

A Special Meeting of the Albemarle County School Board was held on October 11, 2017 at 3:30 p.m., Albemarle County Office Building, 401 McIntire Road, Room 241, Charlottesville, Virginia 22901.

**SCHOOL BOARD MEMBERS PRESENT:** Mr. Stephen Koleszar; Dr. Kate Acuff; Mr. Jonno Alcaro; and Mr. Graham Paige.

**SCHOOL BOARD MEMBER ABSENT:** Mrs. Pamela Moynihan; Mr. David Oberg and Mr. Jason Buyaki.

**SCHOOL BOARD STAFF PRESENT:** Dr. Pam Moran, Superintendent; Dr. Matt Haas, Deputy Superintendent; Mr. Dean Tistadt, Chief Operating Officer; Mr. Jackson Zimmermann, Executive Director of Fiscal Services; and Mrs. Jennifer Johnston, Clerk of the School Board.

**BOARD OF SUPERVISORS PRESENT:** Mr. Norman G. Dill, Ms. Liz Palmer; Mr. Brad Sheffield, Ms. Ann Mallek, Ms. Diantha H. McKeel, and Mr. Rick Randolph (arrived at 4:45 p.m.).

**BOARD OF SUPERVISORS ABSENT:** None.

**OFFICERS PRESENT:** Interim County Executive, Doug Walker; County Attorney, Greg Kamptner; Ms. Lee Catlin, Assistant County Executive; Clerk, Claudette Borgersen; and Senior Deputy Clerk, Travis Morris.

**Agenda Item No. 1.1. Call to Order.**

At 3:33 p.m., Ms. McKeel, Chair of the Board of Supervisors, called the Board of Supervisors back to order. Dr. Acuff, chairman, called the meeting of the School Board to order.

**Agenda Item No. 2.1. Annual Update on Employee Compensation, Health Insurance and Other Benefits.**

Ms. Lorna Gerome, Director of Human Resources, stated that staff is not asking for decisions but is sharing information on the compensation market analysis, some initiatives, and health insurance to assist the Board as the County and School Board build their budgets. She shared what she described as a positive experience with a recent panel interview for a County position, at which the candidate asked members of the panel representing various departments why they work for the County. She said the response from panel members was that it is because of the opportunity to serve people and students and to make a difference, and commented that ideas are welcome. She said this represents how County employees are passionate, enthusiastic, and dedicated public servants.

Ms. Gerome introduced Ms. Dana Robb, Program Manager for Compensation and Rewards, to present on the steps to the Board-adopted process, a market analysis, and the new initiatives for the teacher scale and the public safety scale. She also introduced Ms. Claudine Cloutier, Benefits Program Manager, to present on health insurance.

Ms. Robb reminded the Boards of the School Board's adopted strategy of compensation targets, which was to be at the market median for classified staff and at the 75<sup>th</sup> percentile for teachers. She reviewed the analysis process, which began in July with a survey of the adopted market, then reviewed the WorldatWork projections, followed by projections of market movement. She said the adopted market compensation increased by 2% in 2017 and would likely increase by the same amount in 2018, whereas WorldatWork figures were projected to increase by 2.7% in the coming year, noting that that in past years, the WorldatWork projections were above the adopted market projections. Ms. Robb explained how the classified scale has a minimum, midpoint, and maximum and said staff has determined it is time to adjust the minimum and maximum since they have not been updated since 2013. She said if they do not adjust the scale, it could impact the County's ability to hire and retain employees because they risk falling behind the market. She next explained the importance of pay for performance, with employees below the midpoint and stronger performers getting relatively higher raises and an accelerator factor for those below midpoint. Ms. Robb noted that this moves them more quickly to the midpoint and allows for hiring while reducing compression. She presented a slide of the merit matrix.

Ms. Robb reviewed completed and ongoing initiatives, noting that the compression remedy is complete, with 534 school and local government employees affected. She said they are currently working on the teacher compensation and public safety pay scale initiatives and have ongoing initiatives for department and individual classification reviews and the School Division broadband three-year pilot program. She reviewed the teacher compensation strategy, reminding the Board that in December 2016 they had directed staff to review teacher compensation, which resulted in their working with Titan-Gallagher to interview school leaders, facilitate focus groups of teachers and administrators, and gather best practices on pay scales. She said the data is being evaluated and options will be presented to the School Board for review.

Ms. Robb next reviewed public safety pay scales, for which she said they are considering the introduction of a step scale. She said the work began last year and consisted of interviews with department leaders and employees and the gathering of information on best practices. She said they had established a formal team in August that was charged with creating an equitable and predictable public safety pay scale structure to attract and retain quality talent. She said the team wants to create something that is easy to explain and administer and that will attract quality police officers, fire/rescue personnel, and public communications officers. Ms. Robb noted that they would update the Board in the coming months as they develop pay scales through collaboration with Titan-Gallagher.

She summarized staff's requests, which are to give a 2% market increase and to fund pay for performance, as well as to make a 1% adjustment to the classified staff pay scale. She concluded and invited questions.

Ms. Mallek asked for an example of how scale adjustment and a pay raises work together. Ms. Robb responded that pay for performance involves differentiated amounts, but they should look to prevent compression from building at the lower end, so that a 1% increase in the scale would impact newly hired workers who may not receive as much of an adjustment for merit increases. She said this would not impact existing employees.

Mr. Koleszar asked if the 2% increase is for pay for performance or if it would be above the 2%. Ms. Gerome interjected that the 2% market increase would be inserted into the merit matrix and represents an additional amount based on an employee's rating.

Mr. Koleszar asked if compression occurred because they have not used a performance matrix. Ms. Robb stated the last time they had pay for performance was in 2015, and prior to that in 2013. She indicated that the lack of pay for performance increases in some years was a partial factor, though a greater factor was that raises were not given for some time because of the recession. She provided a brief explanation of the merit matrix.

Mr. Koleszar asked if the WorldatWork is a survey of the southern region. Ms. Robb replied that it is eastern.

Mr. Koleszar commented that because of the sequester, Virginia's state revenue was down considerably, and he wondered if the state had recovered to the point where it would be similar to the rest of the region, whereas in past years it was below. He speculated there would be more robust competition for employees, particularly with teachers. Ms. Robb replied that they usually conduct a second market analysis of their benchmark organizations at the end of the year to make sure it is similar to the July projections.

Ms. Gerome said they started relying on WorldatWork because it was difficult to obtain projections early in the year, and most of the compensation data she had seen shows 2-3% increases. She commented that merit pay is for classified employees and not for teachers.

Ms. Mallek asked what a 1% increase equates to in dollars. Ms. Gerome offered to obtain this information.

Ms. Gerome introduced the benefits portion of the presentation. She stated that it is important to offer quality, affordable health insurance as well as distinct choices. She said the consumer-driven plan introduced last year had substantial participation. She reminded the Board of its adopted target to offer benefits slightly above the market, noting that they sought to remain in compliance with government standards and have a plan that was sustainable.

Ms. Claudine Cloutier presented and reminded the boards that the health plan is self-funded through employer contributions and employee premiums to a healthcare fund, which is used to pay claims, administrative costs of Anthem, stop-loss insurance, wellness activities, and to provide a strategic reserve as insurance for challenging years or situations. She reviewed recent changes and additions to the plan, including a consumer-driven high deductible plan that 16% of employees had chosen. She said that last year the County had retained the services of Bolton Partners to conduct an assessment of the self-funded plan and compare it to the state's self-funded local choice plan, a state-run option offered to localities. She explained that they had concluded the current self-funded plan is the best option and allows them to be nimble, have control over how benefits are set, and respond to their own population. She reviewed some wellness programs, including flu and TDAP vaccination clinics, activity challenges, mobile health application, BeWell grants, a farm to workplace pilot, and Weight Watchers rewards.

Ms. Cloutier reviewed ongoing programs, including an annual review of claims data, monitoring of the reserve balance, and wellness activities. She reviewed programs that are on the horizon, including the development of guiding principles, a request for proposals to manage wellness services that will include biometric screenings and health assessments, a pilot disease management program with Anthem, and a pilot program to permit Arosti as an in-network benefit, although they are technically not within Anthem's network. She next explained how they would change employer premium contributions from a flat to a tier-based method, effective October 2018, as this aligns with the market and avoids the Cadillac tax. She explained how under the flat method, they contribute the same amount for each employee, regardless of family size, while the premium contribution under the tiered method will vary by the number covered under the plan. She explained that since the County makes the employer contribution, it would not affect the amount most employees contribute, with exceptions for three categories of employees: retirees, spouses, and part-time employees.

Ms. Palmer asked if age affects the amount of the premium. Ms. Cloutier replied that age is not a factor.

Ms. Cloutier reported that staff has reviewed the VERIP early retirement program, which is based on age and years of service and allows for up to five years of premium supplements from the County equivalent to the amount received by active employees for those who choose not to stay on the County's healthcare plan. She explained that those who remain on the plan after retirement would contribute the same amount as active employees. She explained that spouses of County employees are entitled to the employer contribution, which results in free insurance, but some spouses, particularly those at lower compensation levels, do not want to pay an employee premium. She said the solution is to allow them to enroll in the choice high-deductible plan with \$0 cost to a couple, and County contributions made to a health savings account for both spouses.

Dr. Acuff asked what the County contribution and deductible amounts are. Ms. Cloutier responded that the contribution amount is \$1,104 annually for a full-time employee, with the deductible at \$3,000 for individuals and \$7,000 for families, and out-of-pocket-maximums at \$4,000 for individuals and \$8,000 for families. She reminded the boards that the County contributes \$2,200 to the cost of insurance.

Dr. Acuff asked how prescription drugs are treated under the high-deductible plan. Ms. Cloutier replied that under Anthem there is an allowable network charge. She emphasized that the Choice Plan, with deductibles, encourages participants to shop around for lower prescription drug costs. She explained that a couple who chose the Select Plan would pay the cost of one individual premium, \$92/month.

She next reviewed part-time employees, for whom the County's contribution is prorated based on hours worked, with a minimum of 20 hours per week to qualify for the benefit. She explained that under the rules of the Affordable Care Act, the contribution required of the employee must be considered to be affordable. She next

presented a slide that compares the components of the premium for part-time employees versus full-time employees and shows the total overall premium to be the same, but with full-time employees paying \$349 and part-time employees paying \$765 for family coverage. The next slide showed the same comparison under reallocated coverage, with full-time employees paying the same \$349 but part-time employees paying \$1,093. She said they want to minimize the impact on part-timers while complying with the Affordable Care Act and maintaining sustainable rates. She presented a resolution as staff recommends, which would charge the full-time employee premium for those who work .70 full-time hours and use the current calculation method for those who work less than .70 full-time hours. She said this would not affect transportation employees who obtain full-time employee rates if they work .50+ hours of a full-time employee. Further, she explained they will calculate the aggregate contribution required to cover all employees to create a flat rate so those at lower compensation and hourly levels would not bear a disproportionate burden.

Ms. Palmer asked for the number of half-time employees. Ms. Cloutier explained that there are 96 individuals who work between .50 to .69 of full-time positions, most of them under the School Division, and about 60% participate in the health plan. She said this does not include bus drivers, who are classified as full-time.

Dr. Acuff asked if the claims profile for part-time employees is comparable to the overall profile. Ms. Cloutier indicated that they do not track this.

Ms. Mallek expressed concern with the high deductible, which may discourage some unhealthy people from seeking medical care, and said that her preference would be to have a higher rate rather than such a high deductible. She also commented that it could be difficult for a patient to estimate costs, as doctors often will not disclose what their fees will be up front.

Ms. Cloutier emphasized that in the Select Plan, the deductible is \$500 for individuals and \$1,000 for families, with higher deductibles for Choice Plan participants, but the County contributes \$1,100 to their health savings account. She agreed that it could be difficult to estimate costs, though they do provide online tools to assist with cost estimations.

Mr. Koleszar commented on the importance of the health savings account benefit, particularly for younger workers, as it could build into a significant pot of money during good years to prepare for a year when medical expenses are high.

Ms. Cloutier concluded the presentation with a list of next steps that included a policy language revision in preparation for the October 2018 reallocation, monitoring of claims and the reserve balance for possible current year remedies, the potential for low or no premium changes in 2018-2019, and consideration of changing the plan year to January through December.

Ms. Gerome explained that one remedy they are assessing is to offer a premium holiday for employees, and they will present the Boards with more information at a future date.

Ms. Palmer asked if they could be provided with information about the criteria used for public safety prior to the next meeting. Ms. Gerome agreed to do so.

Ms. McKeel asked if the changes under consideration for both teachers and public safety would impact the current budget cycle. Ms. Gerome said this is the case for teachers and possibly for public safety employees.

### **Agenda Item No. 2.2. B.F. Yancey Transition Update.**

Ms. Emily Kilroy, Community Engagement Coordinator, stated that in September the School Board had voted to surplus the Yancey Elementary School building, with deed and title transferred to the County on September 25. She said that a staff team is coordinating with Building Services and the School Division to ensure that maintenance and operation of the building are seamlessly transitioned. Ms. Kilroy explained that they maintained a database of organizations that have expressed interest in using the building, and they will assess

space needs, days, and times of usage. She said this information will be given to the B.F. Yancey Transition Advisory Committee that had been appointed the previous week and will develop guiding principles for future use, develop a vision to capture the history of the site, and make recommendations to the Board of Supervisors in March so that potential funding can be allocated in the budget to be adopted in April. She explained that the committee is comprised of the transition team, as well as additional members from various fields of expertise. She said they expect to meet later this month and present the Board with near-term use options and funding requests in December, with final recommendations to the Board in March. She concluded and offered to send her slides to Board members.

**Agenda Item No. 3.1. Matters Not Listed on the Agenda.**

Ms. McKeel announced that the joint session with the School Board had ended. She invited School Board members to stay a few extra minutes for the presentation of a proclamation of appreciation to Ms. Lee Catlin, Assistant County Executive, in recognition of her service.

Ms. McKeel moved that the Board of Supervisors adopt the following Resolution of Appreciation for Ms. Catlin:

A Resolution of Appreciation for Lee P. Catlin

WHEREAS, Lee Catlin served the citizens of Albemarle County with superior distinction for a total of twenty five years, beginning in the Police Department as Community Resource Specialist and eventually rising through the organization to become Assistant County Executive; and

WHEREAS, Lee's leadership spearheaded the County's commitment to proactive community partnerships through thoughtful engagements around hot topics, ranging from identifying alternative revenue sources during the Great Recession to the Route 29 Solutions Business Assistance Program and the 2016 Bond Referendum outreach, as well as standing programs such as the annual budget outreach, Community Advisory Committees, Neighborhood Leadership programs, and countless others –ensuring citizens are heard and involved in important local government matters.

WHEREAS, Lee was an advocate for the County's tourism programs and was instrumental in supporting the work of the Charlottesville Albemarle Convention and Visitors Bureau, the Monticello Artisan Trail, the Monticello Wine Trail, as well as support for the many annual festivals that call our region home each year – understanding that these cultural institutions are what make Albemarle County a great place to live and play; and

WHEREAS, Lee advanced the County's economic development work, growing the program into its own County Department, working to connect prospective businesses to the myriad players in our community to meet site and workforce needs, and highlighting the value of growing our existing businesses within the County, while also leading efforts like the Target Industry Study and the ongoing Economic Development Strategic Plan and Development Advisor efforts; and

WHEREAS, Lee became the trusted voice of Albemarle County through countless interviews and media requests on a wide range of issues, at all hours of the day, and led the County through many crises with professionalism and grace.

WHEREAS, Lee continually pushed Albemarle County to be a high-performing organization with the creation of programs for that engage staff in leadership work and transformational initiatives, including the Innovative Leadership Institute and the Innovation Fund;

NOW, THEREFORE, BE IT RESOLVED, by the Albemarle County Board of Supervisors that Lee is hereby honored and commended for her many years of exceptional service to the Board of Supervisors, Albemarle County residents, and the broader community in which we live with the knowledge that we are strengthened by

the contributions of dedicated public servants such as Lee Catlin, whose leadership, dedication, commitment, professionalism and compassion in responding to community needs make Albemarle County a better place in which to live and work; and

BE IT FURTHER RESOLVED, that a copy of this resolution be spread upon the minutes of this meeting of the Albemarle County Board of Supervisors in perpetuity as testament to the high esteem in which Lee is held by this Board and with sincere gratitude for an extraordinary life of service to this community.

Signed this 11<sup>th</sup> day of October, 2017

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

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

**NAYS:** None.

Ms. Catlin expressed her appreciation and said it has been a pleasure and privilege to have served with colleagues on the Board, staff, and community. She said that being a government communicator is interesting and she is thankful for the people and the integrity of the organization. She said they have made mistakes and not done everything right, but in her 25 years she has never felt the need to compromise her integrity in representing the wonderful organization that Albemarle County is.

**High School 2022:** Dr. Acuff said the consultants would present and make recommendations on the high school study at the October 26 working meeting of the School Board.

**Agenda Item No. 4.1. Adjournment.**

At 4:36 p.m., hearing no objections, Dr. Acuff adjourned the meeting of the Albemarle County School Board. The Albemarle County Board of Supervisors recessed their meeting and reconvened at 4:45 p.m.

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Chairman

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Clerk