

AT A PUBLIC HEARING OF THE BOARD OF SUPERVISORS OF ROCKBRIDGE
COUNTY VIRGINIA, HELD IN THE COUNTY ADMINISTRATION BUILDING,
150 SOUTH MAIN STREET LEXINGTON, VIRGINIA
ON WEDNESDAY, APRIL 13, 2016 AT 6:00 P.M.

PRESENT: CHAIRMAN J.M. HIGGINS
MEMBERS: D.W. HINTY, JR., R.R. CAMPBELL,
R.S. FORD, A.W. LEWIS, JR.

COUNTY ADMINISTRATOR
AND CLERK TO BOARD: SPENCER H. SUTER
FISCAL SERVICES
DIRECTOR: STEVEN J. BOLSTER

Call to Order:

Chairman Higgins called the meeting to order at 6:01 p.m.

Opening Comments:

Chairman Higgins informed those in attendance that the Public Hearing was being held to give the public an opportunity to comment on the budget. He informed those in attendance that this year has been a difficult year again in making decisions, since a number of departments and organizations had asked for additional funds while the Board of Supervisors has worked hard to achieve a balanced budget.

Mr. Suter was asked to present his opening comments. They were as follows:

"Before Mr. Bolster reviews highlights of the budget, I'll give a little information on all the work that has gone into the budget process.

"As has become standard practice in Rockbridge County, the Board adopted a list of budget priorities last November, to help guide the budget process. Subsequently and over the months of December and January, staff worked with internal departments, Constitutional Officers and external agencies to develop the draft budget. As with most years, requests exceeded projected revenues for FY 2017. We started with a \$1.5 million gap between operational budget requests and anticipated revenues. From there, we worked to reduce the requests to a manageable level.

"Chairman Higgins and Supervisor Ford again served as the Board's Finance Committee and were instrumental in helping to build the draft budget prior to presentation to the full Board on February 25, 2016.

"As the budget began to take shape, we transitioned to work sessions with the full Board. Ultimately, the Board held five scheduled budget meetings. In addition, two joint budget meetings were held with the schools, for a total of seven sessions.

"One major change that you have seen in this process from prior years was the creation of capital reserve accounts to begin matching up funds with planned Capital Improvement Program (CIP) expenditures into the future. In the past, approved CIP projects were moved into operational budgets each year. This resulted in large fluctuations of operational budgets from year to year, depending on the size and cost of CIP projects. Now, the funds necessary to complete each project will be moved into a pre-designated capital reserve account, separate from a department's operational budget. This change serves two main purposes:

- 1) It helps to stabilize operational budgets so that the Board and public can more easily see changes - either up or down - in operational budgets from year to year - without the large fluctuations caused by periodic large CIP expenditures in a given department.
- 2) It provides a clear separation between undesignated general fund reserves and those dedicated to a particular capital project or set of capital projects.

"Another change during this budget process was creation of a joint Board of Supervisors/School Board Executive Committee. Comprised of the Chairs and Vice Chairs of both Boards, this committee met on a regular schedule to work through the budget process.

"This process also resulted in a schools Capital improvement plan which both Boards provisionally adopted in January, 2016. This plan has not changed since the provisional adoption and is slated for final adoption with the overall County budget next week.

"As you know, the Board was ultimately able to reduce the overall operational budget gap from approximately \$1.5M to \$430,462.

"As you have seen, most County department operational budgets were down, despite the Board's taking action to provide some salary increases to address compression - and a 1% COLA raise. Again, some of the reductions are as a result of moving CIP items out of the operational budget.

"Here, I will reiterate that the Board is slated to make some major investments in the coming year, with the funding coming from General Fund reserves it has built over the past several years. Some of these investments include:

- Funding upgrades for a new 911 center
- Proposed additions of several new or improved solid waste collection centers
- Phase 1 of an HVAC project for the County Administration building

"During each budget meeting the Board convened, any amendments or additions resulting from the previous session were presented in an updated budget document. On April 4th, the Board approved advertisement of the General Fund budget of \$41,858,708 for the County, to include transfers to the School and Recycling Funds

"In addition, the Solid Waste Authority approved advertising their annual operating budgets of \$2,084,477 for the Landfill Fund, and \$557,999 for the Recycling Fund.

"The County advertisement included a proposed two cent tax increase to cover the \$430,462 operational budget gap in the General Fund. No increases in fees were recommended nor advertised.

"I'll now turn it over to Mr. Bolster to give a high level overview of the FY 2017 budget numbers prior to the Public Hearing."

Budget Overview:

Mr. Bolster presented the Board and those in attendance with the review of the budget with the following prepared comments:

"Thank you, Mr. Suter. Good evening. Mr. Chairman and gentlemen of the Board. Before I begin my overview of the draft fiscal year 2017 budget for tonight's Public Hearing, I want to mention a couple of items.

"First, the latest fiscal year 2017 line-item draft budgets are available at the table to my left. Second, I wanted to communicate that each draft line-item budget discussed at our budget meetings - to include tonight's public hearing is available online at the County's website under the "Budget/Audit" link on the site's main page. In addition to each line-item budget, the public can also find the adopted fiscal year 2017 funding priorities, budget schedule, and provisionally adopted CIPs.

"As Mr. Suter mentioned, this is the County's 7th public forum in discussing the proposed fiscal year 2017 budget. Six of those budget meetings involved a review of anticipated revenues and planned expenditures. Tonight I will highlight some of the major changes, by function, for the proposed General Fund, Solid Waste Authority budgets, and the County capital budgets.

General Fund (Fund 11) anticipated revenues

"The rise in local revenues is primarily associated with the proposed two cent increase on the real estate tax. Each penny represents \$232,000 in additional receipts for the rate change from 71.5 cents per \$100 of assessed real estate value to 73.5 cents per \$100 of assessed real estate value. Other tax levies are proposed to remain level with current rates. They include: 1) Machinery and Tools at \$2.55 per \$100 of assessed value; and 2) personal property other than mobile homes at \$4.25 per \$100 of assessed values.

"Revenue increases from the state are based on updates from the most recent state-aid estimates from the Compensation Board totals for Constitutional Officers and their staff, and the inclusion of additional grant funding for the Victim-Witness program.

"Changes in the federal revenue involve the expectation that the payment in lieu of taxes payment, referred to as "PILT", will be less by \$13,000 than the fiscal year 2016 estimate. I'll mention that the County is continuing to bridge the revenue gap on the reduction of the federal interest-payment reimbursement for the Quality School Construction Bond associated with the Maury River Middle School renovation. As a result of federal sequestration legislation from a few years ago, the County receives approximately 93% of the interest reimbursement versus the original 100%.

"Lastly, the fiscal year 2017 budget reflects an overall decrease of \$513,193 in use of reserves to support the General Fund operational budget. Current plans to source capital budgets involve prior end-of-year surpluses gained from additional revenues to support procurement for "one-time" expenditures. Certain unassigned reserves (\$427,250) are being used to fund planned procurement of services and goods in the General Fund, to include: 1) Completion of the general reassessment at \$220,250; and 2) the County's cost-share for the replacement of the 911 center's computer aided dispatch (CAD) system at \$207,000. In addition, \$147,450 of restricted cash (assigned) is sourcing the following efforts: 1) Ambulance service at \$100,000 from the EMS Revenue Recovery account; 2) EMS billing and collection services at \$12,450, also from the EMS Revenue Recovery account; and 3) \$4 for Life purchases at \$35,000 (these funds are received and managed locally).

General Fund (Fund 11) - planned expenditures

"First thing I want to mention is that the County Departmental and Solid Waste Authority (SWA) budgets reflect a proposed years-of-service increase and a 1% cost-of-living increase for County employees with a July 1, 2016 effective date. In addition, the budget includes a 2% compensation

increase for Constitutional Officers and their staff effective December 1, 2016 - along with specific requests from Constitutional Officers for additional local compensation supplements.

"Starting with the Administration and Financial Management function, I wanted to communicate that the CIP worksheet for the reassessment was increased by \$12,250 to account for County costs for telecommunication, postage, and copier use in fiscal year 2017. This change was previously presented in prior budget meetings.

"The budget decrease in the Registrar's program is based on one fewer election held in fiscal year 2017 when compared to fiscal year 2016.

"Judicial Administration reflects an increase of nearly \$53,000. The Victim-Witness program received a nearly 50% increase in state funding for the program in fiscal 2017. This increased revenue source supports a \$38,000 rise in planned expenditures for the program. This funding stream increase will hold for FY 2018 as well.

"In Public Safety departments, aside from compensation increases, the major budget growth involves a higher County cost-share for support of the Consolidated Dispatch budget (+\$196,197) and the Rockbridge Regional Jail (+\$240,881). The procurement of sheriff's vehicles is now budgeted for in the Capital Purchases Fund.

"The Public Works category's primary expenditure decrease, \$125,000, comes from accounting for facility improvements to the County administration building in the Construction Projects Fund. In addition, the Fleet Services budget was substantially decreased to account for the "float" needed to cover fuel costs prior to executing charge-out invoices to departmental budgets.

"Health and Welfare budgets are up to support mandated funding for the Comprehensive Services Act (+\$39,107) and the Rockbridge Area Social Services Department (+\$8,109). In addition, increased funding to support the Valley Program for

Aging Services (+8,394) and the Rockbridge Area Relief Association (+\$1,000) is included in the fiscal year 2017 budget.

"For the Education other than Public Education budget, the increase involves an additional \$15,000 as part of the Board's commitment to fund the 'Dabney Promise' financial aid Program at Dabney S. Lancaster Community College (DSLCC).

"Before I communicate the changes in the Parks, Recreation, and Culture function, I have one update to the CIP worksheet with regard to funds for the Brewbaker annex development project. The County had been scheduled to make a \$12,500 contribution to this project in fiscal year 2016 and another \$12,500 in fiscal year 2017. As a result of Buena Vista's joining RARO this past fall, our fiscal year 2016 budgeted cost-share was reduced from approximately 80% to 58%. As a result of the budget savings, the County is making a single contribution of \$25,000 towards this project in fiscal year 2016. Further savings carry over to the General Fund, as the County's cost-share for RARO is down 56,529 in fiscal year 2017 when compared to the current fiscal year. In addition, funding requests for the Rockbridge Regional Library and the Talking Books programs were down by \$14,963 and \$316 respectively in fiscal year 2017. These decreases are partially offset by the conversion of a former part-time position within the Parks and Recreation department into a full-time position. This change took effect in the current fiscal year and is fully budgeted for in fiscal year 2017.

"The Community Development function reflects a combined reduction of over \$55,000 due to two debt service schedules being paid in full in fiscal year 2017. They include the 2001 Raphine/Fairfield project (-\$58,000), and the 1996 water and sewer upgrades for the Rivermont subdivision (-\$34,000). In addition, the County's contribution to the Rockbridge County Public Service Authority's Lexington to Raphine waste water treatment lines is projected down by \$13,000.

Landfill Fund (Fund 19) - anticipated revenues

"The Landfill Fund revenues reflect the Solid Waste Authority's plan to maintain the County and Lexington City tipping fee at \$52 per ton in fiscal year 2017. This action is part of the local effort to offset borrowing on some of the construction and heavy-duty equipment costs linked to the development of a future lined landfill, in addition to meeting the operational needs of the current and proposed budgets. As just mentioned, the proposed fiscal year 2017 tipping fees for Rockbridge County and the City of Lexington is \$52 per ton as partners in building a surplus for the lined landfill project. The City of Buena Vista's tipping fee is proposed at \$36.81 per ton, which represents a rate to meet the operational budget minus the projected surplus of \$566,248. Put another way, the \$36.81 per ton tipping fee represents the \$1,518,229 operational budget divided by the anticipated, combined tonnage of 41,289 tons. Tipping fee revenues above the \$36.81 will generate the estimated surplus. Estimated fiscal year 2017 tonnage is 27,207 for Rockbridge County, 8,378 for Lexington City, and 5,704 for Buena Vista City.

Landfill Fund (Fund 19) - anticipated expenditures

"The SWA CIP changes since the provisional adoption include a departmental request to remove the procurement of a Cat D-6KXL dozer. Consideration for the potential replacement will occur beyond the timeframe for FYE 2017-2021 CIP. This is a reduction of approximately \$197,000 (or \$39,000 annually) from the draft SWA CIP. Aside from the compensation changes and the updated lease-purchase payment schedule for the articulating haul truck and excavator procured in December of 2015, the bulk of the \$79,118 increase is reflected in a higher projected surplus for fiscal year 2017, up \$67,443.

Recycling Fund (Fund 20) - anticipated revenues

"The increase in locality refunds involves invoicing the cities of Lexington and Buena Vista for their cost-share of the

annual Household Hazardous Materials Collection Day - which was previously accounted for in the General Fund. The General Fund transfer, which accounts for nearly 95% of revenues, is up around \$52,190 compared to last year.

Recycling Fund (Fund 20) - anticipated expenditures

"The main increase to the proposed Recycling Fund budget is the incorporation of additional part-time personnel at the planned additional staffed collection centers for the last six months of fiscal year 2017, from January, 2017 to June, 2017. Funding for part-time staff reflects a \$48,000 increase. In addition, the contract for hauling waste and recycling was increased by nearly \$26,000 based on additional staffed centers. This is offset by lower contracted costs under the General Fund's Refuse Pick-up budget.

Construction Projects Fund (Fund 72) - anticipated revenues

"The major source for the planned, one-time projects in the Construction Fund is a transfer of unassigned fund balance from the General Fund. We also are projecting carryover funding from fiscal year 2016 and the use of restricted cash from the General Fund for projects at the Fleet Services facility.

Construction Projects Fund (Fund 72) - planned expenditures

"Since the provisional adoption of the CIP on January 11, 2016, a handful of the CIP worksheets have been removed or updated based on recent developments. Any changes have been reflected in the draft budget updates provided during the past seven weeks. Updates include: 1) reduction of the 911 center/EOC worksheet of approximately 50% (or \$2.226M); 2) Blue Ridge pool facility roof project (-\$9,000) - the effort is currently underway to execute the work this fiscal year; and 3) Parks and Recreation department request to remove the single-axle dump truck from the CIP (-\$15,000). The following projects budgeted for execution in FY 2017 include: 1) firing range = \$18,850 (anticipated carryover); 2) 911 center - upgrades to the former Lomax funeral home = \$1,899,076; 3) upgrades, relocations, and

development of staffed collections centers = \$542,500; 4) continued upgrades to the County administration office building = \$350,000 (\$150,000 represents fiscal year 2016 carryover); and 5) Fleet Services facility upgrades = \$75,000 (all from restricted cash currently in the General Fund).

Capital Purchases Fund (Fund 76) - anticipated revenues

"The source for planned vehicle and equipment replacement efforts is a transfer of unassigned fund balance from the General Fund.

Capital Purchases Fund (Fund 76) - planned expenditures

"The following equipment and vehicle replacements planned for fiscal year 2017 include: 1) voting equipment = \$250,000; and 2) Sheriff's vehicles = \$296,606.

Conclusion

"This concludes my portion of the public hearing meeting. At this point, I'm going to power down the audio visual equipment and turn it back over to Chairman Higgins to begin the Public Hearing."

Mr. Suter asked the Board to keep in mind the costs for second phase financing for the radio system in FY 2018 and consideration for the vehicle replacement fund moving ahead.

Chairman Higgins opened the public hearing at 6:28 p.m.

Eric Sheffield, from the South River District, provided his comments to the Board pertaining to the proposed staffed collection centers. He commended the Board of Supervisors for commissioning the SCS Engineers study, but he urged the Board to postpone the decision to eliminate all unstaffed dumpsters. He offered three reasons for postponement:

- 1) The recognized cost for the staffed collection centers is approximately \$542,500, but he believes there has not been adequate consideration given to the likelihood of additiona

l costs - "both for capital and for staffing". According to the SCS Engineers study recommendations, there are additional proposed sites at Timber Ridge and Ben Salem and the consideration of modified sites at Collierstown, Rapps Mill, Rural Valley, and Walkers Creek. He asked the Board, "What will be the additional costs if all these new sites have to be developed? It seems quite likely that instead of saving money, all these staffed sites will require more taxpayer dollars that we are spending on unstaffed sites."

- 2) Currently sites are being used illegally; "It isn't reasonable to assume those people will all of a sudden become good citizens and take their trash to the landfill as soon as we take away the dumpsters. It seems just as likely they will continue to dump illegally and we better be prepared to spend money on enforcement and clean up."
- 3) SCS Engineers' report that there will be trade-offs by eliminating unstaffed dumpsites; these include citizen time/distance traveled, litter and dumping.

In his conclusion, Mr. Sheffield stated that SCS Engineers could not quantify the tradeoff costs; but for his family he estimated a conservative dollar amount per year equal to \$100; based on distance driven and time consumed. If each County resident experienced similar impacts, "then citizens would be shouldering a million dollar burden so that the County can possibly save \$172,000." Currently only 10% of the County's trash filters through the collection centers. He informed the Board they were "considering a very big change that affects nearly every citizen in the County. Please take more time to get citizen input and consider the alternatives."

Bob Claytor, from the Buffalo District, a member of the DSLCC Board, was speaking on behalf of DSLCC President Dr. John J. Rainone. Mr. Claytor took a moment to thank the Board for their funding and support of the DSLCC Rockbridge Regional Center and the "Dabney Promise" Program. Applications for scholarships are expected in this week and he will keep the Board posted about the progress. He informed the Board that the financial aid is "need based", and that requirements to apply include a 2.25 grade point average and residency in Rockbridge County. Mr. Claytor spoke of the capital campaign that DSLCC is

administering and the success of the program. The reason for the campaign is to fund future needs for facilities; currently the Rockbridge Regional Center is at 85% capacity. In order to determine the best solution, Dabney has applied for a study-grant of \$250,000 to look for alternate locations. The kick off for the study has been well-received - approximately thirty people attended, including representatives of both cities and County. He concluded by thanking the Board for the continuation of the financial aid support.

Mr. David McDaniel, from the Natural Bridge District and chair of the school board, expressed his gratitude to the Board of Supervisors for their funding for the school system. He informed the Board that the additional \$232,000 funding will allow for three new positions in the upcoming school year: one ITRT (Information Technology Resource Teacher) position at Maury River Middle School; and two STEM (Science, Technology, Engineering and Mathematics) positions at the elementary schools.

Mr. McDaniel also requested the Board to consider a seven day operating schedule at the staffed collection centers, or an adjusted weekday schedule to allow for the centers to operate on Sundays, so County residents could access the sites outside of traditional work days. Chairman Higgins requested Mr. McDaniel to attend next week's meeting for follow up.

Chairman Higgins asked if there were any further citizen comments or if the Board had any questions. There were no responses. Chairman Higgins closed the public hearing at 6:37pm. The meeting was scheduled to be continued on Thursday, April 14th, at 6:00pm, at Scotto's Pizza in Glasgow, Virginia, for an informational meeting on solid Waste with the Glasgow Ruritan Club.

There were no meeting Minutes for the April 14, 2016 Continued Meeting as there was not a quorum and a meeting was not called to order. County Administrator Spencer Suter did however provide a presentation on solid waste to those present at Scotto's Pizza in Glasgow, Virginia, which was attended by Supervisors Hinty and Campbell.