A Special Meeting of the Albemarle County School Board was held on November 8, 2017 at 2:00 p.m., Albemarle County Office Building, 401 McIntire Road, Lane Auditorium, Charlottesville, Virginia 22901.

SCHOOL BOARD MEMBERS PRESENT: Mr. Stephen Koleszar; Dr. Kate Acuff; Mr. David Oberg; Mr. Jason Buyaki; Mr. Jonno Alcaro; and Mr. Graham Paige.

SCHOOL BOARD MEMBER ABSENT: Mrs. Pamela Moynihan.

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, Mr. Brad Sheffield, Ms. Ann Mallek, Ms. Diantha H. McKeel, and Mr. Rick Randolph.

BOARD OF SUPERVISORS ABSENT: Ms. Liz Palmer.

OFFICERS PRESENT: County Executive, Jeff Richardson; County Attorney, Greg Kamptner; Clerk, Claudette Borgersen; and Senior Deputy Clerk, Travis Morris.

Agenda Item No. 1.1. Call to Order.

At 2:03 p.m., Ms. McKeel, Chair of the Board of Supervisors, called the Board of Supervisors to order. Dr. Acuff, chairman, called the meeting of the School Board to order.

Agenda Item No. 2.1. CIP and Two Year Balanced Fiscal Plan in context of Five Year Financial Plan.

Ms. Lori Allshouse, Director of the Office of Management and Budget, outlined the presentation. She thanked the Office of Management and Budget, the Department of Finance, and School Board staff for their work and collaborative efforts. She thanked Ms. Jody Saunders for preparing today’s presentation. She reminded the Board that they started a priority-based budgeting process in FY18 and the Board of Supervisors had adopted a two-year strategic plan, and the initiatives to be reviewed today advance these priorities as directed by the Board. She said the County is maximizing transformation, focusing on maintaining a quality organization, putting strategic investments in place in the CIP and other areas, and funding mandates and obligations. Ms. Allshouse emphasized that long-range planning is important for maintaining AAA bond ratings and creates a framework for the County and School Board annual budget development process, and noted that figures presented today are estimates and will be refined as they continue the budget process. She said the decision framework involves priority-based budgeting focused on the strategic plan, doing important things well, considering past spending patterns, knowing the true cost of doing business, and providing transparency. She said that they project stronger revenues over the next five years and plan to have strategic reinvestment of savings.

Ms. Allshouse reviewed favorable near-term revenue prospects resulting from continued growth in the national and international economies with a diminished chance of an economic slowdown or recession. She said that state revenues are expected to be decent or slightly better than expected, with slow to moderate growth in local revenues and some uncertainty at the federal level.

Mr. Randolph asked for a definition of moderate growth. Mr. Steve Allshouse of the Department of Finance replied that when he used the term “moderate growth,” he was thinking of two to three percent.

Ms. Mallek emphasized that these are projections and could go up or down.

Ms. Allshouse presented a graph that showed general revenues in dollars, including breakdowns for real estate, other local revenues, other general property, state revenues, and federal revenues, from FY07 to the present. The graph showed that real estate is by far the largest category, followed by other local revenues. It showed federal as the smallest contributor to revenues. The next chart presented real estate revenues from FY14 to present with annual projections through FY24. Ms. Allshouse said the real estate market is strong and new construction is expected to return to a normal pace after pent-up demand from the recession subsides. She emphasized that the projected revenue growth was modeled with the assumption of a 1.5-cent tax increase in Calendar Year 18.

Mr. Randolph interjected that last year they approved a 2.1-cent rate increase. Ms. Allshouse confirmed this. She said the rate would increase 1.5 cents in 2018 and assumes a 2-cent increase in 2019, which would then be offset by a 0.7-cent reduction associated with a stormwater utility fee.

The next slide depicted actual and projected revenues from sales tax, BPOL, and food and beverage, from FY07–FY23. She noted that revenues from these sources were flat from FY08–FY13 and began to increase in FY14.

Mr. Randolph asked if the increase in FY14 correlated with the opening of the Stonefield Shopping Center and if this had been amplified with the opening of the Fifth Street Station Shopping Center. Ms. Allshouse replied she did not recall the exact time when Stonefield opened, but it sounded like the time period when it started.

Mr. Sheffield asked if the methods and figures they used to make future projections are shared by other County departments and the schools. Ms. Allshouse responded that the Finance Department leads revenue projections and a team uses qualitative and quantitative trend analyses, as well as information from economic development and the schools, in a collaborative effort. She indicated that real estate revenues are more subject to change than other revenue sources. She introduced Ms. Vinzant to review the two-year plan of the general government.

Ms. Laura Vinzant, Senior Budget Analyst, presented. She stated that she would provide an overview of expenditures in the general government balanced two-year plan. She said the plan was developed with a focus in three areas: sustaining a quality organization, advancing strategic priorities, and maximizing transformation to address emerging issues. She said the bulk of the budget falls within the category of sustaining a quality organization, with 99% of total two-year plan expenditures directed towards this area. She said the plan continues to fund school division capital projects and debt service by formula, and in FY19 is expected to provide an additional $4.8 million to schools and almost $1 million for the capital improvement program. She said that in addition to formula transfers, the two-year plan includes the tax rate increases reviewed by Ms. Allshouse, which would be dedicated to meeting debt service obligations, to fund equity portions of capital projects, to maintain a positive CIP reserve, and to support operating costs associated with the school bond referendum.

She stated that the plan includes a $2.3 million FY19 funding increase to support the existing work force, including market compensation adjustments and a pay-for-performance pool, as well as funding for lower than expected healthcare premiums. She said that last year's claims experience was favorable and provided the opportunity to share budget savings with employees. She said they anticipate presenting details of health savings in the next several months and that these savings may impact future budgets. She said the plan also includes inflationary increases for departments and assumes an overall increase to agencies of 5%. She emphasized that the Office of Management and Budget will continue to use priority-based principles and the 5% increase will not be automatic for every department. She said the plan would look to address workload issues and service level standards, driven by a population increase and changing demographics, with most of the nearly $1 million to be used to address public safety workload capacity including police, social services, and rescue squad services, and some funding to support an increased workload in internal departments. She summarized that the plan allocates $12.1 million of new revenue in FY19 and $11.6 million in FY20, to the category of sustaining a quality organization.

Ms. Vinzant reviewed the second focus of the two-year plan, advancing strategic priorities. She said the plan includes a funding increase from $150,000 to $300,000 annually for the economic opportunities fund, which looks to match state and federal economic development grants that create jobs and expand capital investment in the County. She said they would use $2 million in one-time funding from the positive year-end variance for economic development projects, including $250,000 in both FY19 and FY20 for the new arts and culture initiative. She said they propose to also use funds from the positive year-end variance for a variety of infrastructure investments including the transportation revenue sharing program, cash equity to the capital program, and the establishment of a strategic emerging capital needs reserve. She said they would allocate $550,000 to Urban Services to support small area plans, revitalization and urbanization projects, and support for transportation-related initiatives.

Ms. Vinzant said the County is in the process of determining the level of services for water resource protection programs and developing a stormwater utility to fund these programs. She said the two-year fiscal plan assumes that any expansion of the program would be funded by a stormwater utility fee and includes funding to support local action to reduce climate pollution, one-time funding of $500,000 for the ACE program, and $200,000 to incentivize broadband access in the southern part of the County.

Ms. Vinzant reviewed additional priorities, including funding for a Bright Stars classroom at Woodbrook Elementary for at-risk four-year-olds and continuing the Family Finders foster care prevention program that began as a pilot in the current fiscal year. She said they expect this program to result in significant reductions in CSA costs in FY19, which are reflected in this plan. She said the two-year fiscal plan includes funding to assist with cross-functional depth of projects and the need to engage and communicate with the community to achieve desired results. She said the plan allocates $2.6 million in additional funding for FY19 and $1.8 million for FY20 to the category of advancing strategic priorities. She said there would also be almost $9 million in positive year-end variance to be allocated in the current fiscal year for economic development and infrastructure investment.

Ms. Vinzant reviewed the third focus of the two-year plan – maximizing transformation and addressing emerging issues. She said this would include $1 million in one-time positive year-end variance funds to establish a housing fund that would support a variety of housing initiatives. She said the plan also provides $400,000 to continue implementation of many of the transformational initiatives begun during the fiscal year, including records management, time and attendance, and a technology needs assessment. She said the plan would also ensure they have the skillsets and tools to work in an environment with an increasing customer-focused technology, engagement, big data, open government, and public-private partnerships, as well as the ability to respond to community needs not addressed by the strategic plan. She concluded and turned the presentation over to Ms. Allshouse.

Ms. Palmer commented that she hopes they can get into some specifics, as some of the items presented are new to her. Ms. Allshouse responded that they have put together a document that will be ready by next week, which includes every item. She added that the Board of Supervisors would have two December work sessions to review items and go into detail. She emphasized that today's presentation is a starting point and the Board can amend and approve the plan.

Mr. Randolph said it would be helpful to have a variance budget plan presented that indicates the amount of dollars available and includes a list of each item proposed to be funded with variance funds. Ms. Allshouse offered to provide this and pointed out that on November 1, the Supervisors were presented with an end-of-year FY17 report that provided a revenue vs. expenditures balance sheet and positive variance.

Ms. Allshouse pointed out that in November and December, the Board would have appropriated or would be asked to appropriate $1.6 million from the positive variance, with $1.4 million for the NIFI pilot program.

Mr. Randolph pointed out that the $1.6 million positive variance funding proposed for NIFI was from FY16 and it is important to separate FY16 and FY17 in the list she will provide.

Ms. Allshouse said they proposed to reinvest $7 million in the Capital Improvement Program (CIP), $2.3 million for economic development incentives, $1 million for the housing fund, $2.4 million for one-time uses, such as restoration of the grant matching fund, arts and culture initiative, broadband incentives, wildflower plantings, public safety and other uses. She emphasized that the plan only addresses 26–28% of requests presented to the Office of Management and Budget.

Ms. Allshouse said she would review some changes to the CIP. She said they would move the five-year mode from a plan based on budget to one that is based on expenditures, which will look at when they want to spend funds and will move them in a good direction. She described this as a more accurate, “just-in-time” approach. She said they plan to continue borrowing every other year and will explore a calendar year 2018 referendum option. She said they have an overarching CIP financial process improvement activity underway that will review how they manage all departments and look for operational efficiencies and ways to improve coordination among departments and divisions.

Ms. McKeel invited Mr. Richardson to introduce himself to School Board members. Mr. Richardson thanked Ms. McKeel and stated that he is very excited to be with the County and that it is an extremely intense and busy time, though people have been gracious with their time in assisting him. He said the learning curve is steep, he is learning something every minute, and he is thankful for the collaborative nature of the partnership.

Agenda Item No. 2.2. School Board Five-Year Needs.

Dr. Matt Haas presented. He described the collaborative nature, problem solving, vision, and team spirit of the partnership between the County and school division. He presented a slide listing desired outcomes from this meeting as follows: Board members understand updated figures, review major drivers of the budget, and consider the school division’s five-year financial forecast as a framework for discussion. He said that last year they emphasized a focus on equality vs. equity, as not all students have the same access to the great programs and success that most students share. He said an overall strategic goal is for all County students to graduate with mastery of the lifelong learning skills they need to succeed as 21st century learners, workers, and citizens. He said they had an equity café at their annual retreat and reviewed gaps in the data and have been able to frame three strategic priorities for the next two years as follows: create a culture of high expectations for all students, identify and remove practices that perpetuate achievement gaps, and ensure that students identify and develop personal interests.

Dr. Haas presented a definition of “equity” as follows: the shared mission of County schools should be to end the predictive value of race, class, gender, and special capacities on student success by working together with families and communities to ensure each individual student’s success. He said the schools annually review the State of the Division report and study data based on their strategic objectives and have developed an equity dashboard that considers how demographic characteristics of a student predict performance. He described the High School 2022 project, which was incorporated by various county schools across the state in 2012 and was shared by the Virginia Department of Education, with the project objective being to recreate a competitive workforce in Virginia. He said the Virginia Department of Education is looking at students in a well-rounded way that considers the types of work skills they are developing, as well as whether they can engage in the community as citizens, instead of a transcript approach that looks at the number of credits accumulated.

Dr. Haas presented a slide with pie charts comparing enrollment and state, federal, and local revenues for the school budget for FY08-09 and FY18-19. He pointed out how local funding had increased as a percentage, which had offset a leveling of state and federal aid. The next slide contained a chart with state aid per pupil each year from FY08-09 through FY18-19, and Dr. Hass pointed out that state aid is now $399 less per pupil than it was 10 years ago. He next reviewed preliminary local, state, and federal revenue projections. He indicated that state revenue is looking favorable, but federal revenue is threatened by potential sequestration as well as cuts, including Title I reductions and Title II eliminations. He reviewed primary budget drivers for FY18-19, including a 2% teacher salary increase, 2%+ merit increase for classified staff, and health insurance costs expected to increase by 3.75%. The next slide showed projections for the following four years with salary and health insurance costs projected to increase. The next slide presented a chart showing steady increases in expected school enrollment in future years. The next slide showed the percentage of economically disadvantaged students as a percent of total students, with an upward trend projected for future years.

Mr. Randolph asked Dr. Haas to provide a figure as to the number of students that could be affected if funding for the Virginia FAMIS program is not restored by the federal government, as it was scheduled to lapse in September. Dr. Haas said they would work on getting this information.

The next slide presented was of a chart showing special program costs each year from FY10-11 through FY17-18. The chart showed increases each year in spending for various special programs utilized by economically disadvantaged students. He pointed out that the SEAD initiative was introduced last year at schools in the urban ring, and they have gotten off the ground with a high quality team. He thanked the Board for authorizing funding for this program, which he expects to be impactful.

Mr. Randolph asked Dr. Haas if he would present an update on SEAD and its effectiveness to the Board prior to budget deliberations. Dr. Haas offered to update the white paper and noted that SEAD is a three-year pilot program.

The next slide was of a five-year forecast of revenues and forecasts. He noted that the five-year forecast did not include certain needs.

The next slide listed the following funding considerations that were not included in the five-year forecast: teacher salary scale change, targeted classified compensation strategies, social emotional academic development (SEAD), High School 2022, after-school expansion, broadband expansion (home access), and elementary and middle school world language expansion. He said they had conducted a teacher compensation study and have looked at how percentage increases in compensation were applied. Dr. Haas stated that they found their current policies for compensation increases resulted in irregular increases and lags they are looking to straighten out, which is likely to lead to salary increases greater than 2% this year, in order to make adjustments. He said they would look at different transportation methods to ensure that all programs are accessible to all high school students as part of the High School 2022 initiative, which could lead to a need for more buses and driver hours. He said they plan to introduce a freshman seminar developed around social/emotional learning, career development, individual strengths, and mentorships, and this would require additional teachers.

Dr. Haas concluded his presentation, pointing out that County schools rank third in Virginia as rated by the NICHE assessment, which is largely attributable to the resources authorized by the Board of Supervisors and the County. He emphasized that a key question is whether there could be equity and equal access for all children, and he believes they can achieve this.

Mr. Randolph said he would pose a question that Dr. Haas would not be able to answer. He asked if the County could afford to cover increases in special program costs and teacher salary increases if federal assistance is reduced, and he expressed hope that Congress would do something in the coming months.

Dr. Acuff said the School Board is struggling with these issues and is considering ways to gradually increase teacher salaries. She said they are also contemplating next steps to take in addressing capital needs for schools.

Ms. McKeel reminded the Boards, Dr. Haas and Dr. Moran that the City/County transit partnership had recently held its first meeting and agreed that since Charlottesville’s pupil transportation department has a seat at the table, the County pupil transportation department should also have a representative at meetings. She said they are in the process of determining who the representative would be.

Agenda Item No. 2.3. Preliminary FY 19 – FY 23 CIP Overview of the Requests

Mr. Trevor Henry, Director of Facilities and Environmental Services, presented. He said that today he is appearing in his role as a Technical Review Committee facilitator in support of the budget office and the overall capital planning and budgeting process. He thanked Lindsay Harris and Kelsey Lofton of the Office of Management and Budget for their work on the capital process. He presented an outline of the desired outcomes as follows: provide a high-level overview of FY19 development year requests, review Technical Review

Committee's ranking, and seek feedback from the Board to inform oversight committee representatives. He provided an outline of his presentation as follows: development year review, terminology and process, summary of requests, recent projects, and discussion.

Mr. Henry presented a development flowchart of the FY19 CIP and pointed out they are at the review process for the two Boards after having completed the Technical Review Committee review. He explained the Technical Review Committee was comprised of school and local government staff with the charge of reviewing and ranking project requests against an objective criteria approved by the Board of Supervisors to inform the budget process. He explained that the Financial Review Committee was comprised of staff from the Office of Management and Budget and Department of Finance from schools and local government with the charge of applying a revenue model against project expenditures. He said that Supervisors Mallek and Dill, Dr. Acuff and Mr. Buyaki of the School Board, Bruce Dotson of the Planning Commission, and citizen-at-large Tom Morris all sit on the Oversight Committee, and he thanked them for their service.

Mr. Henry explained they are in the first year review of a two-year capital process, in the context of a ten-year program with a five-year balanced CIP. He explained that years six through ten represents the capital needs assessment, which looks at future demand. He explained that the first year of the two-year CIP cycle involves department and agency requests and needs, while the second "amendment" year involves updates and urgent requests.

Mr. Koleszar stated that the School Board is looking at the CIP as part of the High School 2022 initiative and speculated that this would not be ready for the Oversight Committee. He asked if they would have a placeholder for this. Mr. Henry replied that this would be addressed later in his presentation.

Mr. Henry said that last year the Oversight Committee wanted to reconvene prior to the FY19 – 23 process in order to review criteria and address some questions and comments, which led to a June meeting of the Oversight and Technical Review committees and support staff. He said they took a long-term view of future big-ticket items and agreed to have regular off-year joint planning meetings to look at infrastructure and planning. He said they have added a CIP orientation to the annual process, after having success with this last year, and have this scheduled for the following week.

Mr. Koleszar commented that members would be attending a meeting in Williamsburg at that time and would not be able to attend the orientation. Mr. Henry offered to reschedule the meeting.

Dr. Acuff commented that she attended the orientation a couple of years ago and it is well worth attending, even if one is not on the Oversight Committee, to help understand the process.

Mr. Henry said that one recommendation that emerged from this meeting was to cease the ranking of maintenance and replacement requests, though the Technical Review Committee still reviewed requests to make sure they were properly classified. He said they have adjusted scoring for non-maintenance requests. He said they have conducted an analysis as to whether it is appropriate for items to be in the CIP or the operating budget as well as definitions of maintenance replacement requests. He reviewed changes to scoring for FY19, the first being the addition of a strategic initiatives alignment category. He said they have eliminated the category of regulatory compliance, as the language was redundant with other categories. He said they have consolidated the category of infrastructure with quality of life in order to align to strategic initiatives while still meeting other important categories.

Mr. Henry stated they have received 90 requests totaling $495 million – 79 from the CIP five-year balanced period and 11 from the capital needs assessment. He noted that some projects are still pending, such as high school capacity and modernization improvements, courts, and parks. He said that school staff and consultants are considering three concepts, with cost estimates ranging from $83 million to $138 million. He emphasized that the $495 million in CIP requests did not include the high school project, which they hope to model in a few different ways. He explained that the courts project was baselined to the downtown option within the adopted plan with a possibility of changes to the CIP. He said that a needs assessment is in progress from parks, which could affect some requests.

Mr. Henry reviewed pending capital needs assessment requests as placeholders of future facilities, and his slide listed a new middle school facility and expansion of CATEC. He next presented a slide containing a pie chart with a breakdown of $287 million in CIP requests by category for FY19–23. He noted that the current adopted plan for FY18 was $177 million. The next slide presented contained a pie chart comparing maintenance and non-maintenance requests, and it showed that non-maintenance requests represent 65%, maintenance requests equal 33%, and administrative requests are 2%. Mr. Henry said they have been asked if the CIP facilities maintenance program is over or underfunded. He explained that the industry standard recommends that 2–4% of the current replacement value be dedicated to facility maintenance and repair budgets, and the five-year CIP average was 2.5% for schools and 2.1% for local government. He said that since he has been with the County, it has been the Board's priority to make sure they take care of their assets.

Ms. McKeel commented that there have been years where they conducted only maintenance, including several years when they only did critical maintenance.

Mr. Henry asked Board members to review the FY19 CIP development year one summary of capital project requests document that had been distributed, noting that projects are ranked and invited comment and direction. He pointed out that requests that are categorized as mandates, obligations, and maintenance/replacements are not ranked. He commented that the 10 highest ranked projects had near unanimous agreement among Technical Review Committee members, which he attributed to the use of criteria. He said the top 10 ranked projects included school capacity and modernization, transportation projects, trails, and public safety.

Ms. Palmer asked how a recycling project that would be implemented by the Rivanna Solid Waste Authority would enter the budget process. Mr. Henry replied that if it were a capital project, it could be ranked against other projects with a transfer of funds to RSWA if it were approved. He said that alternatives would be to look at year-end funding and special considerations.

Ms. McKeel noted that the Albemarle Bicycle and Pedestrian Program is listed in the ranking and asked if this overlaps with the work underway by Thomas Jefferson Planning District Commission to identify missing bicycle-pedestrian connections. Mr. Henry replied that this request was for crosswalks and that the Northtown Trail project incorporates information from the TJPDC study.

Ms. Mallek asked how Project 45 – the School Maintenance Replacement Program – compares with Projects 52 and 53, as she assumed it was related to the bond referendum. Mr. Henry replied that the maintenance replacement program involves items such as roofs and floors.

Mr. Henry presented photos of recent renovation, modernization, and addition work at several schools. He next presented a list of important meeting dates in October, November, and December for the FY19 budget process.

Agenda Item No. 2.4. Joint Resolution Recognizing Veteran's Day.

Mr. Randolph read a resolution recognizing Veterans Day and **moved** that the Albemarle County Board of Supervisors and Albemarle County School Board adopt the resolution. The motion was **seconded** by Dr. Acuff Roll was called, and the motion carried by the following recorded vote:

AYES: Mr. Randolph, Mr. Sheffield, Mr. Dill, Ms. Mallek, Ms. McKeel; Ms. Palmer; Dr. Acuff; Mr. Alcaro; Mr. Koleszar; Mr. Paige; Mr. Oberg; and Mr. Buyaki.
NAYS: None.

RESOLUTION OF APPRECIATION

WHEREAS, the United States of America was founded on the principles of liberty, opportunity and justice for all; and

WHEREAS, America has called on her men and women in uniform to protect our national security, to advance our national interests and to preserve our rights and freedoms; and

WHEREAS, on Veterans Day we remember and pay tribute to the millions of patriots whose courage and sacrifice have secured our freedom and defended our values; and

WHEREAS, we also honor all men and women currently serving in the military for their sacrifices; and

WHEREAS, over one hundred veterans continue to serve their country in public schools and government as teachers and other professionals providing services to the students and citizens of Albemarle County; and

WHEREAS, these veterans employed by Albemarle County Public Schools and Local Government deserve recognition for their continued service;

NOW, THEREFORE, BE IT RESOLVED, that the Albemarle County Board of Supervisors and the Albemarle County School Board do hereby recognize all veterans and the men and women that are currently serving in our armed forces around the world; and

BE IT FURTHER RESOLVED, that the Albemarle County Board of Supervisors and the Albemarle County School Board do hereby recognize and honor the continued contributions and sacrifices of the Armed Forces veterans employed by local government and public schools; and

FURTHER RESOLVED, that this Resolution celebrating Veterans Day, be adopted this day of November 08, 2017.

A slide show with the names and photos of County employees who were serving or who have served in the armed forces was presented.

Agenda Item No. 3.1. Matters Not Listed on the Agenda. None.

Agenda Item No. 4.1. Adjournment.

At 3:45 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 3:45 p.m.

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Chairman

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Clerk