

AT A SCHEDULED BUDGET WORK SESSION OF THE BOARD OF SUPERVISORS OF ROCKBRIDGE COUNTY, VIRGINIA, HELD IN THE COUNTY ADMINISTRATION BUILDING, 150 SOUTH MAIN STREET, LEXINGTON, VIRGINIA, ON THURSDAY, FEBRUARY 25, 2016 AT 5:30 P.M.

PRESENT: CHAIRMAN: JOHN M. HIGGINS
MEMBERS: RONNIE R. CAMPBELL, RUSSELL S. FORD, ALBERT W. LEWIS, JR.
COUNTY ADMINISTRATOR AND CLERK TO BOARD: SPENCER H. SUTER
FISCAL SERVICES DIRECTOR: STEVEN J. BOLSTER
HUMAN RESOURCE MANAGER: HEIDI CONNER
ABSENT: MEMBER: DAVID W. HINTY, JR.

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Call to Order

Chairman Higgins called the meeting to order at 5:31 p.m.

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Scheduled Budget Meeting #2

Chairman Higgins opened the floor for citizen comments. No citizens were present to provide inputs on the draft operational budget.

Mr. Suter proceeded with opening comments for the FY 2016-2017 Scheduled Budget Meeting by thanking all of those involved in the budget process for their hard work in developing consistent and justified requests for their departments. He informed the Board that revenues for the previous year were flat and trending to continue that way. He announced that the draft budget that Mr. Bolster would be presenting is the product of multiple staff reviews and final review by the Finance Committee.

Mr. Suter continued to explain that many departments were able to submit budgets lower than the previous year; however, in some cases, upward funding requests were due to the implementation of the salary survey that has been conducted during the current fiscal year. He also noted several areas in which there were significant funding request increases: public

safety; constitutional officer requests for local compensation supplements; and, capital improvements.

Mr. Suter stated the operational budget review process began with a \$1.5 million gap between anticipated revenues and current requests. Through the collaboration of departments and the Finance Committee, tough decisions were made that reduced the gap to approximately \$265,000.00.

Mr. Suter referenced a previous meeting between the Board of Supervisors and the School Board in which they provisionally adopted a School Division capital improvement plan (CIP). He announced that in regard to the School Division, the General Assembly's versions of the State budget need to be reconciled prior to having a firm number on what State funding the schools might receive during the upcoming biennium. In addition, the local Joint Executive Committee will meet in the future to discuss the anticipated, final State funding and its impact on the School Division's operational and CIP budget requests to the County. The School Division CIP would be considered for the final adoption with the Board's budget adoption meeting scheduled to occur on April 20, 2016. This, along with the County's operational and provisional CIP budgets, will be part of the meeting's agenda.

With regard to capital improvements, Mr. Suter noted that the Finance Committee had recommended one-time use of funds from unassigned reserves, to fund major capital projects such as the 911 Center and, if approved by the Board, implementation of staffed collection centers. He recognized that these improvements would significantly draw down our reserves but would still leave us with a reserve level above the amount required by the Board's fund balance policy.

One additional item that Mr. Suter noted, with regard to compensation, was a cost-of-living raise for staff that has not

yet been included in the draft budget numbers presented at tonight's meeting. He stated that the Personnel and Finance Committees had respectively advocated for increases in FY 2017. He also noted that the recent implementation of the salary survey results did not address either:

- 1) Compression issues, or
- 2) A path toward pay for performance [merit pay].

It is Mr. Suter's recommendation that in the coming year, the Board strongly consider options for addressing both items, and it is his intention to bring forward a draft policy through the Personnel Committee which would address these issues. The floor was turned over to Mr. Bolster to present the draft budget.

Mr. Bolster opened his presentation with words of appreciation to Accounting Clerk, Amy Milliner, who dedicated her time to prepare the budget books; to Supervisor of Accounts, Julie Whitesell, for her assistance with the budget process; to the Department Heads for keeping their budget numbers down; and, to the Finance Committee for their additional time. The presentation began with an explanation of the color coding system that Mr. Bolster developed for ease of administration in the draft review process. He pointed out that many of the highlighted increases are due to budget requests for higher compensation, rising health insurance premiums, and a rise in our experience factor for Workers' Compensation rates.

Chairman Higgins asked a preliminary question about the benefit figures included in the draft budget. Mr. Bolster confirmed that he had received the health benefits renewal figures the previous day (increase of 6.1%) and included them in the draft budget, resulting in a cost avoidance of approximately 3.9% from the estimated renewal amount of 10%. Mr. Bolster reviewed departmental budgets for the Board of Supervisors,

County Attorney, County Administrator, Supervisor of Accounts, and Information Technology; there were no comments or questions from the Board.

As Mr. Bolster identified a \$20,000.00 increase in the Human Resources budget for the procurement of a benefits consultant, Mr. Suter explained the role of the consultant and addressed areas where we could see potential savings. Chairman Higgins and Supervisor Campbell recapped their previous meeting with Alan Bayse, owner of Independent Benefits Consulting, LLC, with the Board. In their summary, they identified our current level of health insurance affordability for employees with dependents, the lack of information about claims experience and prescription drug costs, and any penalties that may be incurred if separating from The Local Choice.

Supervisor Ford inquired if the consultant had any information about the General Assembly's plan to allow local government to participate in State plans, to which Mr. Suter replied that he was not presented any information about that option.

Mr. Bolster posed a question about the Affordable Care Act and IRS reporting services that are offered with our current third party administrator. Mr. Suter and Ms. Conner were able to inform the Board that those services, as well as scheduled quarterly meetings, were included in the proposal from Independent Benefits Consulting, LLC. Based on the information presented, Chairman Higgins stated that the money would be well spent; the remainder of the Board concurred and unanimously approved Mr. Suter's recommendation that the \$20,000.00 remain in the budget.

The Reassessment and Land Use Taxation budgets were presented, and no changes were made by the Board.

Mr. Bolster reviewed the Commissioner of the Revenue's request for various percentage increases for his staff and for an additional full-time position for the upcoming fiscal year. Supervisor Ford indicated that he thought the Board was waiting for the State to determine increases prior to taking action on Constitutional Officer funding requests for staff increases. Chairman Higgins replied that the Board is looking at requests by individual departments. Supervisor Lewis commented that tax records are voluminous and he felt funding for additional part-time staff to assist with data mining would likely pay for itself through increased revenues. The Board concurred with the compensation increases requested by the Commissioner of the Revenue for current staff increases and agreed to insert \$10,000.00 toward a part-time position rather than fund an additional, full-time employee.

Mr. Bolster reviewed the Treasurer's request for a 3% increase for all staff members in her department. Chairman Higgins inquired where the 3% figure was derived from and Mr. Suter offered his belief that the Treasurer is equating salaries to comparable constitutional offices in the region. Supervisor Lewis added that a 3% increase is a reasonable funding request.

The Fiscal Services and Registrar's budgets were presented and no changes were made by the Board.

Mr. Bolster reviewed the Circuit Court Judge's request for a salary increase for the Administrative Assistant position. The Finance Committee recommended not to approve the request, but rather to modify the salary level based on changes the Board approves for full-time County employees.

The General District Court, Juvenile and Domestic Relations Court requests were presented, and there were no changes made by the Board.

Mr. Bolster reviewed the Sheriff's request for varied salary increases for his Courthouse Security staff based on years of service and rank attainment. The Board agreed to consider funding the Sheriff's request with additional local supplements while keeping an eye on how proposed General Assembly legislation may impact the Sheriff's request.

The Commonwealth's Attorney's request for additional staff funding was discussed. The consensus among the Board was to level fund this request with the caveat to continue the local supplement of \$5,752.00 for one of the Assistant Commonwealth's Attorney positions. This local supplement was previously approved for the position during the FY 2010 budget cycle. Mr. Billias noted in his budget request that the Victim Witness Coordinator is required by the State to hold a Bachelor's degree and that the compensation level should align with the requirements by increasing her salary 5% to make the position commensurate with the market. The Board agreed to update this compensation level in accordance with the decision made for full-time County employees, while considering additional information related to a regional comparison. Mr. Suter identified two similar positions that the County had agreed to fund as they do with County employees: the Administrative Assistant to the Circuit Court Judge and the Rental Assistance Manager. Chairman Higgins relayed Supervisor Hinty's request that all three positions should be funded consistently. Supervisor Ford agreed with Mr. Hinty's request.

The Sheriff's budget requests for salary increases were reviewed. Supervisor Ford announced that the justification for the Sheriff's compensation increase was due to his direct administrative work for the Board in managing Special Enforcement. Additionally, it was re-iterated that the Sheriff's request for salary increases for staff was to address

compression issues, to honor years of service, and to retain staff by offering competitive market wages. As with other departmental budgets involving Sheriff's Office personnel, the Board decided to postpone the Sheriff's request for supplemental compensation during the FY 2017 budget cycle while waiting for potential impacts that may result from the General Assembly's 2016 session.

The Board had some questions about the Sheriff's Office equipment and vehicles. Mr. Suter and Mr. Bolster informed the Board that vehicles are considered a capital asset and that the FY 2017 procurement is now reflected in the Capital Purchase Fund. This new fund is linked to vehicle replacement activities. The separate capital fund assists with avoiding spikes in department operational budgets from year to year.

The budgeting for the Firing Range was redirected to the new Construction Project Fund. This action also helps prevent peaks and valleys in the development of the General Fund budget. The Board made no changes to the Canine Unit budget.

The Fire Services budget was presented with a Finance Committee recommendation for flat funding in FY 2017. Supervisor Lewis requested the rationale for flat funding to be explained. Mr. Suter answered that an across-the-board 5% increase had been requested and that he was hoping to meet them in the middle, noting that some additional funding could allow volunteers more time for training and responding versus fundraising. Supervisor Lewis stated he was in favor of flat funding this year, and there were no changes made by the Board.

The Emergency Medical Services (EMS) departmental budget request included an increase in the contracted services line to competitively procure standardized equipment testing services. By combining the procurement under one umbrella, the equipment testing would generate savings when compared to each volunteer

agency's funding the work separately. There were no changes by the Board in regard to this specific request. The Board requested to have Fire and Emergency Services Director, Brandon Mitchell, provide annual statistics regarding revenue recovery and retention/recruitment efforts for volunteers. They also requested a general update on Fire and EMS Services in the County to include information on the Response 50 program.

The Emergency and HAZMAT Management, Correction and Detention, and Juvenile Probation budgets were reviewed with no changes made by the Board.

The Building Inspection and Erosion & Sediment-Stormwater Management (ES-SWM) Control budgets were reviewed with one suggestion offered to the Board by Mr. Suter - competitively procure ES-SWM plan review services in conjunction with the termination of the final year of the current contract to complete engineering services (plan reviews). Supervisor Lewis and Supervisor Ford agreed with the suggestion. There were no changes made to either department's budgets.

The budgets for Other Protective Services, Road Maintenance, Refuse Pickup, and Special Enforcement were reviewed, and there were no changes made by the Board. The Board chose to sustain the Sheriff's request for additional compensation supplements for deputies serving in the Special Enforcement program while looking ahead to what changes may impact the Compensation Board reimbursement levels.

Mr. Bolster presented the Building and Grounds budget by noting that major facility improvements and/or equipment replacement efforts previously reflected in this program were now budgeted for in the construction or capital funds. As a result of this change, there is a one-time significant reduction in this budget. He explained that there are planned upgrades to the Administration Building, with primary focus on the HVAC

system; these are shown in the Construction Project Fund. There were no changes made by the Board.

The budgets for Combined Courthouse, Rockbridge Middle property, Highland Belle property, County Garage, Health, Welfare, and Education programs were reviewed, with no changes made by the Board.

The budget for Recreation and Culture included two requests which required additional commentary: 1) \$2,000.00 for the YMCA; and, 2) \$12,500.00 for the Rockbridge Area Recreational Organization (RARO) CIP. The Board approved flat funding of \$1,000.00 for the YMCA. The previously coordinated FY 2017 funding request for the RARO CIP would be contributed in FY 2016 as a result of realized savings in the RARO operational cost-share budget line. Buena Vista City joined RARO at the start of FY 2016 which lowered the County's cost-share from nearly 80% to 58%. Mr. Suter explained that instead of contributing \$12,500.00 in FYs 2016 and 2017, the County will expend the whole \$25,000.00 in FY 2016; this will help cover the cost of improvements to the Brewbaker Field expansion.

The primary changes presented for the Preschool, Planning and Zoning, Geographical Information System, and Rental Assistance budgets were due to previously implemented salary increases. They were reviewed with no changes made by the Board.

The budget for Economic Development included a request from the Lexington-Rockbridge Chamber of Commerce for \$10,000.00 in funding. The Board agreed to level funding of \$5,000.00. Per the Finance Committee's suggestion, the Board agreed not to fund the \$750.00 request from Main Street Lexington.

The budgets for the Public Service Authority-related debt service, Natural Bridge Soil and Water Conservation District, Agriculture and Home Economics, Non-Departmental, Fringe

Benefits, Debt Service, Refunds, and Transfers and Reserves were all reviewed, and no changes were made by the Board.

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The Solid Waste Authority convened at approximately 6:30 p.m. Supervisor Lewis asked if there was a deadline for the City of Lexington to commit to a partnership regarding the landfill expansion effort initiated by the County. He also asked that, if there were no commitment from Lexington City, would Rockbridge County proceed with funding. Mr. Suter replied it has always been the Board's intention to proceed with or without the City of Lexington. The Landfill Fund and Recycling Fund budgets for the Solid Waste Authority were reviewed, and no changes were made by the Authority. The Authority accepted the Solid Waste Committee recommendation to target the FY 2017 tipping fee rates at \$52 per ton for Rockbridge County and Lexington City, while setting a break-even tipping fee of \$36.57 per ton for Buena Vista City. The Solid Waste Authority closed at 7:43 p.m.

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The Board reviewed the Construction Project Fund request for a County-owned 911 Center. Mr. Suter informed the Board about the project cost estimation from Moseley Architects, the timeline parameters for radio installation, and the offer made to the Cities of Buena Vista and Lexington for the County-financing option over 20 years. Supervisor Ford asked if we should consider borrowing money to finance the project, and Mr. Suter replied that we could look at that option. Mr. Suter presented several money-saving options in terms of the construction effort, and he reiterated that the Lomax building seller required a commitment date of March 25, 2016. Supervisor Ford asked if there were any grants available that we could obtain. Mr. Suter informed him that we could get a grant for a

regional Emergency Operations Center, but that this grant would be a secondary measure which could occur in the future, separate from any expenditures associated with development of a regional 911 Center. Supervisor Lewis recommended to proceed with the decision to commit to purchase the building and determine viable construction options in the upcoming weeks. Chairman Higgins voiced his agreement with this recommendation. Additional items in the Construction Project Fund such as Staffed Collection Centers, Administration Building HVAC and chiller replacement, and paving the parking lot and adding a storage facility at the County Fleet Services facility were reviewed, with no changes made by the Board.

The Capital Purchases Fund was reviewed. Mr. Suter informed the Board that the increase in the 911 Center equipment replacement budget line was due to the necessary replacement of an outdated computer aided dispatch (CAD) system. There were no changes made by the Board.

Mr. Bolster concluded his presentation by making the Board aware that there were significant transfers of unassigned reserves required to fund upcoming capital-related budgets. Chairman Higgins pointed out that the Board has done a great job of placing money into reserves for expected capital expenditures such as those presented in the draft FY 2017 budget. Mr. Suter informed the Board that at the end of the upcoming year, we would have about \$13 million in reserves, which is expected to exceed the Board's financial policy requirements. Mr. Bolster reminded the Board that the draft FY 2017 budget still does not address any cost-of-living adjustments for full-time County staff. Supervisor Campbell recommended that the Board consider merit pay. Mr. Suter agreed to bring to the Board a policy addressing merit pay and compression issues, as mentioned in his opening statement.

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Adjourn

Supervisor Campbell moved to adjourn at 8:35 p.m. The motion was seconded by Supervisor Lewis. The meeting was adjourned after a roll-call vote.

AYES: Campbell, Lewis, Ford, Hinty, Higgins
NAYS: None
ABSENT: None

Chairman

Attest: _____
County Administrator