,936 (7.5%)	\$49,227,012 (6.3%)	(-\$439,924) (-0.89%)
Federal	\$2,998,498	\$2,997,473	(\$1,025) (-0.03%)
Total	\$180,486,940	\$187,268,581	\$6,781,641 (3.76%)

Mr. Alcaro explained that the decline in state revenues was due to the biennial recalculation of the composite index, which was used to determine a locality’s ability to pay and the state’s subsidy to each School Division. He said the County’s index had increased by 6%, indicating the County has a greater ability to meet its financial needs with less state support. He forecasted that state revenue would decrease by more than \$2 million for each of the next two years and explained that the Governor had proposed to offset this with \$1.9 million in additional funding for the first year of the biennial budget. He said the schools had developed the budget with the intent to use half of this additional funding over the next two years; however, the state legislature did not include the Governor’s hold-harmless funding proposal in the budget. He said they had been contacting the County’s local representatives to request this funding be restored, but they are not optimistic. He thanked those who had written letters to legislators on this topic.

Mr. Alcaro next presented a graph that compared per-pupil state and local revenues from FY09–FY19 and pointed out a declining trend in state revenue, with the County making up some of this decline. He said that over this time period, state funding had decreased 16.64% while County funding had increased by 5.74% in inflation-adjusted dollars over this time period.

Mr. Alcaro next reviewed expenditures:

Adopted 2017 – 2018	Proposed 2017 – 2018	\$ Change	% Change
\$180,486,940	\$188,506,345	\$8,019,405	4.44%

A pie chart listed expenditures by category as follows: Compensation/Benefits: \$160,497,685 (85.1%), Operating: \$21,546,859 (11.4%), Capital: \$1,822,237 (1%), Transfers: \$4,644,564 (2.5%).

Mr. Alcaro explained that they projected a funding gap of \$1,237,764 with hold-harmless state funding and a gap of \$2,201,767 without hold-harmless state funding.

Ms. Acuff continued the presentation, stating that overall expenditures increased by just over \$8 million, represented by increases in: Directed/Mandated \$1.9 million (23.8%), Growth \$3 million (37.8%), Sustained Commitment to Quality Education \$1.05 million (13.1%), and Advancing Strategic Priorities \$2.03 million (25.3%). She said that Section A of the budget book presented descriptions of these items, and she presented slides that listed specific items within each expenditure area. Ms. Acuff emphasized that salaries represent the largest item within this area. She noted that they would conduct a pilot program to transport high school students to the academies, which she said is in alignment with their focus on equity and opportunity. She said that 285 students had applied to an academy, a 40% increase. Ms. Acuff said they had proposed a 2% market increase in salaries for classified staff and teachers, as well as pay for performance, with a 1% pay scale adjustment for classified staff and a straightening of the pay scale for teachers from four anchor points to two. She noted that all teachers would see at least a 2% increase, with over half to receive an increase of 4% or more.

Ms. Acuff explained that growth represents the second largest element, at 37.8% of the funding request increase. According to Ms. Acuff, factors affecting this growth include special education, ESOL, custodial and maintenance services for the Woodbrook addition, and early childhood special education staffing growth. She pointed out that the schools are expected to see an enrollment increase of 249 students between 2017–2018 and 2018–2019, and she emphasized that there had been continued growth in the number of economically disadvantaged students, which currently represents 30% of the student population. She stated that they had to place more resources into schools with high populations of low income students in order to provide equity and opportunity. Ms. Acuff next presented a graph that showed the increasing number of students served by special education, which had increased by 22.3% since 2011–2012. She next presented a graph that showed a growth in the number of English learner students, which had increased by 32.9% since 2011–2012. She pointed out that many of these students were in middle and high school, had gaps in their education, and require highly intensive services.

Ms. Acuff next reviewed the third category, Sustained Commitment to Quality Education. She said this area represents the smallest percentage increase and continues the funding of prior initiatives, many of which are related to equity and to investing in new employees. She reviewed highlights including an equity education specialist, continuation of the Short Term Education Program (STEP), which keeps students in the school who would have otherwise been suspended, so they could continue learning while segregated from other students. She said that STEP had been extraordinarily positive for teachers, students, and parents. She also reviewed world language expansion, a 5th grade language immersion program, and health insurance for part-time employees.

Ms. Acuff reviewed the fourth category, Advancing Strategic Priorities, which represents 25.3% of the increase. She listed three priorities: 1) Create a culture of high expectations for all. 2) Identify and remove practices that perpetuate the achievement gap, and 3) Ensure that students identify and develop personal interests. A slide presented specific items under each priority. She acknowledged the contributions of principals, department leaders, and students in helping to develop these ideas, including the expansion of mental health services to high school students. She briefly reviewed items, including the elimination of class fees and a work and community-based learning coordinator to focus on developing relationships with local businesses and the community, working closely with the Office of Economic Development to facilitate opportunities for students to participate in meaningful learning experiences such as internships and work shadowing.

Ms. Acuff presented a slide that listed operating principles of the High School 2022 initiative:

- Ensure equitable access and opportunity for all students.
- Use fair and meaningful assessments.
- Implement flexible scheduling to support student-centered learning.
- Encourage students to explore their interests and passions for course credit.

She said as part of the 2022 initiative, they would add instructional courses at the high school level and create a pilot high school center. She presented a slide that listed attributes of the profile of a graduate: responsible self-advocates, effective communicators and collaborators, academically accomplished, responsible citizens, critical thinkers, and creative problem solvers.

Ms. Acuff next focused on the area of fiscal responsibility and provided examples of recent efforts. She said they had entered into a pilot LED lighting performance contract to install lighting in all classrooms, and had obtained energy savings with an additional benefit to students of the lights not humming. She noted that solar panels had been installed on almost all roofs that could accommodate them, which is saving 6% per year in energy costs. She said they are using high school interns to service student computers over the summer, which she described as a win-win. Ms. Acuff explained how the

County saves hundreds of thousands of dollars every summer and participating students receive valuable training. She said they are establishing transportation contracts with local nonprofits and student-centered organizations for field trips and vehicle maintenance, and said they partnered with local government to make thoughtful healthcare decisions and reduce healthcare costs.

Ms. Acuff concluded her presentation by reminding the Board of the three key items reviewed by Mr. Alcaro: 1) support for personnel, 2) promoting equity, and 3) launch of the High School 2022 initiative. She described the funding request as an investment in employees during a time of teacher shortages, which would move forward their ability to hire and retain high-quality educators and support staff. She said the request represents their division-wide focus on equity and guarantee that all students have the opportunities and skills they need for a successful life. She said the funding request supports High School 2022, which represents a shift in high school programming that moves forward a reality in which students leave the School Division having actively mastered lifelong learning skills to succeed as 21st Century learners, workers and citizens. She said they are partners in the community's quality of life and economic vitality and that families decide to move to Albemarle County, businesses decide to invest, and talented educators apply to work for the County because of the quality of the schools. She said the Board's support for the funding request moves the School Division and County forward.

Ms. Mallek invited questions and comments.

Ms. Palmer commented that she supports the increase in teacher pay and asked what role the demands of being a teacher today plays in the decision to increase pay. She noted that her daughter teaches calculus in another district and will be leaving the profession as a result of the job demands. She wonders if they have received feedback as to why teacher applications are down.

Ms. Acuff replied that they still receive more applications than they have positions for, but have had some difficulty attracting middle school teachers. She said they made a special effort to ensure they are attracting minority teachers. She stated that the results of focus groups and a teacher survey showed that teachers love teaching in Albemarle, for the most part, as it is considered a benefit to teach in such an innovative and quality school system. Ms. Acuff stated this does not mean that some teachers are not stressed out or have demanding workloads, and she emphasized that they have been unable to implement all of the recommendations made by the consultant. She explained that many stipends provided to teachers with additional duties were reduced or eliminated during the recession and some teachers have requested a restoration. She said the County continues to have relatively small class sizes.

Ms. Pam Moran, Superintendent of Albemarle County Public Schools, addressed the question of decreasing teacher applications and remarked that across the country, there have been a significant decrease in teacher undergraduate programs compared to 2009. She attributed one possibility for this to the improving economy, as those who had gone into teaching during the recession had flipped. She stated that education today is a far more complicated teaching place than it was 20-30 years ago. She said that Virginia is attempting to modify this by taking the pressure off of state testing, though there are many factors involved, such as complexity of the job and other career opportunities. She pointed to the salary differential between Albemarle County and schools in Northern Virginia and explained that the goal of increasing teacher salaries is to both retain and recruit teachers in the future.

Ms. Acuff pointed out that teachers had provided feedback indicating they could not afford to live in Albemarle County and thus are not able to send their own kids to County schools.

Ms. McKeel pointed out that the County has unused land on school properties that could be used to provide affordable housing to teachers and police officers and serve as a recruitment and retention tool. She said Mr. Richardson had informed her that he had worked with this model in other places.

Mr. Kamptner stated that under its form of government, the County has the ability to provide grants, loans, and other assistance to County and School Division employees, to help them be able to reside in the County.

Ms. McKeel suggested they form a task force comprised of representatives from schools and have the Board of Supervisors discuss this topic, and she does not believe members of the community would object to this.

Mr. Randolph said it is important to note that the Board had made a serious commitment, with EDA funds provided to Mr. Park, to build additional affordable housing on Old Lynchburg Road. He noted that they committed last and this year's positive variance of \$675 thousand to Southwood, which he said will be a multi-use community of both market-rate and affordable houses. He emphasized that they must do a better job of getting the word out about these affordable housing options. Mr. Randolph noted that he had read an article in the Episcopal Diocese of Virginia bulletin that discussed how churches are building affordable housing on their land. He credited Ms. McKeel for thinking creatively in the right way, but does not want to lose sight of the fact they are trying to make an effort to add to the overall inventory of affordable housing.

Ms. McKeel remarked that the Southwood project is great, but it will take a long time – and she envisions having six to eight townhouses on a school property. She said the County would maintain control over the units so they would not become market rate.

Ms. Mallek asked if they are only looking at school staff and buses to provide transportation to the academies, or if they would consider issuing a request for proposal for other providers. Ms. Acuff replied that there is a plan and she invited Mr. Dean Tistadt to comment further.

Mr. Dean Tistadt, Chief Operating Officer of Albemarle County Schools, replied that they are currently conducting a pilot project, and Mr. Jim Foley is on a task force that is looking at multidisciplinary transportation options.

Ms. McKeel commented that this could fall under the transportation partnership umbrella.

Mr. Gallaway commented that as the teacher applicant pool declines and recruitment becomes more competitive, the presence of affordable housing on school property becomes a recruitment tool. He expressed his endorsement for this concept.

Mr. Gallaway asked if they track how teacher pay follows the increase in the cost of living. Ms. Lorna Gerome, Director of Human Resources, replied that they do not track this, but they do know the market pay increase keeps up with the competitive market.

Mr. Gallaway remarked that if pay increases in another district outpace the cost of living while Albemarle's does not, they could be at a competitive disadvantage and feels this involves further investigation.

Mr. Dill asked if Piedmont Virginia Community College is involved in the High School 2022 initiative. Ms. Acuff responded that they are looking to Murray High School and CATEC, though she thinks they would also be looking at PVCC. She said they are looking at the high school center pilot to rethink their approaches, and wants the centers to have greater connectivity to the community.

Mr. Alcaro emphasized that a significant number of students are in dual enrollment in high school and PVCC. He explained how advanced placement classes are taken to improve the chance of getting into college while dual-enrollment provides the opportunity to earn college credits. He said the School Board plans to do a deep dive into this issue at an upcoming work session. He recounted that at a recent conference he attended, he learned that many students in New York State are graduating high school having earned both a diploma and an associate's degree.

Mr. Dill asked if there are online courses for high school credit. Mr. Alcaro confirmed they are available and the County has students taking these classes. He mentioned Chinese and Arabic as examples of subjects the schools do not offer that students take on their own, adding that he expects the number of students taking virtual classes to increase in the future.

Ms. Acuff added that as they consider options for High School 2022, she expects that they could expand the diversity of course selection with online courses.

Ms. Mallek emphasized the importance of the County schools being able to conduct virtual classes so students at one school could attend a class given at another school, which would be possible once the installation of fiber optic cable is complete. She asked Ms. Acuff how far along they are with this. Ms. Acuff replied that they are not as far along as she thought they would be, though the budget includes funding for urban ring schools. She expects that by 2020, they will have a substantial amount of this work completed.

Mr. Randolph said he has a series of questions for Mr. Tistadt regarding changes to the funding request presented today versus what was originally submitted. He referenced page 13, under the category of Growth, which listed 18.74 full-time equivalents (FTE) compared to 14.34 in the original proposal. He noted that the budget included a \$180,847 increase for staff increases and asked if this was driving the increase.

Mr. Tistadt acknowledged that they did increase the number of staff as a result of understanding the complete impact of the redistricting of students from Greer and Agnor-Hurt to Woodbrook. He said the original budget did not fully appreciate the teaching impact of the redistricting.

Mr. Randolph referred to the third section, Sustained Commitment to Quality Education. He noted that half of an equity education specialist had been added since the original budget proposal and asked what was driving the need for an additional half specialist. Mr. Tistadt explained that this was a change made to the Superintendent's recommended budget by the School Board, as they did not believe one full-time specialist was sufficient and sought to augment that.

Mr. Randolph noted that the Kronos time management coordinator position was reduced from \$94,124 to \$82,953 and asked for an explanation.

Mr. Tistadt explained that this was an adjustment to the cost based on the proportion of the cost to be paid by the County versus the school system.

Mr. Randolph noted the costs to increase staff are very reasonable, though it strikes him that many items on the operating side for instruction, administration, attendance, health, and technology are higher than the rate of inflation – and he asked what was driving this.

Mr. Tistadt offered to get back to Mr. Randolph with answers. He added that the Superintendent had decided this would be the year to improve technology support to meet the minimum state standard of quality levels.

Mr. Gallaway recounted that at a community meeting he attended last Sunday, there were comments made about how rich and affluent the County is and that it does not have to deal with the types of service needs the City does. He remarked the school budget indicates that 30% of County students are economically disadvantaged and the County cannot pick who comes to the School Division and must offer services. He said he would like to make a public statement that "We, like the City, while we have individuals with gross incomes that may have increased, you were seeing that on the other end of the spectrum we have, not just increased economically disadvantaged students coming to our School Division, but know that this would also mean an increase in services provided to that whole family, spread through the rural and urban area." He said he hopes state legislators will take note of the fact that while there is a smaller amount of people growing their income, there is still a large portion of folks whose income is not growing and that need services.

Ms. Palmer said she was amazed upon learning that just a couple of people in the County earning more money could skew the formula for aid.

Ms. Acuff said that fewer than 100 people accounted for over a \$1 billion increase, resulting in a 28% increase in the personal income composite index. She said the three elements of the index were property values, personal income, and sales tax. She added that it did not take the revenue sharing agreement into account and assumed the County had this money available. She expressed thanks to the County for its continuing support as state revenues decline, and she remarked that they still have a first-class educational system.

Mr. Gallaway remarked that a JLARC study in 2015 found that in the southeast portion of the country, the educational cost burden shifted from states to localities – and the localities that had assumed the greatest burden were in Virginia. He said this speaks volumes that localities in Virginia value education, but the state must realize it cannot keep putting this burden on localities.

Ms. Palmer asked for examples of class fees they seek to eliminate, noting that she has constituents who want the fees to be increased. Ms. Acuff responded that some of the art and science classes have associated fees, and the budget calls for elimination of this type of fee within academic offerings – but it would not eliminate fees associated with athletics.

Ms. McKeel remarked it is very concerning to her that Virginia has become a state that educates by zip code and said the quality of the schools depends on how much of the difference localities pick up.

Ms. Mallek remarked that in all six districts, there is a very wide difference in residents' ability to pay. She commented that there are old people who worked very hard in a completely different economy and they do not want to create a community where people lose their affordable house because they cannot pay an increase that is completely absorbable by many. She emphasized that they are always facing a tug-of-war and a dilemma.

Mr. Randolph said he is pleased that one of his constituents wrote the Board in response to a particular presenter, and said this constituent had pointed out stereotypes that are prevalent in the public attitude. He said it is a disturbing part of our local mythology that the County is wealthy and the City is poor – when the reality is that the County, especially in the urban ring, has exhibited many of the same symptoms as the City. He said he is glad Mr. Gallaway had brought this up, as he was aghast at some of the comments.

Ms. Acuff remarked that the County and City school superintendents had recently toured an urban ring school, and City School Superintendent, Rosa Atkins, had remarked that she noticed many former City school students had migrated to the County. Ms. Acuff noted that they are seeing a disproportionate share of International Rescue Committee families in the County and that affordable housing is bunched into one district.

Ms. McKeel added that this was a result of various factors. She cited a lack of transit as one reason and said she is working hard on the transit partnership in the hopes that Charlottesville Area Transit could better serve other parts of the County.

Ms. McKeel remarked that there is a disparity in the number of students as a proportion of the overall population across the magisterial districts, and they owe it to the School Division, County government, and the community to figure out what is causing this difference. She asked Mr. Tistadt to comment.

Mr. Tistadt explained how the schools keep a spreadsheet with the number of students for each magisterial district so that administrators would know who their students are represented by. He commented that he was struck by the relatively low percentage of the population represented by students in the Jack Jouett district (9%) as compared to the other districts, despite being the most populated district. He speculated on a number of possible reasons and said it would be worth spending some time to try to figure out the reason.

Ms. McKeel stated that you cannot figure out how to solve a problem if you do not know what is causing it.

Mr. Randolph commented that it would be interesting to watch what would happen as Greer Elementary School enrollment stops advancing at the rate it had in the past and there is more space and capacity, and he wonders if the perception in the community would change. He said if you are shopping for an elementary school, it may not be desirable to be in a district with an overenrolled school – and this could be a deterrent for some families.

Ms. McKeel commented that her sense of the Jouett District is that it is not an aging one, and she would like staff to research this.

Ms. Mallek asked if there is information from kindergarten surveys as to how many children there are in the district. Mr. Tistadt replied that this is voluntary data and not the most accurate.

Ms. Palmer described the natural evolution of neighborhoods and said she has seen a change over a short period of time with a neighborhood in Ivy that had an older population now experiencing a new infusion of young families.

Ms. McKeel remarked that she is seeing a lot of people from Charlottesville move to the urban ring.

Mr. Gallaway suggested that Mr. Tistadt also focus his research on students per grade level.

Recess. The Board recessed its meeting at 4:30 p.m. and reconvened at 4:40 p.m.

Item No. 2b. Capital Improvements Program.

- Overview of the FY 19 – FY 23 Capital Improvement Plan (CIP), to include information on the recommended expenditures, revenues, key projects, and policies.
- CIP Chapter: (begins on page 249)

Debt Management.

- Overview of the County's existing CIP debt and FY 19 – FY 23 debt service schedule.
- Debt Management Chapter: (begins on page 297)

Item No. 2c. Board discussion, feedback and recommendations on the FY 19 – FY 23 Recommended CIP

Ms. Lori Allshouse, Director of the Office of Management and Budget, presented. She thanked Ms. Holly Bittle for conducting CIP modeling and budget work that had formerly been done by Ms. Lindsay Harris, who had moved on to a job in the School Division. She recognized the contributions of Mr. Lance Stewart and Ms. Kelsey Lofton. She presented a slide with a budget process timeline and a slide that listed desired outcomes from this meeting:

- Overview of FY 19–23 CIP and FY 19 Capital Budget
- Review of recommended CIP projects
- Discussion of potential referendum
- Consideration of resources
- Review debt management information
- Preparation for March 5th

Ms. Allshouse introduced Mr. Letteri to begin the presentation.

Mr. Bill Letteri, Deputy County Executive, presented. He said he would first provide an overview or perspective on the overall CIP plan and fiscal year capital budget, noting that it differs from prior year plans in a number of ways. He stressed that there would be several options and decision points involved, and staff is seeking Board input, feedback, and direction. He emphasized that this year's plan is over \$294 million, compared to \$177 million in last year's five-year program, representing a paradigm change in the magnitude of what they are doing. He said they should be particularly careful when carrying out the plan over the five years to ensure they are presenting a reasonable plan of what is needed as well as maintaining AAA status, and he noted that a referendum would be required. He explained that a major change this year is the \$90 million high school capacity project and noted that he would discuss this in detail. He said they will present some quality-of-life options for the Board to think about and they would have to decide if and when to hold a referendum and when to implement projects.

Mr. Letteri reported that staff has included funding to support the stormwater program that assumed funds for the cost side of a stormwater utility program are included in the capital fund with expanded grey and green infrastructure programs. He emphasized that additional resources would likely be needed in FY20 as a result of having deferred a tax rate increase and for having infused one-time undesignated end-of-year funds, adding that the plan would require a tax increase for FY20. He emphasized they need to be cautious in managing the programs in order to maintain their AAA rating. He said the program increases the amount of pay-go to establish a steady and defined income stream going into the capital fund to support cash and their equity position. Mr. Letteri said the other important improvement made this year was to incorporate the idea of spend plans to determine how projects would play out over time and when cash would be needed to make payments, and this would enable them to

manage debt carefully. He said a third idea is the incorporation of short-term borrowing to get on a cycle of issuing debt every other year. He remarked that the larger budget would require more staff time and they are in the process of evaluating these impacts.

Mr. Letteri presented a pie chart of the recommended CIP FY19–23 revenues: the largest piece consists of Planned Borrowing Proceeds (70.3%), followed by General Fund Transfer (14.7%), Local Revenue (2.6%), State Revenue (1.6%), Use of Fund Balance (1.5%) and Proffer Revenue (0.1%). A pie chart of recommended expenditures showed the School Division with the largest piece at 50% of the budget, of which he said the new high school improvement program represents a major portion. This is followed by Judicial (13.9%), Public Safety (5.6%), Parks and Recreation, Community Development, Health and Welfare, ACE, and Other.

Mr. Randolph pointed out the figures presented are different from those of the FY19 plan and asked if they are cumulative over the five years. He said the decision they would make today would be on the FY19 budget. Mr. Letteri confirmed this.

Mr. Letteri explained that pay-go, or cash, would transfer 3% of annual General Fund operating revenues to the CIP. He credited Davenport Advisors with helping develop these programs and keeping the County in line, and noted that David Rose is present representing Davenport. Mr. Letteri pointed out that major borrowing for debt issues would occur in 2019, 2021, and 2023, with short-term borrowing to occur in 2020 (\$16 million) and 2022 (\$23 million). He commented that they could borrow short term from a line of credit with their bank. He said the plan assumes a 2018 referendum would be held to fund high school capacity and improvements (\$90 million) and other quality of life projects (\$39 million). He explained that they would transfer \$7.7 million of FY17 undesignated year-end funds and \$500 thousand in unexpected additional revenues received in FY18 to the CIP and would be able to defer a tax increase for FY19.

Mr. Randolph asked for the expected start date of the pay-go 3% transfer and if the transfer of fund variance would substitute for pay-go in the coming year. Mr. Letteri replied that pay-go would start in FY19.

Mr. Letteri reviewed CIP expenditures, emphasizing that it funds all mandates and obligations as well as maintenance and replacement projects. He said it incorporates the Oversight Committee's recommendations with some changes as follows:

- Adds Ivy Recycling Convenience Center project
- Adjusts timing of other quality of life referendum projects to FY20, from FY19
- Assumes additional on-going funding for ACE beginning in FY20, instead of FY19.

Mr. Letteri presented a slide with the recommended CIP budget model, which showed revenues and expenditures for each year of the FY19–FY23 period. He next presented a slide with the recommended financial CIP model and explained that this model demonstrates what resources are required to fund approved programs, with the first line representing debt service and the second pay-go, or cash infusion. He said the lower portion of the chart demonstrates the additional resources that would be required to support this program beyond what is expected. The next slide was of recommended CIP FY19–23 potential impacts, and it demonstrated the additional dedicated pennies to the real estate tax rate that would be needed to fund general government and the CIP in the various years of the five-year period. Mr. Letteri remarked that the chart shows the need for a three-cent increase in 2020 for general government and CIP with an additional 1.5 cents for the stormwater component, and said an additional two cents would be required in FY21 and two cents in FY22.

Ms. Mallek remarked that the FY19 box is empty, but in CIP discussions they had considered a 1.3-cent tax increase. She said the increase is not needed due to increased revenue from a prosperous year – and she does not want people to forget that when they vote for the referendum, this was advertised as a specific cost, which had been absorbed for this one year.

Ms. Allshouse reviewed recommended CIP projects and presented an FY19 development flowchart and emphasized the process involves committees, study, and a lot of information. The first category she reviewed was Judicial, with the main project being the court facilities addition/renovation. She said the cost had been reduced by \$2.5 million since the prior CIP. The total budget for the Judicial category is \$41 million. She next reviewed Public Safety – Fire/Rescue, at \$16.4 million. She presented a slide that listed apparatus replacement and mobile data computer replacement as existing projects and a station alerting system replacement, volunteer facilities maintenance pilot, and Fire/Rescue training facility as new Fire/Rescue projects. She noted that Fire/Rescue represents \$11 million of the budget for this category. She remarked that they would replace existing fire and EMS station alerting systems with a single system connected to the 911 center.

Ms. Mallek said this has been in the newer stations and would be phased into others. Ms. Allshouse explained that the Fire/Rescue training facility had been identified for the quality of life referendum.

Ms. Palmer commented that if they impose a stormwater utility fee, she anticipates there would be a certain number of buildings in the rural areas that the fire department would be able to use for practice.

Mr. Randolph noticed a discrepancy between the \$16.4 million figure presented for Public Safety – Fire/Rescue and the \$14.94 million that was in the original CIP.

Mr. Trevor Henry, Director of Facilities and Environmental Services, addressed Mr. Randolph's question and asked if he is referring to the difference in cost from what was in the Oversight Committee column versus the County Executive's recommended budget column.

Mr. Randolph replied that he is looking at page 9 of 10, FY19 Prioritized Projects Summary, that was sent out to the Oversight Committee – and he said this was referred to as Addendum C.

Ms. Mallek stated that this had been sent to the County Executive, who in turn made it into the notebook information found on page 264.

Mr. Henry explained that there were changes the Oversight Committee preferred to the CIP recommendation, due to the distribution of project management fees into those projects managed by the Project Management Division. He said the Project Management Division within Facilities and Environmental Services is an internal services fund, with the cost funded through a billing process against the CIP and a bit of the general fund. He said that during the review process, they analyzed the type of projects and conducted an estimate. Mr. Henry explained that as the CIP process is moving through the cycle, they would have a block of budget that is \$5-6 million over five years that is somewhat of a holding pattern. He stated that once there is transition to the County Executive Office's recommended budget, they distribute the funds based on the included projects, and this is why the numbers change from what was in the Oversight Committee's recommendations.

Mr. Gallaway asked if information about the size and scope of the Fire/Rescue training facility would be provided. Ms. Allshouse replied that there would be a slide with some additional information later in the presentation. She added that the County's website has a document on the Office of Management and Budget page that has detail on every item with links to the items. She offered to provide a link to Supervisors after the meeting.

Chief Dan Eggleston, of Albemarle County Department of Fire/Rescue, provided additional detail. He said the training center request consisted of two parts: the first was maintenance to get the facility up to standards and keep it going, while a joint needs analysis with Charlottesville was conducted for a potential larger-scale and longer-term facility.

Mr. Gallaway asked if it would be a regional facility and if it would be revenue generating. Mr. Eggleston confirmed that it would be regional, with the possibility that it could generate revenue.

Ms. Mallek commented that the cost identified in the presentation is the total and not the County's portion of a shared facility. She asked if the request for the mobile burn unit trailer the CIP Oversight Committee had moved onto the priority list was to bridge this gap and asked if the trailer would have a life expectancy of 5 to 10 years.

Mr. Eggleston remarked that they expect the building to be condemned as it is not worth fixing, and the trailer would be used as a temporary fix. He confirmed the 5 to 10-year life expectancy of the trailer.

Ms. Allshouse reviewed the budget for Police at \$5.4 million, beginning with the existing projects of a police mobile data computer replacement and a police patrol video camera replacement. She said that some proposed new projects are replacement of a community response truck, an evidence processing facility, and specialty vehicle storage design. She stated that the CIP budget included \$50 thousand for design of the evidence processing facility, but did not include funding for construction. She explained the importance of having secured evidence storage facilities and said the design process would get them moving forward so they could develop cost estimates.

Mr. Dill commented on the importance of maintaining evidence, especially cars, for trials.

Ms. Palmer said it was her understanding the Sheriff's Department needs more room for vehicles, which are currently spread all over the place, and asked if there was an effort to combine facilities or provide space to them.

Mr. Greg Jenkins replied that they had been working with the Albemarle County Fire Department which also has a need for storage of its equipment. He said they are trying to keep the cost down with a facility that would store specialty crime-processing vehicles as well as vehicles obtained from asset forfeiture or for space needed by the Fire Department. Mr. Jenkins noted that it would require a bigger footprint if the Sheriff's office is included, although it is a possibility.

Ms. Mallek asked about the community response truck. Mr. Jenkins responded that this is the truck that pulls the community response vehicle they bring to special events, and it currently is parked in the lot behind the police department. He said the current truck requires over \$6 thousand in maintenance, has 106,000 miles and, according to Mr. Dave Rhodes who maintains the vehicles, it has reached its shelf life.

Ms. Allshouse resumed her presentation with Public Works at \$11.9 million. She first reviewed the existing projects of County-owned facilities maintenance, City-County owned facilities maintenance,

and County Office Building window replacement in FY20. She said a new project is the Ivy Recycling Convenience Center.

Ms. Allshouse reviewed Community Development at \$3.7 million. She reviewed some existing projects, including the Places 29 Small Area study, transportation leveraging program, and NIFI projects. She said the leveraging program was formerly called the "transportation revenue sharing program," and the name change was proposed to broaden it as they would be leveraging other items besides transportation revenue sharing.

Mr. Dill asked what other projects would be included. Mr. Kevin McDermott, VDOT Transportation Planner, addressed Mr. Dill's question. He said they would use funds not only to apply for revenue sharing programs, but also to leverage transportation alternatives and Smart Scale grants.

Ms. Mallek remarked that this pot of money had been used for all of these categories in the past, and the name used describes it more narrowly.

Ms. Allshouse said that details of NIFI projects are listed under the Community Development section of the budget document.

Ms. Allshouse listed the following new projects: Route 20/US 250 intersection improvements, Albemarle Bicycle Pedestrian Construction Program, and Northtown Trail. The slide presented indicated that these three projects would be paid for by a referendum.

Mr. Gallaway asked if interstate improvements are a responsibility of the state and asked what the County has control over versus the state. Mr. McDermott replied that the intersection improvements rank among the highest priority projects, which is why they had submitted a CIP request, as they always try to first obtain state or federal funds, which is what he is hoping to do this year. He explained that the idea is if the project is not fully funded, the County's funds could be used to leverage against a revenue sharing application.

Mr. Randolph asked how the bicycle pedestrian program would interface with Hedgerow and Biscuit Run. He asked if there would be rural access to either of these parks. Mr. McDermott responded that the program looks to fund the highest priority bicycle and pedestrian projects throughout the County, and some high priority projects would connect to Biscuit Run. He added that this program has more of a transportation focus and does not look to make internal improvements to those parks, and he does not believe there are any priority projects that would connect to Hedgerow.

Ms. Allshouse presented on Health and Welfare at \$2.3 million. She listed two existing projects: PVCC Advanced Technology Center site work and the Senior Center at Belvedere.

Ms. Allshouse presented on Parks, Recreation and Culture at \$5.3 million. She listed the following existing projects: City-County owned parks maintenance, County-owned parks maintenance, Crozet Park maintenance. She listed the following new projects: Moore's Creek Trail and Trailhead Park project, parks athletic field improvements, Darden-Towe Park athletic field improvements, and the Hedgerow property trail park. She noted that the parks athletic field improvements and Hedgerow property trail park would be funded by a referendum.

Mr. Gallaway asked if parks and athletic field improvements includes fields at schools. Mr. Bob Crickenberger, Director of Parks and Recreation, explained that they have identified fields that receive the most use for synthetic turf and lighting. He listed the identified fields as two at Hollymead, two at Henley, two at Western Albemarle, and one at Crozet Park. He added that they are requesting lighting at these fields, with the exception of Crozet Park. He explained that a benefit to the improvements would be to increase playing time by at least three hours per day, per field – which adds to over 1,300 hours over the course of a year.

Ms. Mallek asked if the study committee would determine the materials to be used prior to the referendum. She emphasized the importance of having the most up-to-date technology to improve safety. Mr. Crickenberger confirmed the committee would explore new technology options.

Mr. Dill suggested that they look to include the installation of pickle ball courts at Darden-Towe Park in the referendum. He explained that they were supposed to be constructed over a year ago as part of a tennis court maintenance project, but that slipped away because a drainage issue was discovered that would have substantially increased the cost.

Mr. Crickenberger responded that they have preliminary costs, but it was determined that the County's estimates were way too low. He explained that Water Street Studio provided a cost estimate of \$380 thousand for two batteries of courts, an additional 24 parking spaces, sidewalks, curbs, gutters, and stormwater management plus grading. He stated that a lot of excavation would be required to settle the area for the courts and would create a stormwater management issue.

Ms. Palmer asked if all the stormwater concerns were related to the pickle ball courts and parking lot. She noted that the pickle ball community had paid for the study.

Mr. Crickenberger confirmed the stormwater issues would result from the new courts and that the pickle ball community paid for the study. He added that the courts would create additional runoff.

Ms. Palmer pointed out that pickle ball is growing in popularity and the County does not have any courts. Mr. Crickenberger replied that PVCC and the City have courts. He said the request was in capital, but had not been recommended for parks enhancements because it is a non-maintenance project. He added that the location of the pickle ball courts had been approved by the Darden-Towe Park Committee, but the funding was not in place.

Mr. Dill noted there were over 100 public and private tennis courts in the County, which is a tremendous imbalance with pickle ball.

Ms. Allshouse offered to place this item on the list to talk about at the next meeting, if the Board so chooses.

Mr. Crickenberger said that pickle ball had been identified in the needs assessment and did not rank very highly.

Mr. Gallaway asked if there were long-term savings associated with synthetic turf athletic fields. He said this would be an important story for a bond referendum. Mr. Crickenberger replied that it depends on which report one read, and some reports indicate there is significant savings while others indicate minimal savings. He offered to provide Mr. Gallaway with information on current annual maintenance costs for athletic fields as well as the cost for the turf fields and potential long-term savings. He pointed out that natural grass fields would benefit from reduced usage.

Ms. Allshouse presented on Technology and GIS at \$3 million. She highlighted two existing projects: county server infrastructure upgrade and increased redundant internet services.

Ms. Allshouse presented on Acquisition of Conservation Easements (ACE) at \$2 million. She indicated the program would spend \$500 thousand per year beginning in FY20 with carry-forward funding used to support the program in FY19.

Ms. Allshouse presented on Water Resources at \$12.6 million. She listed two existing projects: Hollymead Dam Spillway, water quality mandated TMDL program (stream restoration/other enhancements). She listed new projects as follows: drainage infrastructure maintenance/repair program, water quality non-mandated TMDL program (includes stream restoration in rural areas), and Mint Springs Dam Spillway improvement.

Ms. Allshouse presented on Schools at \$149 million. She listed the following existing projects: administrative/instructional technology, school bus replacement program, school maintenance/replacement. She listed the following new programs: high school capacity improvements, learning space modernization, Scottsville Elementary School additions and improvements. She noted that all three projects would be appropriated through a referendum.

Mr. Randolph emphasized that the Scottsville Elementary School improvements are needed as a result of increased enrollment due to the closure of Yancey.

Ms. McKeel noted that the last referendum identified learning space modernization and said they have to be careful. She asked for comment.

Ms. Roslyn Schmitt, Director of Planning and Budget for Albemarle County Schools, addressed Ms. McKeel's question. She said they had made some tremendous progress with the modernization program with a \$10 million investment in 26 schools, but this had just scraped the edges. She explained that they want to continue modernization.

Mr. Randolph referred to FY19 Recommended Budget, page 293, Items 52–54. He said the figure he calculated was \$137,027,000, and asked what is driving a \$12 million increase in just a month and a half as a figure of \$149 million was listed.

Ms. Schmit replied that this figure includes existing projects.

Mr. Randolph expressed satisfaction with the answer.

Ms. Schmitt commented on Mr. Randolph's earlier remarks that the Scottsville improvements are needed due to the closing of Yancey. She explained that this is part of the story, but this project had been requested in the past and the addition of new students has added stress and increased prioritization.

Mr. Letteri commented that there had been great collaboration working with the schools and FES on this project, particularly the high school improvement project, but there is still work to be done such as estimate work because the project came late in the process. He said there may be phasing or cost adjustments to make, though he thinks the estimate is pretty good.

Mr. Randolph noted that \$12 million is needed to cover existing projects and asked if there is money set aside in the referendum to cover school maintenance and replacement.

Staff confirmed that there is.

Mr. Randolph expressed satisfaction with the response.

Ms. Allshouse presented the following list of highly ranked capital requests that were not included in the recommended CIP:

- Crozet Elementary School additions/improvements.
- Red Hill Elementary School Phase 2: renovations and gym
- Police satellite training academy
- Route 20 South improvements
- Police evidence processing and specialty vehicle storage (design funded in FY19)
- Central Library renovations
- Public Safety training academy

Ms. Allshouse presented the following list of potential future requests:

- Volunteer fire/rescue facilities maintenance program
- Full implementation of community recreation needs assessment
- Future master plan implementations
- Potential future transportation-related items

Ms. Mallek noted that during CIP discussions, there was large support for having master plan revision work budgeted and made part of Community Development as a way to improve awareness among the Board. She asked staff to comment and provide an update.

Ms. Palmer asked for an explanation of the process, involving Board discussion and approval, for adding recycling centers, noting that the Van Der Linde recycling center would close. Mr. Letteri replied that they would begin entertaining proposals for FY20 projects this summer.

Ms. Palmer commented that she will speak with Mr. Henry about how to coordinate with the Rivanna committee and to develop cost estimates to present to the Board for discussion in a timely manner.

Ms. Allshouse invited discussion on the potential referendum for high school capacity/improvement projects and other quality of life projects (schools, transportation, community facilities and greenspace, and public safety). She presented a slide with the following information for the high school capacity and improvement project:

- Current cost estimate of \$90 million
- New Education Model: Two New Centers
- Design for Center 1 begins in FY19, Design for Center 2 begins in FY20
- Modernizes existing high schools.
- Operating impacts start in FY22
- Scheduled for completion in FY24 under current timeline

Ms. Allshouse explained that it made sense to put this project on a referendum since the County had an AAA bond rating and could benefit from substantial savings. She said the Oversight Committee had discussed the possibility of holding a referendum every two years to allow voters to weigh in. She explained that they came up with a list of criteria to use when recommending items for a referendum as follows: geographic diversity, quality of life, non-mandated projects, high scoring project in TRC, per category, timeliness, importance to citizens, conditions of facilities, project diversity, and strategic initiatives. She said they bundled items into four groups: Schools, Transportation, Community Facilities and Greenspace, and Public Safety. She presented potential projects by category:

Schools (\$24.9 million): Learning Space Modernization, Scottsville Elementary School Additions and Improvements

Transportation (\$3 million): Route 20/US 250 Intersection Improvements, Albemarle Bicycle Pedestrian Construction Program, Northtown Trail

Community Facilities and Greenspace (\$7.2 million): Parks Athletic Field Improvements, Darden-Towe Park Athletic Field Improvements, Hedgerow Property Trail Park

Public Safety (\$4.1 million): Fire/Rescue Training Facility

Mr. Randolph emphasized the importance of a police training facility to reduce potential liabilities for the County. He noted some problems with instructional quality at the Blue Ridge Community College and said that officers could have a higher degree of confidence in how to respond to threats if they were to train their own. He asked why they selected fire but not police as the first priority under the Public Safety category, noting that both fire/rescue and police have critical needs.

Mr. Henry emphasized that the list of projects reflected a two-year outlook. He said the police made two requests with one being a satellite training academy at a cost of \$250 thousand for FY19 and the second being a larger academy further in the future. He said the police department had proposed using space on 5th Street that currently houses voter equipment. He said the police training facility was not selected for this period because there was more work to be done to better define the project and all the costs.

Ms. Allshouse presented a timeline for holding a referendum in November 2018. She explained that they must file a petition by June and in August order a special election to be held in November.

Mr. Letteri added that community education would take place between August and November.

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.

At 6:06 p.m., Mr. Gallaway **moved** that the Board go into a Closed Meeting pursuant to Section 2.2-3711(A) of the Code of Virginia:

- Under Subsection (3), to discuss and consider the disposition of real property in the City of Charlottesville related to court facilities, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the County.
- Under Subsection (8), to consult with and be briefed by legal counsel and staff regarding specific legal matters requiring legal advice relating to the negotiation of an agreement for, and the position relocation of, court facilities.

The motion was **seconded** by Ms. Palmer. Roll was called and the motion carried by the following recorded vote:

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

NAYS: None.

Agenda Item No. 6. Certify Closed Meeting.

At 7:13 p.m., Mr. Gallaway **moved** that the Board of Supervisors certify by a recorded vote that, to the best of each supervisor's knowledge, only public business matters lawfully exempted from the open meeting requirements of the Virginia Freedom of Information Act and identified in the motion authorizing the closed meeting, were heard, discussed, or considered in the closed meeting. The motion was **seconded** by Ms. Mallek.

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

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

NAYS: None.

Agenda Item No. 7. Adjourn to March 5, 2018, 3:00 p.m., Room 241.

At 7:14 p.m., with no further business to come before the Board, Ms. Mallek adjourned the meeting to March 5, 2018, at 3:00 p.m.

Chairman

Approved by Board
Date 06/06/2018
Initials CKB