

AT A SCHEDULED BUDGET MEETING OF THE BOARD OF SUPERVISORS OF ROCKBRIDGE
COUNTY VIRGINIA, HELD AT ROCKBRIDGE COUNTY PUBLIC SCHOOL
SYSTEM'S CENTRAL OFFICE, LEXINGTON VIRGINIA ON
THURSDAY, MARCH 21, 2019 AT 5:00 P.M.

BOARD MEMBERS PRESENT: A.J. "JAY" LEWIS, II.
DAVID W. HINTY, JR.
JOHN M. HIGGINS
R. W. DAY

BOARD MEMBERS ABSENT: DANIEL E. LYONS

COUNTY ADMINISTRATOR
AND CLERK TO BOARD: SPENCER H. SUTER

FISCAL SERVICES
DIRECTOR: STEVEN J. BOLSTER

SCHOOL BOARD MEMBERS: WENDY LOVELL
COREY BERKSTRESSER
HEATHER HOSTETTER
DAVID MCDANIEL
NEIL WHITMORE

SCHOOL STAFF: DR. PHILLIP THOMPSON
DAVID DANIELS
RANDY WALTERS

CALLED TO ORDER:

Chairman Lewis called the continued meeting to order at 5:00 p.m.

Joint Board Meeting:

Supervisor Hinty, Supervisor Day, and Chairman Lewis presented their
Conflict of Interest Statements.

School Board Chairperson Lovell provided a review of the handout
titled, "Budget Preparation for the Joint Meeting of the Rockbridge County
School Board and the Rockbridge County Board of Supervisors for Fiscal
Year 2019-2020". Chairperson Lovell highlighted that pay raises for School

Division contracted staff was a budget priority to ensure adequate compensation to avoid falling behind regional public schools.

Chairman Lewis noted that it appeared there is a cost of living increase that would ultimately offset the health insurance increase.

Chairperson Lovell continued her budget priority overview by stating the School Board is seeking to reduce the fiscal impact of growing health insurance costs to their employees. She indicated that the School Division was informed that a 13.4% increase is forecast for FY 2020. Chairperson Lovell also noted that a March 26th meeting with their benefits consultant, OneDigital's Jim Gordon, was scheduled to discuss the long-term options to fiscally manage their health insurance program.

Dr. Thompson commented that he has heard other near-by organizations are expecting higher health insurance premiums next fiscal year.

Chairperson Lovell advised that Mr. Gordon would be completing the educational component regarding potential changes in their health insurance plan during the 30-day, open enrollment window projected to start in mid-April.

County Administrator Spencer Suter indicated that there had been a miscommunication on the information received by the schools, stating that when staff received the initial request, it was interpreted to reflect an estimated \$78,490 in additional funding over what the County had budgeted in their operational transfer to the school fund, which would equate to \$14,293,324. In looking back at last year's budget cycle, the Board of Supervisors had committed to funding up to \$285,000 in School Division budget shortfall, if needed. Last year, when the Board of Supervisors

adopted their FY 2019 budget, the Commonwealth did not have their revenue projections for what the School Division would receive established since the state budget hadn't passed yet; the Board of Supervisors pledged to fund up to \$285,000 based on what the state budget would eventually include for our local public school system. When the state figure came in the School Division last June, it was around \$91,000 more than projected resulting in approximately \$193,000 actually needed from the County. Mr. Suter continued that with the FY 2020 budget updates communicated previously Chairman Lovell, the County's FY 2020 draft budget reflects an expenditure over revenue gap of \$545,321. With the miscommunication clarified, the School Division's current projected funding request for local support of operations is \$32,244. Further, Mr. Suter stated the Board of Supervisors will continue their budget discussions at their regular meeting on March 25, 2019. He also communicated that there are still potential budget adjustments involving external agency board still needing to officially adopt their FY 2020 budgets, which would involve County funding support. Mr. Suter informed attendees that a one-penny increase on the real estate tax rate is about \$250,000 in revenue. Additionally, he said the Board of Supervisors will meet with Mr. Gordon in the future to discuss health insurance, while noting that they do not anticipate an increase in their health care premiums in FY 2020. Lastly, the County's budget cycle timeframe is as follows: April 22, 2019 is the Public Hearing and April 29, 2019 is the Budget Adoption meeting.

Trustee McDaniel asked for confirmation on what the County was budgeting for in FY 2020, specifically the additional FY 2019 need of

approximately \$193,000 and the FY 2020 ask for \$32,244 more in local support.

Supervisor Higgins responded that during the last year's budget cycle, Supervisor Lyons made a motion to level fund the schools until they learn how much the state was going to provide in additional funding, since the General Assembly hadn't passed a budget yet.

Dr. Thompson replied that when the biennium budget was amended for FY 2020, the General Assembly also amended FY 2019 which resulted in additional funding to be provided to our School Division. He stated that he is fairly certain that the School Division will receive an increase of \$69,519 in state dollars over the FY 2019 budget. Dr. Thompson also remarked that there may be some newly available reimbursement of special education expenditures to our School Division, which previously wasn't available to Rockbridge County in the past. The funding application was submitted, but a funding confirmation remains pending. Dr. Thompson added that the maximum amount that could be received from this funding source is \$69,326 but cautioned that it could also be zero.

Supervisor Higgins asked for clarification that this additional state funding related to special education would not be considered as "new money" because the School Division would need expend funds in order to receive it.

Dr. Thompson answered that there has always been state funding available to School Divisions with a regional special education program. Since the School Division didn't have this type of program, there were no funds available to them. He stated that in this year's General Assembly

session, they developed a questionnaire of what school divisions are doing with some special education monies to determine if they can meet the requirement to receive any of the funding. The questionnaire has been completed by School Division staff, but a response has not yet been received. Dr. Thompson conveyed that he understands that the maximum amount of this funding could be \$69,326 in addition to the \$69,519, and this would be considered "new money".

Supervisor Higgins, on behalf of the County's Finance Committee, inquired that of the \$193,000, is the \$69,326 considered "new money". If so, would the additional FY 2019 local support for School Division operations be reduced.

Superintendent Thompson answered that it would be considered "new money", reimbursement of money already spent.

Supervisor Higgins explained that his inquiry had nothing to do with approving the FY 2020 budget this budget cycle, but he wanted surety that if additional state revenues are realized, it could reduce the level of the local transfer to the School Fund for FY 2019 from \$193,000 by approximately \$69,000, and that there is time to work out what is actually needed before the end of the fiscal year.

Mr. Suter commented that the state revenue amount is based on the FY 2019 ADM of 2540 while noting that if the actual ADM used is below this level, state revenues will be less.

Dr. Thompson clarified that the funding being discussed at the moment was for FY 2019.

Supervisor Higgins then summarized the following: 1) \$193,000 - \$69,000 = \$124,000 for the estimated additional local support needed in FY 2019; and 2) the School Division's local estimate of needs for FY 2020 is an additional \$32,244.

Trustee McDaniel queried how the County would fund the School Division's FY 2020 budget request. He inquired if FY 2020 funding would be a total lump sum or added throughout the year as was being done in FY 2019. Trustee McDaniel referenced the \$193,000 minus \$69,000 equals \$124,000. He further asked if the \$193,000 is included in the local base for the School Division's FY 2020 estimate of needs, expressing his sentiment that if this number is left out, future School Division funding request will reflect an increase over this prior year's ask.

Supervisor Higgins remarked that how the County funded the School Division would be the decision of the Board of Supervisors, but that the full requested amount is included in the Transfer to School Fund (Ops) budget line at \$32,000 more than the School Division's base.

Dr. Thompson confirmed that the Board of Supervisors approved the FY 2019 budget as described earlier; referring that they would make up what funding was needed locally based on how much additional state funding was received.

Trustee McDaniel summarized \$193,000 is included in flat funding, with the local estimate of need being an additional \$32,000 for FY 2020 over FY 2019 local funding.

Supervisor Higgins remarked that the School Division's draft 5-year capital improvement plan includes the potential for \$3 million in debt-service funded projects.

Trustee Berkstresser asked if there has been any further discussion on incorporating the penny rate for School Division capital projects not funded now but requiring funding later fiscal years.

Supervisor Hinty stated his sentiment that restrictive accounts are needed to support upgrades to School Division facilities.

Supervisor Higgins communicated that the potential penny rate for restrictive capital accounts, not restrictive only to schools, can be discussed at the Board of Supervisor's regular meeting on March 25, 2019.

Chairman Lewis stated that the School Carryover Account that was set up for school-specific capital improvement projects is in place to hold any carryover funds from the School Division at the end of each fiscal year.

Supervisor Higgins asked if the School Division has an estimate of how much FY 2019 carryover funding that may achieve in FY 2019.

Mr. Daniels stated that budget cuts made during last year's budget cycle to achieve the FY 2019 funding request for the County may result in the School Division carryover monies being less than in recent years.

Chairperson Lovell encouraged each Rockbridge County Trustee and Supervisor that when talking about what is to come, to emphasize that it is an investment in the community, economy, children, and education.

Supervisor Higgins shared that in his past seven years serving on the County's Finance Committee and working annually on the budget, there is a

limit on revenues to support funding requests from internal and external agencies. The primary source of revenues that can be increased through taxes is real estate. He noted that it may be time to borrow money instead of nickel and diming funding support for projected capital projects.

Mr. Suter added that the federal source of payment in lieu of taxes was not budgeted for on the School Division's revenue budget and could be additional funding received in FY 2019.

Dr. Thompson opened discussions about the next agenda item. He shared that the current Rockbridge County Public Schools Transportation Office is currently located in the small VDOT office on Waddell Street in Lexington. The property will not be maintained by VDOT in the near future. This leads to their Transportation Office needing to re-locate within a short time frame. Dr. Thompson continued that he has been in discussions with Rockbridge County Public Schools Director of Operations and Transportation Randy Walters and the County's Fleet Services Director Steve Kingery about potential options. Dr. Thompson stated Mr. Kingery feels it would be beneficial to have the Transportation Office centrally located near the Fleet Services facility on Greenhouse Road. He remarked that a preliminary estimate for a mobile office trailer and hook-ups would be \$80,000, adding that the School Board has expressed interest in using FY 2019 year-end funds to make the move.

Supervisor Higgins asked if the School Division had spoken with the Building Inspector.

Supervisor Day followed by asking if School Division staff had researched using the building behind the VoTech facility.

Dr. Thompson advised that it was being used for classrooms.

Chairman Lewis asked what the ongoing costs would be and if the intent was for the Fleet Services location was a temporary home for the Transportation Offices.

Dr. Thompson indicated that the Fleet Services location is considered a temporary/permanent site for the next several years; hopefully a minimum of ten years. He also communicated that the one-time cost is \$55,000 with the remaining amount being for hook-up fees.

Supervisor Higgins asked if anyone had researched using the basement and/or shop building at the former Rockbridge Middle School.

Dr. Thompson replied that they were hoping to have a more central location in the County.

Trustee McDaniel added that reoccurring bills would be similar to what the current location incurs.

Trustee Berkstresser asked how many people are currently assigned to the Transportation Office.

Dr. Thompson replied, three (3), and added that this could be a 10-year site.

Chairman Lewis asked what the School Board is looking for from the Board of Supervisors.

Dr. Thompson replied that this is a need and a simple solution would be to relocate the Transportation Office to Fleet Services' lower lot.

Trustee McDaniel indicated that if FY 2019 end-of-year money is not available to complete the projected move, the School Board may ask to use funding set aside in the School Carryover Account.

Mr. Suter advised that this would impact space at the lower lot.

Dr. Thompson stated that Fleet Services Supervisor Steve Kingery had said it would be a perfect spot.

Mr. Suter advised that he had spoken with the Building Official Kenny Wilson earlier in the day. Mr. Wilson confirmed that a singlewide office in the lower lot would meet permitting requirements. He added that he and would follow-up with Mr. Wilson again.

Supervisor Hinty remarked that the School Division should get a cost estimate on a pre-fab building versus a construction trailer for the Transportation Office relocation request.

Adjournment:

Supervisor Higgins moved to adjourn this meeting. A second was provided by Supervisor Day, and the motion carried by unanimous roll call vote by the Board Members present:

AYE: Higgins, Day, Hinty, Lewis
NAYS: None
ABSTAIN: None
ABSENT: Lyons