A Special Meeting of the Albemarle County School Board was held on December 14, 2011 at 4:00 p.m., Room 241, Albemarle County Office Building, 401 McIntire Road, Charlottesville, Virginia 22902.

SCHOOL BOARD MEMBERS PRESENT: Mr. Stephen Koleszar, Mr. Harley Miles, Mr. Jason Buyaki, Mrs. Diantha McKeel, Mrs. Pamela Moynihan, and Mrs. Barbara Massie Mouly.

SCHOOL BOARD MEMBER ABSENT: Mr. Eric Strucko.

SCHOOL BOARD STAFF PRESENT: Dr. Pam Moran, Superintendent, Dr. Billy Haun, Assistant Superintendent for Student Learning, Mr. Jackson Zimmermann, Executive Director of Fiscal Services, Mr. Josh Davis, Chief Operating Officer, Mr. Vincent Scheivert, Chief Information Officer; Mr. Chris Brown, Senior Assistant County Attorney, and Ms. Jennifer Johnston, School Board Clerk.

BOARD OF SUPERVISORS PRESENT: Mr. Ken C. Boyd, Mr. Lindsay G. Dorrier, Jr., Ms. Ann Mallek, Mr. Dennis S. Rooker, Mr. Duane Snow and Mr. Rodney Thomas.

BOARD OF SUPERVISORS ABSENT: None.

OFFICERS PRESENT: County Executive, Mr. Tom Foley; Mr. Bill Letteri, Assistant County Executive; Mr. Larry W. Davis, County Attorney; and Clerk, Ella W. Jordan.

Agenda Item No. 1.1. Call to Order.

Ms. Mallek called the Board of Supervisors back to order at 4:03 p.m. Mr. Koleszar called the School Board to order.

Agenda Item No. 2.1. Capital Improvements Program.

Mr. Letteri reported that he would present findings from the CIP Technical Review Team and from the Oversight Committee, which is part of the County's process in reviewing capital project requests. As part of this discussion, he will discuss the purpose, review the process, discuss resource assumptions, and summarize the Oversight Committee recommendations which will include a balanced program based on the current tax rate. He said that during the time of deliberations with the committees the Board of Supervisors was entertaining the equalized tax rate, so he would present under that scenario along with a discussion of items, as well as the one and two cents scenarios dedicated to capital. He will also discuss the watch list and unfunded capital needs. There were a number of topics that came up with the Oversight Committee that he will share, i.e., bus funding and project management fees.

Mr. Letteri said the purpose of this meeting is to review the assumptions, Oversight Committee recommendations, unfunded requests, watch list items and for the Boards to provide feedback to staff on the process going forward. This is the CIP cycle year 1 which is the full blown assessment. They look at the five year and the capital needs assessment. He stated that this year there were 85 project requests totaling about $378 million over a 10-year period, which is beyond funding capabilities. Mr. Letteri said that requests were submitted in August and in turn go to the Office of Management and Budget (OMB) and Office of Facilities Development (OFD) for careful review of detail, and then onto the Technical Review Team (TRT) – which ranks the projects objectively in accordance with Board guidelines and presents a balanced plan to the Oversight Committee. He said the Oversight Committee then reviews the plan for policy issues and for compliance with the needs of the County, and their final recommendation is what's before the boards today. Mr. Letteri said the Planning Commission would provide input in January, and the County Executive's office would finalize recommendations in February – coming back to the Board in March for a CIP work session. He explained that the plan undergoes a very rigorous review based upon charters of the two committees. They focus on what they are supposed to be looking at whether it is policy or technical issues. They look at the County's financial policies and procedures published in the CIP; they look at the Board's strategic plan; the County's guiding principles and finally project ranking criteria.

Mr. Letteri reported that one of the main revenue sources for capital is transfer from the general fund, which equates to $16-18 million per year most of which presently goes to pay for debt service for various projects. He stated that it is aligned with the five-year model and reflects debt service savings associated with the recent bond issuance. There was approximately $18 of refunded debt that saved the County quite a bit of money. Mr. Letteri said they were also able to reissue new debt for projects built last year and will be built this year, with total savings of about $1.5 million. The total debt issue was approximately $40 million which included QSCB (Qualified School Construction Bond) which is a zero interest loan. He stated that there must be assumptions about debt going forward, and the County's financial advisors suggested that the County should finance debt every other year instead of every year which saves on issuance costs and enables the County to plan better. Mr. Letteri reported that for seven year projects, the assumption is 3.5%; 10-year projects would be 4.5%; 20-year projects would be 5%; and all future issuances beyond five years would be assumed at 5% rates. The County saw in its recent issuance that its net interest costs is about 2.9%.

Mr. Boyd asked if this was based on the assumption that the County would start doing its own bonds as opposed to previously where it joined in with State bond programs because those did not include issuance costs. Mr. Letteri said that was correct. He added that the County has retained its AAA bond rating and the "negative outlook" has been removed from the County. Mr. Letteri said that for FY12 they assumed a $1.5 million transfer from FY11 General Fund excess Fund Balance to the CIP Fund Balance, and by way of allocation local government would get $500,000 and schools would get $1 million. A dedication of $500,000 of future General Fund excess Fund Balance is assumed for FY13 and FY14, with $1 million thereafter – which is consistent with the County's five-year planning. Mr. Letteri stated that School bus purchases are assumed to have offsetting revenues.

He then presented a graphic showing how much of the General Fund transfer goes to capital and how it is actually used. In FY08-FY09 a little more than one-half of the money was used to pay debt service with the balance considered current revenues, and in worsening economic times there has been far less going into new projects. Mr. Letteri said that approximately 75% of the debt is school-related and 25% is local government, with that ratio changing a little bit in more recent years. He stated that he would present the Oversight Committee's recommendation at current rates, which would include details of the plan and increments of what projects could be done with additional revenues.

Mr. Letteri stated that the current plan conforms to County policies to balance the plan, and includes all mandated, obligated and maintenance projects. He said that they had to make some adjustments to some maintenance requests to balance at the 74-cent rate, which involved minor reductions or delays in timing of those requests.

Mr. Rooker asked if it made sense to go through the process with the 74.2 cents rate versus the equalized rate. Mr. Boyd said he would rather go through the process with the current rate also.

Mr. Letteri again stated that the Schools bus replacement request includes offsetting revenue. Mr. Rooker and Ms. Mallek asked what was meant by that statement. Mr. Letteri said he would come back to that issue.

Mr. Letteri presented an overview of the overall five-year plan model that showed revenue figures – growth formula, transfer going to debt service, noting current revenues, interest from prior years, proffers, grants, etc. He said that borrowing for schools and local government is beginning to equalize, and said that much of what was carried in fund balances for projects is gone now that those projects have been built. Mr. Letteri stated that there have been project requests of about $79 million over the five-year period in the basic plan, with $2.5 million as the balance over the five-year period. He presented information on FY12-16 and compared it to proposed FY13-17, noting that the amounts are very close – with most of the $8 million being offsetting revenue for buses. Mr. Letteri stated that the County is well within the recommended borrowing ratio, with the County policy being never to exceed 10% and the AAA recommendation not exceeding 7.8%. Mr. Letteri reported that adjustments made in order to balance at the current tax rate included deferral of window replacement at the McIntire building, which was estimated at about $2 million over two years.

Ms. Mallek noted that there would be energy savings. Mr. Letteri agreed, stating that staff had modeled it and showed there was significant heat loss. The TRC has asked for an analysis of this. Mr. Rooker asked if there is a reason to replace windows other than energy savings. Mr. Letteri replied "yes", the windows are part of the "basic wrap package" and also help prevent infiltration from other elements such as rain which affect the quality of the building.

Mr. Letteri reported that they deferred building a storage lease facility for schools and local government. The five year lease on the current facility on Route 29 is coming to an end; the lease has about a year and a half remaining. A decision must be made on whether to extend that lease or come up with another solution. He emphasized that staff had never viewed the current situation as a long-term solution. They felt that they needed to look at policies and practices about storage, records management, online auctions that may eliminate the need for storage of furniture, etc.

Mr. Rooker asked what the criteria would be for locating storage, adding that the old Crozet School might be an option. Mr. Letteri said there are a lot of furniture transports involved, but many records stored – which represent about half the space – are not accessed on a daily basis. He added that the old Crozet School is an alternative that can be looked at. Mr. Boyd said he thought records storage made up a large part of that space. Mr. Letteri replied that records storage is only about half of the storage space. Ms. Mallek commented that this lease space is located in some of the County's most prime industrial space at the Comdial facility.

Mr. Letteri stated that the plan includes modifications made to numerous projects, some of them delayed and some reduced – police video cameras, mobile data computers, lighting on the fields, phone switchboard replacements, and School bus replacement. Mr. Letteri said that this Board and the Oversight Committee have both asked for criteria for replacement of public safety apparatus, and the Fire Department was unable to provide an updated plan this year – so the proposed plan keeps them at level funding of about $12 million over five years. The TRC have insisted that before they fund anything additional for next year they should bring back the revised proposal.

Ms. McKeel said the committee had requested something from them for the last two years, but has not received anything.

Mr. Letteri stated that the plan also reflects only maintenance for public works, with the Ivy Landfill and Moore's Creek being mandated obligations. He said that Parks and Recreation and Libraries only have maintenance for existing facilities included in this plan, technology is the County's ongoing server and technology equipment needs and there are some funds in the storm water portion to engage a consultant to understand what the TMDL liabilities might be.

Mr. Thomas asked if there is someone far along enough in the program who could understand the TMDL program as a consultant. It is an unknown at this time. Mr. Letteri responded that there will be an ongoing dialogue with various groups and agencies that are looking at this program. There will be a need for the County to have some kind of clear analysis. Mr. Rooker asked why the expense for a consultant was a capital expense. Mr. Boyd asked why the person would be brought in now, as it seems premature. Mr. Foley explained that over the next six to eight months, many of the requirements should be clarified. Mr. Letteri added that it is not clear any money would be needed to move forward, but they do anticipate using some. Ms. Mallek said that at VACo it was clear in the Environmental Committee that localities were adamant about having money from the state before implementing any initiatives.

Mr. Letteri reported that the School's program is largely the School's maintenance program; some of which is debt financing and some is pay-as-you go for a total of approximately $24 million. The bus replacement item is there as well. In submitting their request, the Schools have indicated that their planning process is not far enough along to say with certainty what their future needs might be. He stated that with grant-funded programs, the practice in the past has been not to fund them if funding is not available.

Mr. Letteri stated that some items that came to the County that were not part of this funding plan include the Seminole Trail and Pantops fire stations, Community Development projects such as Master Plan implementation, transportation, revenue-sharing programs, library projects, park projects, etc.

Mr. Rooker said, given the state of secondary road funds, there needs to be a way to fund some of these projects, such as sidewalks, but it costs money to put up funds for revenue sharing and it seems to be an area for which the County is way under allocating funds to accommodate growth area needs and development of the urban areas. Mr. Letteri noted that this is the third or fourth year nothing would be put in that category.

Mr. Letteri presented a table showing increments that would be possible in each of the other three scenarios, the first being the equalized tax rate with .5 cents being dedicated to capital – which would restore projects that had been delayed or reduced. Additionally, it would provide funds for the Ivy Fire Station engine, funds for the Ivy firing range and funds to construct the Crozet Library. He said it would also include a reserve of about $460,000 per year set aside for either school projects that have not yet been submitted or other things the Board felt were necessary.

Mr. Rooker said that the City voted this week to fund their part of the firing range. Mr. Foley responded that that was correct.

Mr. Letteri stated that the next scenario provides a current tax rate with one penny dedicated entirely to capital, which would represent a slight increment over the equalized tax rate at one-half penny. He added that the projects in the one cent and two cents scenario have not been factored into the five year plan. He said that if they did have the incremental revenue, the Committee proposed that they focus on getting the Seminole Trail station built, as it is one of the busiest in the County, as well as leveraging transportation money.

Mr. Rooker said he felt the County should pursue an equalized rate with at least one cent dedicated to capital in order to take advantage of revenue sharing opportunities, which he acknowledged would have an operating impact. He thinks it is foolish to not take advantage of the leverage opportunity.

Mr. Foley clarified that what the Board acted on earlier today was not the above-suggested scenario. As the Board looks at multi-year, he asked the Board to keep in mind that because of EMS revenues, the Board does have about $900,000 each year beginning in year two that it could dedicate to the capital program, but that is not in the first year of the five years.

Mr. Rooker asked Board members if there was a consensus, assuming they go forward with an equalized rate, with EMS recovery, to make certain they have at least $1 million per year to put into revenue sharing. Mr. Snow stated that they still have not heard from the schools as to what their needs might be. Mr. Boyd said having it in Mr. Letteri's document is the equivalent of putting it on the table. Mr. Rooker responded that it should at least be put on the table for discussion. He reiterated that the Board did not approve that concept with the five year plan. Mr. Foley said when they get to the CIP discussion during the budget process; the Board can direct some things that will then drive the five year plan in the fall in a different way. Mr. Rooker said he does not want it to come back when he mentions it again that somebody says it is not in the five year plan. Ms. Mallek asked if there were a way to include it so it did not get lost in the shuffle. Mr. Rooker commented that somehow the Board needs to identify $1 million annually for revenue sharing given the dramatic reductions in secondary road funding. Mr. Foley said if the Board dedicated a penny at the equalized rate to the capital program, it would reduce the transfer to the schools and impact some of the other items discussed. Mr. Rooker said he understands that other things will be affected.

Mr. Letteri stated that he had previously mentioned apparatus requests and has asked Fire and Rescue to come back with a full-blown plan to address rotation. He emphasized that apparatus, buses and special equipment should be funded with cash whenever possible. The consultants have advised the County that it has a very healthy payout ratio – meaning how quickly it pays down debt and how much equity it has in capital.

Mr. Letteri said the County should be clearer on what constitutes an operating expense versus a capital expense, and the Committee has recommended that staff go back and try to develop more stringent definitions of those terms. He stated that they had also suggested that the County break down the maintenance into categories such as critical maintenance and repairs, energy and environmental improvements, and infrastructure upgrades – and this provides a methodology for ranking maintenance-type projects, if necessary.

Mr. Boyd asked if schools would provide detailed lists of maintenance projects and the ranking of them. Ms. McKeel indicated that they could provide that level of information. Mr. Letteri added that this would allow them to be evaluated consistently across all departments.

Mr. Rooker asked if projects that generate substantial return on investment are given higher priority. Mr. Letteri responded that that's one of the criteria used in the evaluation process. Mr. Boyd stated that it is only 5% for that category. Mr. Rooker said that there should be a higher priority ranking given to investments that have quick payoffs. Mr. Letteri stated that these are tools that are used to try to make the process objective, but they are always tweaked or embellished. He will share that comment with the Committee.

Mr. Koleszar said he felt projects that had already begun were underrepresented, such as the Crozet Library.

Mr. Letteri reported that there was mention that the County needed to be careful when there is a proffer associated with a project, that the staff needs to ensure those funds are used to actually make the project happen. He stated that the Committee also recommended taking a thorough look at the issue of reserves and perhaps come up with some schemes as to how they could be applied. Mr. Letteri said the watch list includes County Office Building needs, anticipated school projects over the next five years, the TMDL program, ongoing devolution, and court facilities needs.

Mr. Boyd asked when the court study would be back. Mr. Letteri responded that the County hired a firm that has been evaluating data over the last three or four months, along with evaluating the three sites, and has developed concept plans for each of the three sites and cost estimates to be considered. They hope to bring this information back to the Board within the next month or two. He added that there was a very extensive study done eight or ten years ago, and that was updated when the County bought the Levy Building and began considering it for a possible joint district court operation. Mr. Letteri indicated that since that time the City has signaled they will not likely do a joint facility there, so the question for the County is what will be done with it now. Does the County develop that Levy building for its own use for district court operations or does it make sense to go elsewhere and build a complex. There are lots of issues that will go into any decisions.

Mr. Rooker asked if one consideration would be selling that building and putting those revenues into a new facility. Mr. Letteri responded that there are a lot of efficiencies that happen between the three courts and those pros and cons would need to be evaluated. It is a complex issue.

Mr. Letteri also said that the issue of the buses is an important one, and staff was not able to work out the details of how this might be accomplished with revenues. Mr. Letteri stated that he has strategized with School administration about how to fund the buses. They talked about fund balance, modification policy changes, allocating part of the revenue schools get from the state that is earmarked for buses, although it is difficult to understand how much that is. They talked about reallocating funding from operations budgets, but nothing had been fully resolved by the time the Committees dealt with the question – so they included buses in the capital program with offsetting revenue shown. The schools have acknowledged that they have not, at this time, identified a revenue source to support bus funding. He said that in the past buses have been funded out of school operations, so if they were moved over to capital, then effectively the capital program would bear the burden. Mr. Boyd stated that he did not understand why it would matter if the buses were paid for in cash, which is what was recommended.

Mr. Koleszar responded that in the past, schools have not been able to consistently fund buses as part of the operating budget; and as revenues and needs have fluctuated, buses have been one of the easiest to cut – so running them through the CIP would make fleet management more efficient and consistent. He emphasized that it is a capital item, which is another reason they would like to see it in the CIP. Mr. Rooker asked what the annual cost was. Mr. Koleszar said the cost is about $1.5 million each year. Mr. Rooker noted that it is about a penny on the tax rate. Mr. Boyd said this would be an accounting adjustment to move this into the CIP. Mr. Foley stated that this is not just an accounting adjustment as the buses are currently unfunded, and said the Board could further adjust the capital program to reallocate funding for the buses. Ms. McKeel said that incrementally accepting the buses over the five years until the CIP completely funds the buses would be one approach, as it is really taking a hit on the schools operations and there is no way to sustain those purchases very often – similar to other County apparatus. Mr. Boyd commented that it would mean shifting the expense over to local government whereas right now it is being funded with 60% of tax dollars. Mr. Rooker noted that it would not be shifted 100% from schools to local government because of the 60/40 split. Ms. Mallek asked what was being done now with the transportation bus allocation from the state if it is not being put into buses. Mr. Koleszar replied that the state fund for transportation is not broken down into amounts for buses versus amount for transportation operations. Mr. Rooker asked what the allocated amount provided from the state is for school transportation locally. Mr. Koleszar responded that he doesn't have that number. Mr. Rooker said it would be helpful to know. Mr. Davis said the state does not break transportation out of basic aid. Mr. Davis indicated that he had talked to the Department of Education today, and they acknowledged that one component of the basic aid is for transportation – some of that is intended for bus replacement although it is not a separate line item. He said that there must have been a formula built somewhere along the way, but he does not have that from the state. Mr. Rooker asked if the County is getting more money under that allocation formula because they have schools buses and a large area to cover in a locality that provides no school bus service. Mr. Davis stated that the state clusters school divisions into six clusters, and Albemarle is part of the large area-large population cluster. Mr. Rooker noted that under the formula Albemarle would get some enhanced funding for being in a higher cluster. Mr. Dorrier commented that during hard times, the buses are treated as maintenance items and during good times they are treated as capital. Mr. Davis stated that someone in DOE must know the formula because the Governor made the change a few years ago shifting from a 13-year replacement cycle to a 15-year replacement cycle. He added that the schools currently have 227 buses but plan to reduce that number to 220 and use the spare fleet a little better providing that enrollment does not grow significantly. He noted that the last round of buses that were replaced made it 17 years, with an average of about 275,000 miles on them. Mr. Dorrier asked how much a new bus costs. Mr. Davis said that last year a new bus cost about $78,000 but new EPA emissions standards would drive that cost up by $5,000 or $10,000. Mr. Dorrier asked if they purchase used buses. Mr. Davis responded that they will not do that. He also said that the trade-in value of buses is about $2,000 to $2,500. Ms. McKeel added that they do rotate their buses around the County so that they get maximum use out of them – from urban to rural roads. Mr. Letteri reiterated that a fundamental question is whether to include buses in the capital program, adding that the plan would not be balanced without a revenue offset. They would then have to go back through the ranking list to determine what not to fund or if they should proceed to remove the buses from the plan. Mr. Rooker said that there are two components to that: including the buses in the program, and whether some revenues could come from schools. He agreed they are properly a capital item, but the question is how they would be funded. Mr. Boyd agreed and said the crucial point here is how to address that from the revenue side. Mr. Letteri suggested that schools could try to identify those funds that are coming from the state or could otherwise help support and then quantify that. Mr. Foley stated that staff could bring back some information on that for further discussion during the budget process. He added that staff also recommends that buses be a part of capital. Mr. Snow estimated that it would be about 12 buses a year at $960,000 per year. Ms. Mallek said that next year projects $1.5 million.

Mr. Letteri stated that there had also been discussion about project management fees. The Office of Facilities Development oversees capital projects for both schools and local government – with the cost of the direct management component moved into the capital plan per advice of accountants and others. He said doing so would allow it to be properly accounted for, capitalized with projects, and would allow the County to keep an eye on the cost of project management. If over time, the Board saw that the capital program was either growing or falling, it could make adjustments in its project management staff to maintain a proper ratio. Mr. Letteri stated that the funds are not charged to the project. For example, if the schools come forward and ask for $1 million for a project it is grossed to include the cost of the project management fee. He said that the ratio of how this is allocated among projects has been a point of discussion, but staff has suggested some alternative ideas that involve accounting for hours for each project managers actually work on – then allocate costs to those projects based on that formula. Mr. Koleszar said the issue he is concerned with is the fee being attached to items that have no project management, such as school buses – with a $60,000 fee associated when there is no actual management needed. Mr. Letteri stated that the methodology applied was one the accountants recommended but they also said the County could do either one. It could be done on a ratio basis of the cost in the capital program or on an hourly basis. Staff feels that an hourly basis would make more sense and has asked OFD to begin tracking their time. Mr. Koleszar said an interim move might be to increase that percentage but only apply it to those projects that require management. Mr. Rooker asked when this process would start. Mr. Letteri responded that it is currently underway as projects go forward in the capital program. Mr. Letteri added that County staff looked at many other jurisdictions' approach to cost allocation, and there's no perfect way to do it. That concluded the capital component discussion. He stated that he has received a lot of feedback and comments, and will incorporate those as they go forward. He said that he thinks they have some direction on the question of buses – will continue to evaluate that and bring it back to the Boards.

Agenda Item No. 2.2. Access Albemarle Update.

Mr. Letteri reported that he would update the boards on the Access Albemarle project, which is a huge and very complex undertaking by the County as it affects all County operations in local government, schools, payroll, purchasing, financial, etc. Mr. Letteri said they had achieved tremendous success to date and had employed a basic accounting system that is accurately tracking hundreds of thousands of transactions, and doing it accurately, but there is still a ways to go. There is some delay in payroll although they hope to go live soon. There are some problems with reporting mechanisms, but they area also making progress in those areas.

He presented information on the Great Plains software being used, which functions as a general ledger and is the core of the County's system. They can go into the system and pull real time data that is almost to the day, which is a tremendous advantage over the old system. He reported that the County had been through an audit in August, and the Auditors have been extremely pleased with the accuracy of data. The purchasing system, known as BuySpeed Online, is where all invoicing and procurement for various departments is handled and deployed throughout all of the government operations. Mr. Letteri noted that there would be some delay in fully deploying the procurement purchasing system in the schools because of the need to concentrate on payroll. Enterprise Reporting is the customized portion of the software and is where they want to create a system that allows staff to go into the core data base and pull out reports. That system is not 100% there, but the quality of reports had been good to about 98% with some remaining issues related to encumbrance. There is a team of local government and school officials working on the lingering problems.

Mr. Koleszar asked if they had encumbrances reflected in the financial reports in the old system. Mr. Letteri responded that each year they would tweak the system a little bit, dump the data into Excel spreadsheets, then create sophisticated Excel spreadsheets or Access spreadsheets that manipulated this data and produced reports. They no longer have that and are completely starting over. Mr. Zimmermann commented that the reports have always reflected encumbrances. Mr. Letteri stated that encumbrances were not handled as a core part of the system; most of them were handled as independent systems that were tracked.

Mr. Letteri said the transactional integrity of the core data system is good, solid and working well. They do have more to do on the reporting side. They are trying to integrate the purchasing module as well as the reporting side to make sure they are precisely the same, and errors can occur because of timing, human error, or differing account numbers.

Mr. Letteri stated that they hope to go live with payroll on April 1st. They have done some testing and some parallels, and things do not go as hoped. There were some discrepancies. They do a lot of things here in the County that are unique and they cannot find software off the shelf that will deal with all these different situations. In fact sometimes when they tweak the programs, they create other problems.

Mr. Rooker asked how much staff time was being taken up. Mr. Letteri responded that a great deal of staff timing is being taken up - noting that up to 50% of some staff members' time was being consumed to work on this. They have brought in some temporary help to backfill some positions. They have a full time consultant working on the errors and problems. He thinks they are adequately staffed, but it is a quite a drain on staff.

Mr. Koleszar said a lot of delays over the last year had occurred because of inadequate staff resources.

Mr. Letteri stated that the final component of the project is the revenue and tax collection module. The vendor that Microsoft had identified is no longer capable of doing the work – so they have the challenge of either asking Microsoft to either hire another consultant or reimburse the County for unfulfilled contract obligations. They are working hard with Microsoft to find a solution.

Ms. Mallek asked if there is another contractor, staff will get its own evidence that the new contractor can do the job, not just take Microsoft's Word.

Mr. Letteri said staff has identified two or three companies in the state and is trying to get an idea of what this might cost, as well as working with the County Attorney's office to form a negotiating position.

Mr. Rooker said the revenue and tax collection was being handled adequately on the old system, and the primary concern is to get the new system paid for within the existing budget and to get it done reasonably quickly. He also stated that there is not an "off the shelf" product that could likely be used for this purpose. He asked if there is a reasonable opportunity to get this done within the allocated amount.

Mr. Foley noted that the County has not paid any money on this for about three years, which sometimes results in less leverage with contractors to get the work done. There is some money in the capital fund to move forward but it is hoped there would be a settlement from Microsoft soon to fully offset what would need to be bought. That is the negotiation process they are currently in. He also agreed with Mr. Rooker that there is not really an off the shelf product for local governments in the mid-range, as the large localities spend a significant amount and small localities can purchase something ready-made.

Mr. Boyd stated that the group the County had been working with had designed a system for Manassas, so there were assurances that it was going to work – but they just picked up and walked away.

Mr. Rooker asked how the revenue and tax collection component interacts with other components of the system. Mr. Letteri explained that it is hoped to be fully integrated in the end. The goal is to get a system with languages that talk with each other. They are looking for Microsoft approved vendors. Mr. Foley confirmed that this system would need to integrate with GP, the core financial system.

Ms. McKeel mentioned that schools had difficulty implementing a student information system and are now using an off the shelf product with the recognition that some schools are not able to customize their work. Mr. Foley noted that local government moved away from customization three years ago and has been trying to standardize since then. He mentioned that Mr. Koleszar and Mr. Boyd, are process owners, and have been working with staff monthly to keep tabs on the progress with this, and both have been through complicated implementations so they have some helpful perspective. Mr. Koleszar commented that there had been significant progress in those three years.

Mr. Foley said that Microsoft did not really deliver the way they promised, but they have been working with the County at no cost and there has been some progress.

Ms. McKeel noted that County School staff has invested a lot of time on this as well.

Mr. Dorrier asked about the status of the Old Jail. Mr. Letteri responded that staff has invited a proposal from the Historic Society; they have been working to identify a consultant to assist them in evaluating the building and how it might be used. He said they have not yet come forth with a formal response, but he had sent a letter to the President of the Historic Society requesting an update – as there is concern about the integrity of that building. If it is going to be many years before they are able to do something, then the County will need to financial plan to do more work on it. Mr. Dorrier expressed concern about the condition of the building and said it could get worse.

Agenda Item No. 3.1. Other Matters. None.

Agenda Item No. 4.1. Adjournment.

At 5:26 p.m., Mr. Koleszar adjourned the meeting of the Albemarle County School Board.

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Chairman

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Clerk