An adjourned meeting of the Board of Supervisors of Albemarle County, Virginia, was held on February 21, 2014, at 11:00 a.m., Room 241, County Office Building, McIntire Road, Charlottesville, Virginia. The meeting was adjourned from February 19, 2014.

PRESENT: Mr. Kenneth C. Boyd, Ms. Jane D. Dittmar, Ms. Ann Mallek, Ms. Diantha H. McKeel, Ms. Liz A. Palmer and Mr. Brad L. Sheffield.

ABSENT: None.

OFFICERS PRESENT: County Executive, Thomas C. Foley, County Attorney, Larry W. Davis, Clerk, Ella W. Jordan, and Senior Deputy Clerk, Travis O. Morris.

Agenda Item No. 1. The meeting was called to order at 11:04 p.m., by the Chair, Ms. Dittmar.

Ms. Dittmar invited County staff to introduce themselves: Ms. Lori Allshouse and Mr. Bill Letteri introduced themselves. Ms. Dittmar introduced Mr. Larry Davis, Mr. Tom Foley and Mr. Doug Walker. County staff members Mr. Andy Bowman, Ms. Lindsay Harris, Ms. Emily Leik, Ms. Lee Catlin, Ms. Lorna Gerome and Mr. Steve Allshouse introduced themselves.

Agenda Item No. 2. Presentation on County Executive's FY 2014-2015 Recommended Budget.

Mr. Foley reported that the document before the Board represents a lot of hard work by staff, and stated that the County has been recognized for their thoroughness in planning for the budget process. He also recognized Laura Vinzant, Trevor Henry and Pam Shifflett for their work on the budget, as well as Lee Catlin and Diane Mullins in the County Executive's Office. Mr. Foley recognized the Leadership Council, which is comprised of all department heads, and stated that they worked hard to help prepare the five-year plan building up to the budget work. He stated that the staffs from these departments also work to provide the best information possible so the Board is able to make an informed decision about the circumstances to be faced in terms of services in the field and the capacity to deal with the challenges faced. Mr. Foley said the Board would hear a lot about capacity in the budget discussion, as the County is at a point where the health of the organization and the capacity to deliver quality services and meet needs are challenged. He stated that it's challenged because of the recession and the downturn in the economy and where the County stands today as things begin to pick up.

Mr. Foley said the purpose of today's meeting would be to do a high-level overview and get started with the process and, when staff gets to the end of their presentation, Ms. Allshouse would help the Board find information in the budget notebooks. He stated that the Board's first work session would be held the following Wednesday, with several other work sessions to follow. Mr. Foley said the Board is on a somewhat accelerated schedule this year because they have a reassessment which exceeds 1%, and that means they go into a state requirement for how long they need to have between advertisement and public hearing. He stated that this has been a very complicated schedule to put together, with today's meeting being the first step in that process.

Mr. Foley presented the recommended FY15 combined capital and operating budget which totals $349.3 million. He stated that, before the Board looks at the year ahead, he wanted to provide some history of the past four or five years leading up to where the County is today. Mr. Foley presented a slide showing where the budget stood at the beginning of FY09, starting in July 2008 when the County was starting to feel the worst of the recession – and comparing it to where the County stands today in the currently adopted budget as they now begin to look forward. He referenced the budget, noting the number of County positions and the average tax bill for the average taxpayer, which are all down for the entire period up until the current budget. Mr. Foley said the budget was down from $333 million to $322 million, from 655 positions to 647, with tax bills down from $2,040 to $1,875 from FY09's adopted budget to the current FY14 budget. During that same time period, he said there has been an increase in population in both the number of general residents and the school population.

Mr. Foley presented information on the average tax bill, stating that this information represents calendar years rather than fiscal years, because that is how property is assessed. He explained that the new assessment, which comes out in January, affects the tax collection in June and December. He clarified that, when the Board adopts a budget this year, it will affect tax collections in the current fiscal year as well as the future one. Mr. Foley said this indicates how the tax bill for the average homeowner has changed from 2009 to 2013, and they would talk about the reassessment for 2014 as they go through the presentation. He presented a slide on the organization itself, stating that it represents total employees by functional areas from 2009 to 2014, and said those numbers have changed because of the elimination of 66 positions during the recession period and careful re-addition of some of those positions – all of which have gone to address critical core public safety, and health and welfare needs. Mr. Foley said public safety positions have increased from 233 in 2009 to 258 in 2014, but every other area of the organization has seen decreases with level staffing in the court system even with growth in population and new challenges.

Mr. Foley said, with the County's commitment to organizational excellence and transformation during this time period, they have repositioned and streamlined staff within departments. For example, he stated that several social workers in DSS used to be planners or zoning staff in Community Development; and an assessor used to be a building inspector in Community Development. He stated that there were no lay-offs during the period, but eliminated 66 positions and, as vacancies became available, they re-trained and shifted personnel. Mr. Foley said they've had to be creative and collaborative in order to get projects done, having paid nothing for the Ivy Fire Station property which was a partnership with UVA. He said the County also did not pay for the Pantops property which will be used for the fire station. He stated that they also have EMS service out of the basement at Martha Jefferson Hospital for a very small lease price. Mr. Foley stated that they continue to embrace innovation, and this budget proposal continues an innovation fund and some cost-saving ideas going forward, with commitment to high performance in terms of staffing. He said the budget process itself has gone through a modified zero-based budgeting, which means that every year they reevaluate expenditures and there is no assumption that there will be a baseline to be built upon.

Mr. Foley said, during this period, they've remained focused on financial accountability and transparency and, in the fall, the County received its third rating agency recognition with a AAA-bond rating – making Albemarle only 1 of 39 counties in the country recognized by all three rating agencies for its financial management and overall management of resources, including its five-year financial planning and budget process. He stated that the County's tax rate currently remains among the lowest of the top 20 most populous counties in the state, which staff would share data on during this meeting. Mr. Foley said, during this period, they put themselves under scrutiny and had a resource management study done in which ex-county administrators and superintendents through Virginia Commonwealth University (VCU) evaluated the entire operation, coming up with new efficiencies and recommended changes which have been implemented. He stated that the County also set up a budget process review committee to look at how they budget and project revenues, etc. Mr. Foley said the County continues to be recognized for financial reporting and budget awards through the Government Finance Officers Association (GFOA).

Mr. Foley stated that, in looking toward FY15, even though they started the process with the hope for more revenue growth and further economic recovery, that hasn't materialized and, even if it had, some of the challenges would still be present. He said mandates are a huge driver in the budget, with the principle ones being the stormwater mandate and the school system mandate for the Virginia Retirement System (VRS). Mr. Foley noted that the state scaled back the rate increases for local governments, but not for the school system, so they are still faced with a huge challenge and mandate which they have to address. He explained that, last year, they talked about "build, invest and advance," and they did move forward with improvements such as new libraries, fire stations, and EMS service – but bills for some of those things are now coming due, and the operating impacts are reflected in the FY15 budget. Mr. Foley said health insurance costs are up 8% in this budget. He stated that restructuring and position reductions have stressed County staff, and this budget tries to address the most critical capacity issues. Mr. Foley said sustaining a healthy organization is always a priority, therefore, fair compensation for staff, offering a good healthcare program, and investing in professional development and training have been critical in this period. He pointed out that, during the recession, there were no raises and only minimal bonuses. He said the final item in this discussion is "community expectations," which are intended to meet changing aspirations and the Board's desired accomplishments.

Mr. Foley reported that the revenue picture is not strong enough to meet all of these demands, with modest revenue growth overall and improvement in the economy – with sales tax and some revenue sources increasing and, for the first time in five years, property values are increasing. He said, with the demands the County will be faced with in this budget, particularly the mandates, they are challenged to balance the budget without additional revenues. Mr. Foley stated that, to begin to address the challenges, staff established a set of goals to guide decision-making: to meet the continually evolving challenge of mandates and obligations; to stabilize modest service advancements initiated in recent years; to build critical capacity which supports quality service delivery; and to sustain an efficient and adaptable organization. Given the challenges faced and what they hope to accomplish with the established goals, he said staff has proposed a combined capital and operating budget of $349.3 million. He said the budget does reflect modest economic improvement, with the first positive signs being the change in property values. Mr. Foley stated that neither the recovering economy nor the change in property values has kept pace with the mandates and obligations, and growth and demand for essential services.

Mr. Foley referenced the revenues included in the recommended budget, stating that the majority of revenues come from property taxes and other local revenue – comprising 70% of the total. He said the rest are use of fund balance and bond proceeds, which increased a fair amount this year to pay for some of the capital projects, and this budget includes a sizeable increase in the capital program. Mr. Foley stated that the increase in budget is 8.3%, or $26.3 million, but that is because there is a 96% increase in the capital budget. He explained that the better way to look at the change is to look at operating expenses. In terms of all funds – schools, capital and general fund – he said the operating expenses are up just 2.6%. He reported that this budget does propose a 1.7-cent tax increase, with .7 dedicated entirely to water quality improvement mandates and the other penny assigned to ease pressure on the school system for the VRS mandate and to address some of the critical core issues discussed earlier. Ms. Foley said the budget formula automatically sends 60% to the school system and also a portion to the capital program, and what's before the Board is an analysis of how that penny is divided out to address priorities. He noted that state and federal revenues are completely flat for both school and general fund, so there is no help in that regard.

Mr. Foley reported that, in looking at expenditures, the budget does address stormwater mandates – both capital and operating – and provides $4.5 million, or a 4.3% increase in local support to the school system, and also begins to address some critical capacity issues and needs in public safety, human services, and a few other functional areas. Mr. Foley said the capital program supports the highest priorities as identified by the Oversight Committee, which is comprised of School Board members and Board of Supervisors members, as well as staff. He stated that the capital program addresses the Northside Library, ECC/911 upgrades needed for technology, the regional firearms range, and the Henley Middle School gym.

Mr. Foley stated that about $1.1 million of the new revenues would be allocated to meet the stormwater mandate, equaling .7 cents, and that would go to both the capital program and operations. He said, in the first year of the plan, more would be shifted to capital and less to operations but, as the mandates continue to grow, the shift will be away from capital to address operations. Mr. Foley stated that this would need to be revisited in the future as higher and higher levels of expectations hit the County, but this gets the County started on the path. He said one penny on the tax rate today generates $1.56 million, and that penny is automatically divided up based on a current policy established by the Board for a 60/40% split to schools/local government. Mr. Foley said the tax increase would result in an additional $850,000 for the school system, and $560,000 to general government with $160,000 to capital. He emphasized that the school and stormwater mandates alone total 1.3 cents on the tax rate, with everything else accommodated by .4 cents on the tax rate and modest revenue growth due to economic recovery.

Mr. Foley reported that the average tax bill increases with the change in revenues, but it doesn't get up to the level it was in 2010 or 2009. He stated that the tax relief went on for four consecutive years, but it can't be accommodated this year due to mandates and capacity issues – yet it still remains below the 2009 and 2010 levels. Mr. Foley said staff does this every year based on the average residential house at $275,000 but, for some areas and businesses, it will play out differently.

Ms. Mallek asked if a home at that level had regained its value after the recession. Mr. Foley said it reflects the actual reassessments each year, but staff could track it.

Regarding tax rates, Mr. Foley stated that they have traditionally looked at the top 20 most populous counties in Virginia when comparing the local tax rate – and those communities happen to contain the five or six key benchmark localities which Albemarle typically uses for population, budget size, level of services, and expectations of the population comparisons. He said 13 of the top 20 have a higher tax rate than Albemarle County; six have a smaller tax rate; and all benchmarks have a higher tax rate than Albemarle. Mr. Foley emphasized that, even with a proposed increase in the tax rate, which would go up to 78.3 cents, Albemarle would still be lower than all except James City County. He said the gap between the proposed tax rate for Albemarle and the next lowest locality is about three cents on the tax rate, so the burden by comparison puts them in a pretty good position overall. Mr. Foley presented local government staffing information on a per-capita basis and said, even with the positions proposed in this budget, they have kept their comparative ranking very low in the context of other localities. He stated that this means the County has remained lean, but said that fact also affects capacity and fuels concern about where they stand in terms of staffing levels needed to deliver quality services.

Mr. Foley reported on the three major components of the budget – the general fund, the school fund and the capital fund – but said they have other funds for various services the County provides. He said the general fund comprises about $239 million of the total, is where all local revenues flow and are then allocated out to support the schools and capital fund. Mr. Foley stated that general property taxes account for 63%, with 21% for other local taxes and 10% for state funds and 2% for federal government. He said general fund revenues are up 4.6% overall, and there is detail in the Board's information as to how each of those percentages is sourced and, while federal revenues seem to show a big increase, it only makes up a small portion of the total pie – with any increase in a grant showing up there. Mr. Foley stated that this is a positive change but, against the mandates the County faces, it is not balancing things out. He said general property taxes shown as going up by 4.4% include the tax increase, otherwise, that would have been much less and that's the County's major source of revenue.

Mr. Foley explained that the largest expense in the general fund is the transfer to the School Division at 45%; the second largest goes to public safety; and the third goes to health and welfare. He said 7% of the general fund is the revenue sharing payment to the City. Mr. Foley reported on a few highlights in general fund expenditures, stating that the largest increases include a $4.5 million increase to the schools, a $1.5 million increase to public safety, water resource mandates at $324,000, and a 10% increase for the library – supporting new facilities and operations which reflect the priorities of the Board. He stated that jail costs are down about $200,000 and the revenue-sharing payment which was calculated during the time of declining property values shows a decline of just under $500,000, which is helping with the reallocation of some funds.

Mr. Foley presented a few details on expenditures in the general fund, stating that the Comprehensive Services Act – which provides funding for treatment of youth – has some new mandates which are driving expenses in this budget; and health insurance costs are up 8%. Regarding the goal of stabilizing advancements which were put in place, there are impacts in public safety for fire stations and police initiatives and on libraries – and those top tier items have also had an impact on the building and grounds budget, where some of the electrical and maintenance costs are paid. He stated that the budget reflects the establishment of an economic development office, which includes a director and an administrative staff person and is included for the Board's discussion. Mr. Foley said the County's financial systems have been revamped considerably over the last several years, and this budget supports some of the maintenance costs and oversight necessary for that.

In terms of building critical capacity, Mr. Foley said this budget includes three additional police officers. He said the Board had indicated it wanted to keep up with population growth at a minimum, and it would take two officers to do that – adding that this budget includes three but does not begin to implement geo-policing per the proposal the police chief had submitted. Mr. Foley noted that doing so would become an enhanced level of service, and that's a decision the Board would have to make going forward. He said staff has not added any enhancements in this budget and, even though there is a tax increase proposed, it covers only mandates and obligations. Mr. Foley said the proposed budget includes a new foster care eligibility worker in the Department of Social Services, partially offset by state revenue to support it; and there is a building inspector position in Community Development to address critical capacity for growth and building inspection demand in this area.

Mr. Foley stated that several Board members had mentioned Community Development staffing and noted that some committees such as the Natural Resources Committee and others do not have staff support because of cutbacks. He noted that staff have not been able to step to the next level of enhancing services in this department but are simply keeping up with critical capacity. Mr. Foley said the budget restores a community engagement position which was eliminated a few years ago because of current demands on major projects, and stated that Lee Catlin can't continue to handle this along with economic development responsibilities. He stated that since that position was eliminated, they've gone from three community advisory councils to possibly six, and the community engagement person would help organize and provide information and serve those committees – helping put public information together on the website along with community information to educate them in advance. Mr. Foley said they have added some part-time staffing for an EMS cost recovery analyst, but that would be offset by increased EMS collections. He emphasized that these are all critical capacity issues, not enhanced levels of service, and proposing a tax increase just to meet critical issues is a dilemma they are facing.

Mr. Foley said, regarding the fourth goal of sustaining an efficient organization, the budget includes a 2% pay increase for employees and continues to fund professional development including core training needs and some enhancements for professional development; it continues to support the innovation fund and the fellowship fund – which avoids adding new staff people by bringing in young professionals with masters degrees for project and departmental support. He stated that there are also some modest operating increases to meet basic office expenses such as electricity and postage.

Mr. Foley reported that there was a $4.5 million or 4.3% in local support for the school system compared to the current year, and those increases are the result of natural revenue growth as well as the tax increase. He stated that 60% – either through natural growth or a tax increase – automatically goes to the schools, and that is what is reflected in that number. He said the School Board request was $164.3 million and, with the enhanced revenues in this budget, their gap now is $5.8 million instead of $6.6 million which does help cover the VRS mandate and a pay increase.

Ms. Palmer asked if the VRS amount would increase every year and by how much. Mr. Foley said it was a moving target, but staff would provide the latest information on what is being projected.

Mr. Foley stated that the capital fund was again focused on maintenance and core services and mandates. He reported that the Oversight Committee recommended to the Board in the five-year CIP that, in addition to the core mandates, the County gets back to funding the ACE Program and at least match the state money for transportation improvements – which had been cut out before but are included in this budget. Mr. Foley said this budget transfers $20.1 million, or an increase of $1.1 million, to the CIP – representing a 96% increase because it was not well-funded the previous year. He stated that the needs in the out years of the CIP will require some additional tax increases and, in FY16, there is a two-cent increase dedicated just to capital to help pay for the court expansion and renovation and some critical public safety technology improvements. In year four, he said there is another penny proposed for the CIP to help balance out the total package as recommended by the Oversight Committee. Mr. Foley said staff thought they would need a dedicated penny for capital in the first year but, because of some debt restructuring, they were able to push it off a year – however, those one-time savings in FY15 would need to be added back in to fund ACE and revenue-sharing. Mr. Foley stated that, even with the three pennies over the five years and even what they are able to accomplish with ACE, the court system and critical public safety needs, the CIP requests which came in were underfunded by 40% – so $121 million of the total amount was not funded in the CIP at all, and the remainder that did get funding was requiring additional resources. He said a lot of localities are not keeping up with maintenance and core needs, so there is a positive here for the County, but this is more about the Board's vision and where it wants to go.

Mr. Foley said, last year, the County was operating under the tagline of "build, invest and advance," and they were coming out of the worst of times but started seeing a little bit of improvement. He stated that they tried to invest in some important projects such as libraries and fire stations, and the words used this year are "meet mandates, stabilize, build critical capacity and sustain." Mr. Foley said this doesn't mean there aren't positives in the budget but, even with the proposed tax increase of 1.7 cents, 1.3 of that is dedicated just to meet mandates. He stated that they are stabilizing some advancements by funding some full-year impacts of service improvements, and adding the economic development office as an investment in the budget. Mr. Foley said there are some positions in the budget for police and human services, necessary support for other areas, and capital projects which include taking care of some public safety and court projects. He added that they are including a 2% pay increase and also some training money to help sustain the organization.

Ms. Palmer asked if employees receive a cost of living increase each year. Mr. Foley explained that employees do not get one every year. He explained that, every year the Board of Supervisors and School Board decide on increases based on a market survey of the southeast – a mix of government and private – with information from a national organization called 'World at Work' which looks at how pay is changing across the country. He said they use that information to help look at what should be projected for the year ahead adding that the Boards approved a 2% increase last October in a joint meeting for planning purposes. Mr. Foley emphasized that there is no automatic cost of living increase, and is based on market data. He noted that, in the past, they've tried to give a pay-for-performance increase but they have not been able to fund that this year and felt that a market increase was the best approach.

Mr. Foley stated that they have met some modest goals but are at a crossroads in terms of the Board's vision for the future and are really just catching up by making modest progress in a few places.

He said the capital budget remains significantly underfunded and there are demands with a growing population and increased mandates – with TMDL mandates and VRS rates still on the horizon for increases, and they've not met all those mandates in the years ahead. He stated that they talked a lot about quality of life at the Board retreat the previous year, and this plan doesn't enhance services with things such as geo-policing and improvements to aesthetics which include mowing median strips. Mr. Foley said community agencies have taken some hits over the years, and there will be some questions in the future about what will be supported in terms of arts and culture – as well as some human services agencies, which have seen very little change in funding in the past.

Mr. Foley said the Board dedicated last year's retreat to their vision for 2040 within the strategic plan developed a few years ago as "a thriving county anchored by a strong economy and excellent education system that honors its rural heritage, scenic beauty, and natural and historic resources while fostering attractive and vibrant communities." He stated that the Board spent a lot of time last year talking about what a thriving county really meant and, as the Board looks at this budget, they will have the opportunity to influence and impact it to realize that vision. Mr. Foley said it's critical to talk about this during the strategic planning retreat this year, as that will drive the County's next five-year financial planning process which rolls into next year's budget process. He stated that, even with a tax increase, the things included in his proposed budget are very modest in terms of moving the County forward.

Ms. Palmer asked when the County would advertise the tax rate. Mr. Davis said the ad must run 30 days in advance of the public hearing date which is April 8, so March 3 would be the last date the Board would have to determine the tax rate in order to advertise the rate in time to get it in the paper.

Ms. Palmer said the Board has a budget work session scheduled for March 4.

Mr. Foley stated that they would come back to that question with the calendar in front of them, but the Board will have to set the tax rate even before the last work session is scheduled in order to meet the 30-day advertisement. He said, once the Board sets the tax rate, it cannot be increased – however, it could be less if the Board chooses to do so.

Ms. Mallek said March 3 was the last work session scheduled.

Ms. Allshouse reviewed the calendar for the budget process stating that, at this meeting, the County Executive's recommended budget is presented; a stakeholders' briefing will occur in the afternoon; the Board's public hearing is scheduled for Feb. 24, with employee briefings scheduled for Feb. 24 and 25. She said the Board is scheduled to have four work sessions, with the first one held on Feb. 26, at which time it would receive a general overview and talk about the CIP; the next work session would be Feb. 28, at which time the Board would go through the departments in detail and talk about general government and, on March 3, the Board would hold the school's work session – which would be the time to clarify when to advertise the tax rate, with the deadline of March 8. She reiterated that the Board can advertise the rate higher and then drop it, but not the reverse, and Mr. Davis has mentioned that some localities have already advertised their rate under those new mandated advertising guidelines. Ms. Allshouse said the Board will have one more work session scheduled for March 12, which will be held only if necessary and will be used to prepare for the public hearing on the Board's budget.

Ms. Palmer asked if the reason these requirements are in place is because the property values have increased more than 1%. Ms. Allshouse confirmed that the 1% increase triggered this change.

Mr. Foley said most localities do not hold two public hearings on the budget – so they are really giving the public the first opportunity with the proposal from staff, and then another opportunity after the Board reshapes the budget in the work sessions.

Ms. Dittmar said she thought it was great that Albemarle holds two work sessions.

Ms. Dittmar asked if she should reach out to Ms. Allshouse for historical data and trend information. Ms. Allshouse said she should, and she planned to share a lot of that information in the work sessions anyway.

Ms. Dittmar commented that it's the current budget that gains the benefit of the 1% increase, and asked how it would be used since they weren't expecting it.

Mr. Foley said that would be up to the Board, adding that it is one-time money, so staff has typically recommended that it go to the capital program. As the budget is adopted in FY15, he said it all gets used in the budget going forward. He explained that it's generally equivalent to about a one-half-penny, or about $700,000 of one time money.

Ms. Mallek asked how the tax rate would reflect the fact that a portion of revenue goes for revenue-sharing to the City, which would drop the County below the rates of localities like Augusta. Mr. Foley said, if it's considered in that way, only York County would go above Albemarle.

Ms. Mallek asked if any of the public safety positions covered were fire department staff. Mr. Foley said these were all police officers on the street, not fire and rescue positions, but there is an expiring grant for a fire/rescue training captain and the budget includes money for that position, which provides training for all fire and rescue volunteers.

Ms. McKeel asked if the school resource officers had been separated out since they work within schools. Mr. Foley said that would be delineated in the budget.

Ms. McKeel said the School Board and Board of Supervisors had discussed the conservative nature of revenue projections, and stated that she would like to see a five-year comparison of projections versus actuals. Mr. Foley said that is a great question, and staff could provide the tracking of the data – which is usually about 1% of a $350 million budget.

Ms. Mallek said that's where they've been able to project all along.

Ms. McKeel stated that they have had that discussion with the school system, and should have that information because it's likely to come up again.

Mr. Boyd said he would clarify that he would do it on both the expense and income sides, because they do save money through efficiencies during the year.

Mr. Foley stated that, regarding the issue of trying to be less conservative, there is a revenue team comprised of the assessor, finance staff and budget staff, and they go through a whole process of coming up with those projections. He said he tries to find additional revenue, but that team will usually back him off, so he doesn't really have the power it seems in this scenario.

Ms. Mallek said, philosophically, it's better to plan conservatively and then be pleasantly surprised.

Mr. Foley said he often tells staff that he wants conservative, not ultra-conservative.

Ms. McKeel stated that, when those figures come in higher, the School Division doesn't have the ability to capture some of those monies back.

Mr. Foley said any money that comes in at the end of the year above projections automatically, by Board policy, goes to the capital program which is shared by Schools and Local Government.

Ms. Dittmar stated that the Virginia Association of Counties (VACO) summit for Chairs talked about counties which start out more rural and then become suburban with urban rings, and said there's some need for tax rates to reflect this change. She asked if there would be an opportunity later to talk about benchmarking and learn how other localities address this.

Mr. Foley said staff could look more closely at the profile for those other counties adding that, as the County provides more urban services, the demands are greater – and other localities have approached this in different ways. He emphasized that it's more of a strategic question, and the Board would need to have that discussion in the context of where it wants to go as a community, and what the rate would be to support that.

Ms. Dittmar said she would like to look at that during the budget process, adding that it might not inform the tax rate this year but the Board does need to be thinking about it. She stated that she would want to compare where they want to go with where they are now, what the distance is between those two places, and how to get there with the budget.

Mr. Foley said where the Board wants to go is the critical question, and providing analysis during the budget process on what other counties do would be challenging.

Ms. Dittmar stated that it could be as simple as comparing it to benchmark counties which are struggling with the same issues and seeing what their tax rates are.

Ms. Mallek said going to Loudoun's website and investigate would be an eye-opener, as their tax rate is 95 cents on $100.

Ms. Dittmar said, during her campaign, Board members were given some questions at a North Charlottesville Business Council meeting about why Albemarle County was a high-spending county, but Albemarle's tax rate is so much lower – and it's alerted her to the fact that there is a disconnect there.

Ms. Mallek said sometimes that's just what the public says and how they perceive it.

Mr. Sheffield mentioned that some localities have a different governmental structure and pay for positions differently, such as Arlington County.

Mr. Foley said some of those localities also have service districts.

Ms. McKeel said it must also be recognized that Albemarle takes 10 cents off the top for revenue-sharing, because that is different from other localities, and it should just be noted.

Ms. Dittmar stated that revenue-sharing is a very complicated issue, and she's already had a brief discussion with Mr. Foley about it, but comparing apples and oranges is not something she wants to do right now.

Ms. Mallek said they weren't proposing that discussion now, but is something that should be done with individual homework by the Board.

Ms. Allshouse referenced the materials that were distributed to the Board, including a notebook of information, two bound binders that are important, and a notebook from the Agency Budget Review Team (ABRT) which presents a report to the Board on agency funding recommendations. She said there is a thicker binder – the CIP manual – with a lot of detail about the CIP and individual projects. Ms. Allshouse stated that the bulk of the Board's binder notebook is the work it would go through and study as part of the work sessions. She noted that the table of contents is very detailed, and there is also a lot of comparative information included from the budget office. Ms. Allshouse said all of the changes in departments are highlighted, and there is also information about how many FTEs are in each department. She stated that they also identify which programs and services are mandated, which are in place because of a Board directive, and which ones are discretionary. Ms. Allshouse said there is a summary chapter on the capital budget, which is expanded elsewhere, along with information on debt management and an education chapter referencing the school budget – which is a separate budget available online and in print from the School Board.

Ms. McKeel asked about the overview prepared and asked if that is the "inventory" section. Ms. Allshouse said it is the "Program and Service Inventory."

Ms. Dittmar asked Mr. Boyd how much time he thought the Board should devote to analyzing the budget. Mr. Boyd said his approach has been to concentrate on the chapters they would be doing in the work sessions, rather than reading through the whole thing all at once.

Ms. Mallek said the narrative is very well written, so she reads all of that and makes notes. She stated that it's also important to realize that there are no stupid questions, and constituents would ask Supervisors all of the things the Board didn't ask.

Ms. Allshouse suggested, for its first work session to be held the following Wednesday, the Board should read the overview chapters and budget summaries as well as the CIP and then, on Friday, they would cover the departmental budgets.

Ms. Mallek said, in the past, the Board has built a list of items that haven't been funded as they go through the budget, and discuss later whether to add them in. She also asked if they had received the second School Board budget.

Mr. Boyd said, generally, the Board gets a second one after they've approved it.

Ms. McKeel said it goes from the superintendent to the School Board, and her understanding is they just send it along but with a different cover letter.

Mr. Foley said he would follow up with the superintendent's office on that.

Ms. Dittmar summarized the meeting findings and thanked staff for all of the detailed information.

Ms. Palmer stated that she had numerous calls and emails about the budget, particularly related to the spending gap for the schools of $5.8 million.

Ms. Palmer also mentioned that the Commonwealth Transportation Board has its workshop podcast posted online for February 19, 2014 and, at the time-stop of 2:59:44, they discuss the western bypass for approximately 30 minutes.

Mr. Sheffield stated that the MPO meeting was being rescheduled from its original date of 4:00 p.m. on February 26, 2014, due to conflicts with the City.

Ms. Mallek noted that they were still trying to find replacements on the MPO because of existing conflicts.

Ms. Allshouse presented an updated slide of meeting dates.

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

There were no other matters.

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Agenda Item 4. Adjourn to February 24, 2014, 6:00 p.m., Lane Auditorium.

At 12:29 p.m., Mr. Sheffield **moved** to adjourn their meeting to February 24, 2014 at 6:00 p.m. in Lane Auditorium in the County Office Building. Ms. McKeel **seconded** the motion.

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

AYES: Ms. Dittmar, Ms. Mallek, Ms. McKeel, Ms. Palmer, Mr. Sheffield and Mr. Boyd.
NAYS: None.

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Chairman

Approved by Board
Date: 07/09/2014 Initials: EWJ