

An adjourned meeting of the Board of Supervisors of Albemarle County, Virginia, was held on February 25, 2020, at 5:00 p.m., Room 241, County Office Building, McIntire Road, Charlottesville, Virginia. This meeting was adjourned from February 19, 2020.

PRESENT: Mr. Ned Gallaway, Ms. Beatrice (Bea) J. S. LaPisto-Kirtley, Ms. Ann H. Mallek, Ms. Diantha H. McKeel, Ms. Liz A. Palmer, and Ms. Donna P. Price.

ABSENT: None.

OFFICERS PRESENT: County Executive, Jeffrey B. Richardson, Deputy County Executive, Doug Walker, County Attorney, Greg Kamptner, Clerk, Claudette K. Borgersen, and Senior Deputy Clerk, Travis O. Morris.

Agenda Item No. 1. Call to Order. The meeting was called to order at 5:04 p.m. by the Chair, Mr. Gallaway.

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### Introductions.

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Agenda Item No. 2. Work Session: FY 2020-2021 Operating and Capital Budget.

Because of schedule limitations, Mr. Gallaway recommended the School Division go first, after the introductory slides.

Ms. Lori Allshouse (Office of Management and Budget) said the work session starts with a slide to show the schedule of how the budget would be deployed. She said for the current meeting, they would first have an overview of revenues and expenditures, and review a chapter called "Non-Departmental" with a basic overview. She said the School Board will be providing their request, and then they will talk about the capital budget at the end.

Ms. Allshouse said before the School Division would begin, she would share two more slides. She said one slide was about what the work session process is. She said along the way it is an interactive approach, so staff and the School Board will be presenting information, and then the Board of Supervisors can dialogue along the way.

Ms. Allshouse said when a Board member wants more information that staff cannot immediately provide, staff will put this on a list to get the information back to the Board as soon as possible. She said if there is an item that the Board wants to discuss later, they can also speak up and request an item come back for discussion later.

Ms. Allshouse said this was the County Executive's recommended budget, and that the Board will finalize the Board's proposed budget on March 5. She said this will go out for another public hearing after that time. She said they will be completing the discussion with finalized direction, finalizing the proposed budget, and determining the tax rate for advertisement at that time.

Ms. Allshouse said there was a three-hour agenda that day, and that they would first listen to the School Division's request. She said they would then talk about a general overview of revenues and expenditures, and the "Non-Departmental" chapter. She said there will be a break at an appropriate time, and then the rest of the evening will be spent on the CIP and capital budget.

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Item No. 2.d. School Division Request.

Mr. Jonno Alcaro (School Board Chair) said that though this portion of the work session was allotted 45 minutes, he would only be taking a fraction of that. He thanked the Supervisors and staff for giving the School Board the opportunity to present the School Division's funding request for the 2021 Fiscal Year. He said he would be co-presenting with the School Board's Vice Chair, Mr. Graham Paige, and that staff was on hand to answer any questions the Board may have following the presentation.

Mr. Alcaro spoke about the theme of the funding request. He said "A Work in Progress" has served as a recurring theme for the School Division that year, from their five-year financial forecast to their annual State of the Division report and now, the 2021 funding request. He said the phrase comes from their belief as a public school system that the core of their work is about generating progress. He said additionally, they believe that improvement is always possible. He said it is this aspiration that guides their decision making.

Mr. Paige said Albemarle County Public Schools currently serves 14,435 students in Pre-K through Grade 12, with a staff of 2,647. He said they employ 1,344 teachers and 1,303 classified employees. He said their students hail from 96 countries and speak 81 different languages at home. He said about 30% of the students are economically disadvantaged, nearly 13% receive special education services, and 10% are English learners. He said each school day, the school cafeterias serve about 8,000 meals, and buses travel more than 14,000 miles to transport students.

Mr. Paige said last year, 94.4% of high school seniors graduated on time, and 64% of those graduates earned an advanced studies diploma. He said also last school year, they saw growth in the

number of high school students who participated in Advanced Placement and Dual Enrollment courses.

Mr. Paige said each year, the School Division is required by the Virginia Department of Education Standards of Quality to provide certain instructional programs and support services.

Mr. Paige said every budget decision is framed by the Strategic Plan and includes a variety of division reports, strategic school and departmental improvement plans, funding proposals submitted by school and department leaders, and input from venues such as community surveys and citizen advisory committees that provide valuable insight and guidance.

Mr. Paige said when looking towards the next fiscal year, projected revenues appear healthy. He said Schools are anticipating a revenue increase of \$13.8 million over the current year, which brings their total revenues to \$209.3 million. He said consistently, the largest share of their revenues each year comes from local sources. He said they owe thanks to County residents for their annual support.

Mr. Paige said the remainder of their revenues come in a large part from the State, and it is notable that they are anticipating an increase in State revenues next year, an impressive 14.3%, which equates to over \$7.2 million.

Mr. Alcaro said the School Division, like the County, is pleased to present a balanced funding request for the next fiscal year. He said they are putting forth a needs-based funding request of \$209.3 million to meet the comprehensive needs of students and employees. He said the overwhelming share of their total expenses (nearly 87%) is allocated to staffing, which is the cost of employee compensation and benefits.

Mr. Alcaro said the Schools' funding request for next year includes a \$13.8 million amount in new expenses. He said those expenses are grouped into four categories, including nondiscretionary and directed expenses. He said that the slide presented some examples of those types of expenses. He said the increase in this area totals just \$800,000 and comprises only 6% of the total increase.

Mr. Alcaro said 35% of the increase (\$4.8 million) is to the second category of new expenses, growth and demographics. He said student enrollment growth and demographic changes have created the need to hire a remarkable number of new teachers next year (almost 50, in total). He said student growth doesn't just affect classroom staffing, however. He said they have also budgeted funds for hiring additional bus drivers and custodians.

Mr. Alcaro said regarding the overall student enrollment growth, in the current school year, they enrolled 300 students more than they had projected and budgeted for. He said when combining those 300 students with 200 additional students projected for the next year, they are facing a budget-to-budget increase of 500 students. He said to put this into perspective, this is almost 3.5% growth in the School Division between the last year and the 2021 budget.

Mr. Paige said over the last five years, Schools have experienced a 5% increase in overall student enrollment. He said in that same timeframe, Special Education enrollment has increased by 32%, which is an additional 472 students in need of Special Ed services. He said it was worth mentioning that in addition to serving more children with disabilities overall, they are also seeing an increase in the severity of disabilities served, and both are factors that influence staffing needs.

Mr. Paige said over the last five years, the English learner population has grown at 22%, or 261 students. He said what is astounding is the influx of newcomers. He said newcomers are learners with unique and complex social, emotional, and instructional needs who may require intensive services in order to even begin to engage with the curriculum. He said these are students who do not yet speak English and may have demonstrated low literacy in their native language. He said for the last five years, the Schools have had a 172% increase in the number of newcomers they serve.

Mr. Alcaro said in terms of the largest share of the increase (56%), the third category of new expenses is compensation. He said \$7.8 million of the increase is allocated to a salary increase to promote teachers and classified employees, as well as an increase in the minimum wage. He noted the Schools currently employ about 500 people who get less than the proposed \$15/hour minimum wage, which is 19% of the Schools' workforce. He said the Schools sincerely hope they will be able to make such a significant investment in it is employees.

Mr. Alcaro said the last category of new expenses allots \$400,000 (or 3% of the increase) to fund four proposals in support of their strategic priorities. He said three of the proposals are expansions of proposals approved last budget season, and that one of the four proposals is new. He said the three expansions address staffing for the Elementary World Language Program, the scope of their Short-Term Education Program (STEP) and expanding counseling and mental health services.

Mr. Alcaro said over the past couple months, he has visited 23 of their 25 schools and spoke to the principals about the top priorities they are facing. He said in all 23 cases, the answer was "mental health." He said they are trying to adjust this priority not just for students, but for teachers and families. He said it is a big issue, and so they are trying to move forward with expanding mental health services to all those groups.

Mr. Alcaro said the single new proposal they have selected to fund creates additional seats (up to 150) for their Extended Day Enrichment Program (EDEP) which provides after-school childcare for

students who qualify for free or reduced lunch.

Mr. Paige presented a slide showing that the total revenues and total expenses are balanced. He said the School Board was delighted to present the Board of Supervisors with a funding request that was balanced that year.

Mr. Alcaro thanked the Board for its support of the School Division's daily efforts that unleash the potential of every single child in its care.

Ms. Price thanked the School Board for its work. She said separate from their presentation, the Board was provided with a budget summary on page 48 that shows a gap between revenue and expenses for the School Division. She asked how, with a balanced budget that year, they would close the gap moving forward.

Mr. Alcaro replied that the School Division's expenses are balanced. He explained that the gap has been closed.

Ms. Price said her understanding was that it had been about 20 years since the last school was built in Albemarle County and that she knew that the School Board was making some substantial improvements on some of the schools. She asked about the School Board's stance on capital improvement programs for schools due to the amount of growth in the student population.

Mr. Alcaro said this was something they would be talking about throughout the year, involving the CIP Advisory Committee and other avenues. He said this was very much in the forefront and that they would be reviewing the number of things they could do over the next five years.

Mr. Paige added that the work they would be doing with the Centers would take some of the excess students in the high schools.

Ms. Price agreed but said there was still a matter of the elementary schools.

Mr. Alcaro agreed.

Ms. Palmer asked if the School staff could send the Supervisors projections.

Ms. Allshouse said page 48 had information from the five-year financial planning process that was done together in November, which was prior to some revenue updates that staff received. She said they still keep the information to provide the historic information on the five-year planning process, and that it was a timing matter.

Ms. Palmer asked what the status was with the State increasing school funding.

Mr. Alcaro replied that they would be receiving an additional \$7.2 million that year from the State. He said this could ebb and flow, but that this was the latest information they had at that point.

Ms. LaPisto-Kirtley asked how much of the increased enrollment was based upon military families. She said she wanted to know whether or not they work with the military to ask how many people they anticipate so that the School Division has an idea and it doesn't overcrowd one school.

Mr. Alcaro replied that he didn't know if they were talking directly to the military, but that the School Division's staff is using many different tools to make those projections. He said whether some of those come from the military, he could find out this information. He said the 300 extra students didn't only come from military, and that Baker-Butler, Stone Robinson, Cale, and Albemarle High School had a large number of new students over their projections.

Mr. Alcaro said in the past, Greer Elementary had 80-100 students per year come and go during the year, so the transient population was difficult to predict. He said from talking with Christopher Williams (who is now at Woodbrook), since they now have some of the Greer students this issue has spread to Woodbrook as well, and that they were expecting possibly as many as 80 students during the school year that will come and go.

Ms. McKeel said this was an issue in all of the urban ring, not just one or two schools.

Ms. Price asked how many Special Education students there were, and what cost they were incurring, for those Special Ed students that the Schools are not able to provide for in Albemarle County and have to transfer to another location (if any). She said that she knows, for example, a Special Education needs child in a neighboring county, and that this county has to pay for that student to receive their education in Richmond. She asked what kind of expenses Albemarle County was facing for similar situations.

Mr. Alcaro said though he was not able to provide a specific dollar amount, the County has fewer of those cases than they have had in the past. He said it may be a small dip on a short-term basis. He said they currently have students in the day schools, and those who are in permanent residence.

Ms. Kate Acuff (School Board Representative, Jack Jouett District) said there is about \$2 million budgeted for the Children Services Act. She said this has decreased since the current year's budget.

Ms. Price said she realizes there may always be certain students that the County is not able to accommodate, but that the more they are able to accommodate in-house, the more they can reduce those expenses and keep the students closer to their families.

Ms. Palmer said she has heard in the past about the Special Education program and how the School Division does a great job of taking care of these children. She said she assumed that some families were actually moving to the County to take advantage of the good programs the system provides. She asked how the funding works, when the number of students goes up. She asked if it is one-for-one, or if they reach another category in funding.

Ms. Acuff replied that for the State funds a portion of the costs for Special Education services is a ratio (not one-for-one) and involves a complex formula. She said as their numbers increase, revenue also increases, so the numbers are in correlation with each other, but not in direct correlation. She said when there is a new Special Education student, the cost is not offset by any source fully.

Mr. Alcaro said one of the things involving State funding that the School Division has been able to work to its advantage is that they were working through the Piedmont Regional and Educational Program (PREP). He said Mr. Kevin Kirst, who is the Director of Special Education and Student Services, has been able to bring a lot of the services, that historically have been paid for through PREP over the last few years, in-house so that they no longer have a middleman expense. He said though it is increasing some of the payroll, it is costing less overall on a net basis for Special Education funding in the Schools' expenses than they have had to pay in the past.

Ms. McKeel asked if there were still children at Ivy Creek, and those they are serving through PREP. She also commented that a lot has changed since she was on the School Board and that PREP has moved since she was there.

Mr. Alcaro replied yes, there are still children from the Schools placed in both facilities, but that the Special Ed program was evolving. He noted that PREP relocated to Pantops.

Ms. McKeel said the slide on changing demographics and the increase in Special Education highlighted a 172% increase in English learner newcomers. She said that when looking at classrooms in the schools, they all know that equity does not mean equal when it comes to services. She said she wanted to know which schools the Special Education students are at and where the newcomers are going. She asked if they were going to the Western Albemarle, Monticello, or Albemarle High Schools feeder patterns. She asked what schools were seeing the greatest impact from those students. She said she would like to see data on this, mentioning that the Lambs Lane campus has the highest demographic of both poverty and diversity in the School Division.

Mr. Gallaway said he had a question about EDEP accessibility, which was one of the add-ons. He said it was not so much about the expenditure, but since he had left the School Board and was elected to the Supervisors, one of the school issues that has continued to come up for him is the lack of the ability to serve students after school. He said it was not just a matter of the students who have free or reduced lunch, but across all demographics.

Mr. Gallaway said there were great there were so many additional students, and that it looked as if it was targeting those who have the greatest need from an economic standpoint, but that he would be curious to know what the context for the change is. He said that 70 doesn't solve the problem, though it helps, and that he still did not know what the bigger story is. He said this was a problem he was hearing from people and that he would like to know about the bigger picture. He asked where the biggest impacts will be, such as which schools would gain additional availability.

Mr. Alcaro said he could provide additional data on that. He said the range is 77 new seats to 150, and it would take a large chunk out of the current waiting list.

Ms. McKeel said she had a concern with just using the waiting list, as she represents many people who never even bother to put their kids on the waiting list because they cannot afford the program to begin with. She said there are, therefore, a huge number of children at Greer Elementary that are not served at all. She said this gets to another topic of the Boys and Girls Club that will go in at the Lambs Lane campus and that this would most likely solve the issue for some, but not all, of those families. She said that while the waiting list is the place to start, it was not all encompassing.

Ms. Acuff said another operational change that would be happening with EDEP was a lottery system, and that it would not be first-come, first-serve. She said that by doing that, along with a robust communication plan to get the word out, they would make it so that even if one could not afford it, they could still get a spot. She said by combining that communication plan with the lottery system, they will get much more data on the need in the community. She said when they change how they advertise the program and register kids, they will get more accurate lists of who really needs the program. She said they acknowledge that the number of seats added will only take a chunk out of the list, but that it was a start.

Mr. Gallaway said he talked to a parent who said they were on the phone to register, and that the other parent was on the internet elsewhere. He said they were there 30 minutes ahead of time and when it clicked over, neither parent could get in. He said there were some parents not applying because they know they'll never get in and therefore, the Schools could not know what the true demand is.

Ms. McKeel added that there are some parents who cannot afford it.

Mr. Alcaro said there are also some who never knew about it because when he and Ms. Acuff were at Barracks West and talking with some of the parents there, some of the parents had never heard of any after-school programs. He said there is a lot of parent and community education to be done.

Ms. Acuff said they piloted the lottery system that year at Crozet and Brownsville Elementary Schools, which was open for a week so that working parents could apply at their convenience instead of having to be online to register in the middle of the day. She said there is a technology piece of the lottery that would randomize and select students.

Ms. McKeel said the parents at Crozet and Brownsville are very different than some of the ones at the urban ring schools, and that there are language and access challenges.

Ms. LaPisto-Kirtley said not everyone has internet access, and perhaps there is a language barrier. She said she applauds any kind of outreach the School Division can do to reach all families. She said she also wanted to know whether or not there was a need for additional pre-K. She said she heard there was someone speaking the Board who said they didn't feel there was an additional need, which she found interesting. She asked if the School Board felt a need for additional pre-K funding.

Mr. Alcaro replied that personally, he thought that there is, but that he did not have the quantification or data.

Ms. Acuff said this went back to what families they were not reaching with EDEP. She said that while the programs may be fully met, she didn't think they had fully met the needs of community.

Ms. McKeel asked if there was some discussion in the General Assembly about additional funding for pre-K.

Ms. Acuff reminded that there are no programs that are fully County-wide.

Ms. Phyllis Savides, Director of Social Services, said there is not a preschool classroom in every school, meaning that they are not covering the jurisdictions where they do not have a classroom. She said that at the State level, there is an interest in serving three-year-olds, and that the County does not have three-year-olds in its public classrooms, though Head Start may serve some. She said within the jurisdictions where there is a pre-K classroom, they do not have a waiting list, however they are not serving the entire County.

Ms. LaPisto-Kirtley asked if the Supervisors could be informed of how many schools do not have a pre-K program, and what funding mechanism from the State would be used to fill some of this, or if the Bright Stars program could be increased for either the present or the next year.

Ms. McKeel said there is a space issue.

Ms. Savides replied there is a space issue, and that there is a formula at the State that they use to determine how much money a county is eligible for in terms of the Virginia Preschool Initiative, which is based on the composite index. She said her understanding is that they have reached their limit with that, so she didn't know that they could draw down additional State dollars through the VPI unless something changes in that formula, or the calculation changes.

Ms. LaPisto-Kirtley asked if it could change if they extended the program to three-year-olds.

Ms. Savides replied that the composite index is what it is, and that she was talking about the formula that the State calculates. She said she didn't know how they look at serving three-year-olds and whether that changes the total amount that the County is eligible to get from VPI.

Ms. LaPisto-Kirtley asked if it was the case that some of the schools wouldn't necessarily have room for a pre-K, and if enrollment increased for K-6 or K-5, that school wouldn't have room, either.

Mr. Alcaro replied yes.

Ms. McKeel said if the State were to say that they would give everyone money to start a program for three-year-olds, the County would not currently have space to put them.

Ms. Palmer said a couple years ago, they closed Yancey Elementary, which had a Head Start program and an after-school program. She said some of those families have been able to find other opportunities, but not all, so they ended up with a gap there.

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#### Item No. 2.a. Revenues

Ms. Allshouse presented a slide showing that the budget was balanced on the current tax rate. She said it meets mandates and obligations, as this is one of the first things that OMB does. She said it focuses on the community infrastructure, equity, and working differently. She said it funds the CIP Advisory Committee's recommended projects, community partners, and agencies. She said a summary

of the community partners and agencies would be provided that evening, while the details on that would be provided on March 3.

Ms. Allshouse said at the last meeting, they had discussed the addition of an Efficiencies and Organizational Improvements area. She said this was organized into five categories: Process Improvement, Customer Service, Fiscal Responsibility, Maximizing Employee Time, and Energy Efficiency.

Ms. Allshouse said the Board may have heard people talk about the overall budget, or Total Funds budget. She said when they hear the term "All Funds Budget," this combines the Capital Funds, General Fund, and Schools Fund. She said it is a requirement that they put it all together. She said the All Funds Budget has decreased 1.3%. She said because the Capital and Debt funds are included there, those particular funds changed slightly based on timing of debt and timing of when capital projects come in and out. She said that when they fund a capital project, they put all the funding in as an appropriation, and that next year, there may be a different set of projects.

Ms. Allshouse said they would mostly be talking about the General Fund, but when the Board hears people talk about "All Funds," they should know that there was a slight decrease in the budget.

Ms. Allshouse said the General Fund revenues are projected by the Finance department. She presented a slide showing the General Fund revenues, explaining that General Fund revenues went up 4.8%, to a total of \$321.6 million. She said the categories around the edges of the revenues show that general property taxes are where most of the revenues come from (66% of all General Fund revenues). She said the categories also include other local taxes and State revenues. She said there are other local revenues that aren't taxes (such as fees), and federal revenues (about 2% of the General Fund). She said there are also transfers and use of fund balance.

Ms. Allshouse showed a slide that broke down the revenues by categories. She said real estate revenues is a very large source of local revenues, noting that it increased \$8.8 million, up 5.4%. She said local personal property is the taxes on vehicles, which increased 2.2% (up about \$600,000). She said the "business-driven" category consisted of BPOL (Business, Professional, and Occupational License) taxes and taxes around business revenues received, which was up a small amount (about 2.3%, or \$370,000). She said the "consumer-driven" category consisted of sales, food, and beverage taxes (up about \$650,000). She said sales tax is something the Board should consider, as they would be further discussing this going through the work sessions.

Ms. Allshouse presented a chart from the Revenue chapter, noting that it shows trends over time of major revenue sources. She said the chart showed FY 12 on the left, and FY 21 recommended on the right. She said they could see, over time, how the revenues are doing. She said federal revenues were flat, and that they do not receive much in federal revenues. She said the State revenues also stay flat, though higher than federal revenues. She said the category called "other general property" includes things such as personal property, machinery and tools, and mobile homes. She said this went slightly up over time.

Ms. Allshouse said the category "other local" includes sales, BPOL, and utilities and showed a slight increase. She said at the top of the chart, it showed that most of the growth and revenues were in real estate, and that in the past year, they were seeing that this would likely increase 5.4%.

Ms. Palmer asked what the definition was of a mobile home, for the purposes of taxes. She noted there are now modular, pre-fab homes and that many of them look like regular homes, with a foundation.

Ms. Allshouse said mobile home taxes are levied on manufacturing homes not classified as real estate that are owned by individuals and businesses. She said mobile homes are assessed as a tangible personal property yet are taxed at the real estate tax rate. She said she didn't know the exact description.

Ms. Palmer said one of the reasons she asked was because when they are talking about affordable housing, the subject keeps coming up about modular or pre-fab homes and that she was curious about how they are taxed.

Mr. Steve Allshouse (Finance Department) said that the definition of a mobile home is that it does, or could, have wheels. He said if there is a box with wheels on it, such as a trailer on the highway, this counts as a mobile home. He said if the wheels come off, it is still considered a mobile home. He said pre-fab homes do not count, even though they are moved to the location on wheels, because they are not intended to be moved after they are assembled.

Ms. Allshouse said another chart in the Revenue chapter shows an interesting trend on sales tax. She said they would hear more about the Sales Tax increasing, and that the Internet Tax is now available to the County. She said that trend may continue to increase, and that the Finance Department is studying this. She said Business License Fee was also shown on the chart, which was another improving trend line. She said the same was true for the Food and Beverage Tax.

Ms. Allshouse said the utility tax was not trending as much, and that there were some reasons for this that included energy efficiency. She said this includes energy and other tax.

Mr. Allshouse said that part of this could deal with energy efficiency, but that a large part of that tax revenue stream is related to telecommunications. He said people have been switching from landlines to mobile phones over the past several years, and will continue to switch in the future, and mobile phones are not subject to the same taxation that landlines are. He said they expect this to gradually increase, even though the population is increasing. He said the ongoing theory was that it will slightly decrease each year.

Ms. Palmer asked if the increase in the business license tax was, in part, due to the County better identifying people who are supposed to pay.

Mr. Allshouse replied that this was a possibility. He reminded that this particular license or BPOL Tax was backward-looking so that the payment made each year in June pertains to the previous calendar year, and so the payment made in June 2020 pertains to the level of economic activity that was going on in calendar year 19.

Ms. Allshouse said the final category on the list was the Transient Occupancy Tax (TOT) (5% of the total occupancy bill). She said 2% of the 5% collected goes to the General Fund, while the remaining 3% goes to a separate fund, which is the TOT fund that has to be used for certain activities. She said they were only talking about the percentage that comes to the General Fund.

Ms. Price asked if the Transient Occupancy Tax applies to homestays as well.

Mr. Allshouse replied that it applies to homestays.

Ms. Price said she understood from other information provided that the County has greatly increased their accounting of the homestays in the County and that this would be a nice bonus to see happen.

Ms. Allshouse said there are details about each of the revenue sources that can be found in the Revenues chapter.

Ms. LaPisto-Kirtley asked about having something from the State in order to get part of the mobile line taxes to come to the County since revenues are decreasing from taxing landlines.

Mr. Allshouse replied that the County should be getting some tax revenue from mobile communications, but that he could look into this more thoroughly.

Ms. Allshouse presented a summary slide about real estate taxes, and that they had previously discussed these and assessments in greater detail. She said they are expected to generate \$172.3 million (or 53.6%) of General Fund revenues.

Ms. Allshouse said they often talk about a penny on the tax rate and how much this brings in. She said if the Board were to ever decide to increase the tax rate by a penny on the tax rate, it would bring in \$2 million.

Ms. Allshouse said there is also a term called "lowered" or "effective" tax rate, and that this is what the rate would be if it brought in the same amount of funding that they are currently receiving. She said that lowered or effective tax rate would be 0.826 per \$100 of assessed value. She said when the Board advertises the tax rate, this will be some information included in the advertisement.

Ms. Allshouse said there is a tax relief program for the elderly and disabled. She said this program has been increased 16.7%, and that it is being used more often. She said this is \$1.2 million that is placed into the program.

Ms. McKeel said this was a number that was higher than what they have seen in the past. She asked if this was because perhaps it was advertised better.

Mr. Andy Bowman replied it was a combination of a few factors. He said there are more people participating and also more people are able to qualify in the program as property values increase. He said part of the reason for the substantial 17% increase is that the current FY budget was too low. He said the OMB actually came back to the Board in June-August to increase that amount, based on the activity that happened in FY 19. He said part of this was due to a catch-up over two years.

Ms. McKeel asked if they were capped out as far as what the State allows.

Mr. Kamptner said they could go relatively higher than most localities.

Ms. McKeel said she thought for a long time that they were capped out.

Ms. Palmer said this is what everyone was told -- that they couldn't go any higher because of the State.

Mr. Kamptner said he would see if he could find the answer.

Ms. Mallek said the homeowner's net worth is the cap, and that the 10-acre exclusion was something that the County does better than other jurisdictions who do not exclude that.

Ms. Palmer said perhaps Mr. Bowman could explain why he said that property values are going up and therefore, more people are qualifying, just to be clear.

Mr. Bowman said there are people across all points of the spectrum of relief where things are changing.

Ms. Price commended the County for only one tax rate increase over the past five years. She said this shows that staff is working hard on monitoring the expenses. She said they know the total tax bill has gone up for residents because their assessed value goes up.

Ms. Price asked if the information on page 53 that shows a 30% increase over a 10- to 11-year period could be put into a chart that shows visually how it goes up each year by each of the categories. She said this would make it easier for her to follow the actual growth.

Ms. Price said with regards to Federal Revenues on page 60, federal jurisdiction property is not subject to local jurisdiction's property taxes. She asked if there were any federal jurisdiction properties in the County rather than leased property and therefore, were not receiving property tax from that. She asked if so, if the federal government was providing any funds to compensate for the loss of the property tax the County would otherwise collect on that land.

Mr. Allshouse said that for the national parks, the County gets a payment on taxes that is a small form of compensation.

Ms. Price asked if there were any other lands other than the parks.

Mr. Allshouse replied that he would have to check with Peter Lynch (County Assessor), but that didn't think there were.

Ms. McKeel said the County has a lot of State property because of UVA, which is where they get hit.

Ms. Price asked if the State provides a payment in lieu.

Mr. Allshouse replied that it does on some of its properties. He said there are certain dorms where the County receives an amount such as \$50,000-\$120,000, noting this is very little compared to what the actual market value of those properties would be.

Ms. McKeel asked about UVA Foundation property as opposed to the academic property.

Mr. Allshouse said UVA has its Foundation, which owns a lot of property. He said if the property pertains to an educational purpose, it is tax exempt. He said if not, it is subject to taxation, and thus there is a distinction.

Mr. Gallaway said with regards to page 55, "Permits and Fees," he read this and understood what happened with the inspection-related fees and that the FY20 estimate had been pessimistic (off by \$1.1 million). He said they were projecting \$1.8 million for the coming year. He asked what lesson they learned going through the projection revenue lookback. He said they were obviously pessimistic and missed this, but that they were projecting a substantial increase moving forward. He asked what had been learned that staff was confident enough to project this increase.

Mr. Allshouse acknowledged that they had missed. He said the revenue team that came up with the forecast for all the fiscal years was being heavily influenced by the thinking of the then-Community Development Director, who thought that they would likely see a very severe slowdown in construction activity. He said this did not happen. He said they tended to defer to that person's judgment.

Mr. Allshouse said moving forward, they are being somewhat conservative in FY 21 forecasting for inspections and other development fees, but in further conversations with the current Director of Community Development, and with what he is seeing in the local market, it looks like there will be an upward revision to the FY 21 revenue.

Mr. Gallaway said it sounded as if they may have been overly reliant on one person. He said that though this person is an important input, other sources and factors should be considered.

Mr. Allshouse agreed. He said whenever staff sees something that deviates so far from the actual, they look to see what they could have systemically done differently.

Ms. Price said on page 56, it talks about the projected decrease due to two factors. She indicated that something was missing here. She read, "To plan timing of expenditures and debt issuances will to reduce the level." She said something was missing from that line, or it was simply a typo.

Ms. LaPisto-Kirtley asked why there was a decrease in the revenue from food and beverage taxes from FY 20.

Mr. Allshouse said this particular revenue stream goes up somewhat in tandem with sales tax. He said they expect this to go up again in FY 21, and that they were doing very well currently in that



revenue stream.

Ms. Allshouse said the Board would be receiving a revenue update on March 5. She said this has been added into the process to provide the latest revenue information before starting the next budget process. She said what they were hearing presently was that some of the revenue streams were looking possibly better.

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Item No. 2.b. Expenditures.

Ms. Allshouse said she would not be presenting the same level of detail on expenditures, as the Board would be hearing more about them on March 3. She said she would talk about what the chapter includes. She said it is a good reference chapter, for a couple reasons.

Ms. Allshouse said the budget is balanced, so revenues equal expenditures. She presented a slide that the Board had seen earlier about General Fund expenditures, explaining that Schools were one of the largest areas. She said the slide presented the categories of expenditures, along with the percentages, to offer the larger picture of what is happening with them.

Ms. Allshouse said the Expenditures chapter was a great chapter for summaries. She said it did not contain all the details, as those details were found under other tabs. She said the Expenditures chapter includes expenditures per category (e.g. administration, public safety), which are reported to the State. She said it also shows expenditures by type (e.g. salaries, transfers).

Ms. Allshouse said there is also a summary of the ABRT agencies on one page. She said that because some of the agencies are Community Development oriented while others are public safety oriented (with most being found in the Health and Welfare chapter), the (Agency Budget Review Team (ABRT) agencies (though across various departments) were shown as a summary on one page. She said the details would be provided in other chapters.

Ms. Allshouse said the chapter also contained a summary of cultural agencies. She said there were charts showing data such as positions over time, which shows the General Government's staffing and how that has changed as far as how many positions have been hired over the years. She said there is a chart that shows population over time, which shows how a position changes per a ratio of the population. She said they can also see the position changes recommended for that year's budget.

Ms. Mallek said if they went back two more years, they could see where they decreased by 77 local government employees.

Ms. Allshouse said this was correct.

Ms. Mallek said the population had grown by 16,000 in that same time period.

Ms. Allshouse said this was a great point. She said she did this same analysis to look at the chart from the 2012 budget. She said Ms. Mallek was referring to the Great Recession and the changes they went through, adding that the County was still coming out of that.

Ms. Palmer said for those who have been living in the area for a while and experienced the Great Recession, she just noticed in her recent assessment that her house is close to what the assessment was in 2007, which was remarkable. She said even though the County has had a tax increase, and her taxes are more than they were at that point in time, there was a tax break for several years in spite of the tax increases.

Ms. Allshouse said this was interesting.

Ms. McKeel agreed. She said some properties are not back to 2007 assessment values yet, but that they are getting close.

Ms. Price said the chart on page 73 that talks about the key indicator of local government efficiency to the ratio of employees based on population, it shows that there are currently 7.23 government employees per 1,000. She said there was no context, however, and that she didn't know whether this was a high or low figure, compared to other jurisdictions.

Mr. Bowman said staff could look at this and take a perspective on how this compares to other localities.

Ms. LaPisto-Kirtley asked whether or not this was a good number.

Mr. Bowman said if comparing to Albemarle County in FY 08 or 09, that number probably would have been about 7.1, so the County is above what they were at then. He said there are certainly services being provided now in FY 21 that were not being provided at that time. He said many services they do provide, such as increasing DSS, and that overflow populations are much greater than that. He said it is tough to draw one conclusion from that number, and that while other localities will provide information, they may make different choices in level of service than Albemarle does. He said this was not to say he was dismissing this, but that it was a comparison that was a reference point.

Ms. Palmer said that many communities include their Solid Waste employees in that number, for instance, and so it will look different than Albemarle's.

Mr. Bowman said when staff did this analysis last year, they tried their best to scrub the data to make fair comparisons. He said the data will be interesting to see, but that there is the caveat about different localities making different level of service choices (Solid waste, regional vs. county library system, etc. ).

Ms. Mallek said that back in 2008, she experienced what Mr. Bowman was speaking about because their Community Development numbers were high, and she was trying to compare Albemarle's data to Augusta's. She said Albemarle had five departments under the CDD category, while Augusta's were listed in five different categories. She stressed the importance of looking carefully at how each community does this.

Ms. Mallek said in 2009, there were 112 sworn officers, and they are now at 150. She said they have grown their fire department by about 40 in that same time period. She said there is a lot of information in the budget that they have to figure out the best they can, and that it is hard.

Mr. Bowman said page 45 refers to the per capita expenditures report for Albemarle as compared with the top 20 County jurisdictions, with one point being the County's population, and with the City of Charlottesville as another reference point.

Ms. Price asked if those were the top 20 County jurisdictions by population.

Mr. Bowman replied yes.

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Item No. 2.c. Non-Departmental.

Ms. Allshouse said that on March 3, the Board would be going through many of the chapters that are about public safety and other matters. She said typically, they stay with the book and follow it chapter to chapter, but that this chapter was added now as it was an unusual chapter, and she wanted to make sure staff reviewed it with the Board and allow for questions.

Ms. Allshouse said the Non-Departmental chapter includes transfers. She said the General Fund transfers funds to other funds, and other funds transfer funds to General Funds. She said this chapter includes information about the various transfers.

Ms. Allshouse said the chapter also includes information about the reserves. She said there is always interest from the Board about what kinds of reserves there are. She said when they start a fiscal year, things can change throughout the year, and so they want to know how they can be nimble and flexible along the way.

Ms. Allshouse said the chapter also talks about revenue sharing with the City, and there is information in that chapter about the history of revenue sharing with the City of Charlottesville.

Ms. Allshouse said there is another piece of information on the General Fund balance and uses of one-time funding from previous fiscal years. She said she would go over this in more detail, as it had changed slightly as staff was working through this in the five-year financial plan.

Ms. Allshouse said the revenue sharing with the City was found on pages 167-169 in the document, and that payments go back all the way to 1983, when the program started. She presented a slide illustrating how the sharing changes from year to year, noting that it was not always going in one direction or the other. She said it is based on a formula that has a two-year lag function and it has to do with relativity of changes that occur in the City and in the County. She said there is information in the chapter about the formula, if the Board would like to read more about it.

Ms. Allshouse noted that over the years, revenue sharing changes, and it has a big impact on what the County has available in discretionary funding based on what the formula says they are required to provide. She showed a sample of the last few years, noting that if the Board wanted to see the data going all the way back, they could look at that chapter.

Ms. Palmer asked if there was a major driver that has caused the revenue sharing for the majority of the last 10 years to go down.

Mr. Bill Letteri (Chief Financial Officer) said there are a number of factors that go into the calculation. He said the main driver is likely taxing efforts, so the relative tax that the City would charge on its property what the County charges on theirs is probably going to make the largest difference. He said that for example, if the County were to increase its taxing effort (i.e. increase the tax rate on their pool of properties they are taxing on), this would lessen their payment to the City. He acknowledged it was a complicated formula, and that it was not an easy question to answer.

Mr. Kamptner said he didn't know how much the tax rate would have to change to move that number, but that this was to consider in the future, if the Board starts to look at fees in lieu of taxes.

Ms. Palmer said one reason she asked was because she was struck by how much the revenue

sharing went up after the County reduced the tax rate in 2007. She said there was then an increase to taxes when revenue sharing went down.

Ms. LaPisto-Kirtley said the report says that both the City and the County contribute to portions of the respective real property tax bases and revenues to a revenue and economic growth sharing fund. She said this sounds as if they share this. She said the report talks about distribution of the fund and the resulting net trade. She asked who is in charge of distributing those funds. She asked if the County has any say in this or not. She said she knew they had not been pursuing any say, but wanted to know if there was any legal way that they could at least enter into a dialogue.

Mr. Kamptner replied that the fund is a fiction. He said every year, the County has transferred funds, and that this fund is a paper exercise.

Ms. Allshouse said this money goes into the City's General Fund.

Ms. LaPisto-Kirtley asked if there was any way they could do a legal fund where the money goes into a fund, as stated in the document.

Mr. Kamptner said they could follow the terms of the revenue sharing agreement. He said because it was approved by a referendum, the County is locked into its terms.

Ms. LaPisto-Kirtley said she was not denying the formula. She expressed that if legally, it says it is a fund and both jurisdictions are contributing to the fund, the County could argue that they have a say as far as the use of the fund.

Mr. Kamptner replied no. He said the agreement provides that, assuming the funds are going to go to the City, the City is allowed to use those funds for any purpose.

Ms. Palmer said there was an action the County had tried to take in going to the General Assembly, and it didn't exactly work, but that it was said that the City is supposed to tell the County where they are going to put the money once or twice a year.

Mr. Kamptner said there was an enabling authority that became effective two years ago and that essentially, the City is supposed to show the County how they propose to use the funds that are transferred to the City. He said in their budget last year, there were essentially just two line items where a portion of the funds went to Operations, and a portion went to Capital. He said this was how specific the City showed how the funds were going to be applied.

Ms. McKeel said the Board had an energetic discussion with the City about this.

Ms. LaPisto-Kirtley said she understood the Board had pursued this already and wanted to know if there was any way to know what the money was going to.

Mr. Kamptner said there are ongoing efforts by the Board over the past couple years, particularly since that legislation became effective, to try to get the City Council to identify those shared revenues to be applied to City-type operations and facilities that affect both City and County residents, so that the County residents can see that the money transferred to the City is directly benefitting County residents. He said County residents often use City parks, for instance.

Ms. Allshouse said there were two slides left in the Non-Departmental category, and that they could then take a break afterwards.

Ms. Allshouse noted the next slide was in the Board's document, and that it was something from the five-year financial process. She said there is a time after the audit is complete that they talk about year-end General Fund balance. She said they put together this chart in the Non-Departmental category to show the Board the audited fund balance, and then by policy, uses that are by the Board's financial policies and what they do to make sure that they have reserves on hand.

Ms. Allshouse said they do some policy uses of the fund balance, and then look at things that the Board has already appropriated. She said this is one-time money for one-time purposes and along the way, in the current fiscal year, the Board has appropriated some of the fund balance. She said they can only spend it once, and so since it is appropriated, it has not been placed for an expenditure. She said this is taken off.

Ms. Allshouse said on the slide, there was a word called "obligated uses." She said there were two important obligated uses that the Board would be asked for appropriations to do. She said one has to do with the early voting location, and the one-time cost associated with that. She said staff would be asking the Board to appropriate one-time use funding for that. She said there is also an agreement with Habitat for Humanity for the Southwood performance agreement, and that there is some funding that staff suggested to support this agreement. She said these are called "obligated" and are not necessarily appropriated yet, but through the approval of the budget, staff would be asking the Board for appropriation for those two things.

Ms. Allshouse said at the very end, after staff goes through the policy pieces and appropriated funding, they determine how much is available to consider during the budget process for one-time uses. She said on the next page of the budget, there are recommendations for one-time uses, totaling \$6

million. She said staff would be talking about the capital program and CIP, and this is often a place they look at for some recommendations on some use of the one-time money.

Ms. Allshouse said the Board had heard staff talk about some funding for Albemarle Housing Improvement Program, Inc. (AHIP), through the Climate Action Program, to do weatherization for some houses, and that staff is recommending \$250,000 that would come from the one-time money. She said for Economic Development, there is also a recommendation to allocate \$250,000 for their needs. She said if the Board approves this, staff will bring back an appropriation request to the Board in FY 20 to put the money to use right away, rather than waiting until July 1.

Ms. Allshouse said on FY 21, there are some other reserves and items that the Board will find throughout the budget document that would be coming from this one-time money source. She said this was a list that was included in the Non-Departmental chapter to look at in greater detail.

Ms. Palmer said she had some confusion about transfers on page 170. She read that the calculation for the FY 21 transfer to the School Division has adjustments approved in prior years associated with Economic Development Authority performance agreements related to tax refunds and dedicated funding for water resources. She said she wanted to know if the amount that the Board decides to transfer to the School Division includes those performance agreements. She asked if the transfer to schools is done before or after the calculation is made.

Mr. Bowman replied that during the time that the agreement is in effect, this would be done before the transfer is done to the schools. He said once the obligation is met for the rebate, they would come in as local tax revenue and would be shared with the School Division.

Ms. Mallek asked what "appropriated to the base" meant in the budget document.

Mr. Bowman replied that the chart on page 171 is the full calculation to the Schools. He said the second to last line is referring to the Prior Year Base of \$138.2 million and that this was the cumulative result of the decisions made by the Board and the shared local tax revenue. He said the increase of the other almost \$6 million is the result of the calculation of the Net Revenue. He said the dedicated funding to the schools became part of the base, and the net growth and local tax revenue in the following year would be applied to that base.

Ms. Mallek asked if next year, the base would be \$144,184,871 (the bottom line) plus the \$7 million received from the state and outside sources.

Mr. Bowman replied that the money coming from the State does not go through this.

Ms. Mallek asked if it would be part of the base next year, adding she was not talking about this calculation.

Mr. Bowman replied that it would be part of the base fund, but the Schools State revenue comes into the School fund and not the General Fund.

Ms. Palmer said the document said that 74% of revenues are transferred to the School Division, and somewhere else in the document, it said that this supplied 69% of the School budget. She asked if this meant that State is making up the majority of the rest of their budget (31%).

Ms. Rosalyn Schmitt (Chief Operating Officer for the School Division) said the transfer funds up to around 70% of the Schools budget. She said the remainder is mostly State, with about 2% being federal.

Ms. Price said the chart on page 176 shows, over previous years, the pay per performance reserve. She said this year, it was \$370,000 and that next year, this has been taken out. She said when she reads what this is for, she has some concerns about how the County will address that situation this coming fiscal year.

Mr. Bowman said the \$370,000 was in the budget last year, but it has now been distributed to salaries for employees based on their performance reviews and where they are on the salary scale, relative to the new point.

Mr. Jeff Richardson (County Executive) said when going back several years and looking at the pay per performance reserve, they have not always been able to fund that and for this coming year, they do not have the flexibility with discretionary revenue to be able to fund it. He said currently, they are operating off the 2% for all County employees, which is what has been budgeted. He said the Human Resources department is aware of that, and they have discussed this. He said they are also focused and put a high priority on the new minimum wage, going to \$15/hour, which moves about the first one-third of the pay plan (grades 4-12). He said they do not, however, have the pay per performance reserve in the budget at present time.

Ms. Price said she assumed that would mean that the follow-on budget needs to be looked at, as she presumed that they would have some situations where they will want to reward employees for their performance through that.

Mr. Richardson said Ms. Price was referring to something that is certainly near and dear to the leadership team's heart, and that is looking at being able to reward their employees for hard work and

work that stands out, both on an individual basis and on a team basis. He said over the past year, they have totally revised the performance evaluation tool for the senior leadership in the organization. He said they have introduced this to the next 100 or so managers in the organization and are having discussions about that.

Mr. Richardson said the reason that money isn't in there is simply because they have about almost \$3.3 million that has been allocated for employees' compensation and benefits. He said this is out of approximately \$6 million, and they have reached the point where they could not justify that.

Ms. Price said she appreciated this information.

Mr. Richardson said he appreciated Ms. Price's question, as he believes it is an important one.

Ms. Price thanked Mr. Richardson for his explanation. She said she recognized that great efforts were made to balance the budget and not have a tax rate increase. She said she appreciated the compensation increase that will be felt across the board throughout County employees, but that she also wanted to make sure that they do not end up hurting themselves in the longer term by not being able to compensate and reward those employees who have gone even further above the call of duty, as she knows that County employees often do. She said she recognized that this was all proposed, but that she saw this as an area that she wants to pay more attention to.

Ms. McKeel said they do not have final State numbers yet, and that this could be paid for with one-time money. She said this may be something they want to look at again. She asked if staff could make a note to come back and revisit this.

Ms. Price agreed.

Mr. Richardson said he appreciated the Board flagging this for future focus. He said they could plug this with one-time funding, but that in prior years, that money is typically used to plow into the base of the employees' pay, so it would have a compounding effect. He said if they were to do this, they would have to flag it for the next year, recognizing that they have to come up with that. He said that gap would carry to the next year.

Ms. McKeel said State revenues would be ongoing, and so there were different ways they could look at it. She said as a prior UVA employee, the issue is a morale killer.

Ms. Price said that from her military experience, civilian employees are very often given one-time bonuses. She said she wanted to make sure that they are recognizing those employees who have earned above what is going County-wide.

Ms. Allshouse presented a summary slide of the information they discussed, such as the current tax rate; the focus on infrastructure, equity and working differently; supporting their partners; and strategically utilizing their one-time money.

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**Recess.** The Board recessed its meeting at 6:39 p.m. and reconvened at 6:51 p.m.

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#### Capital Improvement Plan.

Ms. Allshouse said the Capital Improvement Plan (CIP) chapter is towards the back of the book, on page 219. She said they would talk about the FY 21-25 CIP plan, and about the capital budget, which is the first year of the CIP. She said they would talk about the Advancing Strategic Priorities Capital Reserve as well.

Ms. Allshouse presented a slide explaining that capital was not just about moving forward, as there were many projects that were approved in the past that are considered when staff models. She said this was to let the Board know that when they are sharing information about the capital program, they will remind the Board of the projects they are bringing along from past decisions, and that they have to continue to work on and think about the debt requirements that are associated with them, moving forward.

Ms. Allshouse said there was a change in the CIP process, and there was a CIP Advisory Committee with two School Board members, two Supervisors, a Planning Commission member, and a member-at-large from the community. She said they made recommendations to staff on the budget process, and so staff has incorporated the projects they recommended into the CIP and budget that year.

Ms. Allshouse presented a slide of the base CIP and the changes that were recommended by the CIP Advisory Committee.

Ms. Allshouse said in regard to revenues, they would talk about the delayed penny to the CIP on the tax rate. She said one thing the committee had recommended was an equivalent tax rate increase of about penny on the dollar a year to fund the CIP, which was much larger than anything that had been done in the recent past.

Ms. Allshouse said what they planned in this particular CIP is delaying that penny tax rate increase in the first year. She said this will change, as they will have new ideas, and will be constantly

working on the model before coming back to the Board next year. She said currently, the penny in FY 21 on the tax rate (which is calendar year 20) is being delayed, and will basically still say they take an equivalent of five pennies, but it will be used out to FY 26. She explained this was essentially off the page, as it is a five-year CIP, and that she didn't want the Board to lose sight of this delay.

Ms. Mallek asked if Ms. Allshouse was saying that because of extra revenue, the equivalent of the penny in FY 21 is being found in other places.

Ms. Allshouse replied yes, noting she would talk to the Board more about this.

Ms. Mallek asked if they were still saying they would add a penny in FY 26, and if this actually meant six pennies when adding it together.

Ms. Allshouse said it was not quite about money they were finding, and that Ms. Mallek was raising a good point. She said they talk a lot about delaying the penny tax rate, and there were many deliberations. She said when the CIP Advisory Committee was working in October through November, there was a revenue update which affected the budget. She said the revenue update came in in January, which resulted in \$775,000 more money in the formula that went to the CIP, which was a significant change since the committee had met and made the recommendation.

Ms. Allshouse said another thing they always think about with capital is the timing of the debt issuance, or timing when they go out for borrowing money past the payments they have to pay on debt for the projects. She said the next time that the Finance Department plans the debt issuances, they have to think about it being 2021. She said after issuing the debt, it is about a year before having to make the payments, so everything gets delayed on the timing. She said the Finance Department studies the time to actually go out on the market to issue debts, which is another factor that they considered.

Ms. Allshouse said, as shown on the General Fund fund balance, they were able to move some funding over to the CIP through some end-of-year money in the General Fund, which was also something that helped with the decision to delay.

Ms. Allshouse showed a chart, explaining that one goal with financial policies is to send cash over to the CIP in addition to borrowing. She said it is similar to buying a house, where there is a mortgage, and where cash is brought to the table as well. She said there is a goal of 3% of General Fund revenues off the top going into the CIP, and then the rest is borrowed. She said they are doing a good job on this, and that they are currently at 3%. She said that compared to past years, during the recession, this is a very low percentage, and that staff is happy with how they are doing on this in the CIP, as currently planned.

Ms. Allshouse said on the expenditures side, the CIP is recommended at \$211.2 million over a five-year period. She said this is like the operating budget and includes mandates and obligations, and maintenance and replacement (e.g. school buses, rooves on existing buildings) that is built into the base CIP. She said it continues through capital projects that have been approved by the Board in FY 20. She said there are four areas that the CIP Advisory Committee recommended that were included in the CIP.

Ms. Allshouse said one change was made on the expenditures side with regards to the timing with Economic Development funding for public-private partnerships (P3). She said they moved some of the funding forward to FY 21. She said the committee originally designated \$2 million in FY 22 and \$2 million in FY 24, and a change was made to the timing of that.

Ms. Allshouse said with regards to the four projects included in the CIP, the Board had heard some information about this already. She said it also relates to the growth at Crozet Elementary that was discussed with the School Board, adding 28,000 square feet, 368 seats, site improvements and renovations, and for Cale Elementary, adding 11,780 square feet, with 100 seats, and site improvements.

Ms. Allshouse said Transportation Leveraging leverages both State and Federal dollars. She said this is included in the CIP.

Ms. Allshouse said changing the funding for the public-private partnerships (P3) positions the County to make strategic investments and land acquisition for economic development opportunities and is included in the CIP.

Ms. Allshouse said one important thing about the CIP is that it supports the Board's Strategic Plan. She said this was discussed in December and January, as many items in the CIP supports the plan. Ms. Allshouse presented a slide of the projects from the included in the CIP, which are in addition to what is built into the base. She said there is an Advancing Strategic Priority Capital Reserve of \$2 million. She said this was put in two years ago, and it has not been spent on anything yet. She said the budget recommends adding \$1.8 million to that. She said originally, they talked about it being added to community agencies that may come in requesting funding, and that the Board decided to add this to the Strategic Priority Capital Reserve. She said if the Board approves this recommendation, it brings it up to \$3.8 million.

Mr. Gallaway said that this was done last year, and asked about it being in the current fiscal year.

Mr. Richardson said that was correct.

Ms. Allshouse said they had talked about community requests that came in. She said before the Board made a policy on this that they could use their Advancing Strategic Priorities Reserve. She said they had a policy discussion on how they would move those projects into the regular budget processes. She said they had three requests that came to the Board that past fall: one from Crozet Aquatic Center, who made a presentation to the Board in August; the Thomas Jefferson Community Land Trust, who provided a request to the Board by letter for some funding in September; and the Boys and Girls Club, who provided a request by letter in October. She noted that some request are still coming to the Board directly outside of the budget cycle.

Ms. Allshouse said staff had made a recommendation to the Board about these requests, and the Board approved it. She said this was approved on January 13 by the Board of Supervisors. She said staff recommended that on their Strategic Priorities Capital Reserve (which now, would be at \$3.8 million), the Board could utilize it not just for outside community requests, but for requests that the Board has or for internal County needs. She said it isn't just an outward facing reserve but is a reserve about the priorities of the County, as identified in the Strategic Plan.

Ms. Allshouse said they recommended incorporating requests that come into an annual budget process, as they are in one now and will be in one again next fall. She said prior to requests coming to the Board, staff would review them and make recommendations to the Board based on criteria such as how the request connects to the Strategic Plan, how it leverages other funding, and other considerations that they think about for all capital projects such as timing, safety, urgency, and connection to any other County plans.

Ms. Allshouse said she wanted the Board to keep this in mind for the discussion later, noting they are in the budget process now and that there were some requests that come in for them to review. She said there is another topic they will talk about. She said the Board could talk about including things now, or perhaps the following year.

Ms. Allshouse said on February 19, when the budget was presented to the Board, three Board members expressed interest in learning more about the potential of including an additional convenience center in the CIP. She said Ms. Palmer also talked about it during the five-year financial planning process. She said Mr. Richardson had said that this was a good time to bring this matter forward. She said staff put together some slides for the Board's consideration and discussion amongst themselves.

Ms. Allshouse said she would provide some background. She said the FY 20 capital budget (the current budget) includes a convenience center at the Ivy Material Utilization Center. She said in FY 21, the operating budget includes the related operating costs. She said when the CIP projects came in, the Board of Supervisors ranked them, and then the School Board and Board of Supervisors ranked them together. She said the process last fall was ranking things together based on an affordability matrix.

Ms. Allshouse showed a picture showing how the convenience center ranked. She at that time, it was called a "recycling convenience center" and noted how it had tied for 6th place. She said they talked about affordability and couldn't get too far down the project list, stopping at the top four projects.

Ms. Allshouse said a staff request was received for an additional center that would provide the same services as the center at Ivy, and also a place for citizens to bring trash that would be compacted and removed from the center on a daily basis.

Ms. Allshouse showed a slide talking about the money estimate that came in at that time, noting that it was a very high-level cost estimate. She said they always think about the five-year period because of the CIP, and that in FY 21, there are some construction costs, as well as in FY 22. She said the operating costs would then come in starting in FY 23.

Ms. Allshouse said the assumptions for the estimate was that the County would purchase land for the facility, make all the necessary improvements, and purchase containers and other amenities. She said the Rivanna Solid Waste Authority (RSWA) would coordinate the construction and manage it.

Ms. Allshouse said staff thought about the process, considering the Strategic Reserve and how it connects to the Strategic Plan. She said there are some connections to the Climate Action Plan, as it creates recycling opportunities. She said there is connection to Economic Development in that Albemarle is an outdoor destination community and that tourism connects to this.

Ms. Allshouse said staff was asked to look at if the request leverages any other opportunities or funding, and that this still has to be determined. She said staff was still trying to determine if there could be grants or other things available to help with the request.

Ms. Allshouse said the last thing staff would look at is other considerations such as timing, safety, urgency, and connection to the County plans. She said Mr. Lance Stewart mentioned that there was a final committee report of the Long-Range Solid Waste Solutions Advisory Committee that came out in 2015, which actually mentioned additional centers such as this in the Rural Areas.

Ms. Palmer said with regards to the Climate Action issue, one of the reasons why she was very interested in getting some drop-off areas is that there are many people burning trash. She said some people do this because there is no convenient place to take their trash. She said there is a lot of illegal dumping, and that the assumption is if you make it convenient for people to get rid of their trash, it is less likely there will be dumping.

Ms. Allshouse said she would pause for more discussion. She said staff thought they would use the criteria they talked about in framing this for the Board's conversation.

Ms. Mallek said two years ago, there was \$500,000 for a secondary center in the budget, but that things did not go as planned. She expressed that this was not a new request and had been discussed since 2010. She said the geography of the County with one convenience center means that she is not the only one with a 40-mile drive from her area. She compared this to other counties that are geographically smaller and have many convenience centers. She said massive amounts of trash have been picked up on Earlysville Road and that they were only halfway done.

Ms. Mallek said she was hopeful that they would be able to find a way to fund the convenience center. She said Nelson County has four of these centers, expressing that Albemarle could follow a simple model and get started without having to spend a fortune.

Ms. McKeel asked if the Board was agreeing that evening to add the request into their budget.

Mr. Richardson reiterated that on February 19, three members of the Board asked to see some additional information on the request. He said staff brought this back at the capital meeting, and as discussed in December, it was asked if Board members were interested in this topic, when would it be the appropriate time to talk about it.

Mr. Richardson said this evening was the first opportunity to talk about it with regards to the CIP, and that there was a slide coming up that talks about the CIP. He said there is the Strategic Initiative Reserve and if the Board wants to talk about additional funding for the convenience center in the coming year (or anything else that comes to the Board's mind that is currently not in the FY 21-25), this evening was a good opportunity to do so.

Ms. Palmer asked if the convenience center didn't necessarily have to be entirely funded that year.

Mr. Richardson replied yes.

Ms. McKeel asked if there was currently a County facilities study underway.

Mr. Richardson said yes.

Ms. McKeel said this facilities study is looking at all the properties that the County owns. She said she was not at all against a convenience center, as she believes the County needs more. She said she was trying to figure out, given the revenues and budget, how best to do it and what the right timing is. She agreed that it could help with litter, and that there are community members that would like to have the center.

Ms. McKeel asked when the facilities study was going to come back to the Board.

Mr. Lance Stewart (Facilities and Environmental Services) said as far as the timing of the study, they have in hand the space-needs assessments of the departments and are now moving into the stage where, internally, FES is reviewing those to make sure that the departments reported and made common assumptions in terms of staff growth rates. He said once they have this nailed down, they will then start to look at the business of potential future growth, looking at possible improvements in the current space, efficiencies to help with customer service, and projections for where they need to be in developing a plan.

Mr. Stewart said it would likely be around June before FES would come back to the Board with the results of the study. He said it did not include every property that the County owns, as there are many small parcels, but that they asked for everything over 2 acres and everything of any significance that is in the urban or development areas. He said they will be looking at these for meeting potential space or other needs. He said this has, in his mind, included the possibility of looking at sites that are appropriate for multiple uses of things that the County could do, like a public works center or convenience center.

Mr. Stewart said they are looking both at land that the County owns and land that has been proffered.

Ms. McKeel said she had thought there was an RFP for this study, and that what she was now hearing was that staff was doing the work.

Mr. Trevor Henry (Assistant County Executive) said there was an RFP.

Ms. McKeel asked if consultants did some of the work and if staff was working with those consultants.

Mr. Henry replied yes.

Ms. McKeel suggested that the facilities study may be very informative. She said the County Office Building, for instance, is full and that Economic Development staff is renting space Downtown. She said it pains her immensely to be paying rent to the City for one of the County's departments. She said the School Division needs extra space as well. She said she didn't know how they would go about the



idea of a convenience center, but that it does seem to her that they have the opportunity, when the facilities study comes back, to look at some of the land that is proffered to the School Division and the Board of Supervisors and look at how best to use that property, or any other property that might come up through the study.

Ms. McKeel said she felt a sense of urgency with this, expressing that there are real opportunities the County has with about 61 acres of proffered land that they share with the School Division. She said when the facilities study comes back, it would behoove the Board to meet with the School administration and School Board to look at what the study shows is available. She suggested that a satellite police station is needed on 29 North as well. She said there are other things that the County could use and if they have land they could utilize, it would be advantageous to consider this.

Ms. Price said in terms of the site selection, this makes perfect sense, but in terms of the budget, she wondered if there was any reason why the Board couldn't take a commitment of an amount of money.

Ms. McKeel said a huge part of the budget is the property.

Ms. Price said she understood this, but that there is \$420,000 projected that fiscal year, and if they took a portion of it and obligated it so once the study is done, they know they have the money to get started on the project. She said her concern was that if the Board didn't make the commitment now, it would continue to be delayed year after year.

Ms. McKeel said she was bringing up her point because she didn't want the Board to rush into anything immediately on a site until they can talk about what they might be able to do with the School Board and School administration.

Ms. Mallek said she thought they were talking more about what Ms. Price was referring to in terms of getting the project on a list so that they have something they will work on in the future when all the other information comes in.

Ms. Palmer said Mr. Stewart has been looking at the properties and recognizes they are out there. She said there are a variety of concerns. She said Ms. Price made an excellent suggestion to get the money in the budget so that once the study is done, Mr. Stewart has something to work with and a commitment on the Board's part to move forward. She said perhaps that happens in the second half of the fiscal year, but at least it would get the project started.

Ms. McKeel asked if they were talking about using money that would come from the \$3.8 million.

Ms. Price said they would take some money from the reserve and dedicate to a convenience center with site TBD.

Mr. Gallaway said when the Board set up the Strategic Reserve and put the \$2 million into it (with more money being added in), the whole point of it was that over the years, there have been things that have come up to the Board out of budget cycle, and the Board would like to be nimble to be able to react, especially if they can draw the thread from the project to the strategic priorities list.

Mr. Gallaway expressed that to him, rather than obligating the funds to the project now, before knowing more about the site and costs, they could shift it to another strategic priority, looking at the big picture. He said just because there were none on the list yet didn't mean they didn't exist yet. He said if they are obligating something right now that is not going to be spent when they know they will have the flexibility to obligate it down the road at any given time, he would have to give this some serious thought.

Ms. McKeel asked if Mr. Gallaway preferred to wait a while.

Mr. Gallaway said it was not so much about waiting, at this point. He said no one at the Board presently would argue about spending money on the project.

Ms. Mallek said this had happened a lot in the past, however.

Mr. Gallaway said someone in the past should have gotten it done. He said he suspected that it didn't happen in the past because they put it up against a list of other items and determined that other things ranked higher.

Ms. Palmer disagreed. She said when solid waste efforts started in 2014, they were looking at closing the only facility they had in the County. She said what they recognized was that after 14 years of being out of compliance with the Department of Environmental Quality (DEQ), if they wanted to invest in solid waste, they had to first collect the long-term issue they had. She said this was the opinion of the Solid Waste Committee, and that there were experts and professionals saying to get the hub.

Ms. Palmer said they were looking at this much like the spokes of a wheel, to provide services. She said they first had to get the transfer station done, and once this was done (which she appreciated the Board's commitment for), the question was about how to tackle the "not in my backyard" issue. She said they determined to put the convenience center at Ivy as it is valuable for the community while also allowing a place to send people to. She said there were concerns in 2014 about what the dump used to look like in Albemarle County, with overflow and wild animals, so they put the center at Ivy. She said they

then recognized that they had to deal with the other convenience sites.

Mr. Gallaway said that it was then not just around for 15 years getting passed over, but that there was a legitimate, thoughtful plan to get the County to this point. He said he was hearing two different versions.

Ms. Palmer said over the past 6 years, it was a thoughtful plan to get them to that point. She said prior to that, it was not so thoughtful. She said this has been an issue ever since 2000 or 2001, when the County closed the landfill. She said at that time, that Board decided to put in a transfer station that was suboptimal and did not meet DEQ standards. She said when she met with a DEQ representative in 2014 and expressed that the station was out of compliance for 14 years, asking why they didn't close it down, the DEQ replied that they couldn't do that to the people in the County, as it was the only place people had to take their trash.

Ms. Palmer said at that point, the Board was willing to tackle the issue and they have only been trying to do this for the past 6 years. She said prior to that, the Board was looking into privatizing solid waste. She said it has never gotten into the CIP process, however. She said she has asked staff and the previous County Executive in the past about how to do that. She said she didn't see this project coming out of the blue, but as a project that the Solid Waste Committee and Board is working on.

Mr. Gallaway said this would be circumventing the CIP process and would be a capital improvement project that the Board would decide to do with funds they set aside. He said it didn't matter what the CIP process says, and this was the whole point of setting up the fund. He said his point was that though this was a reasonable amount of money and he could draw the line to the strategic priorities, the timing of obligating the funds now before they even scrutinize what other possibilities are that are perhaps more urgent made him hesitate.

Mr. Richardson presented a slide about Mr. Gallaway's point which asked, "Does the Board desire to discuss any other potential uses of the Advancing Strategic Priorities Reserve during this annual budget process?" He said they were modeling one internal project that had been brought forward by three Board members. He said this slide was to lead the Board to determine what other potential uses they were interested in at this time. He said this wouldn't be the only time they could talk about it. He said staff was prepared to take direction from the Board that evening, if the Board wanted this, but that they could also talk about other uses.

Mr. Richardson said there is also additional time later in the process, with another opportunity to come back and discuss on March 5. He said they were trying to allow the work session format to work for all the Board members in terms of voting to move forward with any particular item.

Mr. Gallaway said this was reiterating his point. He said they were so used to doing these things during the budget process and that the question for this budget was whether or not they want the additional \$1.8 million to go into the Strategic Reserve versus some other area for it to land. He said to decide how to use the Strategic Priority Reserve, while it makes sense to do during the budget season, does not have to happen during the budget process.

Mr. Richardson agreed.

Mr. Gallaway said there is \$2 million in the reserve already there that was designed for the Board to use for any of these problems at any given time. He said they did not have to decide by March or April what to do with the current \$2 million, but that they did have to decide if they want to plug in the additional \$1.8 million to the reserve, or if some of that \$1.8 million should get allocated to other places. He said he wanted to be clear with what they were doing, and that he didn't want it to get confused with other budgetary decisions they were making.

Ms. Palmer said she wasn't expecting to make a final decision about the convenience center that evening, but that it was good to hear from Board members that this is a priority. She said she did like Ms. Price's suggestion but didn't think they would actually vote on it that evening. She agreed that she would like to see it happen.

Mr. Gallaway said if they close the budget up and the conversation comes up later, this is well within how the Board designed the Strategic Board Priority Reserve to work. He said he wanted to be clear on that because he feels that at times, the Board gets itself locked into the deadline of the budget, which is very different than this particular reserve fund and what the intent was when they set it up.

Ms. Palmer said if they do choose to do this during the budget session because it is something they want to get started on in the coming year, it gives staff the information that this is what the Board wants to do with the fund.

Mr. Gallaway said he understood. He said some projects could be brought up now, while others could be brought up on March 5, that the fund was intended for.

Ms. Mallek said people are alarmed that they are allocating and that she would prefer to think about it as the Board making a list that people want to include that may or may not get funded. She said she was very grateful that there is support on the part of the whole County operation that solid waste is a public responsibility, as this was what was lacking in 2014 – that there should be any role of local government in trash. She said they were the laughingstock of the State because of this.

Ms. Mallek said they were way ahead of that point now, and to her, this was a baby step. She said in 2008, it was \$250,000 in the budget for a recycling center in Crozet, and they are still talking about how they do not have it yet. She said this is a reality she deals with all the time. She said there is a great need and interest in doing this. She said whenever they decide to discuss, they have some concrete information to go forward with it.

Ms. Mallek said to the extent that she would like the Board to start building a list for whichever category it goes in, this is what she was hoping they would be talking about that day. She said this project was small compared to many other things they are doing, and are probably smaller to the numbers in the presentation if they are using property the County already owns.

Ms. LaPisto-Kirtley said her concern was that if they push it off, it won't happen. She said this was obviously a great need that has been needed for years, and there is a lack of convenience centers. She said she didn't mind putting it at the top of the list or allocating money to make sure that it gets done. She said she also thinks it's a great way to let the community know that the Board is thinking about them and their needs, reiterating that people have to drive for miles to drop off and not everyone has someone to pick up their trash. She said they are either burning or dumping it, which is not good for the environment.

Ms. LaPisto-Kirtley said if they were to put this out to the public, it would be something they would embrace, because they would be meeting the needs of the community.

Ms. Price concurred with Mr. Gallaway's analysis of the process and supported it. She said the Board has made their interest in the project very clear, but that right now, they should stick to the process of determining what to do with the \$1.8 million.

Ms. McKeel said they had time to discuss.

Ms. LaPisto-Kirtley said this was true as long as they were not kicking the can down the road.

Mr. Gallaway said if they did kick it down the road, the six Supervisors will be responsible.

Mr. Gallaway said if staff was asking about being able to do the homework on the project, he would offer the same comment that if there are other pressing budget concerns that specifically need to be decided on for the budget, and he determines that he would like to see a project for consideration for strategic Board priority, he would like to give staff time to analyze.

Mr. Gallaway said the project he was looking to get funded out of the Strategic Priorities Reserve was the intersection at Earlysville and Reas Ford Roads, there are plenty of transportation projects that are smaller in nature that they know will never make it through the Smart Scale system, and in the secondary 6-year road program, the priorities are way down the list. He said there is a known safety issue at that intersection, and that he applauded VDOT and transportation staff for their plan for the permanent radar signs and stop signs.

Mr. Gallaway said they were using the word "temporary" as well because they were still considering a mini roundabout. He said a mini roundabout will never get through the transportation priorities, mentioning a focus on State funding. He said a VDOT plan is likely much more in expense than it needs to be versus what they need to potentially do at a much lower cost and help solve the problem (a mini roundabout versus a full roundabout, which Mr. Joel DeNunzio who was formerly with VDOT was helping to pursue). He said this was a project that he wanted to see if they could use the Strategic Reserve for.

Mr. Gallaway said he had two other project categories he was interested in as far as using the Strategic Reserve. He said there should be something related to transit, and some different ideas on that. He said he expected the Board would have to discuss this further when the transit and transportation budget piece comes up down the road. He said they may need to have funds available to help deal with transit issues that are not currently planned.

Ms. McKeel said there was a budget work session scheduled to discuss this.

Mr. Gallaway said perhaps he would reserve some of his other thoughts on this until March 5. He said he knew staff was asking for these types of requests, but that he didn't see that these types of projects (though he would like to see them done) would have to be locked in during budget time, as there is flexibility outside of that process.

Ms. McKeel said some of the Board members would agree with Mr. Gallaway on the Earlysville Road project as well.

Ms. Mallek spoke about getting more information before March 5 in order to get leverage from VDOT to put it into their plan so they can move forward.

Mr. Gallaway said if they have not found a way to get the signs paid for through a different means, he would have brought this to the Board and asked to pay for those signs out of the Strategic Fund Reserve.

Ms. Allshouse said she wanted to talk about staff's plans for next year's CIP process. She said they have a lot of information already in it so that they would update the revenues, update timing and costs for the current projects in the CIP, and update spend plan timing so they can manage the debt timing.

Ms. Allshouse said they used to have an amendment year and a full-blown year. She said next year would be an amendment, in some way, although they don't know if they will do this every other year, moving forward, but to consider any urgent or emerging needs for FY 22-26, and consider any additional projects for that last year. She said a project could come on the table for FY 26 and then move its way up through the process.

Ms. Allshouse said the capital budget is what would be appropriated by the Board after the Board approves the budget. She said the capital budget is the first year of the plan, and the capital budget that is currently in the document is \$20.9 million and includes maintenance and replacement programs, the bicycle-pedestrian quality of life project (including the transportation leveraging program), an amount for ACE, \$1 million of Economic Development funding, and Crozet Elementary addition and improvement project.

Ms. Allshouse said there was a sheet on page 221 that talks about all the existing projects being carried forward from the past in the CIP. She reiterated that the first year of the CIP is the capital budget.

Ms. LaPisto-Kirtley said they are facing a shortage in Fire Rescue, and that they could benefit by hiring or having five additional personnel rather than reallocating staff to meet the need in other areas. She said the County is growing, and the volunteer departments are shrinking (both Fire and Emergency Medical Services (EMS)). She said Advanced Life Support (ALS) services are critical, and that her area in Pantops, they likely have the largest amount of EMS calls because of the assisted living facilities.

Mr. Gallaway said this is focused on capital and that there will be a point where the Board addresses public safety as a separate budget item, as they work through the process. He said this would be the most appropriate time to discuss.

Ms. Mallek asked about which items were included in the transportation leveraging program. She asked if they were putting in \$6 million towards bike-ped improvements or if the State was giving them \$6 million. She said she wanted to clarify the use of the word "leveraging" as to if the state was contributing only some, half, or all of the funds.

Ms. Allshouse replied that staff would get back to the Board regarding the funding question. She also said they had talked about putting money towards quality of life projects in FY 19, and there was about \$6 million towards those projects. She said she would be sending the project list out to the Board.

Ms. Allshouse presented the next steps in the process. She said the next meeting was March 3, where they would talk about General Government functional areas (including public safety and other categories) and about reserves.

Mr. Bowman said community agencies would be a part of this as well.

Ms. Allshouse said there would be a public hearing on March 4, and that March 5 was when the Board would receive a revenue update. She said March 5 will also be when the Board would approve the proposed budget for advertising for the next public hearing and finalize the tax rate. She said on March 11, there is a work session scheduled on transit. She said there is a work session placeholder, if needed. She said there will be another public hearing on April 13, then approval of the budget on April 20.

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

Ms. Mallek said the Senior Center is hosting a paper shredding event March 10, 10:00-11:30 am, \$5 a bag or giant box.

Ms. Mallek said she scheduled three town halls, with the first being in March 24 (7:00 pm) at Brownsville Elementary, March 26 (7:00 pm) at Earlsville Broadus Wood, and March 28 (10:00 am) at White Hall Community Center.

Ms. Palmer said McIntire Recycling Center is now accepting cooking oil. She said there is a private company that recycles the oil into biofuels, and that this is great for the sewer infrastructure.

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

There was none.

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Agenda Item No. 5. Adjourn.

At 7:44 p.m., the Board adjourned its meeting to March 3, 2020 at 3:00 p.m. in Room 241.

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Chairman

Approved by Board
Date 07/01/2020
Initials CKB