An adjourned meeting of the Board of Supervisors of Albemarle County, Virginia, was held on March 14, 2012, at 9:00 a.m., Room 241, County Office Building, McIntire Road, Charlottesville, Virginia. This meeting was adjourned from March 13, 2012.

PRESENT: Mr. Kenneth C. Boyd, Mr. Christopher Dumler, Ms. Ann Mallek, Mr. Dennis S. Rooker, Mr. Duane E. Snow and Mr. Rodney S. Thomas.

ABSENT: None.

OFFICERS PRESENT: County Executive, Thomas C. Foley, County Attorney, Larry W. Davis, Clerk, Ella W. Jordan, Assistant County Executive, Bryan O. Elliott, Assistant County Executive, William Letteri, and Director of Budget and Performance Management, Lori S. Allshouse

Agenda Item No. 1. The meeting was called to order at 9:05 a.m., by the Chair, Ms. Mallek.

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Agenda Item No. 2. Work Session: FY 2012/2013 Operating and Capital Budgets.

Mr. Foley said that the Board had been given a lot of information in the budget work sessions, and staff had put a very organized process together for this meeting.

Ms. Mallek asked Mr. Wood to address the Board and talk about the Seminole Fire Station.

Mr. Lloyd Wood addressed the Board, stating that the Seminole Trail Fire Company's building was 30 years old and was antiquated and falling apart, with about 65 to 75 volunteers that work diligently to meet the five minute response time and answer about 2,500 calls per year. He stated that there was a program in place to replace the building in the CIP (Capital Improvement Plan) five or six years ago, at a cost of about $12 million, but with tightening budgets that didn't happen. Mr. Wood said that the volunteers and the board of the station had asked him to talk with the County about coming up with a new plan. He said that staff could survive for a long time by just adding an addition and making renovations to the building at a cost of about $2.1 million, and that they have a reputable contractor available to do the work. He said, that was a dire need, and they're operating under antiquated circumstances, which also affects their ability to train and bring on new members.

Mr. Rooker asked if the proposed work from the contractor was an actual plan for the expansion that was far enough along to get a quote.

Mr. Wood responded that it was far enough along, and R.E. Lee had sent a letter to the County that indicated they could handle the whole thing from start to finish.

Ms. Mallek said that R.E. Lee may provide some gift of costs offsets.

Mr. Elliott mentioned that the letter from R.E. Lee was included as part of Seminoles CIP submittal last fall, and it was referenced in the Board's budget book. He said that the proposal for Seminole would be a departure from their normal CIP process, following generally what Crozet Park Pool had just completed, but would be a much more extensive building expansion project.

Ms. Mallek noted that it had been in the CIP for about 10 years.

Mr. Boyd said that based on what Mr. Elliott is saying, it would have to be a cash gift of $2 million as it couldn't be financed.

Mr. Elliott confirmed that that was the case.

Mr. Foley mentioned that it was in the first year of their capital needs assessment, and was at a level of $2.2 million significantly less than when the project was originally proposed.

Mr. Wood stated that they were aware of other County needs, including those for the Pantops Fire Station and they don't want to hinder those projects already underway. He also said that Seminole needed help in any way the Board could help, as soon as the Board could help, and that they would be doing the citizens of the County a big favor, and the volunteers would love them.

Mr. Foley noted that the station was at the top of the list of unfunded projects, and said that the real departure here was simply in the way the process would work.

Mr. Foley stated that Ms. Denise Lunsford, Commonwealth's Attorney, was here today, and staff had been trying to get a handle on how the net increase in revenues worked. He said that it was much more complicated than he had originally thought, given the Supreme Court and the way fines come in, adding that he would encourage the Board to let staff work with Ms. Lunsford and do some analysis bringing it back to them before the budget was adopted.

Ms. Lunsford said that it was not really a complicated process at all, and there was a point at which they thought there would be substantially more revenues created but the realization that it wouldn't be as much as anticipated was made in the FY10-11 process. She said that she had a series of emails from Larry Davis and Annie Kim noting how the process worked out, and basically what it said was when a fine or fee becomes delinquent whether it's based on an ordinance violation or a state code violation it went into a special category. Ms. Lunsford stated that there was a list of names of people provided to her office or the tax departments, and collection efforts were begun. She said that when that process began, regardless of who does the work there is a fee for collections. Ms. Lunsford stated that the Department of Taxation charged 17%, which is what she was asking for her office to receive after the collection is made. She said that if it was an ordinance violation, there was a 35% collection fee, with 17% going to the state Department of Revenue. Ms. Lunsford said that the state still got their portion of the 35% on delinquent accounts, but if the Department of Taxation collected it they got the collection fee. She stated that since Friday, no one in County staff had made an effort to look into this, and she was very angry about this.

Ms. Lunsford stated that the two issues were that there was an increase in funds, and that there was a need for re-appropriation to her office. She said that she would like to resolve this matter today, and it was important to her office to have it finalized. Ms. Lunsford reiterated that there should be a line item for FY10-11 that showed a receipt of money from the Department of Taxation, or a line item that had decreased since then by the amount that the Line 408 budget in her office had increased. It should be fairly simple it's not something that should take two weeks. She added that this was the third time she had come before the Board on the issue.

Mr. Snow said that Ms. Lunsford had mentioned in the past that her office was understaffed. He asked how much money was she talking about and if it would help her personnel issues.

Ms. Lunsford responded that it was about $62,000 last year, and she would like the entire amount to be allocated to her office with the intention of hiring a part-time attorney. She mentioned what it took to rearrange her schedule so she could be present and said she would not want to have to come back again. Ms. Lunsford stated that she was hoping to find someone who could take matters in Circuit Court but also be available for General District Court to provide coverage, so her office wouldn't be scrambling, in case there is an emergency.

Mr. Snow asked how often those situations occurred.

Ms. Lunsford responded that the scramble was a weekly occurrence, because there were two Circuit Court days, Tuesdays and Wednesdays and the judge there had recently started scheduling two judges on Tuesdays and Wednesdays with the possibility of five or six cases added that had to be staffed.

Mr. Foley said that if the Board was inclined to resolve the matter today, that staff could show revenue of $60,000 and an expenditure of $60,000 to provide no impact which would be one way to bring closure today with future follow-up later.

Ms. Mallek stated that morally and ethically her office should get the money, and if it was left with the Department of Taxation the County wouldn't get anything.

Mr. Foley clarified that the County actually would get something, which was part of the issue, that there's other ways the revenue could come in, but it's not worth an argument here at this meeting.

Ms. Lunsford said that she would like to know for sure that her office wasn't being misled as far as how the money came back to the County.

Mr. Foley stated that there was another method to do this, to bring in less revenue than what Ms. Lunsford was doing, but staff would provide that information at a later time. Mr. Foley said that he thought Ms. Lunsford was doing the work, and thinks that everyone acknowledges that, but it's just a matter of staff sitting down and agreeing on the same facts, and he thinks they're going to end up getting there.

Ms. Lunsford responded that she chooses the method and that it was her responsibility, that it was her election, and that she'd like to collect it, not only in a way that provides the most revenue, for the County, but also in a way that benefits her office. She said that she did not want to have to come to the Board and ask for money that other people were struggling over, and asked why they would want to collect less. Ms. Lunsford stated that she was not going to elect a way that collects less and that it is her election.

Mr. Boyd commented that Mr. Foley had indicated the collected money could be verified, and it was just a matter of transferring it to Ms. Lunsford's office, and he was in favor of that.

Mr. Rooker said it was simply a verification of the amounts.

Mr. Foley stated that if the Board would want to give Ms. Lunsford assurance that it would end up on the sheet, that he would assure her that he would follow up with her later in the day.

Ms. Allshouse addressed the Board, stating that this would be the last work session before adopting the proposed budget and setting the tax rate for public hearing. She said that they would review the general fund balance and review additional funds that were potentially available for the CIP, some additional information on the tax rate, and items identified at prior work sessions. She said that once they resolved discussions on those issues, staff would ask the Board to approve the proposed budget for public hearing with any adjustments and to set the calendar year 2012 tax rate for the public hearing.

Ms. Allshouse reported that the audited June 30, 2011 fund balance was $31.9 million, with a projected addition for FY12 of $1.6 million generated by the equalized tax rate in the current year for January through June 2012 and the increased delinquency collections programmed into the FY13 budget.

Mr. Snow asked if this also included any of the schools' fund balance.

Ms. Allshouse responded that it did not, that the funds were separate.

Mr. Snow said he thought that there were discussions on having just one fund balance, for both schools and local government.

Mr. Foley explained that the Board would have to change their policy so that the schools only kept 2%, with the rest rolling to capital, and right now the policy was to let them keep their fund balance. He said that staff had recommended moving forward with that, with the School Board, and it could potentially roll to the general fund balance and then by policy, after meeting the 10%, the rest automatically goes to the capital fund.

Mr. Boyd asked if he were saying that the $2.3 million would go over into the capital fund.

Mr. Foley confirmed that the $2.3 million would go into capital, but doesn't include any school fund balance.

Mr. Rooker said that the schools would have about $4 million left based on the numbers they had presented the day before, using $1.8 million in their current budget and 2% of their budget would be $1 million potentially. He stated that his question was whether schools would be drawing off County reserves if they exceeded their budget during the year, in the event that revenues didn't come in as planned or expenses ended up being higher.

Mr. Foley said that if they kept 2% or 3%, that would be their cushion, but it would be less than they keep now.

Mr. Snow commented that they would also have access to the general fund balance.

Mr. Foley indicated that the School Board would still have to come to the Board for an appropriation if they used their entire cushion up during the year, and quarterly reports would show if that was coming. He added that if the Board wanted, they could leave a bigger percentage, but the question is what's the amount that's should be set by policy.

Rooker agreed, stating that the amount being discussed had not yet been settled and to plan based on that was not wise.

Mr. Foley said that's why staff hadn't included it in here, but it was a matter for Board discussion.

Mr. Boyd stated that the Board really wasn't asking the schools to do anything different than what local government was having to do.

Mr. Rooker said that he didn't disagree, but also stated that the amount allowed to remain in the fund balance before moving it over to capital should be looked at.

Ms. Allshouse reported that the projected addition to fund balance from the current year was $2.4 million, based on information available today, with the equalized rate.

Mr. Rooker asked if that was based on the equalized rate.

Ms. Allshouse responded that it was.

Mr. Boyd asked if that was the difference that staff anticipated, between incoming expenses for the year.

Ms. Allshouse explained that staff looks at revenue and expenditures and that is what they think will be on the right side of zero.

Mr. Boyd asked if the number was adjusted by any other thing because he knows that there are reserves and all sorts of other funds.

Mr. Foley explained that projections right now for revenues over expenditures were at about $600,000. He explained that the $2.4 million included $1.6 million that was the effect of the equalized rate, leaving about $800,000 and about $200,000 of that being additional anticipated delinquencies not in this budget and $600,000 being the net effect of revenues over expenditures to the good. Mr. Foley said that it might come in higher than that, and the economy was changing quickly which could be a good thing.

Ms. Allshouse reported that the Board's policy was, 10% undesignated fund balance reserve, the general fund budget/school budget, minus the transfer between them, and included the stabilization fund the Board added the previous year. She noted that the AAA bond consultants had indicated that it was a very important cushion to have.

Ms. Allshouse said that the planned use of fund balance section showed FY11-12 approved budget adjustments and a recommended FY12-13 CIP of $3 million, so that hadn't been officially moved over but would need to be transferred.

Mr. Foley asked if she could explain a couple of the adjustments.

Ms. Allshouse explained that it included their FY10-11 debt service savings and FY10-11 and FY11-12 surplus from the general fund, which by policy dropped to capital.

Mr. Rooker asked if the numbers were already included in the budget, and are, not new numbers.

Ms. Allshouse said that they were included in the budget.

Mr. Foley commented that it was balancing the CIP.

Ms. Allshouse said that the FY12-13 budgeted use of fund balance was $542,000, which included some one-time capital outlay items in their recommended operating budget.

Ms. Laura Vinzant stated that it included the performance pool and $250,000 for the economic development action fund.

Ms. Allshouse said that staff had identified some items during their five-year planning session, such as the performance incentive pool of $150,000 for three years. She stated that the next item was federal/state revenue contingency, which had been identified during the five-year financial plan.

Mr. Foley commented that staff has a better idea now about revenue estimates for the state, but the federal picture was a bit less certain.

Ms. Allshouse stated that the line of duty contingency had $500,000 because staff knew the obligation was changing, and mentioned that there were several options including staying with the state, going with VML/VACo pools, or self-insuring. She said that staff hadn't totally finalized that but put $200,000 in the ops budget if they decided to go to VACo or VML.

Mr. Foley said that if the County didn't pay the premiums they would probably take the $200,000 and add it to the $300,000 to create a self-insurance contingency pool.

Ms. Allshouse emphasized that this had long-term implications and thus a careful decision would need to be made.

Mr. Snow asked what the line of duty insurance covered, what types of situations.

Ms. Allshouse explained that if a person was working in a public safety field such as fire and rescue or law enforcement and got hurt, there would be benefits, either a death benefit or healthcare benefits. She said that it was a little complicated as to what the benefits were, but it was basically for those in the line of the duty and the benefits could be lifetime benefits.

Mr. Davis clarified that the benefits were for death or permanent disability, and said this was a State created program that the State funded which the State is now shifting to localities.

Mr. Foley commented that this was the purest example of an unfunded mandate.

Mr. Rooker said that the state created the program, set it up, funded it for a while, and then shifted it to localities as a mandate.

Mr. Snow asked what the County's liability had been for this over the past five years or so.

Ms. Allshouse responded that there were five or so claims that were being paid at the state level, but if another process was chosen the County would still have to pay the claims that were still at the state. She said that the most costly claims were the ongoing healthcare claims for permanent disability.

Mr. Foley stated that if the County went about this without VML or VACo, it would have to set up its own program, evaluating which volunteers qualified, whether they had to run a minimum number of calls per year to get the coverage, along with other rules and guidelines. He said that they would also need assistance from the County Attorney's office to set that up.

Mr. Boyd said that he thought staff had already sent out information about self-insuring and had decided that wasn't the way to go.

Ms. Allshouse responded that she thought the VACo or VML opportunities might be the best financially, but staff hadn't given it a full review yet.

Mr. Rooker stated that given the administrative expense, it would seem to make sense to tie into an existing organization.

Mr. Foley said that staff's evaluation seemed to indicate that the $300,000 would roll over into capital in addition to the bottom line, but they would just need to finalize that.

Ms. Allshouse stated that in thinking about planned use of fund balance or proposed contingencies of fund balance, there was about $5.7 million starting at $34.4, subtracting $26.2, taking a

10% reserve by policy leaving the $2.36 as potential funding available to move to capital, with the equalized rate.

Mr. Rooker commented that without that, it would be about $600,000 for capital.

Mr. Foley said that one of the reasons they went over this again was the question as to whether $250,000 in the operating budget as a contingency was enough.

Ms. Allshouse reported that potential additional funds for CIP included $491,000 from cash proffers that could be used on projects.

Ms. Mallek said that most of those had particular assignments.

Ms. Allshouse agreed, but said there were some in a general proffer fund and some that could be moved to cover CIP projects. She also mentioned the $75,000 VPSA credit that would move to capital, and a proffer from Stonefield totaling $375,000 for general CIP projects and the Venete proffer totaling $63,800 for CIP projects in specific neighborhoods. Ms. Allshouse said that the subtotal was about $3.3 million more for the CIP than what was in the Board's recommended budget. She reported that the school bus replacements had $300,000 from the School Board's budget, state money that was earmarked for that purpose, and that could be moved to the CIP as well as an additional $300,000 as a one-time contribution from the school.

Mr. Boyd commented that potentially it could push that right up to $4 million with the equalized tax rate.

Mr. Dumler said that, that's assuming that the Board assumes the obligation.

Mr. Rooker emphasized that they couldn't assume the school money as revenue without assuming the expense, which was $1.6 million so there was a net deficit of $1 million, not a positive, providing it was rolled into capital.

Mr. Foley said that even if the fund balance stated the money was coming to capital, it may be that the money was one-time depending on revenues and expenditures, so really only $300,000 could be counted on.

Mr. Rooker stated that the buses should be a capital expense, and the Board had been discussing the issue of fund balance so both of those items should be handled at the same time, so the County doesn't pick up a liability without any assurance that changes in fund balance process would occur. As a package, they would seem to me to make sense. He said that the details can't all be ironed out this year, but the schools will probably have a fund balance this year to cover buses and it gave them an incentive to work through a general policy of how to treat those fund balances.

Mr. Foley agreed that it made good sense, but added that there was no assurance that anything would roll over so the impact would come from one place or the other.

Ms. Mallek said that in those cases, perhaps fewer buses would be purchased.

Mr. Foley stated that the Oversight Committee would be the one to decide whether to fund half the buses that were needed instead of the schools, which was the part that changed the responsibility of the decision and moving it into the CIP would make it automatically funded off the top, like maintenance.

Mr. Snow said that in the past, sale of used buses would go into the school budget, and asked how much those sales would generate.

Ms. Mallek replied that it was about $4,000 per bus.

Mr. Snow said that 15 buses per year would generate $60,000.

Mr. Dumler asked when that policy was going to be ironed out, as he had heard it was being kicked around for a number of years.

Ms. Mallek stated that the School Board had indicated they would hammer out details this spring and then meet with the Board.

Mr. Boyd said that he wanted to target having it done by the time the adjustments were done by year-end, so the funds could be transferred after the audit.

Mr. Foley stated that if it were tied together as Mr. Rooker suggested, the adopted budget would need to have those assumptions worked in, and that fund balance would come over to the CIP.

Ms. Allshouse reported that the real estate reassessments for 2012 residential/urban, residential/suburban, multi-family, commercial/industrial, agricultural differed depending on their category.

Mr. Snow asked what exactly did the 3.07% mean.

Mr. Bob Willingham, County Assessor responded that the percentages on the right-hand side were the reassessment of existing properties that did not change from January 1, 2011 to 2012 so the overall base for a single-family dwelling on an acre or less went down 3.07% as a category.

Mr. Boyd asked if suburban were multi-family dwellings.

Mr. Willingham explained that it was a dwelling that was on more than 1 acre up to 19.99 acres and, that they were all state mandated categories, and it's all by size.

Mr. Snow commented that apartment type buildings went up by 5%.

Mr. Willingham explained that staff saw rents increasing and vacancies decreasing.

Mr. Boyd asked which category townhomes fell into.

Mr. Willingham said that townhomes fell into the residential-urban category.

Mr. Foley stated that the majority of County properties fell into the first two categories, the residential sector, about 85% of properties.

Ms. Allshouse reported that under the equalized rate, 39% of the first two classes for residential would receive a decrease in their taxes, and 60% would receive some type of an increase, with .04% having no change at all. She said that the 60% would only have a small increase. Ms. Allshouse stated that at an equalized rate 54% of all single-family properties including both vacant and improved properties would experience either a decrease in taxes or an increase of $20 per year. She said that 94% would not receive any more of an increase over $100 per year.

Ms. Allshouse said that in order to have 60% of residents have no change in the tax bill or a decrease, the rates would need to be .747 and .748 cents.

Mr. Rooker stated that in order for the numbers to work out, the properties that experienced an increase had to have been a much smaller increase than those that decreased.

Mr. Willingham said that the average reassessment change was -2.31% and the overall tax base went down a -3% due to properties that were once taxable but then became exempt.

Ms. Mallek asked if that was Martha Jefferson Hospital.

Mr. Willingham confirmed that it was.

Mr. Snow asked if the property values started to rebound quickly after the equalized tax rate was initiated.

Mr. Willingham responded that if the tax rate was left at the proposed 76.4 cents and property values started to pick up, there would be an increase in revenues due to reassessment.

Mr. Foley stated that this was the case for the next two tax bills, which would drive this budget decision and next year the Board would have to make this decision all over again.

Mr. Davis emphasized that this tax rate affected the last half of the current fiscal year and the first half of the next fiscal year with the second half based on a projection of revenue that would be generated based on this tax rate next year.

Mr. Boyd asked if the appraisals were done before or after the December bills.

Mr. Willingham explained that every reassessment was done January 1 of the tax year.

Mr. Snow asked if it was possible to adopt a tax rate that would expire at the end of the year and then be reapproved.

Ms. Mallek responded that, that was the net effect.

Mr. Davis mentioned that one time in the past the Board adopted a tax rate for the first half of the year that was different for the second half of the year. That was an administrative nightmare for the Finance Department, and for land use attorneys and other people who were trying to deal with properties for closing purposes and things of that nature. He said that he would not recommend that they do that again, emphasizing that the Board would have another opportunity to set the tax rate for FY13 again next April. You always have control of what the tax rate is going to be from year to year.

Mr. Foley noted that there was no automatic dropping back or anything like that, and had to be an affirmative vote every year.

Ms. Vinzant addressed the Board to review the final budget, and Mr. Foley indicated that the $1.5 million was there. She said that the Board would need to make decisions on the items on the list, as well as deciding the tax rate.

Mr. Boyd asked what the impact would be of adding only three police officers instead of four.

Mr. Elliott pointed out that adding three positions would put the County back at its level of staffing prior to the recession an authorized strength of 123 officers.

Mr. Dumler asked how many people had moved to the County since the recession began.

Mr. Elliott said that it had been about 1,000 a year, or 3,000 total.

Mr. Boyd stated that the Sheriff's Department used volunteers, and said that a constituent had mentioned using a ride-along as backup as that tended to be the area that consumed a lot of staff time.

Ms. Mallek said that County police served a different function than the search and rescue type things that the Sheriff's Department did, and training was extremely vital for police.

Mr. Elliott agreed that the reserves in that department were being used for prisoner transport, as ride-a-longs, and other types of non-certified activities. He said that the second police officer was needed to be a certified officer on the scene with the first arriving officer, adding that staff could look into it and bring back more information.

Mr. Boyd said that Colonel Sellers had mentioned to him the shortage of backup personnel, and this might be an answer to that problem.

Mr. Foley stated that as staff looks at the long term staffing scenario they will bring it back and ask Chief Sellers to come back and help solve it.

Mr. Rooker stated that it was a good thought, adding that he had expanded the use of volunteers in his office.

Ms. Mallek said that to put more focus on the police department right now would be to stage the parts of reclassification that they had already approved, with the $300,000 of reclassification slated for the fire department used for three police officers here; as revenues improved, they would be able to absorb the cost of their salaries.

Mr. Foley clarified that staff had already announced the implementation of public safety officer pay changes related to reclassification, as the Board had approved.

Mr. Snow noted that hiring an additional police officer was costing $136,000, but unfreezing an officer was $79,000.

Ms. Mallek said that the $79,000 was for hiring him, and the $62,000 was for vehicles and equipment.

Mr. Foley said that $240,000 would get three officers, since the cars were available.

Mr. Snow added that they wouldn't all be hired immediately either, as it had taken a while to fill previous vacancies. He suggested unfreezing the officer positions and holding off on the additional officer at a cost of $136,000 and address it again next year.

Mr. Boyd stated that the Board had already made a commitment not to fall any further behind by policy, and that meant 1.5 officers per year.

Mr. Rooker said that Mr. Snow's plan seemed reasonable to him.

Mr. Thomas commented that whatever positions were authorized, Chief Sellers felt he could fill with no trouble.

Mr. Boyd commented that with the salary adjustments and three unfrozen positions, technically, that meant there would be six more officers on the street next year.

Mr. Foley said that this budget did a lot to get County PD back to the core expenses for ammunition and other things, so this was a big step for that department.

Mr. Boyd asked if there was a guarantee that hiring six more officers would mean they would be on patrol, or if they would be detectives or something else.

Mr. Foley responded that Chief Sellers was clear about putting them on the streets, even though he had needs in the other areas such as investigation.

Ms. Mallek asked about the TJEMS item, and if there was more information to be presented.

Mr. Foley said that staff felt it would be a good move to fund TJEMS, adding that the numbers regarding training classes were region wide but the County was going to work with them on some focused services.

Ms. Mallek stated that the Mountainside item on the list was to support the $200,000 that JABA had to put in to operate the facility.

Mr. Boyd said that he had always felt local government should not be in that business, and at one point the County agreed to supplement the funding with the understanding that they would not fund it after a certain point between four or five years.

Mr. Elliott confirmed that both Woods Edge and Mountainside had a commitment from the County for a certain number of years that would be phased out. He noted that for Mountainside, the County was beyond their commitment.

Mr. Boyd reiterated that he didn't feel the County needed to be involved in this, adding that there were a great number of good things nonprofits did in the community and we just can't give to all of them.

Mr. Rooker stated that he had supported the five year commitment, but to go any further the Board should see a plan from Mountainside as to where they are financially. He said that he really haven't seen that.

Ms. Mallek said that the email she had forwarded a few weeks ago had a breakdown of how the $200,000 was spent, how many people were on waivers, and how much JABA put in.

Mr. Boyd stated that he had sat down with JABA and looked at their business plan and it didn't seem to be ending after five years.

Mr. Rooker said that it was a difficult business, and they've done a good job with it considering.

Ms. Mallek stated that it wouldn't ever be a moneymaker, and Mr. Boyd said that it would never be self-sustaining.

Ms. Mallek said that she was the only vote of support and therefore the item would not move over into a column or funding.

Ms. Mallek asked about funding for the Healthy Transitions program through Region Ten.

Mr. Rooker responded that they had received enough background information that it made sense to fund it this year.

Mr. Snow said that it helped Chief Sellers and his responsibilities, helped relieve overcrowding in jails, and was an important program.

Mr. Boyd agreed, stating that once it had two years underway it should go through the review process and be evaluated including success rate and the participation among City versus County residents.

Mr. Elliott stated that the question was whether the Board wanted to start out funding it 50/50 as requested, or shift the share to actual number of participants.

Ms. Mallek said she would prefer to go forward with it now and reevaluate it in the future.

Mr. Dumler stated that they may not get the amount of data they need to determine its effectiveness if they don't fund it now.

Mr. Boyd said that he saw a figure of $160,000 and thought the County's portion was going to be $80,000.

Mr. Rooker stated that the Region Ten Director had indicated that the County's $42,000 was not half of the program, as it cost about $180,000 and Region Ten was absorbing about half the cost internally with the County paying about a quarter of the total. He said that it was difficult to assess the cost on a per-participant basis because different people require different levels of service.

Mr. Boyd said that he would be in favor of moving it over.

Mr. Foley stated that there was mention of a true-up date and asked if the Board wanted a process of that nature or if they wanted to let it roll over and look at the stats.

Ms Mallek and Mr. Dumler agreed to let it roll over for the current year.

Mr. Rooker added that they would reevaluate it again next year, based on what's accomplished.

Mr. Boyd agreed, and said that it was something that would have to be negotiated with the City anyway.

Ms. Mallek stated that it would be included in the Region Ten budget, as that's where it showed up this year, and the Board was just confirming it as an increase.

Mr. Boyd said that it was something to be negotiated with the City anyway.

Ms. Mallek stated that she was in favor of pushing the Literacy Volunteers funding over.

Mr. Rooker said that they had been given a report on the status of GED students who needed to complete their courses, stating that LVCA was moving offices to the Jefferson School and 10-14 residents that might lose their GED credits if they were unable to complete the course load for which they received assistance from that organization. He stated that it seemed to be a reasonable contribution.

Mr. Snow said that the requirements for getting a GED were changing, and he felt it was an important program to move ahead especially given the fact it was a largely volunteer driven organization.

Ms. Mallek asked about the funding for the Virginia Cooperative Extension Program, noting that their usage last year was down because of staff moving away.

Mr. Boyd said that they had made their case and should be funded.

Mr. Snow agreed, stating that agriculture was a big part of the County and needed to be supported.

Ms. Mallek asked about Offender Aid and Restoration, which she said she supported.

Mr. Snow said that he also felt it was a good investment, and other Board members agreed.

Ms. Mallek asked what staff wanted to do regarding library funding.

Mr. Foley stated that the Board had made no formal initial decision.

Mr. Dumler asked what the total amount of their unfunded request was.

Ms. Mallek said it was $190,000-$360,000, and noted that it was much more than what they had discussed with JMRL yesterday.

Mr. Rooker stated that the Board had proposed level funding with a $30,000 credit for the out of area collections.

Mr. Foley confirmed this, adding that an agreement would have to be approved for the out of area fee to come in but the County wasn't obligated according to the current agreement to pick up all of the out-of-area expense, but they were doing so. It really is a level funding request in here. He added that if they didn't implement the out-of-area fee, the County really shouldn't be paying everyone's out-of-area expense.

Ms. Mallek asked if the out of area expense was in the current agreement.

Mr. Foley stated that it was not in the current agreement

Mr. Rooker said that technically they would receive $30,000 less from the County compared to what they got last year.

Mr. Foley said if the out of area fees came in, the library would still have the same income.

Mr. Elliott explained that the County was paying regional costs based on circulation, which was the lion's share of their budget, so all of the out of area circulation that was funneled through the library was shouldered by Albemarle and it was not shared or split among any of the other jurisdictions. That is inflating Albemarle's overall circulation, which then pulls back to the dollars, and this is not addressed in the agreement in any shape, form or fashion. He also said that the out of area fee was not addressed in the agreement, but JMRL on its own had an out of area fee until the mid 1990s; it was about $25 per person. Mr. Elliott stated that at that time, Albemarle started picking up all the out of area circulation, so as the cost of operating the library has grown, the County shares had remained high, and the County is also shouldering all of the responsibility. He said that if there was no new agreement, the Board could say that the County no longer wanted to pay the full burden of, out of area circulation.

Mr. Foley said that the other localities would have to pick up that cost burden.

Ms. Mallek stated that it would be for people who are not in the region, because the other counties who are in the agreement are already paying for their circulation.

Mr. Elliott explained that it would cover people from outside of the JMRL system.

Mr. Davis said that it would change the portion of the County's share of the cost because it would no longer be included in their circulation and the split among member jurisdictions was based on circulation.

Mr. Foley said that the main point is that this was a proposed level-funded library budget, and one way or another the revenues would be there to assure that.

Mr. Dumler pointed out that the library had provided an itemized list for their proposed increase.

Mr. Rooker said that a 2.5% salary increase was $45,000 and a 1% was $15,000; the 12% increase in medical costs was $50,000.

Ms. Mallek stated that she felt the library was in a different category than the other agencies because it provided core services to citizens.

Mr. Thomas said the question was whether to treat them like an agency or a County department, stating that there were many other agencies that provided services to residents.

Mr. Rooker stated that the difference was that the library was funded by localities, and didn't make a huge amount of money from private donations like United Way or Literacy Volunteers. He said that the localities funded the library and it was recognized to some degree as a core service in the community.

Mr. Boyd stated that the email from Ms. Allshouse compared it to fire and rescue, police, etc, not to other nonprofits. He said that all of the other departments had expenses reduced, and that hadn't been done to the library. I think it's in the right category in that email.

Mr. Rooker stated that, he agreed it was in the right category by title, and added that it was important to look at the list of individual items, like they would incur a $50,000 increase in medical expense, and they are pretty much funded by the localities and the question is where, do they get that, and the Crozet and Scottsville libraries needed some additional staffing. He said that he didn't know whether or not the specific items on the list had been critiqued by staff.

Mr. Foley stated that the challenging thing to staff was under what category the Board wanted it reviewed, because although they were providing detailed requests they were not reviewed like other departmental budgets.

Mr. Snow emphasized that all other departments and agencies during the recession had reduced expenditures.

Ms. Mallek said that the library had also.

Mr. Snow asked for that information, as he had not seen it.

Mr. Rooker stated that the County contribution to them had remained level as their costs had gone up, and they had achieved a balance but cutting other expenses.

Ms. Mallek stated that operating expenses had been cut 7% from the current fiscal year in their projected budgets, and that was consumables other than personnel. She said that they changed their whole process from mail to email and phone, reduced staffing by installing self checkout stations, increased fines and fees which went toward programming, increased use of volunteers, went through a process to change its retirement plan to a defined contribution plan even though the City plan under which they are covered doesn't do that. Ms. Mallek noted that 44,000 County residents had library cards.

Mr. Rooker said that he would be inclined to assist them in funding a 1% salary increase and the increase in medical, which was mandated.

Mr. Boyd asked how much that would cost.

Mr. Dumler stated that it would be about $65,000.

Ms. Mallek said that she would propose also putting the $30,000 in that the County had been paying all along, and tell them that they should use that for something other than out of area fees which would bring the total to $95,000.

Mr. Rooker stated that he assumed the partners were paying their share of the increased expenses.

Mr. Foley said that would need to be clarified, and the other jurisdictions were not going to be giving raises at all next year, with the City perhaps only giving bonuses. He stated that if the Board put money in for a raise and the other jurisdictions couldn't afford it, they would want to decide where that funding went.

Ms. Mallek stated that the raises would affect more County library employees, adding that the library had been running a very frugal ship.

Mr. Boyd said that there wasn't money to just give to agencies no matter how well they were performing, and the County had been level funding the library at a time when every other department's budget was cut.

Ms. Mallek stated that they had institutional cost increases.

Mr. Boyd said that every other department did too, and they were cut.

Mr. Rooker stated that their ability to cut costs was not as great as that of local government, such as deciding to have one less teacher in a classroom but there had to be someone at the desk to check out books and they had a 2:1 volunteer/staff ratio.

Mr. Boyd said that he had heard from one JMRL Board member that they were reluctant to utilize as many volunteers as they could, and asked if they had done a good job of using them to staff the desks.

Mr. Thomas stated that there was electronic checkout and check-in.

Mr. Elliott said that they were attempting to maximize use of volunteers in those areas where under State Code they were allowed to do it, as there were regulations about needing skilled professionals for certain functions.

Ms. Mallek recapped the discussion of library funding, stating that there was one proposal for a 1% increase and the medical at $65,000, and the other proposal was to add the $30,000 for out of area fees.

Mr. Boyd asked if the medical increases were going to be $50,000 for the County, but how much would it be in total.

Mr. Rooker said that the County was about half, but asked if there was some verification for it.

Mr. Foley stated that the question was if this was the County's share.

Mr. Elliott said that it was the County's share and that the information was provided in an email from Mr. Halliday to staff and was passed along to Board members.

Mr. Boyd stated that the Board didn't know what the other jurisdictions were going to do.

Mr. Elliott stated that the preliminary read from the other jurisdictions were that Charlottesville was programming salary adjustments but it was a bonus situation. The other jurisdictions are not proposing to fund raises for their employees so it was the staff's position that, they were not in favor of increasing the salary for library employees.

Mr. Foley said that he thinks the question is whether that portion of the appropriation is contingent upon a raise actually happening if the Board wanted to do it that way.

Mr. Rooker said that he would think that if the Board did it, it would be contingent upon the raise occurring, contingent upon medical cost being incurred and contingent upon at least Charlottesville matching the expense in their proportion.

Mr. Foley stated that as long as that's clear the Board can act it up or down however they would like and staff would make sure the library understood it.

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Ms. Mallek asked if there were any supporters for the $65,000.

Mr. Boyd stated that he would like to talk about how much money is a part of these other numbers because he was watching the bottom line. He asked what the plan was for the transfer to the Schools.

Mr. Foley stated that everything the Board put in the column that it thinks it is going to do requires 60% allocated to the Schools under the current policy.

Mr. Boyd asked what items were on the list other than transfer to schools. Ms. Vinzant stated that there was the transfer to capital by policy.

Mr. Foley said that the question was whether the Board wanted to transfer any of the $1.497 million to capital.

Mr. Rooker stated that there wasn't going to be a whole lot left to transfer to capital out of the $1.5 million based on the list with 60% of the revenue going to schools before the Board paired off expenses.

Mr. Boyd said that the whole thing was based on the equalized rate, and he hadn't decided definitively on that yet.

Mr. Rooker said he understood, but that was the basis on which the spreadsheet was built.

Mr. Foley stated that the transfer to schools and capital was based on an existing policy, so that was automatic.

Ms. Vinzant said that if they equalized the rate and did the policy split, the local share would be the $540,208 plus the $60,000 so they were about $200,000 off.

Mr. Foley said that the only operating decision the Board hadn't made was on the libraries, so once they made that decision the numbers could be run to tell them what would be required to send to schools and capital.

Ms. Mallek asked where the Seminole Trail Station would fall.

Mr. Foley responded that it could be funded out of the extra money going to capital, and it would not be an operating expense.

Mr. Rooker said that the question was whether there was room to fund that project once there was money allocated to capital at the end of the year.

Mr. Foley stated that with an extra $3.4 million projected to go to capital, they could provide $2 million either as a contribution or implemented so the money was there to do it. He said that it was the next item on the priority list, so staff realized that was a need, and it could either be financed or paid for in cash.

Mr. Boyd asked about the possibility of doing a design build for that station.

Mr. Snow replied that they had already done it that way.

Mr. Letteri said that the County would have to seek permission from the state to do that, but that was not an insurmountable obstacle. He stated that there were other risks associated with that, but the option was there.

Mr. Boyd asked how that was done with Stony Point.

Mr. Letteri responded that the County worked directly with them and procured the work through the County's typical process.

Mr. Foley said that they hadn't done any projects other than through the County.

Mr. Thomas stated that design build would still have to go through procurement, and the company doing the work would still have to go through that process.

Mr. Davis said that was correct.

Mr. Foley said that state law required competition, and the County could only do a single-firm approach if it made a contribution.

Mr. Rooker stated that he would like to get it done in the least costly way possible, but the Board didn't have to make that decision today.

Ms. Mallek said that today the question to be answered was whether they were interested in going to the next step.

Mr. Foley said that there were no final prices yet, but Mr. Wood had stated it was about $2 million.

Mr. Elliott clarified that the request for Seminole was included in their CIP was $2.2 million.

Mr. Rooker said that the Board was told that it was going to be smaller than that.

Mr. Thomas and Ms. Mallek agreed.

Mr. Foley commented that staff, could work things out if there was an intent to move forward.

Ms. Mallek said that the station could provide final numbers once the Board signs off on it.

Mr. Foley stated that there were considerations regarding providing money for capital projects versus managing the taxpayer's money for capital projects, and that was just a policy issue to decide going forward.

Mr. Boyd stated that the decision that staff was looking for from the Board today is the tax rate.

Mr. Foley said that the tax rate wouldn't impact that decision.

Ms. Allshouse stated that there may be an impact because of the money that was identified to move over.

Mr. Foley said that the $1.6 million was the big issue, as to whether there was extra money, and it wouldn't impact the schools at all because it would come off before the split.

Ms. Mallek stated that Mr. Foley had asked what the Board was going to do about the schools, but in her mind, that's a situation where the Board would need to know more about what's happening from Richmond. She asked if the Board had to make the decision today about the transfer, because the schools could be up or down by millions depending on what the General Assembly did to them.

Mr. Foley stated that he didn't think that there was a proposal from the General Assembly for it to go down.

Mr. Boyd stated that he thought the VRS issue was a $2 million dollar swing.

Mr. Foley stated that they had already planned for the worst case.

Ms. Mallek stated that they budgeted for the $4.2 million.

Mr. Boyd stated that it could impact their budget if the General Assembly does impact the number down.

Mr. Foley explained that there was also the issue of the salary, which was down to 1% for the schools but would mean a $900,000 expense. He said that the schools $2.6 million gap was a gap in the request, not a cut to the current year's budget.

Mr. Rooker mentioned that a big part of their increase was VRS, which was $4.5 million.

Mr. Foley said that the General Assembly may offset that total, and there was a $2.6 million figure that the schools were requesting to have offset from the County regardless.

Mr. Boyd stated that the Seminole station could come from some of the School Board fund balance depending on their final resolution.

Mr. Rooker said that he would not count on that as a source of funding, and that the Board didn't know what their fund balance would be at the end of next year.

Mr. Foley stated that staff would not expect the Board to make any decision on it until the audit had been completed and would really know what their fund balance is. He added that if they only end up with $4 million it would be the lowest that they've ended up with in over ten years.

Ms. Mallek asked when the audit happens.

Mr. Foley explained that the audit happens in the fall and finalized in November and adjustments would come to the Board in January.

Mr. Rooker noted that at this point the County had nothing in capital for transportation, and any secondary road projects would require revenue sharing.

Mr. Dumler pointed out that those projects were ranked by the Technical Review Committee as more critically important than the Seminole Trail Fire Department.

Ms. Mallek pointed out that the ACE and the capital money for transportation was not on the list either, that it was a separate box.

Mr. Foley stated that it was not funded in the CIP with any money, so some of the money that is going could go towards ACE, and noted that in the past the Board has actually dedicated a whole penny towards it so it automatically went to ACE and not just to the CIP.

Mr. Foley said that the Board had consensus on all other items, but if they wanted to vote on libraries they could do so, and that would just leave, capital and schools for discussion.

Ms. Mallek stated that they had one offering of a plan for the libraries, as well as support of medical and the 1% raise contingent upon the City of Charlottesville funding their share.

Mr. Rooker **moved** to approve the funding of a 1% pay raise ($65,000) for JMRL employees contingent upon the City funding their share of the pay raise. Ms. Mallek **seconded** the motion. Roll was called and the motion carried by the following recorded vote:

AYES: Ms. Mallek, Mr. Rooker, Mr. Thomas, Mr. Snow and Mr. Dumler.
NAYS: Mr. Boyd.

Mr. Foley clarified that this was a motion to allocate ongoing operating monies different from the $2.4 million one-time money going to capital. He said that according to the Board's policy, whatever 60% is they must add to schools if they wanted to use it as operating money.

Ms. Allshouse asked if the $30,000 in out of area costs for the library had been finalized.

Ms. Mallek said that she had not gotten support to add that to the $65,000.

Mr. Boyd commented that the problem he was having was that every dollar being put in cost 60 cents more to go over to the school system, and this should be an exception to that rule.

Mr. Rooker said that the part of this that ended up on the school side could be used for the school bus replacements, which was about what the amount would be.

Mr. Dumler asked what that amount was currently.

Ms. Allshouse said that it would be $467,000 versus a local share of $540,000.

Mr. Rooker stated that of the $1.5 million deficit the school had assumed, they were being held harmless for the bus costs except for $300,000 from the state and $300,000 from their fund, and asked if it was possible to set that aside as a reserve to use for the purpose of bus replacement.

Mr. Foley explained that in this particular case staff would take it off top, take it out of the $1.5 million right off the bat, which would leave less to go to the 60/40.

Ms. Mallek noted that it was because it was a capital fund.

Mr. Foley responded that the Board would have less operating because the 40% would be less, and added that he didn't know if that would meet all of their demands, but it would be depend on how much they wanted to send over.

Mr. Boyd said that it seemed simpler just to suspend the policy for this particular exercise.

Mr. Rooker responded that it was a long standing policy, and he didn't think that the Board should just change. If they needed to change the formula, they should meet with the School Board and go through that process. A policy is somewhat meaningless if it is spur of the moment.

Mr. Boyd said that it wasn't so much of a policy as a memorandum of understanding.

Mr. Rooker stated that it had been done that way for years.

Mr. Boyd commented that it was just a budget planning tool.

Mr. Snow asked if the School Board had built their budget on the equalized rate.

Mr. Foley responded that they had not, adding that staff built this budget on an equalized rate and left one penny unallocated so they never gave the schools a revenue number that included the $1.5 million.

Mr. Snow said that under this plan, they were still $2 million+ underfunded but if they got the VRS they would be fully funded.

Mr. Foley stated that it would be pretty close with the 1% reduction and whatever the state provided, but buses were not a part of that.

Mr. Rooker said that if this got allocated to buses, the deficit assumed that the expense was not in there.

Mr. Foley said that their deficit would be bigger if the buses were paid for out of their budget.

Mr. Boyd asked how many buses were purchased last year, as their budget for them was much less than $1.5 million.

Mr. Letteri explained that they were proposing to buy 15 buses in the current fiscal year.

Mr. Boyd stated that the life of buses were longer now, going from 13 to 15 years.

Mr. Rooker said they were considering going to 20, and that's what their projections were built upon.

Mr. Boyd stated that he would like to not go with the equalized rate, and go with the equivalent of $1 million less, to give that as a tax break to citizens.

Mr. Rooker asked if he was suggesting removing the items he had supported on the list.

Mr. Boyd responded that those items totaled $467,000, and they had $1 million more than that.

Mr. Rooker asked if he was suggesting abandoning the 60/40 split.

Mr. Boyd said he was talking about the penny, and Mr. Snow said that penny wasn't part of the 60/40 split to start with.

Mr. Rooker stated that once they allocated it to expenditures it became part of the 60/40 split, but if they left it in capital it was not.

Mr. Foley stated that it would be a change in policy, and that it sounded like Mr. Boyd was suggesting not to follow the split.

Mr. Rooker asked if Mr. Boyd was suggesting that of the million that's left that it be allocated to a tax cut.

Mr. Snow clarified not a tax cut but a reduction in the proposed rate.

Mr. Foley stated that it would mean seven-tenths or eight-tenths of a penny down because it was about $150,000 per tenth.

Ms. Mallek stated that the numbers from Mr. Willingham showed that 94% of citizens would have an increase of between $20 and $100 with the equalized rate.

Mr. Foley responded that it was not that much, with 95% seeing either a tax decrease or no more than a $20 to $100 increase.

Mr. Dumler asked what that would mean, for the year-end fund balance.

Mr. Boyd said that it would reduce it by $1 million off the top.

Mr. Foley stated that it would mean a half a year at seven-tenths of a cent down.

Mr. Rooker noted that it would drive down the current year's transfer to capital.

Mr. Snow said that with that, they were still adding onto the fire station, funding three additional police officers and raising their salaries, getting a library, and funding an additional fire station, none of which were even on the drawing board the previous year.

Mr. Boyd also said that the firing range and EMS for Pantops, as well as the Ivy Fire Station, were also included.

Mr. Snow said that the schools would also have the funding they were seeking.

Mr. Rooker responded that they wouldn't under the plan Mr. Boyd was suggesting.

Mr. Snow stated that he understood that the penny that the Board was talking about was not in there to start with.

Mr. Foley stated that it was not allocated to the schools in the proposed budget.

Mr. Snow stated that the School Board would still get their funding, but would still have a gap of $2 million.

Mr. Foley stated that it would depend on what the state did.

Mr. Snow said that was always part of the equation.

Mr. Rooker said there would also be the school bus expense difference of $1.5 million, and the proposal he was talking about had the $800,000 to use for school bus replacement leaving a deficit of about $1.5 million that they would have to bridge, and that's with the equalized rate.

Ms. Mallek stated that the County would not be able to accomplish things like the firing range without the $1 million transfer.

Mr. Snow said the firing range was already included.

Ms. Mallek responded that it was capital, but the capital fund would be impacted by a $1 million reduction in the transfer.

Ms. Allshouse said that it could possibly affect the Seminole addition, because the other numbers had already been programmed in.

Ms. Mallek agreed, but said they were programmed in at an equalized rate.

Mr. Foley said there would be something less than $1.6 million, so it would go down to $1.1 million or a $500,000 loss from the $3.4 million that was going to be transferred to capital and that would still be enough to fund Seminole.

Ms. Mallek clarified that the $2.4 million projected addition to fund balance would go to $800,000 and that got built into the capital all along. She said that it had always been described to the Board that they wouldn't be doing the extra capital projects without the equalized rate to base it on.

Mr. Foley explained that Mr. Boyd's proposal was to leave the list as it was and reduce the rate to the equivalent of $1 million, or to allocate that money to the capital program off the top and designate that money for school buses.

Ms. Mallek then **moved** to support leaving the equalized rate alone and allocating the difference to capital. Mr. Rooker **seconded** the motion.

Mr. Snow asked what it would take to fund the buses and still do the seven-tenths cent reduction.

Mr. Boyd said that even if they took the $1 million out there would still be over $1 million left, as there was proffer money, et cetera and the plan would be to look at the School Board fund balance to fund the buses this year.

Mr. Rooker stated that the Board could always lower the rate after the public hearing, but they couldn't raise it, and reiterated that there was nothing in there for transportation and that as Mr. Dumler pointed out, it was more expensive than the Seminole Fire Station to put money in for revenue sharing for secondary road projects, and that it was clear that the County doesn't have anything for transportation.

Ms. Mallek urged fellow Board members not to make a decision on the tax rate now, as it cut off the ability of citizens to weigh in and stops the whole process cold. She said that it made much more sense to advertise the equalized rate and have people weigh in.

Mr. Foley said that if they needed more information before they voted, staff would request that they took a break so they could do some calculations.

Mr. Snow said he would like to hear the calculations and said that he was interested in having the schools have their budget within $2.3 million, and ensuring that the County made the needed contribution for buses but also reducing the tax rate by seven-tenths if possible.

Mr. Foley noted that the proposal that was on the table provided an ongoing source for school bus replacement, whereas any other scenario would be a year to year situation.

Mr. Snow stated that his point was there was more money available this year and he was amazed at what they were able to fund this year. He said that if they stayed a little bit leaner this year, they could see what happened over the next year and if the funds were less the Board could always increase the rate by the seven-tenths.

Ms. Mallek said that they always said they would do that, and emphasized the need to put $1 million in revenue sharing for discussion purposes.

Mr. Rooker expressed concern about not having enough for transportation.

Mr. Boyd said that in the past they had consolidated into three projects and got those done, Meadow Creek Parkway, Jarman's Gap, and Georgetown Road, and asked what high priority project could be solved with $1 million to $2 million.

Mr. Rooker and Ms. Mallek responded that there was a whole list of projects on the secondary road list.

Mr. Foley added that there was a priority list the Board had approved.

Mr. Snow said that staff should go ahead and work the numbers to see.

Mr. Foley said that putting aside $1 million for revenue sharing would be a different scenario. The first scenario would be allocating the school bus replacement money and if there was also $1 million on top of that, it would require a rate above equalized.

Mr. Rooker stated that cutting below equalized would make it virtually impossible to come up with any money.

Mr. Snow said that while staff was running the numbers, he would like to include the money budgeted for merit pay as it was a hard program to administer. He stated that he would like employees to get a bonus if they came forward with an idea to save money.

Mr. Foley stated that staff had considered using the pool money as the incentive, but gain sharing was traditionally funded out of the savings achieved in current expenditures. You give incentive for folks to save money, and then they get a bonus out of it. He said that wasn't the same as a performance bonus, which was based on whether goals were achieved, that they are two different programs.

Mr. Rooker said that both have merit, stating that on one side an employee could do an average job all year but up come with an idea that saves $25,000 so they would get a bonus and someone who's been an exemplary employee all year and contributed beyond expectations wouldn't get a bonus.

Mr. Foley responded that's why staff thought the performance incentive pool would drive performance against goals tied to the strategic plan, regardless of savings, although they both had value. He said it was hard to put the savings money into performance, because you can have an average employee come up with a good idea, and the exemplary employee doesn't have the opportunity to get a bonus for doing good things, it's very complex.

Mr. Thomas commented that his business rewarded the entire company's performance, not individuals.

Mr. Foley said that staff had also talked about team sharing.

Mr. Foley clarified for the number revisions that the $1 million for revenue sharing would be about three-quarter of a cent on top of the equalized rate.

Mr. Dumler asked for specifics about which projects would not be funded in the Six Year Secondary road plan.
Mr. Foley responded that it would be difficult to do today, but said that staff could provide a summary.

Mr. Rooker stated that as of right now there were no sidewalk projects funded for the next five years.

Mr. Elliott stated that the top of the list would be projects like Proffit Road between Route 29 and Baker-Butler School, which was very expensive, and even with a range of $300,000 to $1 million annually it would still take about 15 years to have enough money for it.

Mr. Foley suggested that they might move down to a less expensive one, but that would steer them off of their priorities.

Mr. Elliott said that in terms of revenue sharing projects there was the Broomley Road Bridge, and sidewalk projects, and that's where the focus had been.

**(Note: At 11:42 a.m., the Board took a recess and reconvened at 12:14 p.m.)**

Mr. Foley reported that Mr. Boyd's proposal would require a change to the funding policy, and Mr. Rooker's original proposal would also have required a change to the policy, so staff ran it through the normal funding policy but required that all money going to schools under the formula be designated for school bus replacement. He said that in order to generate $1 million to take off the top for revenue sharing, the rate would need to increase 7/10 of a cent, so it would be the equalized rate plus .7 cents.

Mr. Foley clarified that the rate would be 77.1 cents.

Ms. Vinzant explained that the first scenario proposed followed the policy and gave just enough to fund the adjustments the Board made in their list, with the tax rate adjusted downward .2 cents so it was equalized rate minus .2 cents. She said that the .2 cents would be about $300,000, and the transfer by policy to CIP would increase $117,000.

Ms. Allshouse said that this was basically taking the decisions the Board made and sticking with the policy, with some available to give back to taxpayers.

Mr. Foley stated that they didn't use up their total 40% with the proposal.

Mr. Rooker added that there would also be less capital to start with to transfer at the end of this year.

Mr. Foley said that the $1.6 million would now come down by $150,000.

Mr. Dumler noted that the rate would be 76.2 cents.

Ms. Vinzant clarified that this proposal unfroze three police officer positions.

Mr. Snow asked where the funding of the school buses stood under this proposal.

Mr. Rooker said that with the $648,250, he suggested that it be earmarked for bus replacement if it went to schools and be continued as an operating expense at least in the current year until they could work out a future policy for fund balances.

Mr. Boyd stated that the net result was the same.

Mr. Rooker said that if the Board did go with the equalized rate, the Schools would get $800,000 for buses and the Board would not change the policy and Schools would simply earmark the appropriation to be used for buses.

Mr. Foley said that the scenario they just went over assumed that it went to operating with no strings attached, but staff would now talk about Mr. Rooker's proposal.

Mr. Foley explained that under the normal policy, Schools get money for operating and decide what they want to do with it.

Ms. Vinzant explained that with the second scenario, the tax rate would be reduced by .7 from the equalized rate, and that provided enough to fund the items on the Board's list and returned the $1.047 million left to taxpayers.

Mr. Boyd clarified that it doesn't reduce the tax rate, it only allows for an increase of $1.56 million.

Mr. Rooker stated that you have to assume that there is no split with the schools.

Ms. Vinzant confirmed that there was no transfer to schools and nothing to capital.

Mr. Foley said that this is where the policy changed, as local government used some of the money but didn't let it roll to schools and capital with nothing done on buses. He said that the one-time money would be going down by $525,000 with $1.1 million left, and there would still be enough money rolling to capital to pay for Seminole.

Ms. Vinzant stated that the final scenario kept the equalized rate and distributed it to schools, local government and capital per policy.

Mr. Foley said that the only variation here was that the policy said 60% went to operations, and they were just putting a little condition on that because of the buses which otherwise schools would have to pay for out of operating. He said that otherwise the Board would have to take it off the top, and that's where the policy would be changed because there was less to split from the penny, so this would be a cleaner approach.

Mr. Boyd pointed out that having the schools transfer $1.5 million of their expenses to the local government side of the budget was shifting, to more than 60% anyway.

Mr. Rooker stated that under this scenario local government wasn't accepting that full expense they were accepting $800,000 of it, which helped them close a significant gap, that the Board was allocating exactly 60%, and earmarking it for bus replacement.

Mr. Boyd stated that local government was assuming some of the School Boards prior expense to do that, which meant the transfer would be more than 60%.

Ms. Mallek asked if it had before, because the 60% went for operating generally anyway.

Mr. Foley said that it was still 60%, but this basically says that they don't have the whole 60% to spend on operations as it would need to be spent on buses. He noted that this was still about $400,000 short of the total they said they wanted every year, which was $1.5 million.

Mr. Rooker added that it wasn't a commitment beyond the current year, and they were planning to work out fund balance issues in the future.

Mr. Boyd asked how much additional revenue came into the County based on the 74.2 instead of 76.4.

Ms. Vinzant said that it was $3.3 million.

Mr. Boyd stated that what the Board was talking about would be increasing the tax burden countywide.

Mr. Foley stated that the additional tax burden was zero, but how it was distributed meant that some people would pay more and some would pay less. He said that 54% would see a tax break, or no more than a $20 increase on their tax bill over the year.

Mr. Rooker then recommended amending the **motion** to adopt the proposed Scenario 3, which reflects an equalized tax rate, following the policy on the split with the Schools of 60% and the transfer of $810,000 to Schools for school bus replacement.

Mr. Davis said that after a scenario was accepted, they would need to make two motions one to set the tax rate and the other to set the budget to be advertised.

Mr. Rooker stated that his motion also included adopting the operating and capital budget with the adjustments last presented. Ms. Mallek **seconded** the motion.

Mr. Boyd asked if that was a vote for the equalized rate.

Ms. Mallek responded that it was a vote for the equalized rate for advertising.

Mr. Davis stated that it would be the equalized rate plus the budget adjustments the Board made as shown on the right-hand side of the staff materials presented.

Mr. Snow asked to see the scenario with the .2 cents as discussed.

Mr. Boyd asked how much would be returned to taxpayers.

Ms. Mallek said that it was $299,000.

Mr. Snow asked how much the schools would be getting for buses under the first scenario.

Ms. Vinzant said that it would be $648,000, and Mr. Rooker said he would only vote for it with a designation of that money for buses.

Ms. Mallek asked for a reminder of items that were missing altogether, as the repeated cutting of transfers would impact the capital fund.

Mr. Letteri stated that the watch list included school projects that had not yet been submitted because they were finishing some studies.
Mr. Foley pointed out that there was $585,000 held in reserve in the CIP.

Mr. Letteri said that it wasn't designated for schools and could be used for anything.

Mr. Foley explained that some money was held in reserve and funded, and staff anticipated it would be for some school projects, fire engines, etc. but the watch list items would not come from that money and included courts, TMDL, and revenue sharing.

Ms. Mallek said that the Board should be saving for those whenever possible.

Mr. Boyd stated that over the nine budget sessions he had served, there was always a doom and gloom scenario but the school system always ended up with a surplus. He said that the County somehow managed to get things accomplished and didn't fall in terrible disrepair as far as infrastructure, but some things had to be given up. Mr. Boyd said that he was not in favor of increasing to the equalized rate, and wanted to give the $1 million back to the taxpayers.

Mr. Rooker agreed, but pointed out that they accomplished it by entirely eliminating the capital plan, that it was a short-term emergency measure the Board had did, and was not a wise long term decision for the County. He said that he would have a great deal of difficulty saying year after year that there didn't need to be a capital plan, and this scenario kept taxes the same on average for homeowners while allowing the County to get going on deferred projects.

Mr. Boyd said that people were postponing buying new items they weren't gutting their whole capital plan.

Ms. Mallek stated that the County had postponed things for three years and now was paying more in costs, and it was not a good idea to keep postponing.

Mr. Boyd said that there was still a lot of things being done, the police officers and the firing range that had been on hold.

Mr. Dumler said that was why he asked for the list of projects.

Ms. Mallek said that everything below line six on the priority list was unfunded and had no projected capital, adding that there would also very likely be a match required for maintenance.

Mr. Letteri clarified that only the first three lines were funded, and said that it was just the secondary roads and didn't include bridges or sidewalks.

Mr. Foley added or maintenance.

Mr. Rooker said that the idea of having attractive urban areas was based upon some investment in infrastructure.

Ms. Mallek said that it was also a safety issue, and VDOT had a rotating schedule for years for repaving and it wasn't a good plan to have unsafe roads that caused accidents. She stated that it was an issue being handed to the County from the state, and it wasn't being addressed in this plan.

Mr. Boyd stated that this wasn't the Board's money, it was the taxpayers'.

Ms. Mallek said that those who contacted her were in support of the equalized rate, as they felt much more confident in the economy and wanted to see investments made in the community.

Mr. Rooker stated that he had a motion on the floor.

Mr. Dumler said that a lot of the programs had seemed new to him, but he had heard a lot in the budget process about how understaffed the Police Department was, more traffic fatalities than any other County in the state, cost increases due to new mandates from the state, and a CIP plan that had been deferred way out into the future with an increasing portion of it financed with debt, not cash. He stated that he did not want to be the guy who was asleep at the switch when an officer lost his life, or when the County takes the trophy for the most fatalities in the state, or the guy when a $50 million TMDL mandated improvement invoice came in the mail. He also said that he'd heard from constituents and had put a survey up on his website with 50 respondents and at a ratio of 3:1 people said they were in a better financial position than they were three years ago. Mr. Dumler said that the budget made targeted investments but still remained lean, and also supported capital projects in the future. He stated that he would be voting for the equalized rate.

Ms. Mallek stated that the proposal was for advertising a rate and the Board could not go higher than the advertised rate even if something did happen.

Mr. Thomas noted that the Sunset Avenue, Fontaine Sunset connector was in the process of having a developer helping them with that road.

Ms. Mallek stated that Granger or that property could do some but the Board would probably need to have secondary funds to supplement it, because it is much longer.

Mr. Thomas stated that it went beyond the Granger property, and said that VDOT had already committed to pay for the bridge/tunnel there.

Roll was then called and the motion **failed** by the following recorded vote:

AYES: Ms. Mallek, Mr. Rooker and Mr. Dumler.
NAYS: Mr. Snow, Mr. Thomas and Mr. Boyd.

Mr. Snow then **moved** to adopt the proposed Scenario 1, which reflects a tax rate of $0.76.2 cents, with budget adjustments and transfer.

Mr. Rooker asked if that would also include the $648,250 going to schools being allocated for bus replacement. Mr. Snow said that it would.

Mr. Rooker **seconded** the motion. Roll was called and the motion carried by the following recorded vote:

AYES: Mr. Rooker, Mr. Snow, Mr. Thomas and Mr. Dumler.
NAYS: Ms. Mallek and Mr. Boyd.

Mr. Rooker then **moved** to advertise the FY12/13 recommended operating and capital budgets with the adjustments as set out in Scenario 1. Mr. Dumler **seconded** the motion. Roll was called and the motion carried by the following recorded vote:

AYES: Ms. Mallek, Mr. Rooker, Mr. Snow, Mr. Thomas and Mr. Dumler.
NAYS: Mr. Boyd.

Mr. Rooker **moved** to advertise the 2012 tax rates for public hearing as follows: the real estate tax rate of $0.76.2/$100 of assessed valuation for real estate, public service and mobile homes for the 2012 tax year, and at $4.28/$100 assessed value for the personal property tax rate, including machinery and tools. Mr. Dumler **seconded** the motion. Roll was called and the motion carried by the following recorded vote:

AYES: Ms. Mallek, Mr. Rooker, Mr. Snow, Mr. Thomas and Mr. Dumler.
NAYS: Mr. Boyd.

| General Fund | Scenario 1 | Scenario 2 | Scenario 3 |
|---|---|---|---|
| | Tax rate reduced 0.2 cents | Tax rate reduced 0.7 cents | Equalized Rate |
| BOARD RESERVE FOR DECISIONS | 299,023 | 1,047,759 | - |
| REVENUE ADJUSTMENTS | | | |
| 1.0 Tax Rate Adjustment (local share) | 432,166 | 449,241 | 540,000 |
| Tax Rate Adjustment (school share) | 648,250 | | 810,000 |
| Tax Rate Adjustment (capital share) | 117,561 | | 147,000 |
| Delinquent Collections | 60,000 | 60,000 | 60,000 |
| Subtotal -- Revenue Adjustments | 1,257,977 | 509,241 | 1,557,000 |
| Reserves/Revenue | 1,557,000 | 1,557,000 | 1,557,000 |
| Board Adjustments | | | |
| Fund 4.0 additional officers (unfreeze 3.0 and 1.0 new) | 236,068 | 236,068 | 236,068 |
| TJEMS | 19,257 | 19,257 | 19,257 |
| JABA - Mountainside | - | - | - |
| Region Ten - Healthy Transitions | 42,500 | 42,500 | 42,500 |
| Literacy Volunteers | 6,287 | 6,287 | 6,287 |
| VPI Extension Service | 27,492 | 27,492 | 27,492 |
| OAR | 10,798 | 10,798 | 10,798 |
| Libraries | 65,000 | 65,000 | 65,000 |
| Transfer to Schools | 648,250 | - | 810,000 |
| Transfer to Capital Improvement Fund | 117,561 | - | 147,000 |
| Return to taxpayers | 299,023 | 1,047,759 | - |
| Commonwealth's Attorney | 60,000 | 60,000 | 60,000 |
| Subtotal -- Proposed Additions | 1,532,236 | 1,515,161 | 1,424,402 |
| Potential Expenditure Adjustments | 1,532,236 | 1,515,161 | 1,424,402 |
| To Contingency Reserve | 24,764 | 41,839 | 132,598 |
| Reduction in FY12 Real Estate | (150,000) | (525,000) | No impact |

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

Ms. Mallek asked if Board members had a chance to read the information that was sent around on fast-tracking.

Mr. Rooker said that he thought staff was going to come back with some more information.

Mr. Davis stated that no action was required by the Board, as staff was going to bring this to the Planning Commission first.

Mr. Boyd said that the reason he had asked for it to go on the agenda was because he was in favor of committing the necessary staff resources to get it to the Planning Commission and through the process as soon as possible, as it had been out there lingering for a long time.

Ms. Mallek stated that the Board had already addressed it, and Mr. Foley indicated that it would be on the next Planning Commission meeting agenda but if he found out otherwise, he would let the Board know as soon as possible so they could take action if necessary.

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Agenda Item No. 4. Adjourn.

There being no further business to come before the Board, the meeting was adjourned at 12:51 p.m.

__________________________________________
Chairman

| Approved by Board |
| --- |
| Date: 08/01/2012<br>Initials: EWJ |