

AT A REGULAR MEETING FOR ADOPTION OF THE FISCAL YEAR 2017-2018 OPERATING
AND CAPITAL BUDGETS, THE BOARD OF SUPERVISORS OF ROCKBRIDGE COUNTY
VIRGINIA, HELD IN THE COUNTY ADMINISTRATION BUILDING, 150 SOUTH MAIN
STREET LEXINGTON, VIRGINIA
ON MONDAY, MAY 1, 2017 AT 6:00 P.M.

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

COUNTY ATTORNEY: VICKIE HUFFMAN

FISCAL SERVICES

DIRECTOR: STEVEN BOLSTER

COMMUNITY DEVELOPMENT

ASSISTANT DIRECTOR: CHRIS SLAYDON

Call to Order:

Chairman Hinty called the meeting to order at 6:00 p.m. Chairman Hinty read the following Conflict of Interest disclosure statement:

"As my wife is an employee of the Rockbridge County School Board, I have a personal interest in the adoption of the budget under the Conflict of Interest Act. However, I am not disqualified from participation in the adoption of the County budget. My disclosure statement is on file with the Clerk to the Board of Supervisors."

Opening Comments:

Chairman Hinty asked Mr. Bolster for his opening comments about the FY 2018 Budget.

Mr. Bolster responded as follows:

"Good evening, Mr. Chairman and gentlemen of the Board. Let me begin my comments by starting with some administrative items. First, the latest

fiscal year 2018 draft line-item budget is 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 2018 funding priorities, budget schedule, and provisionally adopted CIPs. This is the County's 7th public forum in discussing the proposed fiscal year 2018 budget. Six of those budget meetings involved a review of anticipated revenues and planned expenditures. Tonight, if the Board desires, I can highlight some of the major changes, by function, for the proposed Solid Waste Authority, General Fund, and County capital budgets. As you know, the budget cycle is an on-going process that never really ends. Tonight is a culmination of an 8-month effort to develop the annual budget for next fiscal year. Over that time, the Board has been presented with external and internal funding requests and has made difficult decisions to achieve a balanced budget for FY 2018. We hope that the Board agrees that we as staff have done our best to enact the Board's funding priorities and budget schedule, while keeping the Board apprised of all changes as the draft budget has evolved to the final, advertised budget which includes the adjusted real estate tax rate based on the general reassessment values that are effective January 1, 2017. I'd like to thank the Board for its dedication to working closely with the School Board leadership on the budget process. The executive committee continues to be an excellent forum for communication, planning, and cooperation. In addition, while all department heads and supervisors

played an important part in developing their individual budgets, I'd like to take a moment to recognize the finance committee members, Rusty Ford and John Higgins, in providing leadership to staff as we progressed towards developing a balanced budget. Lastly, I appreciate Mr. Slaydon's assistance in shepherding the Capital Improvement Program (CIP) process to achieve the provisionally adopted capital efforts and now the final format for this evening's adoption consideration. With regard to the CIP, we once again collaborated to improve the process and provide the Board with clear documents, which chart the path of potential major expenditures over the next five years. Mr. Slaydon will be reviewing a couple of updates involving the Solid Waste Authority (SWA) and County CIP in a minute. One thing I'd like to point out is that we are funding the County FY 2018-2022 CIP with a combination of a General Fund transfer, capital fund reserves realized through cost savings from FY 2017 expenditures, and FY 2017 carryover on projects that are now targeted for completion in FY 2018. In preparation for this meeting, I discussed with the Finance Committee that there are no changes to present. What is before you tonight is the same budget that has previously been presented to the Board and which was approved for advertisement and provided at the Public Hearing. However, I do have some notes to discuss changes in the overall categories should the Board request it. Returning to the CIP discussion, I want to ensure that staff is clear with regard to the School Division's CIP. At the joint-Board meeting on May 18th, it's my understanding that both Boards will review and consider the School's CIP for FY 2018. As you know, these CIP projects are funded by the school capital reserve fund accounted for under

the General Fund - currently at \$988,335. The jointly-approved CIP for FY 2017 is \$406,000, of which \$173,640 has been expended through April. Should the full CIP be expended in FY 2017, the school capital reserve fund will end the fiscal year (2017) at \$582,335. During last year's budget cycle, both Boards agreed to adhere to the policy of keeping no less than \$225,000 in the school's capital reserve for emergencies. Using the potential end-of-year balance of \$582,335, the school capital reserve would have \$357,335 available to fund CIP projects in FY 2018 and still maintain the minimum balance of \$225,000. In addition, it is staff's understanding that a desire exists to incorporate both the County and School Division CIP budgets into the same budget timeline and CIP document in the out years. This was an idea initially brought up by Supervisor Lewis in last year's budget cycle. County staff looks forward to collaborating with the School Division staff to bring this concept to fruition in FY 2019. Finally, I want to thank the Board for its commitment to funding a cost of living adjustment for FY 2018 which is consistent with the state's plan for their employees. Staff leadership believes your employees are deserving of this consideration and I know that they are appreciative of the Board's priority to sustain a quality workforce via a competitive compensation plan. Staff requests to convene the Rockbridge County Solid Waste Authority to begin consideration of their CIP and FY 2018 operational budget. Mr. Slaydon will begin with the CIP."

Solid Waste Authority Capital Improvement Plan:

At 6:05 p.m., Chairman Hinty convened the meeting into the Solid Waste Authority.

Mr. Slaydon stated that there were no updates to the SWA CIP since provisional adoption on January 9, 2017. Mr. Slaydon presented the SWA CIP Adoption Resolution for FY 2018-2022.

Supervisor Ford moved to adopt the resolution shown below. Supervisor Higgins provided the second, and the motion carried by unanimous roll call vote by the Board.

Recorded Vote:

AYES: Ford, Higgins, Campbell, Lewis, Hinty

NAYES: None

ABSENT: None

ABSTAIN: None

**RESOLUTION TO APPROVE AND ADOPT THE ROCKBRIDGE COUNTY SOLID WASTE
AUTHORITY CAPITAL IMPROVEMENTS PROGRAM 2018-2022**

WHEREAS, staff has prepared an updated capital improvement program (CIP) based on the comprehensive plan for the ensuing five (5) years; and,

WHEREAS, the Board of Supervisors provisionally approved the CIP at its meeting on January 9, 2017, to serve as a guide during the upcoming budget process, with consideration of formal approval to be scheduled with adoption of the 2017-18 budget.

NOW, THEREFORE, BE IT RESOLVED by the Rockbridge County Solid Waste Authority as follows:

1. That the Authority hereby approves and adopts the Rockbridge County Solid Waste Authority Capital Improvements Program 2018-2022.

2. That capital improvement priorities and funding shall be determined and established through the Authority's budget process for the fiscal year 2017-2018, and annually for subsequent fiscal years.

3. That the provisions of this Resolution shall be effective on and from the date of its adoption.

Adopted this 1st day of May, 2017.

Solid Waste Authority Budget Adoption:

Mr. Bolster informed the Board that there were no updates from the previous version presented on April 24th. He presented the SWA Budget Adoption Resolution for FY 2018.

Supervisor Campbell moved to adopt the resolution shown below. Supervisor Ford provided the second, and the motion carried by unanimous roll call vote by the Board.

Recorded Vote:

AYES: Campbell, Ford, Lewis, Higgins, Hinty
NAYES: None
ABSENT: None
ABSTAIN: None

**RESOLUTION TO ADOPT THE 2017-2018 ANNUAL BUDGET FOR THE ROCKBRIDGE COUNTY
SOLID WASTE AUTHORITY AND TO SET THE TIPPING FEES FOR 2017-2018 FISCAL
YEAR**

WHEREAS, the Rockbridge County Solid Waste Authority has developed an annual fiscal plan (annual budget) which is for informative and planning purposes only, and which budget is for the fiscal year beginning July 1, 2017, and ending June 30, 2018; and,

WHEREAS, a brief synopsis of the budget, proposed and current tipping fees, and a notice of the public hearing were published The News-Gazette newspaper, having general circulation in the County of Rockbridge, on March 29, 2017 and April 5, 2017, and in the April 2017 edition of The Rockbridge Advocate, in accordance with the requirements of §15.2-2506 of the Code of Virginia (1950, as amended); and,

WHEREAS, a public hearing was held, pursuant to Title 15.2 of the Code of Virginia, as amended, on April 24, 2017, at 6:00 p.m., to take public comments regarding said annual budget.

NOW, THEREFORE, BE IT RESOLVED that the Landfill Fund annual budget in the amount of \$4,127,613.00, as published in the County of Rockbridge Budget 2017-2017, effective July 1, 2018, be and is hereby adopted.

BE IT FURTHER RESOLVED, that the tipping fees to be levied on a per ton basis for the fiscal year 2017-2018 shall be as follows:

Rockbridge County - \$51.00 per ton

City of Lexington - \$51.00 per ton

Jurisdictional Commercial Customers - \$53.00 per ton

This resolution shall be effective upon and from the date of its adoption.

Adopted this 1st day of May, 2017.

Chairman Hinty closed the Solid Waste Authority at 6:07 p.m. and reconvened the Board of Supervisors meeting.

Rockbridge County Capital Improvement Plan:

Mr. Slaydon provided the Board with two CIP updates which occurred after their provisional adoption on January 9th. They included:

1) the phase 2 radio system upgrade financing for the subscriber units closed on March 31st; as result, the associated, informational CIP worksheet was removed and the CIP debt-service tables and charts were updated with the final payment schedule data.

2) the Fire and EMS offices/emergency operations center (EOC) worksheet now reflects the procurement of furnishings in FY 2018 as a product of the Board's decision to complete the Fire and EMS offices/EOC in FY 2017.

Mr. Slaydon then presented the County's CIP Adoption Resolution for FY 2018-2022.

Supervisor Lewis moved to adopt the resolution shown below. Supervisor Higgins provided the second, and the motion carried by unanimous roll call vote by the Board.

Recorded Vote:

AYES: Lewis, Higgins, Ford, Campbell, Hinty
NAYES: None
ABSENT: None
ABSTAIN: None

RESOLUTION TO APPROVE AND ADOPT THE ROCKBRIDGE COUNTY, VIRGINIA, CAPITAL IMPROVEMENTS PROGRAM 2018-2022

WHEREAS, staff has prepared an updated capital improvement program (CIP) based on the comprehensive plan for the ensuing five (5) years; and,

WHEREAS, the Board provisionally approved the CIP at its meeting on January 9, 2017, to serve as a guide during the upcoming budget process, with consideration of formal approval to be scheduled with adoption of the 2017-18 budget.

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of Rockbridge County, Virginia, as follows:

1. That the Board of Supervisors hereby approves and adopts the Rockbridge County, Virginia, Capital Improvements Program 2018-2022.

2. That capital improvement priorities and funding shall be determined and established through the Board's budget process for the fiscal year 2017-2018, and annually for subsequent fiscal years.

3. That the provisions of this Resolution shall be effective on and from the date of its adoption.

Adopted this 1st day of May, 2017.

Rockbridge County Budget Adoption:

Mr. Bolster informed the Board of Supervisors there were no changes from the draft budget presented the previous week.

Supervisor Lewis requested highlights on the advertised real estate tax rate.

Mr. Bolster explained that the January 1, 2017 overall real estate values, resulting from the general reassessment, went up 7.7% compared to the book values a year prior. He noted that the "Lowered Tax Rate" resulted in an approximately \$0.69/\$100 of assessed value. Mr. Bolster described that the FY 2018 budget advertisement included a two-cent increase to the "Lowered Tax Rate", or \$0.71/\$100 of assessed values, known as the "Effective Rate Increase", to garner a balanced budget.

Supervisor Ford expressed that he does not think we need to burden the taxpayers with a real estate tax increase when significant revenue surplus is available. He requested that the Board consider cutting the

advertised real estate tax rate to 70 cents per \$100 of assessed value, or even to 69 cents, making up the difference using surplus reserves. Supervisor Ford also remarked that another option could involve the School Division's using their FY 2017 end-of-year budget surplus, or the School Capital Escrow Account balance, to fund a portion of their FY 2018 increase currently detailed in the draft budget.

Supervisor Campbell agreed with Supervisor Ford's comments.

Chairman Hinty asked Mr. Bolster what the County's penny rate was.

Mr. Bolster indicated that the rate is now \$252,000.

Supervisor Higgins asked what would be the impact on next year's budget (FY 2019) should the action to use surplus, as recommended by Supervisor Ford, be taken.

Mr. Bolster indicated that the County's estimated VRS (Virginia Retirement System) contribution rate was expected to go down the next biennium resulting in an initial budget reduction of approximately \$45,000. He added that the County's debt service totals will decrease by over \$400,000 in FY 2019, while increasing by nearly \$127,000 the following fiscal year. Lastly, Mr. Bolster stated that the Board is considering future health insurance options that will bring value to both the County budget and to its employees.

Supervisor Lewis stated that using reserves was just kicking the can down the road. He added that it's foolish to toy with the School Capital Escrow Account.

Supervisor Higgins indicated he didn't want to kick the can down the road, but after listening to Mr. Bolster's comments, he could go with a one cent increase on the real estate tax rate and not change funding for the School Division. He could support using \$252,000 out of surplus, but not \$504,000.

Supervisor Ford remarked that he does not think it's the Board's job to give the Schools everything they ask for. Rather, it's the Board's job to ensure that funds are wisely spent.

Chairman Hinty stated that he supports the Schools, but also believes in holding them accountable. He added that the Board could go with 70 cents per \$100 of assessed values, and not mess with the Schools. He ended by saying the Board will be seeing some solid CIP numbers from the Schools in a few days.

Supervisor Lewis requested clarification on the capital needs of the School Division and the need for potential debt service to fund their projects.

Mr. Bolster indicated that the County's debt service is going down because the Maury Service Authority's original bond will be paid off in FY 2018.

Supervisor Lewis stated he still does not see how we will fund the building of a new high school.

Chairman Hinty commented on the School Division's upcoming CIP requests to use the 2-month window in FY 2017 to complete some work during

the summer: for example, fencing at Maury River Middle, Mountain View Elementary, and Natural Bridge Elementary schools. In addition, a couple of water drainage projects, carpet replacement at the elementary schools, and re-painting parking lines at some of the school facilities can be much more efficiently performed during the schools' summer vacation. Chairman Hinty indicated that the project totals were approximately \$50,000.

Supervisor Ford noted there will probably be some additional FY 2017 budget savings that the School Division will add to the Capital Escrow Account.

Supervisor Higgins agreed with Supervisor Lewis' comment that the School Division will have large capital projects to fund in the future. He warned to be prepared for future debt for high school projects.

Supervisor Lewis indicated he could go along with using the penny rate from reserves, if it doesn't affect the School Division's funding level.

Supervisor Higgins moved to adopt the resolution shown below. Supervisor Ford provided the second, and the motion carried by unanimous roll call vote by the Board.

Recorded Vote:

AYES: Higgins, Ford, Campbell, Lewis, Hinty
NAYES: None
ABSENT: None
ABSTAIN: None

RESOLUTION TO ADOPT THE 2017-2018 ANNUAL BUDGETS FOR ROCKBRIDGE COUNTY AND TO SET TAX RATES FOR 2017-2018 FISCAL YEAR

WHEREAS, the Board of Supervisors of Rockbridge County has developed an annual fiscal plan (annual budget) which is for informative and planning purposes only, and which budget is for the fiscal year beginning July 1, 2017, and ending June 30, 2018; and,

WHEREAS, a brief synopsis of the budget, proposed and current tax levies, and a notice of the public hearing were published in The News-Gazette newspaper, having general circulation in the County of Rockbridge, on March 29, 2017 and April 5, 2017, and in the April 2017 edition of The Rockbridge Advocate, in accordance with the requirements of §15.2-2506 of the Code of Virginia (1950, as amended); and,

WHEREAS, a public hearing was held, pursuant to Title 15.2 and Title 22.1 of the Code of Virginia, as amended, on April 24, 2017, at 6:00 p.m., to take public comments regarding said annual budget.

NOW, THEREFORE, BE IT RESOLVED that the General Fund annual budget in the amount of \$43,238,415.00, the Construction Project Fund annual budget in the amount of \$509,006.00, and the Capital Projects Fund annual budget in the amount of \$363,680.00, as published in the County of Rockbridge Budget 2017-2018 effective July 1, 2017, be and is hereby adopted.

BE IT FURTHER RESOLVED, that the tax rates to be levied on taxable property in Rockbridge County for the tax year 2017 shall be as follows:

Real Estate - \$0.70 per \$100 based on 100% valuation

Mobile Homes - \$0.70 per \$100 based on 100% valuation

Personal Property Other Than Mobile Homes - \$4.25 per \$100 assessed valuation

Machinery & Tools - \$2.55 per \$100 assessed valuation

The Commonwealth's reimbursement rate for the Personal Property Tax Relief will be 45%

This resolution shall be effective upon and from the date of its adoption.

Adopted this 1st day of May, 2017.

Adjourn:

At approximately 6:40 p.m., Supervisor Lewis moved to adjourn the meeting. Supervisor Higgins provided the second, and the motion carried by the following roll call vote:

RECORDED VOTE:

AYES: Lewis, Higgins, Ford, Campbell, Hinty

NAYS: None

ABSTAIN: None

ABSENT: None