A Joint Meeting of the Albemarle County Board of Supervisors and School Board was held April 17, 2009 at 11:30 a.m. in Room 241, County Office Building, 401 McIntire Road, Charlottesville, VA 22902

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

School Board Members Absent: None.

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 Student Learning; Mr. Jackson Zimmermann, Executive Director of Fiscal Services; Mr. Robert Tucker, County Executive; Mr. Tom Foley, Assistant County Executive; Mr. Larry Davis, County Attorney; Mrs. Ella Jordan, Clerk of the Board of Supervisors; and Mrs. Pauline Meehan, Deputy Clerk of the School Board.

Call to Order

At 11:43 a.m., Mr. Slutzky, Chairman of the Board of Supervisors, called the Board of Supervisors back to order. Mr. Wheeler called the School Board to order.

Quarterly Luncheon

Mr. Wheeler noted that the School Board now uses ElectronicSchoolBoard for compilation and distribution of its Board meeting materials.

Mr. Slutzky said that the Chairmen talked about relevant topics of discussion, and a formal list was not provided prior to the meeting.

Mr. Wheeler said that the School Board had several items that they would like to discuss including an update on Federal stimulus funding, CIP budgeting, feedback from the County's Resource Utilization Study, School Board debt service and capital projects, and the 60/40 split.

Stimulus Monies

Mr. Slutzky suggested that the Boards start with a discussion on stimulus funding. Mr. Tucker said that local government only has two major opportunities to use that funding – Edward Byrne Memorial Law Enforcement Assistance Grant at $113,000 and the Energy Efficiency Conservation Block Grant at $400,000. There are other grants that the County can compete for as well.

Dr. Benson said that there have been shifts in the amount of funding available for the school division but there are basically three pots of money available – Title I funding which ranges from $800,000 to $900,000 that must be spent by September 2010; IDEA funding which will bring in about $1.5M in each of the next two years; and the State's Fiscal Stabilization funds totaling $2.5M in each of the next two years. Each fund has some flexibility, but there must be reporting to both the state and federal government on how the monies were spent. Dr. Benson indicated that the intent of the funds is to try to preserve jobs and restore some cuts. The School Board wants to be cognizant that the monies won't be there in two years. They are looking at a fair number of capital purchases and restoring cuts in instructional learning resources. The Stabilization funds are geared toward modernization of school facilities – such as access to wireless networks, student information management systems, professional development, etc. It may be May before they know all of the guidelines, restrictions and reporting requirements that are attached to these resources. Because a fair amount of the money is associated with school modernization schools will be considering how the money can be used to leverage funds for capital purchases and perhaps provide some relief to the CIP. He indicated that he is working with Mr. Tom Foley on this.

Ms. Thomas asked if they are working on using broadband so that the signal emitted from schools can be a "hub" for what is in the community. Dr. Benson said that he is aware of this effort in local government, but since the wide area network is subsidized by e-rate funds there may be restrictions as to how access is provided to other people in the community. He explained that e-rate means that schools qualify for a discount in telecommunications services based on the percentage of students eligible for free and reduced lunch in the division – which comes as a refund from the federal government. Mr. Slutzky asked if they are required to use a specific vendor. Dr. Benson said no, it is a competitive bid process and anytime they are looking at an upgrade or improvement of service, they go out and file a form with the federal government stating they are seeking services and then go through a bid process. Dr. Moran also noted that since those funds must be expended in direct services to students and staff, it could limit the capability to open the door to the greater community. Dr. Benson said, as an example, they have some administrative buildings and while they set on the schools wide area network, he cannot ask for a discount for their access to that service. They have to prorate a percentage of the monthly costs. Dr. Benson also pointed out that the number of students that qualify for free and reduced lunch in the County is not very high. They are not eligible to purchase equipment outright or to provide their own service. The equipment that sits in each school does not belong to them. The fiber that was installed by Sprint has been there for at least 10 years, but schools are working on upgrading the bandwidth and improve the equipment at each school.

Mr. Slutzky commented that the internet access at the public libraries, in contrast, has been deplorable and because of e-rate eligibility they were forced to use a vendor who did not have any incentive to be responsive with service. Dr. Benson commented that currently their network is incredibly reliable and virtually never unavailable. They also have tremendous bandwidth.

Mr. Boyd mentioned that some of the monies do come with the requirement that programs be continued after funding stops. Dr. Benson replied that he is not aware of that stipulation, but he has not read all of the parameters. Dr. Moran said that some of the competitive grant funding may have that attached to it.

Mr. Boyd commented that the local government is ensuring that it not commit itself to ongoing operating costs. Dr. Moran said they are trying to stay away from investing in anything that would be operationally based at the end of two years.

Mr. Boyd asked if some of this money can be used to replace existing dollars in the CIP. Dr. Benson said a large portion of the State Stabilization money is designed to help facilitate school modernization. He thinks they have an opportunity to look at how to leverage those dollars to gain improvements in school facilities, particularly in the area of technology and access to electronic resources, but it could provide some relief for CIP. He added that the School Board has not worked through that.

Mr. Koleszar asked how much the e-rate rebate runs every year, and asked if it would be advantageous to purchase the equipment rather than lease for ongoing years. Dr. Benson responded that he isn't sure the schools can purchase the equipment, as the current contract would not allow that and it is unlikely the telecom provider would sell the schools the fiber that connects all the schools in the County. He thinks the system has some favorable rates.

Mr. Koleszar said it may be advantageous to other County residents as well as schools if they were able to utilize their fiber optics to provide services to the libraries and such. Mr. Wheeler said it would be too costly for the Schools to try to build its' own network.

Ms. Thomas said she hopes someone in the division is working with the people in the rest of the County and the Planning District Commission that are trying to figure out how to get better broadband access. She added that when the Schools consider which positions to preserve, they consider a Hispanic outreach person – as that position has proven to be very helpful in County government. Dr. Moran said that the position is half-time and has certainly been valued. If the Schools are not able to continue the position the service will have to be continued through the ESOL department.

60/40 Split

Mr. Slutzky said the next item of discussion is the issue of the 60/40 split.

Mr. Tucker said at the Board's May 6th meeting he would present a staff overview of the Resource Management Study, which covers 140 basic issues raised – including the split. Staff will bring to the Board what they think are the priority issues. He suggested that the Board may want to discuss the issues before discussing with the School Board.

Mr. Boyd said, from the Study, he read that the 60/40 split should not necessarily be a hard and fast rule. Since he did not know it was going to be a topic of discussion today, he did not come prepared.

Mr. Dorrier asked who set the 60/40 split standard. Mr. Tucker replied that it has been in effect for about 25 years. At that time the Board and the School Board came up with the split and staff made it a practice from that point on. He thinks it has worked relatively well.

Mr. Boyd said that the School Board has adopted the approach of bringing forth a needs-based budget, not what they have had to spend. It's not really based on what the 60 percent will bring to them in revenues.

Mr. Slutzky asked if he was suggesting that local government and the Schools needed to look at the needs and then set the taxes based on the needs. Mr. Boyd said he does not think we can simply say our needs are not driven by what available money we have to spend. The Board puts out a formula every year that says here is your 60 percent based on what it thinks revenues are going to be, and if that is just being ignored when the School system puts their budget together, which he does not think it is, is that really the best methodology to use?

Mrs. Moynihan commented that in the last several years the Schools have been more attentive to what the available funds are when they do the budget, and assess needs within whatever budget is available. They have been more conservative in knowing their limitations. Mr. Boyd agreed. It has been amazing to him the number of emails he has received requesting that the Board fully fund the school division.

Ms. Thomas asked if there is a value in having the 60/40 split. Dr. Moran responded that it provides some level of predictability to the process and a sense of continuity. There may be innovative ways for school and local government staff to work together to ensure resources can be maintained. She thinks that it has been a very good system. The two resource utilization studies have caused us both to go back in, and at both Board and staff levels really take a look at new ways of thinking about the way we do business around all kinds of services that we provide and all kinds of departmental decisions that we make and our budgets.

Mr. Wheeler said that he felt the report for local government was "over-simplistic," as it was only tied to population and enrollment. He thinks it would be bad if we went down that path. It would have to factor in a whole host of other things – whether it's state mandates, federal mandates, those things that come along that don't get funded by those entities that they have to do.

Ms. Thomas mentioned that the long-range higher education plans being required by the state for 7th, 9th, 10th, and 11th graders – which must be overseen and updated – have no funding with them. Mrs. Moynihan responded that that is an example of an unfunded mandate, which is a big problem not addressed by just looking at students and population. She noted that special education costs more than the cost for other students, and doing it just by population is not really realistic.

Mr. Wheeler emphasized that the school division has implemented efficiencies that have shrunk operating costs – such as transportation – and that might shift the index slightly. He also said that the School Board should have a better understanding of the pennies taken out of the tax rate before the split, as it could impact their share as well.

Mr. Boyd commented that there may be fluctuations in what share the County needs versus the school division, and the resource study brings up that point.

Mr. Slutzky added that there may be times when the school division has more in reserve than local government, and they might be able to address the shortfall by reaching into the deeper pocket of money. If the County has anything remotely like what it did last year in just the first five months, we are going to be in a discussion between the two bodies, he hopes, about how to best achieve back-filling. He is not sure that 60/40 is going to end up being the ideal and the appropriate way. He wants to make sure that is understood.

Mr. Wheeler noted that if the Supervisors have a transportation or ACE initiative, and pennies are taken off the top, that impacts the resources that go to the school division. Mr. Slutzky asked if he was suggesting there needs to be some discussion of the pre-60/40 split allocations in the CIP. He added that the school division has done a phenomenal job of managing their reserves, and they should not be penalized for that – but there does need to be discussion of how to deal with the split when financial issues arise.

Mr. Boyd emphasized that the split should be built on a needs basis, not a formula – the school division needs and the County needs.

Mr. Koleszar stated that it is critical to have a formula to start the process, and then at the end of the process it can be decided that the Schools' needs are greater or local government's needs are greater.

Mr. Slutzky said that budgets on each side this year are void of luxuries, but by the Fall it may be necessary to reach into the needs of both budgets as well.

Mrs. McKeel said a discussion of fund balances by both boards may be a good idea. She added that the schools have contracts with their teachers, and may not have the possibility to go back in and change those. The fund balance allows the Schools to maintain employees under contract, and there are specific situations for schools that government does not really have.

Mr. Slutzky said that personally schools are at the top of his priority list for funding, along with public safety. Everything else is below his list of priorities. The County is already underfunding public safety and he is not looking to erode either of those further.

Mr. Boyd said that he agrees with Mr. Koleszar that the 60/40 split is a good starting point, but after that when budgets are built, it doesn't necessarily have to apply for adjustments that may need to be made on either side.

Ms. Thomas commented that Charlottesville City does a 50/50 split. If the County split is changed, it will not be out of disrespect for the schools – but will be out of the growing demand for public safety and social welfare that coincides with a locality becoming more urbanized.

Mrs. McKeel noted that the State is withdrawing funds in many areas, and she would hate to see schools and other services suffer so that pieces that the State does not pick up are assumed by the County. She is not sure it's in the best interest of our community to take money from the schools to replace transportation dollars that the State is not providing.

Mr. Slutzky said that the County chose not to backfill this year, but at some point somebody's going to have to pay. As the revenue picture erodes – which he fears it will – he hopes that we are all prepared to consider how we may or may not adhere to the 60/40 split.

Mr. Koleszar noted that this is less than a bare-bones budget for both County government and the school division and that both have a loss of performance. They cut a significant number of positions that are going to have a long-term negative effect on the quality of education in this County. He does not want anyone to have the misconception that the school division did not lose anything with this budget.

Mr. Slutzky said the most painful thing in the shortages in local government's operating budget is the failure to provide for a contingency to address expanding demands on social service agencies and the $100 million "gutting" of the County's CIP.

CIP Budget

Mr. Wheeler said there is the suggestion of moving their capital projects and debt service to their ledger, *as currently all of the debt service is on the County's side of the ledger*.

Ms. Mallek commented that when the school CIP is included with the County's CIP, it calculates to a 69-cent investment in the schools.

Mr. Wheeler said if both Boards felt it was worth revisiting, they would want it done in such a way that the schools would be held harmless in the process. They have to have the revenue to pay the debt service. Ms. Thomas mentioned that debt service comes off the top, just as revenue-sharing does.

Mr. Tucker stated that other localities have structures where their schools manage their own debt service. Albemarle's process has been to take debt service off the top, but the Resource Utilization Study suggested looking at some school systems and local governments in Richmond – where the school systems manage within a set amount of dollars. Ms. Mallek asked what is achieved if that is done. Mr. Boyd said right now there is no way to know the CIP costs to the County or the schools; it is muddled. Ms. Thomas said that she has liked the County's approach to include larger gymnasiums and rooms – so that they can be used by other entities in the community. Dr. Moran noted that the schools have a good relationship with Parks & Recreation so that services and facilities can be integrated. Mr. Slutzky commented that funds could be allocated proportionately for any particular project.

Mr. Tucker said there needs to be some analyses of advantages and disadvantages, and pros and cons. Staff needs to get into those. He hopes the two bodies are not trying to solve those today.

Mr. Boyd added that there are points to be considered as the County becomes more urbanized – using smaller school sites and keeping the remainder for parks.

Mrs. McKeel pointed out that in other communities, they are using their facilities for intergenerational activities and are saving CIP funds. We need to start filtering a lot of our CIP projects first through a different lens of looking at the community and options that are out there. We are just not doing that. She does not see any movement on looking at CIP projects through that lens. Mr. Tucker noted that that's part of the charge of the Oversight Committee. Mrs. McKeel replied that the Oversight Committee isn't really capable of knowing which facilities can be intergenerational. The impetus needs to come from the two boards. When looking at a CIP project, they need to determine how the project can be made more community-based, more affordable for taxpayers and not overlapping facilities. Mr. Dorrier commented that guidelines need to be adopted.

Mr. Boyd mentioned the new Crozet Library project, noting the existence of several vacant school facilities there. Mrs. McKeel responded that the work needs to be done up front, and not at the back end. Mr. Koleszar agreed that the facilities would have broader uses for the community if partnerships were developed early-on to provide input. Part of it is mindset. Ms. Thomas said that the reason schools aren't used in multiple ways is the sense of security that schools feel they need to have. The reason the Monticello High School library is not a community library is because the school felt uncomfortable and did not see how they could deal with strangers coming into the library from the outside. Mr. Tucker stated that the County has encouraged that, but the schools were very nervous about it because of the security issues. Mrs. McKeel commented that studies show that the more people are in school buildings the safer they are, and these two boards would need to come together on how it would look and what we would want to do for the message to be sent.

Mr. Slutzky asked what staff plans to bring to the Board of Supervisors on May 6th. Mr. Tucker reported that on May 6th he would be presenting the overall study. He added that staff would provide a list of the priorities identified, and what has been done to date on each one. Mr. Tucker also said that there s currently scheduled a work session in June to talk about the CIP process. Mr. Slutzky suggested having School Board members present at that meeting for a joint work session.

Mr. Tucker said the Board of Supervisors has gotten so much into the minutia of the CIP that the question has become why do we need the Oversight Committee. If the Board is going to go through the same process as the Oversight Committee, is it needed? Mr. Slutzky said some Board members feel they have to visit the same questions as the Committee. That does not mean we should not have an oversight process, but it does need to be rethought. Mr. Tucker said the Oversight Committee has a number of meetings and meet two to three hours at a time. The Board then almost goes through the same process. Is that the most efficient way to move through a capital project?

Mr. Stokes stated that he has been on the School Board for three years, and it has been beneficial to have the Oversight Committee – although ultimately the Supervisors decide the CIP. He understands that the Supervisors want to dig down into some of what the Oversight Committee does and be comfortable with what they have, but the Committee does spend a lot of time looking at and balancing each project to come up with some guidance.

Mr. Slutzky said there is no vote taken in the Committee's process but there is a series of recommendations that the Board gets. It is inevitable that the Board goes back and revisits the issues that led to the Committee's conclusions. If the Board is going to be restructuring the process of determining CIP projects, he thinks it would be important to have School Board representation at the meeting. He added that the CIP was gutted by $100 million this year. Mr. Stokes said that in a year when such drastic changes had to be made, it is good to have a committee that is focused just on projects that have more priority.

Mr. Wheeler said that School Board members would be a part of the work session. He added that there should be a discussion on the pros and cons of funding the CIP as it is now or changing the structure as mentioned in this meeting. He explained that in the JILL discussion, the School Board expressed concern about getting out in front of a project that the Supervisors might end up not supporting. Mr. Wheeler also commented that it may be complicated to have a facility built in a private location, as capital projects are usually built on school property.

Mr. Foley said it is his understanding that in addition to discussing the process of CIP review, Mr. Wheeler was interested in addressing how the two boards would work together on joint projects. Mr. Wheeler replied that should be part of the conversation, but he is just trying to understand from staff potential unintended consequences of breaking out the funding.

Ms. Mallek pointed out that there may be some frustration on the part of the CIP Oversight Committee members if their recommendations are not implemented.

Mr. Dorrier commented that Supervisors have to look beyond the schools and at the whole County, so it may put them at odds because of those different functions. Mr. Koleszar emphasized that one of the problems in the process is the delineation between "school" projects and "Board" projects, when they are – or should be – both. He said that identifying them as both would allow the project to be handled with a different procedure.

Ms. Thomas commented that process is a tool, and the policies ought to drive the process, and not the other way around.

Mr. Slutzky said that it might be a good starting point for staff to provide the functional objective of the processes, and the policy issues that are impacted by the CIP process.

Mr. Price stated that the absolute key is clarity and transparency, and it is okay if schools and local government don't agree on everything. He is not going to address the pool issue, but he had a problem with the pool because it would not be open to the general public. It is a private pool and if it were not private, he would be apt to agree with it.

Mr. Slutzky said the Board needs to be able to look into the CIP Committee's records and know the issues raised and their conclusion. Mr. Price said he believes the role of the Supervisors is to trust the Committee but also verify the decisions that led up to the recommendations.

Mr. Slutzky mentioned that the process may have some flaws in it, and they will be addressed in future work sessions.

Other Matters Not Listed on the Agenda. None.

Adjournment.

At 1:02 p.m., Mr. Wheeler adjourned the meeting of the Albemarle County School Board.

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Chairman

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Clerk