A special meeting of the Board of Supervisors of Albemarle County, Virginia, was held on April 15, 2014, at 9:00 a.m., Lane Auditorium, County Office Building, McIntire Road, Charlottesville, Virginia. The meeting was called by notice of the Chair on April 10, 2014, for the purpose of allowing Board members to discuss and adopt the Calendar Year 2014 tax rates Resolution and discusses and adopts the FY 2014/15 Capital and Operating budgets.

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 9:01 a.m., by the Chair, Ms. Dittmar.

Agenda Item No. 2. Discussion and Adoption of Calendar Year 2014 Tax Rate Resolution.

Ms. Dittmar said that the purpose of the Board’s meeting today is to adopt a tax rate at or below the advertised rate, and to adopt a budget that will be supported by that tax rate. She asked Mr. Davis to clarify any legal parameters the Board should be aware of in adopting the tax rate or the budget.

Mr. Davis stated that the Board does need to adopt a 2014 tax rate at this meeting, because the County’s enabling legislation requires that any tax rate collected before June 30 must be set by April 15. Since Albemarle has a first half-year collection date of June 4, the tax rate must be set today. Without setting a tax rate today, there would be no tax rate for the first half of the year, and the Board needs to avoid that situation. He said that adoption of the tax rate and budget requires a four-vote majority, and because the Board has advertised and held a public hearing for an 80.8-cents tax rate, that is the maximum rate the Board can set today.

Ms. McKeel asked for clarification regarding the voting process. She asked if it must be a verbal vote. Mr. Davis reiterated that there must be four votes to set the tax rate. He added that the tax rate is an annual tax rate, and unless it is set then there is no tax rate. It is critical that the Board adopt the tax rate at this meeting.

Mr. Sheffield stated that in the interest of full disclosure, he works for JAUNT, which receives funds from Albemarle County. He has filed a transactional disclosure statement with the County Attorney and feels that he can still participate in the transaction fairly, objectively and in the public’s interest.

Ms. Dittmar asked Ms. Allshouse to explain what the budget impacts would be if the Board adopted anything other than the 80.8-cents rate.

Ms. Lori Allshouse, Director of the Office of Management and Budget, said that she would present slide presentations with different scenarios, including two additional tax rate scenarios per Ms. McKeel’s request.

Ms. Allshouse said the desired outcome today is to finalize the tax rate and any additional budget adjustments. As Mr. Davis stated the Board needs to adopt the tax rate resolution to set the calendar year 2014 tax rates. She stated that there are two rates: real estate, public service and manufactured homes; and the personal property tax rate. Ms. Allshouse said that the Board will also be adopting the FY15 budget resolution and approve the budget for the year beginning July 1, 2014. She stated that historically the budget is comprised of the County Executive’s recommended budget and any amendments made by the Board of Supervisors. She stated that after the Board has reviewed the scenarios and made its decision, staff would ask for a recess in order to return to their offices to work up the numbers to put them into a resolution for approval.

Ms. Allshouse reported that on February 21, the County Executive presented his recommended budget to the Board. On February 24 the Board held a public hearing. On March 3, she said, the Board authorized the advertising of the tax rate; and on April 8, a public hearing was held on the Board’s proposed FY15 operating and capital budgets and the calendar year 2014 tax rates. She stated that throughout this time, the Board has held five work sessions and many public town hall meetings. She thanked Board members for their work on the budget including public engagement.

She presented a slide showing the current proposed budget, General Fund expenditures, and the proposed budget built on the 80.8 cents tax rate. Ms. Allshouse presented a slide showing the current tax rate of 76.6 cents, and their cap of 80.8 cents. She stated that all of the rates she is sharing are ones the Board has asked her to put together. The first presentation based on the current proposed tax rate of 80.8 cents includes dedicated funds as well as those shared by formula. This particular scenario has 0.7 cent ($1,093,5940) dedicated to water resource mandates; 1.7 cents shared by formula ($2,655,871) – schools ($1,431,346), general government ($954,230) and capital ($270,295); and 1.8 cents ($2,812,099) dedicated solely to the School Division. Ms. Allshouse said that at this rate, the School Division’s gap from their funding request is $2.5 million, with the entire School Division transfer at $111,213,175, a $7.9 million increase over the FY14 budget.

Ms. Allshouse said that with the 80.0-cents tax rate, everything stays as above except 1.0 cent dedicated to schools totaling $1,562,277. When you put those funds together at this rate, the School Division's gap from the funding request would be $3.7 million, and the total transfer is closer to $109,963,354, or a $6.6 million increase from the current budget.

She stated that there was another request to look at a 79.3-cents tax rate. This scenario has 2.7 cents increase; 0.7 cent ($1,093,594) dedicated to water resource mandates; 1.7 cents shared by formula ($2,655,870) – schools ($1,431,345), general government ($954,230) and capital ($270,295); and 0.3 cent ($468,683) dedicated solely to the School Division. Ms. Allshouse said that at this rate, the School Division's gap from their funding request is $4.8 million, with the entire School Division transfer at $108,869,760, a $5.5 million increase over the FY14 budget.

She stated that with a 78.8-cents tax rate, this model would provide no dedicated funds to the schools and would reduce the category of shared funding. This scenario has 2.2 cents increase; 0.7 cent ($1,093,594) dedicated to water resource mandates; 1.5 cents shared by formula ($2,343,416) – schools ($1,262,952), general government ($841,968) and capital ($238,496). Ms. Allshouse said this particular rate would not fund all of the general government items the Board added during their March work sessions, which are currently included in your proposed budget. At this rate the School Division's gap from their funding request is $5.4 million, with the entire School Division transfer at $108,232,683, a $4.9 million increase over the FY14 budget.

Ms. Allshouse said that the final scenario is the 78.3 cents tax rate and was presented in the County Executive's proposed budget. This scenario has 1.7 cents increase; 0.7 cent ($1,093,594) dedicated to water resource mandates; 1.0 cent shared by formula ($1,562,277) – schools ($841,968), general government ($561,312) and capital ($158,997**).** Ms. Allshouse said this particular rate would not fund all of the general government items the Board added during their March work sessions, which are currently included in your proposed budget. At this rate the School Division's gap from their funding request is $5.4 million, with the entire School Division transfer at $108,232,683, a $4.9 million increase over the FY14 budget.

Ms. Allshouse said the following scenarios are those that were requested by a Board member over the weekend. She stated that a 79.9-cents tax rate would have a 3.3 cents increase; 0.7 cent ($1,093,594) dedicated to water resource mandates; 1.7 cents shared by formula ($2,655,870) – schools ($1,431,345), general government ($954,230) and capital ($270,295**).** Ms. Allshouse said this rate would dedicate 0.9 cent ($1,406,049) to schools. At this rate, the School Division's gap from their funding request is $3.9 million, with the entire School Division transfer at $109,807,126, a $6.5 million increase over the FY14 budget.

She stated that a 79.6-cents tax rate would have a 3.0 cents increase; 0.7 cent ($1,093,594) dedicated to water resource mandates; 1.7 cents shared by formula ($2,655,870) – schools ($1,431,345), general government ($954,230) and capital ($270,295**).** Ms. Allshouse said this rate would dedicate 0.6 cent ($937,366) to schools. At this rate, the School Division's gap from their funding request is $4.4 million, with the entire School Division transfer at $109,338,443, a $6.0 million increase over the FY14 budget.

Ms. Allshouse said she can review all the rates again should the Board want additional discussions. Additional staff is available from the Office of Management and Budget to also respond to questions and/or make adjustments to any of the scenarios.

Ms. Dittmar asked if the Board needed clarification or wished to discuss the information presented by Ms. Allshouse.

Ms. Mallek asked if the list of add-on items is available for review. Once the list was reviewed, Ms. Mallek said that there were two more police officers and one more social services worker not covered in Mr. Foley's budget, and she was trying to determine where the break is for those.

Ms. Allshouse presented the adjustments the Board made in March. She added that the slide shows what was added at the 80.8-cents rate, by the shared formula.

Ms. Mallek said that those positions would be included in the 79.3, but not in the 78.8, according to the charts. Ms. Allshouse stated that the 78.8 cents and the 78.3 cents would not include all the items.

Ms. Mallek said that each of the Supervisor's districts is similar in that they have a wide range of views about almost everything. Her goal is to try to find an accommodation – which is somewhere in the middle. She stated that this does not really please anyone, but it does accomplish some things, adding that any tax increase will be burdensome on some but not enough for others. Ms. Mallek said that the 79.3 cents would accomplish the important safety net items added to the budget and would provide a little bit more to the schools than was included in the County Executive's budget. Even at the 79.3 cents rate it is a $5.5 million increase over the current year's budget.

Mr. Sheffield stated that he thinks the 80.8-cents rate was a compromise, as it still created a $2.4 million gap in the schools' request. He said that he is not comfortable extending that gap. He said that without a doubt, the Board is ready to vote on the tax rate – otherwise they will just continue to hear the same comments from the same groups of people. He said that of the 38,000 households in Albemarle County, 30% have children under 18. Mr. Sheffield stated that 2010 information showed that 10% of families countywide had children that were ready to go into elementary school, and in his district that figure was 17%. He added that he is prepared to make a motion.

Ms. McKeel stated that the school funding request is $9 million over last year, and $4.4 million covers the VRS rate increase and salary increase. However, $2.3 million in other expenditures that are mandates are not covered – growth, health insurance, Comprehensive Services Act (CSA), and PREP. She said that if they go back and look, the School Division has had a drag of VRS since 2008 of $65 million, and declining state revenues during that time of approximately $22 million. Ms. McKeel emphasized that those are the reasons why the Board is having this discussion, because the schools have gone beyond their ability to cover mandated service. She said that the remaining $2.3 million covers restorations and initiatives, which would have to be cut under every scenario – it is just a matter of how many millions. Ms. McKeel said that there is no way to nickel and dime millions, and they must go to either salaries or class size – which means teachers. She stated that from 2007 to 2010, there were central office cuts of 24 positions. There is nowhere in administration to cut unless this Board wants the School Division's ability to function to suffer. Ms. McKeel said that in 2008, the School Division was at $151 million, in 2009 they were at $148 million, and in 2010-11 they were down to $142 million. She stated that she supports the advertised tax rate of 80.8 cents, and this would still require that the School Division makes cuts. Ms. McKeel said that she recognizes that not every family structure has two parents with a child in the middle, but it should be a vision for the Board to support students, families and citizens through core services as well as education. Ms. McKeel said she is ready to support a motion.

Ms. McKeel then asked if the staff had motions for the Board to consider. Mr. Davis suggested that the Board take a straw vote on the real estate tax rate. If the Board resolves the real estate tax rate, staff will prepare a resolution to implement all the remainder tax rates. He added that he does not think the personal property tax rate is an issue.

Ms. Palmer stated that she has two concerns with the Board's budget – one is the capital improvements and keeping up with the maintenance, and a lot of that is school issues. She said that if you look at the CIP and the five-year plan, there are items that have been put off over and over, and they need to fund those. Ms. Palmer said that she does not want to see teachers fired or class size increased, and she hopes when this budget discussion is over, this Board can talk about a way to reach out to the School Board and talk about the tradeoff between class size and salary increases.

Mr. Sheffield **moved** to adopt a tax rate of 80.8 cents for calendar year 2014. He said that he is willing to support the 80.8 cents rate, and he has constituents that feel that it is high – but also those who are upset that it is not higher. Ms. Palmer **seconded** the motion.

On a voice call straw vote, the motion **failed** by the following recorded vote:

AYES: Ms. McKeel, Ms. Palmer and Mr. Sheffield.
NAYS: Mr. Boyd, Ms. Dittmar and Ms. Mallek.

Ms. Palmer **moved** to adopt a tax rate of 80.3 cents for calendar year 2014. The motion failed for lack of a second.

Ms. Palmer **moved** to adopt a tax rate of 79.9 cents for calendar year 2014. The motion failed for lack of a second.

Ms. Palmer **moved** to adopt a tax rate of 79.8 cents for calendar year 2014. The motion failed for lack of a second.

Ms. Palmer **moved** to adopt a tax rate of 79.7 cents for calendar year 2014. The motion failed for lack of a second.

Ms. Palmer **moved** to adopt a tax rate of 79.6 cents for calendar year 2014. Ms. Dittmar **seconded** the motion.

On a voice call straw vote, the motion **failed** by the following recorded vote:

AYES: Ms. Palmer, Ms. Dittmar and Ms. Mallek.
NAYS: Ms. McKeel, Mr. Sheffield and Mr. Boyd.

Ms. McKeel commented that she is not interested in any tax rate in the 70s cents range.

Ms. Mallek **moved** to adopt a tax rate of 79.3 cents for calendar year 2014. Ms. Dittmar **seconded** the motion.

On a voice call straw vote, the motion **failed** by the following recorded vote:

AYES: Ms. Dittmar and Ms. Mallek.
NAYS: Ms. McKeel, Ms. Palmer, Mr. Sheffield and Mr. Boyd.

Ms. McKeel **moved** to adopt a tax rate of 80.7 cents for calendar year 2014. Mr. Sheffield **seconded** the motion.

On a voice call straw vote, the motion **failed** by the following recorded vote:

AYES: Ms. McKeel, Ms. Palmer and Mr. Sheffield.
NAYS: Mr. Boyd, Ms. Dittmar and Ms. Mallek.

Ms. Mallek said that her obstacle with the budget moving forward is the dedication of 1.8 cents or almost $3 million to schools over and above the other splits they are already getting. She stated that at its last work session, the Board discussed the use of dedicated funds and how that becomes part of the baseline budget – and the bigger hole it creates the following year.

Mr. Sheffield said that he views this the same way he views the storm water allocation. If the State funding inches up, that County amount could inch back down, and that is the benefit of having the dedicated revenue rather than the 60/40.

Ms. Dittmar stated that the money goes permanently into the school budget's bottom line.

Mr. Sheffield said that it is dedicated, so they could pull it out the following year if desired.

Mr. Foley said that it is really a policy decision, and the Board can do whatever they like.

Ms. McKeel stated that it is dedicated for now, but they have an agreement as a Board that they must get with the School Board and figure out a process to have a sustainable funding stream for schools.

Ms. Dittmar said that she thought it became a permanent part of the baseline of the school budget, because those line items would need to be covered.

Mr. Sheffield stated that he hopes it will go back down as they replenish the funds, because he sees the money going to a mandated increase in the VRS.

Ms. Mallek said that in Mr. Foley's budget, all the VRS increases were covered – as well as the salary increase – so these amounts are not intended to cover that.

Mr. Sheffield said that the 1.4 cents out of the 1.7 cents general increase is for the requests from the schools. The specific dedicated money could be assigned just to VRS with the stipulation that that obligation could be reduced if the state provides more funding.

Ms. McKeel noted that the State has projected the VRS increases out several years.

Mr. Foley said, for clarification, staff calculates all the revenues that are going to come in, and then there is a local transfer that is beyond the 60%. He asked if in the next few weeks, staff finds out the schools are going to get $500,000, does the Board expect the local transfer to be reduced down to an equivalent of the amount decided on today; or is the Board suggesting that it will set a tax rate and if more revenue comes in, it would then go to the schools beyond the amount they are funding, and then adjust the next year. Mr. Foley emphasized that the timing of any adjustment is his question.

Mr. Sheffield said that his expectation would be that if additional revenue comes in, along with additional demand, the Board could go back to the schools and adjust it.

Ms. McKeel stated that there is a precedent. She said that a few years back, the schools received over $1 million over normal revenues, which was split with County government.

Ms. Palmer said that the Capital Improvements Plan is underfunded this year, so if more money comes in from the state, she assumes it could be transferred over to the CIP.

Ms. Mallek commented that it has never been done before in that way.

Mr. Foley said that the question is the Board's expectation if more state revenue comes in than expected right now, as this whole budget is based on an expectation of a certain amount of state revenues. He asked the Board if it is expecting an adjustment to its annual appropriation to account for higher than anticipated state revenues, if that should occur.

Ms. Dittmar suggested that the Board save that question until they set the tax rate; because it is possible they will set the rate below 80.8 cents, and that would impact their decision.

Ms. Mallek said that the only way Mr. Foley's suggestion could happen is if the Board appropriates quarterly and does not send the full amount at the beginning, otherwise the extra $400,000 from last year is never considered again. It is not reality to think the Board will receive any funds back. She added that the capital program now covers $1.2 million for bus purchases that were formally in the school's operating budget.

Ms. McKeel stated that when they have a discussion later in the summer about a sustainable funding stream and figure out some of these initiatives, then that would be the time to come back in the following budget cycle and make some of those adjustments. She added that she has never seen the state come up with enough extra money, to get excited about, (maybe once or twice).

Ms. Mallek noted that the state did it a few years earlier to prevent teachers from being fired.

Mr. Foley said that after the Board decides on a tax rate, there will need to be some clarification so he will know the direction.

Mr. Sheffield stated that he is still holding out hope in seeing the 1.8 cents dedicated to schools for VRS, to cover that gap.

Ms. Mallek said that VRS is in another part of the budget, and they do not have a choice in that.

Mr. Sheffield said that he understands that, but if they look at the entire pool of money that the school has requested above the previous year, there are parts of it that cover the shortage from the state and new initiatives that they are not funding. He stated that there are other directives and mandates that go beyond VRS, and the $1.4 million in additional would be covering those things such as increased health insurance costs, which are outside of the 1.8 cents dedicated. Mr. Sheffield said that he is very comfortable making the funding very specific for VRS, and if the state were very kind with their budget and start funding the VRS, he would expect that to come down.

Mr. Boyd stated that only with government employees, would covering retirement plans and health insurance costs be considered a mandate, as opposed to an employee benefit. He stated that anywhere else, it would be considered a benefit; that is what it is doing, "benefiting our employees".

Mr. Sheffield said he does not think underfunding the VRS is a "benefit." Basically, the reason the County is having to fund it is at some point they are going to have people retiring and, if they retire at the rate they are expecting, they are not going to have the money in that account that was promised to them. He emphasized that they are basically not able to meet the obligations that were set forth in the past.

Ms. McKeel stated that the County is trying to move away from that model for new employees, but the reality is the County is stuck with where it is and what has been promised. Teachers and state employees were promised these benefits in place of raises many years ago.

Ms. Palmer said that she thinks of it as a benefit for employees, but the state – which has the power to impose an income tax – is mandating that the localities make the adjustment on property tax.

Mr. Boyd pointed out that they are increasing health insurance by 8%, increasing the amount contributed to retirement, and providing a 2% increase. He stated there have been discussions regarding the 2% increase, but perhaps that is an area that could be adjusted in order to keep the taxes more reasonable.

Mr. Sheffield said that there are other counties that are hoping Albemarle does not give the 2% raise, because they are poaching the schools.

Ms. McKeel said that the City of Charlottesville has already voted on a 3% increase.

Ms. Palmer stated that this Board does not have the ability to make the decisions regarding balancing teacher salaries and increasing class size, but she hopes that the School Board will have a public hearing and discussions about that.

Mr. Sheffield said he has had discussions with some residents about the proposed 2% raise, and that that is an area where some of the money can be cut. In reality, 2% for some of the average teachers is not a lot. He mentioned a recent courts discussion where they were told to rely on the experts, yet when they talk about the schools, that does not seem to apply.

Ms. McKeel stated that the salary increases come back to the community, because they come back into the economy and are spent here.

Ms. Palmer said that she is not trying to underpay any one; she just wants to balance teacher salaries with increased class sizes.

Ms. Palmer **moved** to approve a 2014 calendar year tax rate of 80.1 cents. The motion failed for lack of a second.

Ms. McKeel **moved** to approve a 2014 calendar year tax rate of 80.7 cents. Mr. Sheffield **seconded** the motion.

On a voice call straw vote, the motion **failed** by the following recorded vote:

AYES: Ms. McKeel, Ms. Palmer and Mr. Sheffield.
NAYS: Mr. Boyd, Ms, Dittmar and Ms. Mallek.

Ms. Palmer asked Ms. Mallek how she might vote if they did their usual voting policy of 60/40, and the dedicated went away and it was the 60-40, would she vote for the 1.8 cents.

Ms. Mallek said that the budget they worked on for the local government side does not accommodate that amount of money. They are much more able to fine-tune (on the local government side) with a rate below 80 cents – while still accomplishing many of the items discussed but not adopted.

Mr. Sheffield stated that next year he expects more discussion on the County's side for spending and not on the school side. He stated the Board has talked a lot about school side spending and allocation but has had very little discussion on the County side spending. They have received some push back on the Economic Development office, comparably, at $166,000 versus the millions the school is requesting. The proportionate discussion is there. Mr. Sheffield said, whenever money is allocated for the schools, it is up to the School Board to decide how to spend that money. However, the Board has obligations on the County side that need to be explored further.

Ms. Mallek **moved** to approve a calendar year 2014 tax rate of 79.6 cents. Ms. Dittmar **seconded** the motion.

On a voice call straw vote, the motion **failed** by the following recorded vote:

AYES: Ms. Dittmar and Ms. Mallek.
NAYS: Ms. McKeel, Ms. Palmer, Mr. Sheffield and Mr. Boyd.

Mr. Sheffield said that a tax rate of 80.4 cents would put 1.4 cents dedicated to schools, and asked Mr. Davis if the Board can stipulate that those funds be allocated to VRS.

Mr. Davis stated the County has to adopt a budget for the School Board, by law, no later than 30 days after the State adopts its budget and provides localities with final financial numbers. He said that typically that is by May 1 or the later date, but this year it is the later date because the General Assembly has not acted. This makes the Board's job much more complicated because there is not a fixed amount of State revenue to assume in a budget. Mr. Davis explained that the Board has to adopt a budget that includes a School Board budget amount based on anticipated local, state and federal revenues. He said that when the Board adopts that budget, it is an amount that can then be spent by the School Board subject to one restriction. The Board of Supervisors has the ability to appropriate by category, and the School Board cannot spend more than the amount of money in any particular category than what has been appropriated in that category. Mr. Davis noted that those categories are very broad, and the largest one is called "instruction," which includes compensation and benefits for the instructional staff. Local government staff and school staff work together to figure out where that money should be appropriated. He said that another category is administration, attendance and health, which covers general administration costs. The other category covering transportation is also large. Mr. Davis stated that that is the extent of the Board's authority to dictate to the School Board how to spend the money that is allocated to the School Board. He said within those categories the School Board makes those determinations – so the VRS payment, which is a mandate, would have to be paid for out of those categories. He said that it is not based on state or local money; it is based on the total amount of revenue being anticipated and appropriated to that category. If the state comes in with more money than anticipated, that money only gets spent if the Board appropriates it additionally. He said that state funds have to be spent for that category, and thus would supplant local funds to the extent there were more state funds than were originally anticipated. Mr. Davis stated the key date for the Board is the date it appropriates the money; the date it will lock in the funding that it is obligated to provide to the schools. He said that typically, the County has appropriated money by an annual appropriation, but the law allows for any time increment; however, if they appropriate to the schools in a shorter time frame, then they must also do the same time frame for local government. Mr. Davis stated that there are complications in doing that, but it is possible.

Mr. Foley stated that the only way to effect that change would be to wait to get the state revenues in before actually appropriating the budget for the next year and make the adjustments then. The other way would be to have conversations with the School Board about the next year's budget if it wanted to make adjustments to the local amount because state revenue was higher than anticipated. There is not a way after the Board has appropriated funds to make adjustments very easily because it would have committed itself legally to a certain total budget amount.

Ms. Palmer said that she understood that the instructional category includes a lot of stuff (salaries, number of teachers) and is very, very broad.

Mr. Davis explained that the category includes compensation and fringe benefits of all instructional staff, compensation for guidance services, homebound instruction, school and social worker services, media services, curriculum development, in-service programs, and salary and expenses of the principal, assistant principal and clerical staff. He said that it is the School Board's determination within that category for example, to give a raise or hire fewer teachers, or not give a raise and hire more teachers. That is the category that has expenses for instruction, but that is a School Board decision. Mr. Davis said that the other complicating factor, in Albemarle County, which is not found in most other localities, is the concept of commonality. Commonality is not legally required but is something that this government has invested a lot of effort to maintain over the years. He stated that the decision to give a raise to employees is a decision by the Board of Supervisors for local government employees, and a decision by the School Board for school employees – and while they do not have to be a common decision, that has been practice for 25+ years, for lots of strong policy reasons.

Ms. McKeel **moved** to approve a 2014 calendar year tax rate of 80.65 cents. Ms. Palmer **seconded** the motion.

Mr. Sheffield asked what the rationale was behind this proposed rate.

Ms. McKeel said that she did not want to give up much ground, as she is very concerned about the huge gap being foisted upon the schools by mandates. Since 2008 they have already absorbed $65 million in VRS mandates and $22 million in declining state aid. She said that the School Division is in a tough spot, and the County must figure out the sustainability for the long term, but must get through this cycle.

On a voice call straw vote, the motion **failed** by the following recorded vote:

AYES: Ms. McKeel, Ms. Palmer and Mr. Sheffield.
NAYS: Mr. Boyd, Ms, Dittmar and Ms. Mallek.

Mr. Sheffield **moved** to approve a calendar year 2014 tax rate of 80.4 cents. He said that the rationale behind his motion is that there would be 0.7 cent dedicated for storm water and 0.4 cent dedicated to schools, with an amount specific in their minds to cover the VRS mandate. He stated that they are dedicating certain pennies to these mandates. There are sustainable funding issues locally and at the state level. This Board is taking on a burden from state changes that hopefully are short-term for the next four years, with the VRS problem going away within those four years. Mr. Sheffield said that if the VRS problem does not go away, they have a much bigger issue to deal with, as the schools will continue to have to cut millions. The 1.4 cents would get the schools through the next four years of this VRS issue and after that he has the expectation to pull those funds back out, if the VRS amount decreases. He stated that the tax rate of 80.4 cents would allow for 1.7 cents to cover the increase the school is experiencing and the general government increases, 0.7 cent for storm water, and 1.4 cents dedicated to the schools for VRS.

Ms. McKeel **seconded** the motion.

On a voice call straw vote, the motion **failed** by the following recorded vote:

AYES: Ms. McKeel, Ms. Palmer and Mr. Sheffield.
NAYS: Mr. Boyd, Ms, Dittmar and Ms. Mallek.

Ms. Palmer **moved** to approve a calendar year 2014 tax rate of 79.9 cents, stating that there are a lot of intelligent, reasonable people on the Board with strong opinions that are different. She hopes to pick up one more vote out of trying to be practical.

Ms. Mallek said that it would be a $6.5 million increase over this year's school budget.

Mr. Sheffield stated that it would require that the schools find a way to cut $1 million to cover the state's previous doings.

Ms. Palmer said that it will cause a $4 million decrease in the schools, and she would hope that if the Board could get the votes it could discuss how to make that less painful.

Ms. Mallek clarified that that is a $3.9 million increase in the school request – which is not a cut from the budget or a cut based upon the 60/40 split in policy. It is a reduced amount based on their request, which is very different as she sees it.

Ms. Palmer said that the schools' request was not a frivolous one – it was something they needed because of mandates, because of growth, and because of trying to provide an excellent education to the children of the community and hopefully fire as few teachers as possible.

Mr. Sheffield stated that 79.9 cents still requires the schools to cut to sustain their core, and he sees this as playing into the state's game of pushing the burden down locally. He said that if the state had wanted to defund VRS, they should have found better ways of providing funding for retirement.

Ms. Mallek said that those discussions have been happening with General Assembly representatives for at least seven years, and probably 27 years to come.

Mr. Sheffield stated that if people are upset about these tax increases, they need to be telling their state officials to stop passing burdens down that cannot be handled at the local level. He said that the County is dealing with budget decisions that were made four years ago for short-term financial agendas that are now trickling down to localities. He said even the storm water management mandates, at $1 million, that has to come from some other County service. The County started playing that game years ago where it made cuts, and now have roads that are deficient, retaining walls that are falling down, etc. The County is dropping the ball on a lot of the Community Development inspection work and other things. Mr. Sheffield stated that the question is how many cuts have to made before they realize they have made bad decisions that are coming back to bite them. He said he appreciates the work of the Board and staff has done, however, he is frustrated where they are when it comes to local and state funding initiatives.

Ms. Dittmar said that Mr. Sheffield is lending a good voice to substantial frustration that many of them are feeling, and the language that Ms. Mallek had used is more in line with how she is thinking. She explained that she did not start with the complete request of the School Division as a starting point, but instead looked at the policies that the Board has used, which is the 60/40 split after our Revenue Sharing commitment is satisfied. She said from that she saw there was a dedicated 0.4 cent that went into the foundation last year, which was important for that Board to put there. Ms. Dittmar said then she saw Mr.

Foley's budget that added to the schools' budget. Ms. Dittmar stated that she does not like going to the property tax as a tool for revenue enhancement, but that does not mean she is not being consistent with wanting to support the schools. She said that the schools did not come in with a request that showed their budget and then proposed how they would spend any additional funding. The schools came in with an "ask" that went well beyond the funding formula. Ms. Dittmar said that she does not like the impression given that they were "defunding" or "cutting" schools, because that is not what they are doing; they are looking for ways to add to the 60/40 split. Currently the only tool is the property tax. She stated that in looking back over 25 years, she does not think the property taxes have jumped up three cents all in one year. She said she thinks the Board is looking at an unprecedented jump at three cents. Ms. Dittmar said that she found a time when a prior Board went down four cents.

Ms. Mallek said that it was actually six cents.

Mr. Sheffield asked if it is OK to drop dramatically but not increase dramatically.

Ms. Mallek said that was because property values had increased dramatically.

Mr. Sheffield stated that other counties in the state did not drop their rate; they put that extra assessment amount into capital infrastructure.

Ms. Dittmar said that she is not going to criticize previous Boards. It is different because increasing is taxing people but decreasing is not. She stated that the prior Boards took the County through an unbelievably difficult economic situation by hunkering down and ensuring they looked at every penny spent, while not increasing taxes. Ms. Dittmar said that she cannot bring herself to go over an 80 cents tax, as that is a psychological jump as well as an urbanized rate – and she would like to look at it in depth over the summer. She said that staff has told the Board that it might need to add two cents to pay for courts. She does not think the Board will be able to do that if they jump property taxes up to the 80 cents rate. She has looked at the poverty markers and there are people who live in her district who cannot afford much. Ms. Dittmar stated that while a tax increase might not burden people of means, the Board also has to think about the people who do not have means. She added that she was prepared to question Mr. Foley about the 1.7 cents increase, but now they are at the three cents range. She said that she believes what fellow Board members, teachers and parents have come forward and told her and she is looking at this strictly from the standpoint of how much the Board can increase the property tax rate in any given year.

Ms. Mallek stated that if they were at 79.9 cents, one thing to consider would be moving 0.4 cent of the dedication into the center group, which would be about $1.0 million, and then move the 0.4 up to the 0.7 cent category. By making this move, it will allow some head room for some of the local government items, because in the many ways they are wearing out teachers, and they are wearing out local government staff. With that change, she could agree with the 79.9 cents.

Mr. Sheffield said that he agrees with Ms. Dittmar that Mr. Boyd and Ms. Mallek and the previous Board did an excellent job of getting the County through a very difficult economic time, and his beef is not with them, it is with the state. He stated that he wishes they had decided on the storm water expense last year instead of leaving it for this year, but they were holding the line as much as they could. He does not want to imply that the previous Board did not do an outstanding job. He added that he has watched Board discussions before and there is a lot that goes into them.

Ms. McKeel said that she thinks everyone at the table has taken this budget cycle very seriously. She stated that it is healthy to have different vantage points, and no one is taking this lightly. She said she finds it amazing that the University of Virginia was given enough funding for their VRS, while k-12 was robbed.

Ms. Dittmar asked Ms. Palmer to restate her motion.

Ms. Palmer said that her **motion** was to adopt the 79.9 cents tax rate.

Mr. Davis asked if there was a clarification as to how the Board wanted that allocated.

Ms. McKeel said that Ms. Mallek had made a suggestion in that regard.

Ms. Mallek said that she had not gotten any feedback, so she was not sure if there was any support, but her suggestion was 0.7 cent on the top category, 2.1 cents in the middle, and 0.5cent at the bottom.

Mr. Sheffield suggested that the Board take a break while staff ran the numbers.

Ms. Allshouse said that she already has the information, but they could still take a break.

(**Note:** At 10:17 a.m., the Board recessed their meeting, and reconvened at 10:31 a.m.)

Mr. Sheffield asked how Ms. Mallek might want to shift the money around under the proposed 79.9 cents tax rate.

Ms. Mallek said that her intent was to try to balance the increase, as a suggestion to see if she could garner any support.

Mr. Sheffield said that this approach seems to just put more into general government and capital, where the Board is not seeing any real deficiencies – just small things like Crozet Library hours and Municipal Band.

Mr. Foley said that staff had made the case in their original presentation that they were barely at capacity and faced challenges on the horizon. There are other unfunded General Government needs that need to be looked at in the future as they work on five year planning.

Ms. Palmer stated that she disagreed with the assertion that there are not significant unfunded issues in General Government, but what she is looking at is weighing those things – so she would rather put that money into schools right now.

Mr. Sheffield asked what the difference would be for an increase in General Government and an increase in capital.

Ms. Allshouse presented information on the 79.9 cents tax rate and the allocation of 1.7 cents by formula and 0.9 cent dedicated to school. She stated that this puts the schools' funding request gap at $4.2 million instead of a $3.9 million. She added that there is still a $6.2 million increase for schools, and the other version was a $6.5 million increase for schools. Ms. Allshouse said that the alternative view provides an additional $225,000 to General Government and $64,000 more for capital.

Mr. Sheffield said that if they did this, they would have to have a discussion of where the $225,000 goes which was not identified for a specific purpose.

Mr. Foley said that the Board could put it in their reserve for contingencies in the General Fund and decide later how they wanted to allocate it.

Ms. McKeel stated that the Capital Fund is critically important and is underfunded. However, she looks at the priority now as being people and not buildings, and they need to figure out in this budget cycle how to support their people both in County government and schools. She said that she cannot take extra money and put it into capital when they are putting people at risk, their salaries, their lives and their jobs.

Ms. Palmer said that capital does affect individuals, but in a different way.

Ms. Mallek said that it does not sound like the shift in the split has support.

Mr. Sheffield stated that at 79.6, they are looking at $4.4 million, so at 79.9, General Government is still benefitting but schools are still at the same level – so that is a no-go for him.

Ms. McKeel said that she would like Mr. Foley to review going forward at the 80.8 cents rate. She said the Board was looking at the two cents versus the one cent at the higher tax rate for Capital. She said the Board had a two cents amount that they knew they would have to put towards the Capital budget for upcoming expenses. She said perhaps that could be reduced and asked for more discussion on the issue.

Ms. Allshouse said at the 80.8 cents rate, the model shows that for next year instead of a two cents tax rate increase dedicated to capital, it could be a one cent increase to make it work. However, over the five years, it would not make a difference because it would eventually be a three cents tax rate dedicated to capital.

Ms. Palmer asked Mr. Foley to address the Board on effects of the next few years if they did the 80.8 cents rate.

Mr. Foley explained that they did have three additional cents planned over the full five years, to fund the CIP that is 40% underfunded – driven primarily by the court project and some critical public safety needs. Because so much of the 80.8 cents rate is dedicated to schools, it does not have a dramatic impact on the CIP and it might push one of the pennies back a year but does not eliminate the need for the three pennies without more dedication to capital, based on the plan the Board put together.

Ms. Dittmar said that if they are considering the 79 cents range now, she does not see this Board raising the property tax rate for quite a while. She reiterated that she does not see herself going back to the public anytime soon asking for more money for the property tax.

Mr. Foley said that two cents is about $3 million based on current assumptions, so they would have to go to transportation revenue-sharing or ACE. He said he only mentions those two because everything else is pretty much essential maintenance.

Ms. Dittmar stated that the Board could consider asking the General Assembly for new revenue streams, such as a cigarette tax or lodging tax. She reiterated again that she cannot support going back and raising the property tax again for quite a while.

Ms. Mallek said she thinks the County is maxed out on the lodging tax already.

Mr. Foley confirmed that was the case, unless the County gets more authority from the state.

Ms. Palmer **moved** to approve a calendar year 2014 tax rate of 79.9 cents with 1.9 cents dedicated to schools as discussed. Ms. Mallek **seconded** the motion.

On a voice call straw vote, the motion **failed** by the following recorded vote:

AYES: Ms. Palmer, Dittmar and Ms. Mallek.
NAYS: Ms. McKeel, Mr. Sheffield and Mr. Boyd.

Ms. Palmer **moved** to approve a calendar year 2014 tax rate of 79.9 cents with 0.9 cent dedicated to schools, stating that she was very pleased to have additional support for the proposed rate. Ms. Mallek **seconded** the motion.

Ms. McKeel said that would still leave a $3.9 million gap for the schools.

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

AYES: Ms. Palmer, Mr. Sheffield, Ms. Dittmar and Ms. Mallek.
NAYS: Ms. McKeel and Mr. Boyd.

Mr. Davis stated that he would prepare the resolution for the tax rate, and said that staff may need to finalize a budget around that rate for Board approval.

Ms. Allshouse said that unless the Board wanted some changes, this would provide for the additional items put forward in March, with a decrease in the amount for schools over what the 80.8-cents rate would have funded.

Mr. Foley noted that the Board would not have the additional funds to support things like the extended hours at Crozet Library, unless they moved money from their reserves.

Ms. Palmer said that they could put on the table the salary increases for schools depending on what they want to do, because if they are considering a 1% increase to employees in order to keep teachers and need to consider commonality, then the Board could say they could put that on the table for discussion, and perhaps the library hours would come in there.

Ms. McKeel stated that the schools have the option of looking at salaries, class size, possible changes such as a 1% in July and 1% in January – but those are decisions they will have to make.

Ms. Palmer said if they will not make those decisions unless they know that the Board is willing to continue the commonality policy, they need to understand that the Board is willing to talk about that.

Ms. McKeel stated that that is a huge gap for them, so they will have to hold their own discussion about it.

Ms. Mallek said that when they had a joint compensation meeting in the fall, the 2% was for budgeting purposes and there was no hard and fast vote – and until today, this has always been something decided at the very end. She emphasized that the School Board needs to, at least have the understanding that the Board is willing to discuss it.

Mr. Foley noted that the basis of the 2% recommendation was the market study that showed 2.9%, and the Board decided that 2% was that amount. He said that every year staff looks at how it actually moved, and if it moves at 2% and they fund 1%, then they will be trying to make up the 1%.

Ms. McKeel said that it is better to make up 1% than 2%.

Ms. Mallek stated that they are doing the best they can to keep that margin close.

Mr. Foley asked if the Board wants to make that decision today before he and staff have the opportunity to work with school staff.

Ms. Dittmar said these are policy decisions to be made by the School Board, but if they decide not to increase teacher salaries by 2% and the County needs to match that, that will free up some money in what the Board allocated to go back and look at some other items. She said the Board could also wait and see about any possible revenue overage to see how that might help commonality.

Ms. Allshouse suggested that the Board approve the budget with the 2% increase on the local government side, and then adjust the budget later on.

Ms. Mallek asked if it would also be possible to adopt the 1% and then adjust it up to 2%.

Mr. Davis said that legally, the Board does not have to pass the budget today. The Board must set the tax rate today, which is most important. The schools will need to know what their amount is so the School Board can determine how they want to allocate that money. He suggested that the Board adopt the budget as proposed and let the School Board make the decisions as to how they want to allocate their money. This Board could always amend the budget before a final appropriation is made in June. Mr. Davis said that by that time, they might know state numbers and local revenue.

Mr. Foley said that the uncertainty of the state budget is unique this year.

Ms. Mallek stated that she does not think it will be solved until the end of June. She added that she is worried about postponing a decision based on that – but they could have time on their agenda in May to formally discuss this again and get an update on where they are.

Ms. Palmer said that what concerns her is that unless the School Board is willing to talk about commonality, then class size will be increased – and she does not want them to think that is not on the table for the County. She said she does not want to give that message to the School Board

Board members assured her that it definitely is on the table.

Ms. Dittmar said that is what commonality is all about. If the schools do less than the 2%, that frees up money on the local government side because they would not give those raises either. She suggested that the Board adopt the budget and amend it later, which would allow them to get some more information.

Mr. Boyd disagreed with that approach and suggested the Board leave the budget open and adopt it later. That way the Board will not have to amend it later.

Ms. McKeel noted that $2.3 million is the compensation number for all school employees, and any gap above $3 million is putting them into a situation in which it would be difficult not to lay off employees.

Ms. Palmer said, depending on how the Board votes, she wants to make sure that the message gets through to the School Board that compensation is on the table for the Board.

Mr. Foley said what his understanding from the Board is that they want to work towards staying with commonality, so that schools and local government can get to the same number in terms of raises – and before adopting the budget the Board would like to work that through with the schools. He stated that if the Board takes action on the tax rate today then staff will come back with a budget, after they have done the best they can to get to a number where teachers are not laid off and it provides as much of a salary increase up to 2%. Mr. Foley said if that is the consensus of the Board, staff can work with School staff (and the School Board) to decide what to do. If there is a commitment to commonality, County staff and School staff can work together to get to the same place before taking it before the School Board and this Board.

Board members agreed that they would like to strive for commonality with the schools.

Ms. Mallek said that she is hearing that there is an interest in going to a lower increase in salary in order to keep class sizes maintained.

Ms. Dittmar stated that both Ms. Mallek and Mr. Boyd have suggested delaying adoption of the budget, while staff is suggesting that they would work with schools on the pay issue. She then asked when the budget might be coming back.

Mr. Foley said that they could do it as late as June.

Mr. Boyd said that they have got an unprecedented situation at the state level this year, and he thinks the Board should hold off on approving the budget given that uncertainty.

Ms. Mallek said that there is one element in the State budget that has a 2% teacher increase, which would supplant local money.

Mr. Boyd mentioned that he heard recently that local governments would be responsible for administering any kind of increase in caseloads having to do with Medicaid, and that could drastically change the needs in the Social Services Department.

Mr. Foley said that Ms. Ralston is watching that very closely which could definitely be an impact.

Ms. McKeel said that the State may have a 2% increase in its budget for teacher raises, but that flows through the schools' composite index which may be a few hundred thousand but it would not be anywhere near that in actual dollars.

Ms. Dittmar asked Board members if they were OK with waiting until June to adopt the budget.

Mr. Davis noted that the one complicating factor of adopting the Capital budget that late is that there needs to be an appropriation early in June for the Capital budget for the school projects, which must begin in June. Typically after the money is appropriated, Finance is able to sign contracts with proper legal verbiage in it that allows construction to begin. He said that staff will need to figure out how to make that work if there is not an adopted Capital budget by the end of the school year.

Mr. Boyd and Ms. Mallek suggested that they adopt it separately, if need be.

Mr. Davis said that it could be adopted separately.

Mr. Foley said that staff could assess it as it goes, and if they have to come back in a different way, they could do that.

Ms. Dittmar asked if it would be acceptable to adopt the Capital budget at the first meeting of June.

Mr. Davis said that is typically when the Board would adopt the appropriation resolution. If staff knows the numbers, it is possible to adopt the budget and the resolution on the same date in June. He stated that in order for schools to prepare their final budget, they must have a budget from the Board of Supervisors – so he assumes they will work from the allocations under the 79.9 cents tax rate with an assumption that that is the amount of money they are going to receive. Mr. Davis said that if they can do that, they can prepare a budget with an assumption of State revenues and then come up with a decision on how to allocate that money, and then adopt the budget in June.

Ms. Allshouse said that the challenge will be if staff works up a budget and it does not match up with the appropriations, making adjustments will be difficult.

Ms. McKeel stated that at some point she would like the Board to discuss one-time monies for schools, as she is not sure if it affects the CIP or not.

Mr. Foley said that there are a number of issues to figure out, but he does not know if it affects their decision to adopt a tax rate today.

Mr. Foley added that the issue raised by Ms. McKeel is a fairly significant issue, and it would potentially impact the capital transfer and could also be a mechanism to bridge the gap on the salary increase. He said that the direction from the Board up to this point was that there was not enough support to do that, but if that comes into the equation it affects a number of things on the adoption of the budget.

Ms. Mallek said that needs to be discussed sooner rather than later, because she thought they had consensus on it the previous week.

Ms. Dittmar said that there were four Supervisors who said they disagreed with that approach philosophically.

Ms. Palmer said that she is not changing her mind on it, but depending on the tax rate adopted she did say she was willing to discuss it – but she wants to know what the School Board is going to do with the money that is given to them. She stated that she is willing to use it to keep teachers but not for salaries, and she wants to see class size maintained. She prefers to see the money going into the CIP.

Mr. Davis said that if there is additional revenue available for the schools, they probably need to know whether they have it or not in order to make their allocation decisions on the amount of money the Board appropriates to them.

Ms. Palmer asked how much the one-time money would be.

Ms. McKeel said that it would need to be recalculated because the Board adopted 79.9 cents instead of the 80.8 cents. She stated that they also have $1.5 million in reserve for 2016, and perhaps they could look at that to address sustainability.

Mr. Davis suggested that the Board take a short break and let staff prepare the tax rate resolution. Staff could also prepare the chart on the 79.9 cents rate that would provide them with the working numbers.

Ms. Dittmar said the Board has been talking about a summer summit to figure things out. Ms Dittmar asked if there is more money available than realized on the adopted budget, can allocations be made from those funds in the summer.

Mr. Foley said that the Board could always take a look at it and then adjust the appropriation for one-time funds if they decide to allocate more money.

Ms. McKeel stated that the only issue with that approach is that the School Board has to make decisions contractually with teachers, and it does not help them to find out in the summer that they have additional appropriations.

Mr. Foley said that using one-time monies to have an impact on that decision puts them in a difficult situation for the future.

Ms. Dittmar stated that one-time monies should never go for salaries, but can go to projects the schools would really like to fund but cannot with the regular allocation.

Mr. Foley said that the School Board is going to meet soon. Staff could check back in with this Board at its May meetings to give them a status – because they would still have time in June to make a final decision – and some of this might flesh out in terms of the adopted budget.

Mr. Boyd stated that if you look at page F24 of the School Board budget and take the number of students and divide it by the number of teachers, you end up with one teacher for every 11 students – which is a far lower ratio than most school systems in their peer group.

Ms. McKeel said that Mr. Boyd says this every year, and has had the explanation given to him every year.

Ms. Mallek and Ms. Dittmar asked that she make that explanation for the rest of them.

Ms. McKeel explained that there are many classes that are capped, so you cannot take the number of students and divide it by the teachers because it is a false ratio. She will be happy to ask someone from the School Division to explain that number further.

Mr. Boyd said that the other schools have those same situations and those same ratios, and he finds Albemarle to be higher.

Ms. McKeel stated that Albemarle has lower class sizes than other school divisions, but that has been a community value here. Ms. McKeel said to take those two numbers and divide them into each other does not give a true picture.

Mr. Boyd said that he has compared this to other school divisions, and in taking a system such as Hanover's their average is larger.

Ms. McKeel said that that could be a discussion they could have in talks about sustainability.

Ms. Dittmar clarified that there are two different discussions here – one regarding exact ratio and one regarding the anecdotal observations as to larger and smaller classes.

Ms. McKeel said that there are many courses and cases that are capped.

(Note: At 11:14 a.m., the Board recessed, and they reconvened at 11:35 a.m.)

Ms. Dittmar said that the Board needs to entertain the resolution before them to formally adopt the calendar year 2014 tax rates.

Mr. Davis said that the motion would need to adopt the resolution, setting the calendar year 2014 tax rates.

Ms. Palmer **moved** to adopt the proposed resolution reflecting the tax rates for calendar year 2014. Ms. Mallek **seconded** the motion.

Ms. McKeel asked if they ever separated out the property tax rate from the others, or is it always included in one resolution. Mr. Davis said that it is always in one resolution.

Roll was called, and the motion passed by the following recorded vote:

AYES: Ms. McKeel, Ms. Palmer, Mr. Sheffield, Ms. Dittmar, Ms. Mallek.
NAYS: Mr. Boyd.

(Note: The adopted resolution is set out below :)

RESOLUTION TO SET
CALENDAR YEAR 2014 TAX RATES

BE IT RESOLVED that the Board of Supervisors of Albemarle County, Virginia, does hereby set the County Levy for Calendar Year 2014 for general County purposes at Seventy-Nine and Nine-Tenths Cents ($0.799) on every One Hundred Dollars of assessed value of real estate; at Seventy-Nine and Nine-Tenths Cents ($0.799) on every One Hundred Dollars of assessed value of manufactured homes; at Seventy-Nine and Nine-Tenths Cents ($0.799) on every One Hundred Dollars of assessed value of public service property; at Four Dollars and Twenty-Eight Cents ($4.28) on every One Hundred Dollars of assessed value of personal property; and at Four Dollars and Twenty-Eight Cents ($4.28) on every One Hundred Dollars of assessed value of machinery and tools; and

FURTHER orders that the Director of Finance of Albemarle County assesses and collects the taxes on all taxable real estate and all taxable personal property.

Ms. Dittmar thanked everyone for their hard work. She is pleased that the Board was able to reach consensus on a tax rate for the year.

Agenda Item No. 3. Discussion and Adoption of FY 2014/15 Capital and Operating Budgets.

Ms. Dittmar noted that Ms. Palmer had a question about the use of one-time monies.

Ms. Palmer said that it would be helpful for staff to explain the use of one-time monies, and what normally happens to those funds.

Ms. Allshouse explained that usually when there is one-time money available at the end of a fiscal year, which is revenues over expenditures, the money is in the General Fund and is audited through several steps. She said that what is left, after shoring up the 10% fund balance and other obligations, is moved to Capital to help with the equity funding of the CIP. Ms. Allshouse said that the Board's general policy has been that one-time money should be used for one-time expenses, so staff adheres to those policies.

Ms. Palmer asked for an explanation as to how one-time monies are created. Ms. Allshouse explained that if revenues exceed what was estimated – or if there are expenditure savings – it is the net of revenues over expenditures.

Ms. Palmer said that her understanding is that it has to do with calendar year assessments and fiscal year budgeting. Ms. Allshouse said that is the case. This year will be different because the Board has raised the tax rate for a calendar year. Calendar year tax rates affect two fiscal years, (fiscal year is July 1 to June 30 and calendar is Calendar year) so there will be more revenue brought into the current year's budget.

Ms. Palmer stated that she wants to make sure the public understands that the June tax bill collection is going to pay the last one-half of the previous fiscal year, and that is how they end up with extra money.

Ms. Allshouse said that that is one factor, but if there is additional revenue from sales tax and other sources that is also a factor. She stated that the process in the past has been to wait until the year ends and then do an audit, and after that the Board uses the audited figure as its starting point.

Ms. Palmer asked when they would talk about allocating it. Ms. Allshouse said that typically the staff would wait until after the audit and use the audited figure as the starting point.

Mr. Davis said that the audit is normally completed in October.

Mr. Bill Letteri, Assistant County Executive, stated that by the end of July they will know the preliminarily numbers, but they will not be able to confirm those numbers until October.

Ms. Palmer said that the Board would not be able to officially allocate the funds until it was audited, and if the decision was made to give it to the schools, they would not get it until the following October. Ms. Allshouse confirmed that if they follow usual protocol, funds would not be allocated until October or November.

Ms. McKeel said there is the possibility of redirecting one-time monies to the School Division for one-time expenses, and they have worked hard to identify a list of those expenses the money could be used for.

Ms. Palmer stated that it is important to let citizens know how behind the county is in funding capital needs and what the Board's policies are. In addition, a lot of the capital funds already go to the schools.

Ms. Dittmar asked School Board Chair, Mr. Ned Gallaway to discuss some of the schools' identified one-time expenses.

Mr. Gallaway said that the School Board discussed starting a list, but they have not taken action on specific items on that list. He stated there are several School Board members who agree that one-time monies should be used for one-time expenses. There also those who feel the money should come over in a lump sum and spent as they wish. Mr. Gallaway said that the list includes items totaling $1.5 million, which are basically things from their initiatives and/or restorations, and could also be spread over two years for operational cuts. He said that the Safe Schools/Healthy Students grant, for example, is ending. They put an initiative in to continue some of its components, so that would be a potential use for one-time money. Mr. Gallaway stated that the list was put together in that way, and staff from both local government and schools discussed those items and determined they were reasonable for one-time funding. He emphasized that it would be easier to "wean down" from use of one-time monies versus coming down "cold turkey," and allocation of one-time monies now would help them do that as they move forward with a conversation of sustainability.

Ms. Dittmar stated that she toured Walton Middle School with Steve Koleszar, School Board member for the Scottsville District, recently. She visited a math classroom and the teacher showed her a version of software that allowed the students to work interactively with the math program. The next version costs a certain amount of money and if Walton does not get what it requested; the teacher said she would probably buy her own software upgrade. She asked if software was the type of thing that one-time money would be used for.

Mr. Gallaway said that it sounds as though that individual school paid for the item out of the principal's discretionary budget, so in referring to operational cuts, that is where the money is found – with those individual budgets cut by 5% or 10% across the board. He stated that the School Board feels this is a fairer way to approach it, and budgets are allocated to individual schools based on student enrollment – with confidence placed in the principals to make those decisions. Mr. Gallaway said that the principals are already going through the exercise of determining, by priority, what a 5% or 10% cut would look like in their schools.

Ms. Dittmar said under that scenario, they would not be funding classroom items with one time monies. Mr. Gallaway stated that he believes the principals understand that if one time money becomes available, it would be difficult to drill down specific expenses at individual schools. He said some School Board members believe one time monies should be used for one-time items and others who feel it should be put into the total pot and expended appropriately. He said that principals come to the School Board and present their budgets line item by line item, and having them cut 5% for a school like Woodbrook Elementary would impact things such as field trip funding for students who cannot afford it or pizza for teachers at trainings.

Ms. Palmer asked what other items were on the list besides the Safe Schools initiative. Mr. Gallaway said that the Design 2015 initiative is going into its final year, and that additional initiative money was going to help them accomplish those objectives. He stated that there are also some potential professional development opportunities and they may be able to spread a 10% cut for operations over two years. Mr. Gallaway said that there are also small items such as interpreter services and conversion to paperless teacher evaluations, and while these may not be the exact items cut, they are examples.

Ms. Palmer asked what the general feeling is when it comes to looking at class sizes versus salary increases. Mr. Gallaway said that most people on the School Division side would go to class size as a last resort if they could. However, not all School Board members are in agreement with that. He said there are a few that historically have not shared the same concern about raising class size, as they feel the quality of instruction can handle the additional students. He stated that School Board Vice-Chair, Barbara Massie Mouly, said that if the choice is to retain or let go, the obvious choice is to hold onto workforce. If you increase class size, and do not have a compensation increase, you are increasing workload and not providing them pay. He said you may also end up letting some people go. He stated with a gap of $3.9 or $4 million, without any consideration of one-time money, they will have to see how it all adds up. He said the math has to equal and the $2.3 million is basically initiatives and restorations, which it is fair to say those are going away.

Ms. Dittmar thanked Mr. Gallaway. She then asked the Board how they wanted to address the one time monies so the School Board would have that information for their discussions the following week.

Ms. Palmer asked staff how much it is, and what would happen to it under most circumstances.

Ms. Allshouse said that there is $2.5 million going into the CIP from FY13 audited money that is programmed but has not yet been transferred. There is also the potential of one-time money coming in from FY14, but that year is not over yet.

Mr. Davis said that another way to look at this would be that by increasing the tax rate today, by 3.3 cents for calendar year 2014 will generate some money in June from that tax collection. He said the Board could look at that as a source of one-time money with the caveat that it will be dependent upon the budget for Fiscal Year 2014 actually being paid for out of revenues from that year.

Ms. Allshouse stated that the prior slide she used last week showed that after moving the $2.5 million of FY13 available money to capital, with some other items also deducted such as the use of one-time money for General Government for FY14, there is about $637,000 remaining. She stated this money is on hand to be used in the event that something unusual happens during the year. For example, this past year, when the fire contract with the City of Charlottesville ended, but there was a one-time payment of $800,000, staff relied on the one-time funds. Ms. Allshouse said the $637,000 would be the balance of one-time money if anything occurred in this year that required one-time funds, the Board would need to appropriate. If the Board said there would be no further use of one-time money in FY14, staff estimates there would be about $2 million in FY14 revenues over expenditures. She noted that the Finance Department watches the year along the way. The last report the Board received, based on a half year, showed there might be $2 million in revenues over the expenditure amount. However, she cautioned that this money is unaudited and it is a projection based on anticipated expenditures and revenue savings. Next month the Board will receive an update on the next quarter. Ms. Allshouse commented that this is a very tight number for a budget of this size.

Ms. Allshouse said that the tax rate change just approved by the Board could bring in an additional $2.5 million. With the projected total of $2 million which is based on current revenues and expenditures, plus the $637,000 from last year, along with additional funding coming in from the tax rate change, there could be significant funds available. However, Ms. Allshouse said, the first thing the Budget Office does is shore up the 10% unassigned funding for emergencies. She said that shoring up those funds would reduce the total by $1 million. As the staff plans the budget, they also want to leave a reserve of $1.5 million as they consider the FY16 budget. She stated this would leave a $2.5 million unaudited balance. If the Board provided all of the funding in one-time money as identified by School staff, would reduce it by $1.4 million – so their margin of error left for the FY14 budget would be $1 million, which in her opinion as a budget director is tight.

Ms. Mallek said that out of a $350 million budget, they would have $1 million.

Ms. Dittmar said it would be $1 million over the 10%.

Ms. Allshouse said that would eventually go to capital if unspent.

Ms. Dittmar stated since Ms. Allshouse feels the $1 million buffer is tight, she asked her for a scenario that would not be sufficient to meet a need, and what the Board would have to do in terms of management decisions. Ms. Allshouse said that the fire contract that ended with the City was much higher than projected, totaling about $800,000 in the current year.

Mr. Letteri stated that in addition to real estate taxes, the revenue budget is based on businesses taxes and other items based on economic activity, so any change would also impact the bottom line.

Ms. Dittmar asked where that money would come from if something happens.

Ms. Allshouse explained that the Board has a small contingency reserve of $100,000, and anything beyond that would go into their 10% - which would affect the County's AAA bond rating, because if they hit it repeatedly for little things they would not appear to be good money managers. She said that the 10% is intended to be used for emergencies such as significant weather events like a Derecho or hurricane, or delays with the State budget, and nickel and diming it looks poorly with bond-rating agencies.

Mr. Foley said that it is the County's cash flow, and the Board uses it to pay bills when they are waiting on revenues. A worst-case scenario would be having to borrow to meet current expenses for both schools and local government.

Mr. Boyd asked what they would do if the State does not come through with a budget by June 30. Mr. Foley said they would not have any choice but to use it. If revenues were off by less than three-tenths of one percent in total – which is pretty good budgeting – that would consume the buffer.

Mr. Davis said that this happened in 2007, when the FY08 budget was built on projected revenues that did not happen because of the recession. In the spring of 2008, the County Executive froze spending on many items including hiring. While they did not dip into the 10% fund, drastic decisions were made that affected services for the remainder of that fiscal year.

Mr. Foley said that the schools shared in that too, at a 60% share.

Mr. Davis said that in a non-catastrophe situation, where there is a shortage of revenue because of underprojected revenue, the Board would have to make immediate and significant adjustments such as hiring freezes and operational expenses.

Mr. Boyd said that it would be risky for the Board to delve into those reserves, because three-tenths of one percent is good budgeting.

Mr. Foley stated that the downside of the two places they are considering is that they are counting on money that has not yet been audited, and the $2.5 million that has not gone to capital yet but is projected to go there in order to meet a balanced capital plan.

Ms. Dittmar asked Ms. Allshouse what she would advise the Board on keeping, since the three-tenths of one percent is tight. Ms. Allshouse said that she would be more comfortable going with the audited amount of $2.5 million, even though it is intended for the CIP. She emphasized that she agrees with Mr. Foley that it affects the capital program, but either approach will affect it because reserves eventually go into capital as well.

Mr. Foley said that there is no question that staff would recommend going to the $2.5 million, since it is money that is known.

Ms. Palmer asked Mr. Foley to comment on the state of the capital program, because they have cut back over the last several years because of the recession. Mr. Foley said the most important thing to keep in mind is that they have 40% unfunded capital requests of what was submitted this year. They also have a goal of putting 3% of the General Fund in cash to pay for the capital program in "equity funding" or "cash funding" for the "pay as you go" projects. He said that 3% of the General Fund totals about $7.3 million. The goal in financial policies would be for that amount of cash to go over to the CIP, just to pay for cash projects. Based on the five years of the CIP, which is underfunded by about $16 million, for example, instead of $7.3 million going to cash in FY15, only $1.5 million will be going. He reiterated that they are already 40% unfunded with requests including five school projects. Not much is being done for Parks or Community Development investments that have been identified for years. Mr. Foley reiterated that the $1.127 or the $2.5 million are all dollars that would be designated to help solve that problem and improve that situation.

Ms. Dittmar commented that the opportunity cost of using one-time money to schools would be either risk of not being exact in revenue and expense projections and needing to rely on the contingency fund, or impact the capital budget.

Ms. Allshouse said that both of those scenarios would impact capital, because if there was additional funding it would go to capital from FY14.

Mr. Foley stated the money going to capital is for both schools and local government and benefits everyone, which is different from most localities.

Ms. Dittmar said that Mr. Boyd has reaffirmed his position not to consider use of one-time funding, and asked the rest of the Board what their sentiment was.

Ms. Mallek said that she would reaffirm her position that it needs to stay in capital. She said that she recalls a very high interest rate that had to be paid on the short-term money to meet payroll a few years ago. She does not want to go back to that time.

Mr. Sheffield stated that he is in support of the idea, but feels the Board is still not addressing the bigger issues in terms of short-term demands and long-term needs.

Ms. Dittmar said she thinks there are three Board members that are not interested in giving the one-time money to the schools.

Ms. Palmer said that she is very concerned about the CIP, but she is even more concerned about what happens to localities when they suddenly fall short of money because it always costs more. She would hate to be in a position where they were costing citizens more because they took a chance. She said that using these revenues is a little bit of a gamble, and she does not feel comfortable “taking chances” with public money.

Ms. Mallek said that the sense of gambling and worry is what reigned in the previous Board to zero out the capital budget for three years, because they were not certain they could collect enough money to pay the debt. She said because of that strategy, the Board lost out on some great building opportunities for projects even though building costs were lower.

Ms. McKeel said that given the shock the school system will have right now, she said she would support use of the small amount of one-time money going to the School Division to support people – while they work on a long-term solution over the summer.

Ms. Palmer asked if the Board would have the option of reconsideration, if they find that out in July that they have more funds than projected.

Ms. Mallek said the Board cannot raise more money, but could certainly decide how to spend what money they have throughout the year.

Mr. Foley said that the final accounting of how much revenue over expenditure received will not come until the audit was completed in October or November. He said there is some shifting around of funds at the end of the fiscal year. Mr. Foley said that the schools need to know something now for planning purposes for next year.

Ms. Dittmar asked what he meant by things “shifting around.” Mr. Letteri explained that staff provides quarterly financial reports on the activity based upon their accounting of what is going on in terms of expenditures and revenues. The estimates presented here are based on the first six months trending. He said that staff will do another report in May and then a final report in June for the year; it is a preliminary figure that will not be confirmed until the audit happens in October. Mr. Letteri stated that in the past they have seen significant adjusting entries that happen in that audit that could make some of that disappear, so it is not advisable to rely on those preliminary numbers.

Ms. Allshouse clarified that some of the bills that come in July are actually paying for June expenses, so those are adjustments that are not known until July or later.

Ms. McKeel asked for some additional clarification on the FY2016 carryover, which staff described as $1.5 million that is designated for a year and a half away. She asked if it would be possible to look at that money as a source of extra funding.

Mr. Foley said that the best way to look at it is to look at what items are in there. Staff built in an assumption based on things that have been supported in the past – such as the Economic Opportunity Fund.

Ms. McKeel said that that is for FY2016, so that could be replaced if revenues come in stronger. Mr. Foley said that it would be possible to replenish it if revenues were stronger.

Ms. Allshouse said that the list also includes a fuel contingency, a grants leveraging contingency, one-time vehicle costs, and other appropriate one-time uses. She stated that they will be in a similar situation next year, and would have to figure out how to replace it. She said the typical time to go through this is after the FY2014 audit.

Ms. Mallek said that the difficulty in using FY15 money is that the audit is not complete and the Board does not know about the funds, in time for the FY16 budget, which is why they do it ahead.

Ms. Allshouse said that she thinks about the $2.5 million that is already “in hand” and is actually budgeted for capital, and perhaps that could replace it.

Mr. Letteri noted that even with the $2.5 million going into capital, the Board is still looking at a three cent tax increase over the next five years to support that program.

Ms. McKeel asked if the higher tax rate would have reduced that three cents tax increase. Mr. Letteri responded that it would not have reduced the three cents over five years, but it might delay the need for two cents in FY16.

Ms. Palmer said that as one Supervisor pointed out, the tax increase they voted on today would make it difficult to vote for additional tax increases anytime soon, and that concerns her as far as taking money out of the CIP.

Ms. Dittmar stated that maybe in October, the Board can make allocations when the funds are reconciled, although that does not help the School Division now and the need appears critical.

Mr. Foley said that is a standard part of what staff does when the audit comes in, to let the Board know what is available.

Ms. McKeel said that she would like to ask permission from the Board for the chairs and vice chairs along with the Superintendent and County Executive to establish a suggested process and timeline to sit down together and discuss a sustainable funding stream for schools. She is concerned about this mess because every year the schools have to come back to the Board asking for more money.

Ms. Mallek stated that a joint meeting between the School Board, the Board of Supervisors and citizens should happen first.

Mr. Boyd agreed that they should get together as two boards first, so they could direct the smaller group more specifically.

Ms. McKeel said that she was thinking in terms of having some outside expertise and input to discuss the process, and then come back to the two boards.

Ms. Mallek said that both boards need to have a conversation first to discuss the issues that keep bringing them back to this place. She does not want to come for six hours to hear a lecture from people on the outside. The boards need to have a conversation on the issues that keep bringing them back to this point. She emphasized that they are not going to go to Richmond and “wave a magic wand” and get things changed. Ms. Mallek said once both boards meet and discusses the issues, then this Board will have to figure out, from a management perspective, what needs to be done differently.

Ms. Dittmar asked how easy it would be to get the two boards together after they adopt the budget. Mr. Foley said that everyone has busy schedules; however, it is a matter of getting calendars together. Once that happens, they can develop an agenda as to who the meeting would include, (chair, vice-chair, what would be discussed, etc.) and then a protocol for how to proceed.

Ms. Dittmar asked Mr. Gallaway how he would like to proceed.

Mr. Gallaway stated that the School Board is in support of working out a process and getting the boards together to discuss sustainable funding, particularly given the mandates, and also some better communication lines between the two boards. He said their interest lies solely on the solutions in the conversation, and they are flexible as to how they get to that conversation. Mr. Gallaway stated that May is an extremely busy time with end of school activities and graduation. However, the School Board is committed to prioritizing how to make this work.

Mr. Foley said that they typically say “define purpose and outcomes” for a joint meeting, and there are different processes to get to that.

Ms. McKeel said that they want to have a joint meeting at some point, but she feels it would be more efficient given May and summer schedules to have the small group meet first and then bring back ideas to both boards.

Mr. Gallaway said that the School Board felt comfortable having the chairs and vice chairs meeting to define what that meeting would mean and what that meeting would be, and then present a process to the joint boards. He stated that they were comfortable with the leadership deciding some suggestions for consideration so when the two full boards got together they could make some decisions.

Ms. McKeel said that at least they have something to focus on and talk about.

Mr. Gallaway agreed, saying that it would be less of a brainstorming session.

Ms. Dittmar said that she would be happy to do whatever the will of the Board dictates. She does not think, however, that she has a handle on how the Board feels enough for her to go to a meeting and represent their collective viewpoints. She suggested that perhaps they could talk more about this in their first meeting in May.

Ms. Mallek said the difficulty that has happened in the past and she would not like to see repeated, is when small groups go forward with their ideas, only to find out a year later that it was not what the rest of the people wanted. She stated she would like to have some initial organization and fact-finding, with this Board and the School Board.

Mr. Foley said that staff could bring back some of the items that have emerged from their budget discussions and then narrow it down, if the Board found that helpful.

Ms. Dittmar asked if Ms. Allshouse had planned to do her usual "post-mortem" process after the budget. Ms. Allshouse said that typically what she would do is set up a time to meet with Board members or talk by phone. She establishes some questions ahead of time as to what worked well, what did not work, what information was valuable, the schedule, etc. She said she could do that in May or wait until the budget is done.

Ms. Dittmar suggested doing it now, because the Board members may have ideas as to how to work better with the school portion of the budget, which might help with the summer process.

Agenda Item No. 4. Matters not Listed on the Agenda.

Mr. Sheffield said that when they adjourn, they need to adjourn to April 24, 2014 for the Route 29 Advisory Panel meeting, if four members plan to attend.

Mr. Davis said that because this is a special meeting, the Board cannot adjourn to that date. He suggested the Board adjourn the meeting and if four Board members are going to the Route 29 meeting, the Board will call a special meeting for that purpose.

Ms. Dittmar stated there were some questions about whether more than two Board members could attend the Farm Bureau meeting. She asked if that is considered a special meeting as well.

Mr. Davis said that his understanding of the format of that meeting is there is no intent for the Board to discuss or transact business. Board members are simply invited guests to a dinner. He said that his understanding is that it is more of a social occasion and not a business meeting subject to FOIA. Mr. Davis stated that initially the information given to Ms. Jordan was that the Farm Bureau wanted to discuss the land use program and might want to have participation from Board members. If that was the format it would have been a meeting of the Board. However, it is his understanding that that is no longer the intent, and therefore it is a social occasion.

Ms. Mallek said that if individual farmers at the table are talking with representatives about how programs affect them, it is just a conversation.

Mr. Davis said it is important that the Board not have discussions or transactions at the meeting, because it is his understanding is that the event is an invitation only function and not open to the public.

Ms. Mallek asked if there are Board members planning to attend the IMPACT meeting on Monday, May 5, 2014.

Mr. Davis said that this has been an issue every year for the Board. He has not seen the invitation, but in the past IMPACT members have wanted Supervisors to come up on stage and say "yes" or "no" as to whether they would support their specific program. He stated that in prior years, only two Board members have gone, and in other years Board members have attended – but when they ask people to come up on stage, two members would go up and the others would leave the meeting. Mr. Davis said that ideally, the Board would conduct its business in Supervisors meetings rather than at other people's meetings because it complicates public participation, minutes being taken, etc. He said that rather than the Board being invited to other people's meetings, they should invite people to come to their meetings and conduct the people's business where it should be conducted and open to full public participation. Mr. Davis said that he would suggest to Board members that it should be the rare occasion that four of them would assemble at someone else's meeting, rather than a trend of everyone wanting to invite the Board to their meetings – which is probably not a good policy for FOIA purposes and public participation perspective.

Mr. Boyd commented that he has only seen a "Save the Date" card, but no other information for that meeting.

Ms. McKeel said that IMPACT has this meeting every year, and she wonders if it is possible to invite their representatives to come back to the Board meeting and provide information on what they discussed. She watched this process even as a School Board member because they have always been invited also.

Ms. Mallek said that last year, Mr. Foley and Mr. Maurice Jones, City Manager, were also invited to make presentations.

Mr. Davis said that if the invitation comes and four Board members want to attend and participate, then the Board can call a special meeting rather than adjourn to it. He said that his suggestion would be just to adjourn this meeting, with the next regular meeting date being May 7 at 9:00 a.m. He stated that if four members want to attend the Route 29 Panel meeting on [April 24], the Chair can call a special meeting and staff can send notices out. If it is determined that a meeting needs to be called for the IMPACT meeting, staff can also send out a special meeting notice for that.

Ms. Mallek asked if they could clarify who would attend the meeting on April 24.

Ms. Dittmar, Ms. Mallek, Ms. McKeel and Mr. Sheffield said they would attend.

Mr. Boyd asked if the 29 Advisory Panel was planning to vote on anything.

Ms. Dittmar said that she did not think they would be, as they were just trying to reach a "consensus of thought" so that he (Phillip Shucet) could discuss this with Secretary Layne, who would then recommend something to the CTB. The actual vote would be by the CTB. Ms. Dittmar stated tomorrow (April 16) Mr. Shucet will be explaining the process to the CTB, and if anything changes with that, they will find out then.

Mr. Boyd said that he would not want to recommend transportation issues without input from the public.

Mr. Sheffield said that any improvements suggested outside of what is in the Six-Year Plan will have to go before the MPO. By policy, he and Ms. Mallek will have to take direction from this Board.

Ms. Mallek stated that all of the things they have seen on the list so far are from the long-range plan, and have been in there for 15 to 20 years.

Mr. Sheffield said that removing turn lanes and stoplights, and other amenities would have to get clarification from VDOT – because the Board may not have a say in that.

Ms. Mallek said VDOT has done the closing crossovers arbitrarily over the years.

Mr. Sheffield stated that at some point they should make clear to the public as to where they stand on their ability to influence that as a Board.

Ms. Mallek said that she has been very impressed with Ms. Dittmar's ability to get to the heart of the matter when things start going all over the place at those meetings, and she has also been impressed with the level of discussion and great ideas from other jurisdictions.

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Ms. Dittmar stated that one way for the Board to save expense in the Capital budget is to have partners to share in the capital projects. She said the County is looking at a courts project with potential partners. She also stated that they share borders with other counties and have talked about sharing ideas that may lead to sharing expenses on solid waste, particularly trash transfer, convenience centers, etc. Ms. Dittmar said they are also planning discussions with legislators about unfunded mandates after the current budget cycle. She said they also have other revenue streams where they could look at caps or permission on caps, and also potentially a few new taxes that would not impact people here but could provide the County revenues for other priorities.

Ms. Mallek said that the Board should also have a discussion on changes of how the CACVB money is divided, anticipating increases that are expected to come with all the new occupancy tax from hotel rooms – and possibly get tourism money put back into ACE from those sources.

Mr. Foley stated that the staff looked at that during the budget process, and projected out five years of revenues and expenditures. He said they could revisit this issue if necessary.

Ms. Mallek commented that there has been an "arbitrary separation" between CACVB appointees and the Board, and she hopes they could make some more progress on that.

Ms. Dittmar said they are not looking to make a change, but want to look at governance for their authorities in general. She said they would like to look at solid waste, water, and look at their relationships with other authority boards.

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Ms. McKeel wished Ms. Dittmar a happy birthday today, April 15th. She then wished Ms. Mallek a happy birthday for April 17.

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Agenda Item No. 4. Adjourn.

With no further business to come forward, at 12:55 p.m., the meeting was adjourned.

Chairman

Approved by Board
Date: 01/07/2015 Initials: EWJ