

AT A WORK SESSION OF THE BOARD OF SUPERVISORS OF ROCKBRIDGE COUNTY, VIRGINIA, HELD IN THE COUNTY ADMINISTRATION BUILDING, 150 SOUTH MAIN STREET, LEXINGTON, VIRGINIA, ON MONDAY, MARCH 28, 2016 AT 4:30 P.M.

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

COUNTY ADMINISTRATOR AND CLERK TO BOARD: SPENCER H. SUTER
COUNTY ATTORNEY: VICKIE L. HUFFMAN

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Called to Order

Chairman Higgins called the Work Session to order at 4:35 p.m.

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Budget Work Session #4

Finance Director, Steven Bolster, presented and reviewed the draft FY 2017 budget. His agenda item included the following:

SUMMARY OF INFORMATION:

"At Scheduled Budget Meeting #3 on March 14th, staff presented the latest iteration of the draft FY 2017 budget to the Board of Supervisors. At this meeting, the Board directed staff to update County employee compensation levels for full-time employees to include a 1% cost-of-living allowance (COLA) and a .25% increase for years of service, up to 20 years maximum. Staff worked with Department and Division Heads to find off-setting reductions in operational budgets to assist with funding the 1% COLA. Since this scheduled budget meeting, the Board held a joint meeting with the School Board on March 17th. As a result of discussion from this meeting, staff was directed to add \$570,000.00 to the current level of local operational support (\$13,478,834.00). The draft FY 2017 budget now reflects a \$14,048,834.00 Transfer to the School Fund (Ops) budget line. Furthermore, the General Assembly passed the FY

2017-2018 biennium budget. The State budget includes a 2% increase in the Compensation Board budgets for Constitutional Officers effective December 1, 2016. The legislative language includes verbiage that this increase is contingent on the State meeting certain revenue benchmarks for the FY 2016 budget. It also requires the Governor's signature, but known reporting indicates that this funding item will be in effect for FY 2017. As a result, the revenues and expenditures related to Constitutional Officers (and their staff) are reflected in the draft FY 2017 budget with an effective date of December 1, 2016. Lastly, staff was directed to budget the local supplements requested by Constitutional Officers with an effective date of December 1st.

We received two updated budget requests: 1) Consolidated Dispatch; and, 2) Juvenile Detention Facility. The former reflects a cost-share increase associated with funding the replacement of the computer aided dispatch system for Central Dispatch (up \$199,558.00). Based on the prior budget presentation, this action was off-set by reducing the planned expenditure from Fund 76 (Capital Purchases Fund), as well as reducing the use of unassigned revenues to source this procurement in Fund 76. Since this is now represented in the General Fund, staff has increased the use of unassigned revenues to source the County's cost-share \$207,000.00 based on the \$350,000.00 replacement estimate. The latter is down \$11,717.00 from previous presentations based on an approved budget received this past week.

These edits were updated in the draft FY 2017 budget, which is attached to this agenda report. As a result of the changes, the estimated gap between planned expenditures and anticipated revenues has risen from \$218,489.00 to \$763,843.00. This is

approximately a 3.5 cents increase on the current real estate tax rate.

The Rockbridge County School Division held a Called Meeting for Budget Approval for FY 2017 on March 15, 2016. Below is a hyperlink to the budget discussed at this School Board budget work session. The Rockbridge County School Division is scheduled to provide their FY 2017 Categorical Estimate of Needs later this month.

[http://www.boarddocs.com/vsba/rockva/Board.nsf/files/A83P6C5528AA/\\$file/Draft%20Budget%20for%20March%2015%20Worksession%20\(Based%20on%201.10\)%20v1.52.pdf](http://www.boarddocs.com/vsba/rockva/Board.nsf/files/A83P6C5528AA/$file/Draft%20Budget%20for%20March%2015%20Worksession%20(Based%20on%201.10)%20v1.52.pdf)

DISCLAIMER: THIS DOCUMENT CONTAINS A DRAFT BUDGET PROPOSAL FOR FY17 PRESENTED FOR REVIEW AND DISCUSSION. FINAL BUDGET FIGURES WILL BE DEPENDENT ON AVAILABLE REVENUES TO SUPPORT IDENTIFIED NEEDS FOR THE DIVISION.

Reminder: There is a scheduled budget meeting on Monday, April 4th at 5:30 P.M. in the Board Meeting Room (request approval to advertise the draft FY 2017 budget and CY 2016 tax rates).

RECOMMENDATION:

Receive the staff report. Discuss information and pose any questions you may have to staff. Direct staff on action items which the Board may request and to prepare for the next scheduled budget meeting on Monday, April 4th at 5:30 P.M. (request approval to advertise the draft FY 2017 budget and CY 2016 tax rates).

Attachment: Draft FY 2017 Budget as of March 24, 2016"

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Board Discussion:

Supervisor Ford expressed that he still was not happy with some of the methodology used to calculate some of the raises for the Sheriff's Office personnel. He commented that he and Supervisor Campbell, along with Mr. Bolster, met with Sheriff

Blalock to discuss various concerns. He expressed that he would like to try to keep the process alive and, ultimately, to apply the same kind of methodology used for County employees, to get the Sheriff's requests a little more in line. Moreover, he shared that he is concerned about setting a precedent, as he feels that others will soon want to follow the same methodology.

Chairman Higgins asked who had met to decide to move the effective date of implementing Constitutional Officers' compensation changes from July 1st to December 1st.

Mr. Bolster replied that he, Supervisor Campbell, Supervisor Ford, and Sheriff Blalock came away from their meeting in agreement to apply compensation increases, if approved, on December 1st - linking to the Compensation Board increases effective the same date. He stated that it was his understanding that there were communications among the Board members with that methodology to make those increases effective December 1, 2016, in line with the Compensation Board's increases.

Supervisor Ford noted that this was a recommendation by Sheriff Blalock.

Chairman Higgins advised that the Schools would be giving their increases in July.

Supervisor Campbell stated that the suggestion was for everyone in the County to receive the compensation increase on December 1, 2016, including the Schools.

Chairman Higgins stated that the Board of Supervisors have no control over when the Schools give out their compensation increases.

Supervisor Campbell stated that the reason for holding off until December was because the County would only have to budget for six (6) months and the other half would be funded next year.

Mr. Suter stated that he was not a participant in the meeting with the Sheriff; however, Mr. Bolster was and he needed to put something together quickly to be presented by Thursday for BoardDocs. He added that Mr. Bolster was under the impression that each Board member had been updated by Board members who had attended the meeting with the Sheriff and felt that this was the overall outcome from the discussions. He advised that this meeting was not the final budget meeting and therefore, there is still time for discussions on potential changes to the draft FY 2017 budget. He noted that Monday, April 4th, would be when the Board would need to finalize the budget advertisement since the Board would also be setting a public hearing in the budget advertisement.

Supervisor Campbell added that, prior to his meeting with Sheriff Blalock, he felt fairly confident that if the State decided to award any compensation increases that those increases would not be effective until December.

Supervisor Ford advised that those present during the meeting with Sheriff Blalock agreed that addressing the compression issues where people would be credited certain amount of pay increases based on years of service was a good idea.

Supervisor Lewis stated that he had not been involved in any of the discussions, so it is all news to him, but feels it makes sense in retrospect.

Mr. Bolster stated that he was given guidance not to change the previously planned compensation increases for County employees from an effective date of July 1st to December 1st.

Supervisor Campbell shared that the Schools should be willing to work with the County, and the County could recommend that their increases be effective December 1st.

Mr. Suter stated that the Board should be aware that even if the compensation increase had an effective date of December

1st, resulting in a five-month savings in the draft FY 2017 budget, these five months would become an ongoing expense to be accounted for in future fiscal years.

Mr. Suter advised that any compensation changes for County employees depend on how the Board wants to look at it. He noted that Constitutional Officers have asked for an increase in local compensation supplements through the County, and in addition, Constitutional Officers are expecting to receive an increase from the Compensation Board effective December 1st. He stated that staff needs Board direction about when to implement compensation increases for County employees and the local supplement requests from Constitutional Officers.

Supervisor Campbell stated there are two separate things to look at for the Sherriff Office requests: (1) raises from the State; and, (2) the Sheriff's effort to adjust pay compression issues throughout his department, which is what the County recently did as a result of the Springsted Salary Survey completed last year. He added that the Sheriff had no problem looking at December to address the compression issue in his office. If the State increase addresses compression issues, then a local decision about including additional increases from the County would be addressed; this would need to be considered separately.

Chairman Higgins asked the Board members if they felt they could dictate when the Schools could get a raise. He noted that he had spoken with the Chairman of the School Board, David McDaniel, who informed him that their raises would be effective July 1.

Supervisors Campbell and Lewis agreed that the Board could ask about applying pay increases with an effective date of December 1st.

Supervisor Ford shared that he is still confused about the Sheriff's raises. He stated that he thought the pay raises were to address entry level positions - less experienced officers who were looking for better pay opportunities throughout the region. He asked if those pay increases are meant to reflect the .25% per year credit or if it was a separate issue.

Supervisor Campbell confirmed that the General Assembly passed a budget that includes State pay increases for State funded law enforcement positions to include \$80.00 per years of service to address pay compression issues.

Chairman Higgins clarified that they would receive a raise effective December 1 and that in January the compression would be implemented.

Supervisor Campbell added that, when looking at the compression issues, if you do not look at it in a positive way, then all of the County's deputies will fall behind again and retention will become a huge problem for Sheriff Blalock and all of his staff. He stated that one increase will be used to correct the salary for certain people that are out of kilter with other County staff. The second increase would be from the State.

Chairman Higgins agreed with Supervisor Campbell that these are two different items and should be looked at separately. He then turned to an item in the Schools' budget, stating that they have not heard back from their insurance consultant.

Supervisor Campbell stated that, looking at the salary adjustments for the Sheriff's Department, everyone needs to keep in mind that what is done for County employees will be done for the Sheriff's staff. He stated that they had agreed during a previous meeting to adjust their salaries with an effective date of July 1st.

Mr. Suter asked the Board to keep in mind that some Constitutional Officers have employees whose salaries are paid 100% by the County. He asked when those employees would receive raises.

Chairman Higgins replied that these employees are paid in conjunction with staff that are funded by the State.

Mr. Bolster added that, to be consistent with what has been done in the past, whether it is a County-funded position working for a Constitutional Officer or a Compensation Board funded position, whatever those effective dates are for the pay increases for Compensation Board positions, the County has also included Constitutional Officer positions funded by the County. He noted that, when it comes to Buena Vista and Lexington Law Enforcement and the Compensation Board, those are City employees and there is no Compensation Board reimbursement from the State.

Supervisor Ford asked, in regard to County employees, if they would be getting a 1% COLA and .25% per year of service to address compression.

Mr. Suter advised that the .25% will exclude part-time staff, who received that compression raise February 1, 2016, since these employees had not received raises consistently over the years and the Board opted to go ahead and give the raise to them during the first phase of the implementation of the salary survey results. He added that part-time employees who already received the .25% per year increase, would only be receiving the 1% COLA.

Supervisor Ford asked when the 2% State raise for the Schools SOQ positions will begin.

Chairman Higgins responded, not this year. He stated that the Governor did not give raises to teachers specifically but rather a lump sum of money that the Schools will use for raises.

Mr. Bolster stated that he thought that the SOQ positions would be funded in FY 2017.

Supervisor Ford stated that he thought the SOQ positions were funded by the State and that the School Board was asking the County to come up with the money so they could fund the non-SOQ positions. He shared his confusion about the Constitutional Officer increases. He said that all Constitutional Offices have employees paid by the State and some by the County. He stated that Constitutional Officer's functions would receive their increase by the Compensation Board on December 1st, so it only makes sense that the County phase in the other raises at the same time. He further stated that Sheriff Blalock would benefit from the proposed pay increases to make his pay more competitive with other law-enforcement departments.

Chairman Higgins confirmed adding that the Treasurer and Commissioner of the Revenue were seeking increases as well. Supervisor Ford asked for clarification that they were looking at a 2% increase, plus whatever else the Board agrees to for all those positions.

Mr. Suter repeated that the Board needed to provide staff with direction as to whether it considers the proposed local funding increase as supplemental to whatever the compensation Board provides, or if the State funds are meant to supplant the proposed County increase. He pointed out that if the State funding supplants County-proposed raises, the effort to address compression would be somewhat defeated.

Supervisor Ford stated that, on the other hand, it could be concluded that our employees would be hitting up taxpayers twice.

Supervisor Campbell asked how much money the School Board received for teachers from the State.

Chairman Higgins replied that the Schools were slated to receive around \$805,000.00.

Supervisor Campbell asked how much of a pay raise.

Chairman Higgins replied that he could not find that information. He placed a call to Schools Chair McDaniel to confirm the information. Following this phone call, he confirmed that the State gave the School Board a lump sum of money and then indicated that 2% could be given on top of that next year. He added that the School Board decided to give \$1,200.00 to some staff and \$600-\$700 to all other positions.

Supervisor Ford stated that there is other confusion because he thought that they gave administrators a raise also.

Supervisor Hinty confirmed.

Later, Mr. Bolster replied that Supervisor Campbell, during the meeting with Sheriff Blalock, had recommended to incorporate the County-employee compensation increases with an effective date of December 1st. Mr. Bolster stated that he was directed to leave County compensation levels at July 1.

Chairman Higgins stated that history shows the County follows the State's lead and gives a raise in July.

Mr. Suter stated that there has been precedent to give raises later in the fiscal year.

Supervisor Ford added that some employees working in a Constitutional Officer's department will get a raise before others if they are funded at the same effective date as County employees.

Chairman Higgins replied that all of those County-funded Constitutional Officer employees would receive a raise December 1.

Supervisor Campbell asked if this would affect County employees and their steps in pay.

Mr. Suter advised that there are no steps in the pay plan anymore and that the only increases would be for cost-of-living and possibly merit increases starting in FY 2018 to coincide with when evaluations are completed. He noted he would be drafting a policy for the Board's consideration in relation to merit pay.

Supervisor Ford asked for clarification on the proposed increases. He asked if it was correct that staff who work for Rockbridge County will receive a July 1 increase and those who work in the Constitutional Offices will receive their pay raises on December 1.

Mr. Suter confirmed that is what is included in the budget right now.

Chairman Higgins shared that the Schools use their money how and when they want to and the Board has no control over it. He stated that the Board could suggest anything to them, but ultimately, it is their decision. As for County employees, he stated that the County has typically looked at increases in July and should keep it that way. In regard to Constitutional Officers, Chairman Higgins suggested we speak with the Constitutional Officers and schedule increases for December 1. The Board agreed July 1 would be the date for increases for County employees, excluding those who work for Constitutional Officers and December 1 for Constitutional Officers including positions paid by the County.

Mr. Bolster confirmed that everything stated by Chairman Higgins was already incorporated in the draft budget. He advised that he had received a couple of budget updates; one was from Consolidated Dispatch, and the other from the Juvenile Detention Facility. He advised that the Consolidated Dispatch updated their FY 2017 budget to include the procurement of a CAD

System and also included a 3% raise for staff resulting in an increase of \$199,000.00 in the County's cost-share.

Supervisor Hinty stated that he had never received the information he requested from the RATS representative, and therefore, he requested that no funds be provided to them until they submit the materials he had requested for the past two (2) years.

Mr. Bolster added that the Board could go ahead and budget the FY 2017 request and have it set aside until RATS submitted the requested materials.

Chairman Higgins asked the County Administrator to write a letter on behalf of the Board to RATS letting them know that they would not receive funding until the materials were received.

Mr. Bolster reminded the Board that, two weeks prior, the gap was \$218,489.00. Now, it is \$763,843.00 - making it approximately three and a half cents on real estate taxes. Chairman Higgins asked for a total after removing the Schools' portion from the gap.

Mr. Suter provided the total gap for the County only; it was \$193,843.00.

Chairman Higgins stated that he believes the Schools were able to reduce their request down to \$67,000.00 without new positions. He asked the Board to look at the \$67,000.00 to balance their budget and to fund the additional positions. He stated that the Schools would not be submitting their solid numbers until Wednesday and asked the Board to consider continuing this Work Session until Thursday afternoon to examine it more closely. The Board agreed.

The Budget Work Session #4 was continued until Thursday, March 31, 2016 at 4:30 p.m. at the Rockbridge County

Administrative Office Building at 150 South Main Street,
Lexington.

Chairman

Attest: _____
County Administrator