A Joint Meeting of the Albemarle County Board of Supervisors and School Board was held July 1, 2009 at 3:30 p.m. in Room 241, County Office Building, 401 McIntire Road, Charlottesville, VA 22902

School Board Members Present: Mr. Brian Wheeler; Mrs. Barbara Massie Mouly; Mr. Jon Stokes; Mrs. Barbara Massie Mouly; Mr. Steve Koleszar; Mrs. Diantha McKeel; and Mr. Ronnie Price, Sr.

School Board Members Absent: Mrs. Pamela Moynihan.

Board of Supervisor Members Present: Mr. Dennis Rooker; Mr. Lindsay Dorrier; Ms. Ann Mallek; Mr. Ken Boyd; Mr. David Slutzky; Ms. Sally Thomas

Board of Supervisor Members Absent: None

Staff Present: Dr. Pamela Moran, Superintendent; Dr. Bruce Benson, Assistant Superintendent for Planning and Operations; Mr. Robert Tucker, County Executive; Mr. Tom Foley, Assistant County Executive; Mr. Larry Davis, County Attorney; Mr. Bill Letteri, Director of Facilities Management; Mrs. Ella Jordan, Clerk of the Board of Supervisors; and Mrs. Jennifer Johnston, Clerk of the School Board.

Call to Order

Mr. Slutzky called the Board of Supervisors back to order in Room 241 at 3:37 p.m. Mr. Brian Wheeler, Chair of the School Board, called the Albemarle County School Board meeting to order.

Policy, re: School-Funding Allocations.

Mr. Tom Foley, Assistant County Executive, explained that staff is getting ready to start work on the CIP update. This week Local Government departments and the Schools will be asked to start developing requests which will be due at the end of August; in September staff will start reviewing those requests. Today the question is whether to include debt service payments in the transfer to the Schools and whether to move to a single-allocation to the Schools for both operations and debt; a decision is requested on that question. If that is the decision, when all of the requests are reviewed in September, they would not be jointly reviewed. Instead the Schools would be responsible for their own capital program within this allocation of money. Staff is asking the boards today if that is a good idea.

Mr. Slutzky said if there were a formula agreed upon, would staff have answers to the second set of questions posed by staff. How would the Supervisors have a way to weigh in on the community benefit of a school facility when it was no longer a part of the funding decision? How do you overcome that as a concern? Mr. Foley said staff is asking that question today. That issue would have some impact – is it a good direction to move in?

Mr. Slutzky asked if a policy could be set up saying that there is a mutually agreed upon expectation that facilities would be available for certain kinds of uses, and that would be applied to any school building/project the school division undertook.

Mr. Rooker said after looking at the staff report, he does not think it is a good idea. However, he might be persuaded otherwise if he hears things he had not thought of. Generally speaking, capital improvements are "lumpy" – a school is built and then another might not be built for 10 years. There are facilities that are used for multiple purposes – school property is usually purchased with greater acreage than necessary for a school in order to satisfy community needs. The artificial turfs are being installed, and the Supervisors contributed money to those at the three high schools because it was a way to provide lighted field time for the community in an economical way, etc.He thinks this issue has come about because the boards need to look at reworking what the CIP Oversight Committee does. There is significant input from the Supervisors on school projects, and vice versa at that level. It needs to be a working committee that develops a priority list of projects – both school projects and local government projects. He does not see an advantage to "going down this road" of a fixed allocation. There might be five years in which the Supervisors decided the schools had big capital needs and that was fine. Five years later when the Schools did not have big demands, other things could be funded. He is afraid a fixed allocation will not be responsive to the differing needs of the community. Capital is much different than operations.

Mr. Slutzky said Mr. Rooker may have saved this group a fair amount of time because that was his conclusion also. He thinks this became a problem for the committee because it felt the Schools decided what projects they needed and they did not have an obligation or right to weigh in heavily on them. Not dissimilarly the School members of the CIP Oversight committee did not seem to feel welcome engaging too much on some County projects. The CIP process might be focused on it being truly collaborative – put all the projects in one box and collectively decide what gets done and why. If that is the crux of the problem that gave rise to this discussion, maybe that is the way to solve it.

Mr. Boyd said he was in a hybrid position. He does not think the 60/40 split should be used for anything other than budget guidance. It should not be a hard and fast rule either on the operating side or the CIP side. This year, the CIP Oversight committee was faced with decisions about whether to renovate all of the tracks at three of the high schools, or to fund the library project. There was no mechanism to use to decide which project was the most important. Some people on the committee said they weren't "giving in" on the library project. It would be easier if the Committee had guidelines about how much money was traditionally allocated in the CIP to one side or the other side. In the last 10 years there have not been many County projects so it has not been a problem. Now there are several library projects in the mix and stormwater management needs. School Division needs have tapered off a little because enrollment is not increasing. There should be a system that is flexible enough to deal with the changing environment – the lumpiness that Mr. Rooker talked about. That cannot be done when saying 60 percent goes to the Schools and 40 percent goes to the County.

Mr. Slutzky said the 60/40 issue is a separate conversation. The Board has been funding the school division because education is a priority, but the result is that the Board, for a long time, has been remiss in adequately funding infrastructure. Now, it is predicted that there are about to be infrastructure needs in the County. The fact that they have not been addressed is in part because of the CIP process where there is an underlying deference to School projects. Hhow do the Supervisors and School Board collaboratively figure out how to fund them?

Mr. Boyd said the school division does not try to determine what projects they need in terms of the CIP. There is nothing that says they will get "x" amount of dollars over the next few years based on projections and the County's needs. The Schools don't start at that place, but with a lot of placeholders for projects that may or may not be done. If they think a new school will be needed in the next five years, money is set aside in the CIP for land purchase - it is a placeholder, it is not a definite project. He knows that some of that type of thing is needed, but there have to be guidelines for both sides in terms of what is available to budget based on the economic forecast.

Mr. Stokes said he has been a member of the CIP Oversight Committee for three years, and thinks there are guidelines. He takes exception to the description of the CIP process as not collaborative and broken. The Committee has gone through projects for both the Schools and local government making decisions based on the guidelines of debt levels and revenue levels. First they discuss the amount of money available. This past year there was no money, so the number of projects was reduced - the Committee went through each project. When they got to the School projects it was not said they could not be talked about because a decision had already been made. From his perspective as a Committee member, the Committee, which is made up of School Board and Supervisor members as well as citizens and others, went through the process to decide what is needed and what can be afforded.

Mr. Slutzky commented that Mr. Stokes' is characterizing everybody as getting along fine, but the Supervisors have gotten a report from its representatives that there was no agreement at all.

Mr. Boyd said his perspective was from this year, he has not been a member of the Committee for three years. He said the committee directed staff to bring the CIP projects back in budget. The Committee talked about all of the different projects included in the CIP, but he did not say to delete a school project here and there because he did not feel it was his place to do that, as Mr. Stokes did not say to postpone the Crozet Library for two years.

Mr. Stokes said he knows Mr. Boyd expressed that opinion to the Supervisors. He took exception to that and wrote an e-mail to everyone explaining that was not what happened. He was sorry that Mr. Boyd didn't feel he could question the School Board's requests, but he certainly felt he could question the expense of a library or the expense of a firehouse and that's what the group did. At the end of the three or four meetings, the Committee put a recommendation together and that is when all of a sudden this questioning of the process came up and it seems like Mr. Boyd is asking why is was not done right.

Mr. Boyd said the Committee realized the CIP was not going to balance the way it was presented. They did not go back and say each side needs to cut a specific percentage out of its CIP.

Mr. Rooker said the whole idea of having a Committee is so it can, in a collaborative way, make recommendations that are in the community's interest based upon the amount of money available, whatever the percentage. He feels the School Board is as interested in the overall well-being of the County as the Supervisors are interested in excellence of the schools. It needs to be sure that when recommendations come out of that Committee, everyone is comfortable the process has been followed and the Supervisors get the collective judgment of that Committee.

Mr. Boyd said from his perspective, the reverse sides asked staff to step up and find balance. He thinks County staff went to great lengths to make that happen. It was tough to talk about putting off Crozet Library construction because he knew the Supervisors would "get a lot of flack" for putting it off for a couple of years. He didn't feel the School Board representatives were willing to step up and say "we didn't see your maintenance project until the last meeting we had." There was no definition of the \$3.0 to \$4.0 million a year in maintenance.

Mr. Stokes replied that he 100 percent disagrees with that statement.

Mrs. McKeel said that is not an accurate description of what happened. Even the at-large community member on the Committee, Mr. Chris Lee, agreed that there was sufficient opportunity for input.

Mr. Stokes added that if it had not happened, staff would not have brought forward a recommendation to the Supervisors."

Mrs. McKeel said everyone needs to remember that this committee that she and Mr. Stokes are on with Mr. Boyd and Mr. Dorrier is an "oversight committee." There is another committee comprised of staff from both groups – Schools and Local Government – that reviews all of the projects in detail. It's their job to go over all projects, sort them out, and make recommendations; the Oversight Committee reviews them last. She said Mr. Boyd seemed to want the Oversight Committee to do what the staff committee was charged to do, or that is the way she interpreted it. She said there were already projects which had come forward, and for the Oversight Committee to start over was not a good idea.

Mr. Stokes said if there is going to be a project the Technical Review Committee checks how much it will cost and if that cost is correct. Those projects then come to the Oversight Committee and it chooses based on the level of debt - that is what the committee did last year and the year before. They got feedback that it did not happen, and that is why he is puzzled.

Mrs. McKeel said it was her sense that Mr. Boyd wanted them to go back to the very beginning (not do what the committee was charged to do), and rework everything. They could not do that in absence of more information.

Mr. Boyd said when appointed to this committee there is no training manual. He will admit that being on it the first year he did not ask a lot of questions that he should have asked early in the process.

Mrs. McKeel said that Mr. Boyd agreed with everything at the committee level, and then went back to the Board of Supervisors and said something different. Mr. Boyd retorted that he didn't agree to anything because there was never any vote.

Mr. Rooker said he thinks the consensus is that the process should not be changed from the standpoint of allocation, but the CIP process should be such that the recommendations are the joint recommendations prioritized by the committee to go openly to the Supervisors. Ultimately, the Supervisors have the final determination when they vote on the CIP.

Mr. Foley said staff can help with some of the value judgments that the Technical Review Committee does not make; those have to be made by the Oversight Committee. Staff can help the Oversight Committee make some of those value judgments by developing criteria for consideration. At the end of the day, decisions have to be made, but it will help them to be done a little more objectively.

Mr. Rooker said he understands where the Schools are coming from, but the Supervisors' representatives were not as comfortable with how the process worked. Both sides need to be comfortable with how the process works and what the end product is.

Mr. Dorrier commented that he believes there needs to be a better system in the oversight process for making cuts in projects. He said the 60/40 split works pretty well, but he felt some things should be cut and he did not get any support. He said they were dealing with Brownsville Elementary School, which was the number one priority of the School Board. He and Mr. Boyd both supported that project. He said the Oversight Committee is supposed to set priorities to recommend to the two boards. He said there is not a good system for making cuts. He does not know where the cuts were made on the school side.

Ms. Mallek said she thinks the School Board as a whole should convey to their representatives what their priorities are, in the same way that Local Government would have to decide what improvements had to be made for lots of reasons.

Mr. Boyd said he did not recall the School Board prioritizing their projects. Mr. Wheeler said the School Board looks at the entire CIP, not just one given year.

Mr. Boyd said the place to start may be to first rank the list of projects. Then, if there is a need to cut the last project on the Schools' list it could be deleted leaving the last one for local government on the list. That could keep the Committee from unknowingly recommending a project that isn't a priority.

Mr. Stokes said that's why he serves on the Oversight Committee. He felt empowered by the School Board to list those priorities, report back to them and if they didn't agree they could give other instructions. He said they appointed him and Mrs. McKeel to this committee to make those decisions within the overall assessment of all the CIP projects. That is what he thought they were doing.

Mr. Slutzky said at the budget level a decision was made to take three cents out of the CIP to start with. Then the CIP Oversight Committee had to choose among priorities and it had a charge to cut. At the end of the process it may have been perceived by the Supervisor members that the School Board did not cut as much as they did. That doesn't mean their intent was wrong. He wondered if the process can be tweaked and refined since the process may not be broken but could always be improved. He said there are a lot of good reasons why this was not a good year to cut capital projects even though there were not sufficient revenues. In some ways it may have been better to hold onto those three pennies and been more brutal on the operations side. There is no way for that deliberative process to be a part of the CIP Oversight Committee's prioritization of capital projects. He wonders if the boards should ask staff to suggest different approaches to how the process might continue (assuming it will choose the path Mr. Rooker stated earlier).

Mr. Tucker said that is the next step. If it is the consensus of both boards that capital and debt shouldn't be added to the 60/40 split for operations, then staff will come back with how the Oversight Committee process might be tweaked.

Mr. Wheeler pointed out that the reason this topic is on the agenda was not because of the CIP process this year but because the County's consultants recommended that it be discussed.

Mr. Rooker said things arose this year that gave the impression the process could be improved. Also, he is in favor of having a vote by the CIP Oversight Committee on what they are recommending.

Mr. Dorrier said there was one vote at the end of the meeting, but it was a 2-2 tie, so the tiebreaker had to vote.

Mr. Stokes said in the past there hadn't been a need for a vote because it was all done by consensus, but in hindsight he wished there had been a vote on every project so Mr. Boyd would have had an opportunity to vote one way or the other.

Mr. Boyd said he looks at this whole thing differently. The recommendation in the Resource Utilization Study suggests that Debt Service be put over on the School Board side. If that were done, it was assumed a different formula would be needed. He still thinks the Schools' debt service should be on the School Board side of the budget. That doesn't mean the allocation process needs to be changed, but once it is decided he thinks that should be part of the School Board's budget so it can be recognized every year as part of their expenditures.

Ms. Mallek asked if that was done, what it would change from the School Board's point-of-view.Mr. Boyd said it would give them some level of accountability as to how much their level of debt service is. Mr. Rooker said it would need to be altered every year because of the nature of capital projects. Mr. Wheeler asked why the consultants made that recommendation.

Mr. Boyd said the per-pupil expenditure for education is talked about but debt service is not included because it is not in their budget. Should it be included in that number?

Ms. Thomas said the chart shown to the Board suggests that even Chesterfield County does not do it the way the Resource Utilization team suggests it be done.

Mr. Boyd said he was curious as to why Prince William County was not included in staff's research. Their information may be a little dated but they have a very sophisticated model for calculating their CIP. Mr. Foley replied that they didn't respond despite numerous phone calls.

Ms. Thomas said the different personalities involved were analyzed by Mr. Slutzky. She said the two "most eager to cut our budget" Supervisor members were on that committee, and that was not the frame of mind for the School Board's representation. She thinks that has brought the two boards to the table today as much as anything. Since there is a joint committee, she would like to see a discussion of how each project is a community project. There has been discussion about the jail situation which came in too late to be considered in this process. Those sorts of things should be thought of earlier; the policy on the Supervisor's side says that almost every capital project now has to be considered as a multi-use building.

Mr. Slutzky said there is a point early in the cycle which looks at projects before they get into the CIP. The degree of urgency for each of them can fluctuate over time. He doesn't know if there is a sufficient process in place now on an annual basis to separate projects that must be done versus ones that could be delayed. The Supervisors are driven by maintaining a tax rate and looking at what that implies in terms of available capital budget. It does not look at weighing that against operating, and it is not weighed against how urgent needs may or may not be. Staff might make recommendations about how each of these interdependent variables can be best reflected in the process to the extent that they may not be quite as fine-tuned as they could be. He asked if everybody was comfortable with that task for staff.

Mr. Rooker said he thinks staff should proceed to make recommendations on this, so it can move forward quickly for the upcoming budget session.

Mr. Koleszar said he agrees with the general consensus stated, but from a long-term perspective, he thinks there has been a tendency to look at school projects as just school projects and County projects just as County projects. He asked if the Crozet Library has ever been looked at as a joint project.

Mrs. McKeel said that goes back to what Ms. Thomas was saying - things need to be looked at through that "lens" better.

Ms. Thomas said there has been discussion about whether the downstairs part of the new Crozet Library could be used by other County departments – continuing education sorts of things, not as a school. She said that is not a good example because it is not a multi-use building.

Mr. Koleszar said the boards need to think in a broader perspective.

Ms. Thomas said when Monticello High School was being built there was discussion about whether it could have a community library, but that did not work out.

Mr. Dorrier said there is a need to define the timeframe of the CIP; is it five years, ten years or three years? Mr. Foley said it is a five-year period for an adopted plan, but every other year the County looks ten years out so they can see what's on the horizon.

Mr. Rooker said he thinks the Supervisors are "shooting" for a Committee that looks at the overall capital needs of the County and makes priority recommendations based upon that view. All the members should feel comfortable asking questions about any project on the list, so everybody is educated and understands where the money is going.

Mrs. Mouly said she served on the committee for a year when there was no need to cut, so they weren't even aware of the possibility that they might want to go back to their board to prioritize. She is not adverse to that idea – she feels it is a good idea to include it in the process somehow. She does not remember anything in the process that required them to go back to their board and get the priority for their projects clearer.

Mr. Slutzky said one difference between the Capital budget and the Operating budget is that there is more inherent fundability in the operating budget in a given year. Before it gets to the point of losing staff, things can be stepped back and picked up the next year without it being a huge problem. With a capital project there is a 20-year debt service attached, a revenue stream commitment – it is a different animal. There needs to be a good effective process in place to look harder at prioritizing capital projects in terms of the urgency of need, and in those years where there are not lots of urgent needs and there is extra money, more projects might be picked up. If it is a year where revenues will be down, anything not urgent can be sliced off. Having a way to integrate all of those things is probably what is missing.

Mr. Rooker said the other thing that needs to be considered by the Committee to the extent possible, and which needs to be included in staff's presentation of information, is the increased operating expense a particular capital project brings with it. That needs to be included in the prioritization consideration.

Mrs. Mouly said she was interested in knowing why the Resource Utilization Team made this recommendation about debt service. Ms. Thomas said she does not think they gave a reason. Mr. Slutzky said they may have felt it was a way to break through the 60/40 rigidity which they did not embrace, but that is just guessing. Mrs. Mouly said in the Resource Utilization Study for the Schools it seemed that every conclusion had some support. Mr. Tucker said he thinks they felt there was disproportionate spending between the two.

Mr. Slutzky said another way is to change the process of decision-making within the Committee, and that is what is being talked about today. That seems to be a consensus, and that was the feedback staff asked for.

Mr. Foley said staff may come back with some revisions to the by-laws as well as a list of criteria with weights on different factors. They will do more research on other localities and how they handle this matter.

Other Matters Not Listed on the Agenda. None.

Adjournment.

At 4:27 p.m., Mr. Koleszar offered a **motion** to adjourn the meeting of the Albemarle County School Board. Mr. Wheeler **seconded** the motion, **and the motion passed**.

The Board of Supervisors continued their meeting and adjourned at 4:31 p.m.

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Chairman

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Clerk