

AT A SCHEDULED PUBLIC HEARING ON THE PROPOSED FY2013-14 BUDGET
THE BOARD OF SUPERVISORS OF ROCKBRIDGE COUNTY VIRGINIA, HELD IN
THE COUNTY ADMINISTRATION BUILDING, 150 SOUTH MAIN STREET
LEXINGTON, VIRGINIA ON WEDNESDAY APRIL 17, 2013 AT 6:00 P.M.

PRESENT: CHAIRMAN R.R.CAMPBELL
MEMBERS: ALBERT W. LEWIS, JR, RUSSELL S. FORD,
JOHN M. HIGGINS, DAVID W. HINTY

ABSENT:
CLERK TO BOARD: SPENCER H. SUTER
COUNTY ATTORNEY: VICKIE L. HUFFMAN
FISCAL SERVICES
DIRECTOR: STEVEN J. BOLSTER

Call to Order:

Chairman Campbell called the meeting to order.

Supervisor Lewis requested a moment of silence for the people of Boston as part of the invocation.

Chairman Campbell welcomed all in attendance and requested citizens wishing to speak to sign in on the Public Hearing sheet. He explained the protocol for addressing the Board of Supervisors during the Public Hearing. Chairman Campbell acknowledged the presence of the Rockbridge County School Division Board representatives.

Mr. Suter provided an overview for the Public Hearing. His comments echoed previous remarks from the March 14th budget work session. They included the following:

This has been a very challenging budget process for multiple reasons. It's the 6th public budget meeting held by the board. In addition to those meetings, the budget committee has met on numerous occasions to trim down initial requests down by over \$1.9M. As the budget committee wrestled with an increase in debt service, they relied on their previously established budget priorities, as well as mission, vision and values statements of the Board. A few key points to note:

- While no new, direct mandates are forthcoming from the Commonwealth in the upcoming fiscal year, we continue to feel the pinch from the austerity and unfunded mandates of the past several years.

- In many cases, capital upgrades, service improvements and other agency assistance has been deferred for some years now.
- We are now reaching a point of critical mass, compounded by an increasing debt service due to both previous commitments and upcoming critical needs.
- Debt Service increases in the proposed FY13-14 budget are \$1.2 M.
 - School debt service - increase of \$783,229.
 - Regional Jail Renovations - \$91,000.
 - Transfer Station Revenue Bonds averages \$50,500 through year 2033.
 - Bridge financing for lined landfill - \$25,000.
 - Planned regional radio system upgrades- \$250,000 (very conservative and representing only half of the future annual debt service costs).

Mr. Suter further commented that last year, the staff and the Board took a broad look ahead during the budget process and indicated that real estate tax rate increases could be expected in the future. He stated that this year, we took future planning to the next level, providing a much more detailed look at the next five years. The findings indicate that potential real estate tax rate increases of up to 10 cents are expected over the next 5 years, in order to meet the combination of committed debt service and future capital and service upgrades.

Mr. Suter finished by stating that the majority of significant increases in the FY13-14 proposed budget and in future year projections are attributed to three areas - Public Safety, Infrastructure and Education.

FY13-14 School Division Presentation:

Mr. Reynolds came forward to present his perspective on the FY13-14 budget process. He expressed appreciation for the opportunity to present the School Division's budget and thanked the Board of Supervisors for acknowledging the importance of quality education in its Mission, Vision, and Value statement. Mr. Reynolds stated the School Board approved by the end of March 2013 their proposed FY13-14 categorical levels, which were sent to the Board of Supervisors. He commented that the budget request includes a 2% compensation increase for all school employees. The salary raises equaled approximately \$351,000 in overall costs. The General Assembly passed a 2% increase for Standards of Quality positions and will fund \$109,000; the

difference between overall increased salary levels and state funding is \$242,000. Mr. Reynolds continued by relaying that the health insurance program will realize an increase of \$83,000 (less than a 5% increase). He also stated that the School board had restored a Technology Services position to the administrative staff, a position that has been shared over the past several years. The individual will provide oversight of technology development and growth. In balance, a second administration position was filled from within, resulting in a zero impact on the budget request. Mr. Reynolds then transitioned to review revenue projections from the state, tuition and fees, and locally. The local revenue of \$14,478,834 is a reduction of \$332,000 from the current year.

Update on FY13-14 Proposed County Budget:

Mr. Bolster gave an update on the proposed FY13-14 County budget. He commented that this was the sixth public forum associated with the budget development. Mr. Bolster reviewed major changes in revenue forecasts. The main driver includes a 3 -cent real estate tax increase. He also noted that the EMS Revenue Recovery line is expected to be significantly higher based on the fact that Medicare reimbursements are now being received. Furthermore, he identified the growth of personal property tax revenue. In addition, Mr. Bolster spoke about state revenues, which now reflect the Compensation Board's proposed 3% salary increase effective August 1, 2013.

Mr. Bolster then discussed the key changes in expenditures. They include a 3% compensation increase for County employees effective August 1, 2013. This increase is reflected throughout the various County departments. The salary increase seeks to offset the 2% rise in employee-paid deduction for social security and Medicare which began on January 1, 2013. Mr. Bolster continued by stating that the Sheriff Department's increased funding is for two additional Deputies and a School Resource Officer at Maury River Middle School (\$113,000 total increase). In addition, the purchase of Sheriff vehicles is up \$222,000 as the County transitions from lease-purchase financing to the more economical direct purchasing from the function's approved budget. Lastly, the accounting of the County's portion of the Maury Service Authority debt service is moved from the Solid Waste Authority Recycling Program to the General Fund resulting in no change in County expenditures.

At this point Chairman Campbell asked for comments from the Board of Supervisors.

Supervisor Ford expressed his appreciation to the School Division for their efforts in achieving a solid school budget which is the largest piece of the County's budget. He's expressed confidence that the County's proposed budget anticipates all known expenditures for FY13-14. Supervisor Ford stated that the finance committee had looked to - and kept budget development within - the funding priorities.

Supervisor Higgins commented on how much was cut to get to this point (nearly \$2.0M). He added that the finance committee is now meeting once a month to continue to look for ways to reduce costs. Supervisor Higgins also noted the effort to include all known budget expenditures in the FY13-14 budget.

Public Hearing:

Chairman Campbell opened the floor for citizen comments.

Chris Green from the Kerrs Creek Magisterial District stated that he is the Chair for the Rockbridge County Tea Party. He expressed his appreciation to all for their public service. Mr. Green expressed the opinion that the economy is broken. He stated that tax increases inhibit economic growth and individual freedoms. Mr. Green communicated that the Board has it right in seeking new businesses to the County, but where they have it wrong is in taxing disposable incomes of its citizens. He further commented that economic activity will be hindered by a tax increase. Mr. Green then provided information he obtained through a realty MLS listing: in Rockbridge County 31 out of 144 (21%) home sales were foreclosures; 21 of 46 in Buena Vista were foreclosure sales; and 4 of 39 in Lexington were foreclosures. Mr. Green commented that the new Maury Rover Middle School debt service could be a zero sum game if cuts were found in the School Division's operational budget. He recommended the County evaluate school operations and debt service against the projected overall savings. In addition, Mr. Green stated that a 3% reduction in the County budget could produce \$1.1M in savings which is more than the revenue generated by a 3-cent real estate tax increase. He ended by saying the Board should consider the impact of higher taxes on its citizens. Mr. Green urged the Board to look to citizens first. He guaranteed citizens are finding where they can realize savings in their budgets.

Carol Woodcock from the Walkers Creek Magisterial District spoke to the Board next. She informed the Board that she is new to this political arena. Ms. Woodcock stated, "Taxes are killing

us." She commented that she's not seeing new industry coming into this area and questioned why. Ms. Woodcock expanded her comments by expressing that downtown Lexington is a "freaking disaster." She followed with her position that Lexington's Downtown Revitalization Committee didn't get things done..."Committees just don't do it." Ms. Woodcock asked several questions to the Board about Effinger: "Effinger is closed - correct?"; "Didn't the Charter School entity offer to pay for it?"; "How is Effinger marketed?"; "Does the Board think companies want to come to locations with higher taxes?" Ms. Woodcock ended by thanking the Board for the opportunity to speak and acknowledged their efforts, but commented they have to try harder.

Chairman Campbell clarified that the Charter School organization did not offer to purchase Effinger.

Barbara Dunlap from Walkers Creek Magisterial District addressed the Board. She commented on her frustration with having speakers with their backs to the audience and the ability to hear presentations clearly in light of the funding spent to improve the board meeting room. Ms. Dunlap thought all the School Division representatives would stay for the entire meeting because she had some questions for them. Ms. Dunlap commented that she can't interpret the School Division's budget as provided, like she has in the past. She stated that she can't get the information she needs to provide proper input to the elected officials. Ms. Dunlap also commented that the School Division's budget process is lacking transparency. She asked the Board if they knew what "CDW" stood for on the School's bills list. She added that the School Division has paid over a million dollars to the vendor "CDW" over the past few years. Ms. Dunlap ended by asking why the public information about the School Division is not available.

Supervisor Lewis asked if Ms. Dunlap had heard Mr. Reynolds' presentation at the start of the Public Hearing. Mr. Suter noted that he was fairly sure that CDW was a technology-based company.

Chairman Campbell, seeing no further request for citizen comments, closed the Public Hearing. He noted that the Board has discussed many points raised tonight and expressed his hope that citizens will continue to see positive progress in the openness of the Board's budget process next year.

Adjourn:

Chairman Campbell announced the County's FY13-14 Budget Adoption meeting is scheduled for Wednesday, April 24th at 6:00PM in the Rockbridge County Administration Building's Board Room. Supervisor Higgins made a motion to adjourn. Supervisor Ford seconded the motion. The meeting was adjourned by unanimous roll call vote.