

CLARKE COUNTY BOARD OF SUPERVISORS
March 20, 2012 Budget Work Session 6:30 p.m.
Meeting Room AB

At a budget work session of the Board of Supervisors of Clarke County, Virginia, held in the Main Meeting Room, 2nd Floor Berryville Clarke County Joint Government Center, 101 Chalmers Court, 2nd Floor, Berryville, Virginia on Tuesday, March 20, 2012.

Board Members Present

Barbara Byrd; J. Michael Hobert; Beverly McKay; John Staelin; David Weiss

Board Members Absent

None

Staff Present

David Ash; Annette Gilley; Tom Judge; Lora B. Walburn

Others Present

Beth Leffel; George Archibald; Val Van Meter; Ed Leonard

Call to Order

Chairman Hobert called the meeting to order at 6:34 p.m.

Budget Discussion

Tom Judge led the discussion. Highlights of proposed FY2013 Budget include:

- 2% salary increase.
- Includes 2 [.02] cent or 3.2% tax increase.
- Includes VRS 5% change.
- All Commonwealth revenues used in the budget have yet to be set by the state.

- \$150,000 reduced from School budget.
- Schools food service fund – budget unchanged.
- Total \$486,043 increase in local funds for schools.
- 5.1% over adjusted FY2012.
- 10% increase in Schools operating budget
- \$117,826 added to Schools for VRS.
- Personal property tax will be slightly reduced.
- 50% of tax increase will be due in FY2012 and could be used to offset the FY2013 \$806,514 deficit.
- Exact amount to be used from fund balance is not yet known.

Supervisor John Staelin provided a brief explanation of fund balance. Highlights include:

- End of June fund balance was \$15,088,207 - the high point of the year after receipt of mid-year tax.
- Explained designations including known expenditures and revenue shortfalls. The available fund balance, after adjustments, is \$3,747,123.
- At the auditors' recommendation, the Board had established a liquidity fund and a stabilization fund.
- Spending needs on the horizon are greater than \$2.5 million.

Vice Chairman David Weiss stated that if the majority of both boards believed that a 2% pay increase was the appropriate thing to do then both Boards should consider looking for an equivalent number of reductions in other funds. He asked if the County would be supplementing the disappearing stimulus funds.

Tom Judge responded that the influx of state funding via adjustment to the composite index had offset the \$360,000 loss.

Supervisor Staelin stated that for FY2013 David Ash had reduced his employees by three positions.

Supervisor Bev McKay asked with the reduction in student population if the Schools were still planning on hiring more employees.

Chairman Hobert in response said that the Supervisors had reduced the Schools request by \$150,000.

Vice Chairman Weiss stated that while he was not adverse to a tax increase he had core reservations about the budget particularly raising taxes to give employee pay raises. He

expressed concern about the \$800,000 deficit in the FY2013 budget and again requested funding reduction.

Supervisor Staelin provided the following:

- Explained that with a 2% employee pay increase and the state mandated 5% VRS increase an employee's take home pay would only rise 1.4%.
- Last year the Schools and General Government employees were given a bonus in lieu of a raise.
- It has been four years since employees had received a raise.
- The Schools have stated that they will be giving raises this fiscal year regardless.

Vice Chairman Weiss opined that the budget contained reasonable numbers and he had no objection to advertising as presented with the two-cent tax increase.

Supervisor Byrd voiced the following concerns:

- She had told her constituents that taxes would probably not rise this year.
- Home values have continued to drop.
- Uncomfortable voting on a local budget when the Commonwealth budget has not been set.
- While employees have not gotten pay raises in past four years, people in the private sector have not gotten raises either.

Supervisor McKay voiced the following concerns:

- It was very difficult to discuss a tax increase in this hard economy.
- He would prefer to advertise at the two-cent tax increase rate but he expressed his hope that it would not be necessary to raise taxes that high.
- General Government runs lean and the employees work hard but citizens in the county also work hard and have not had raises.
- In this tough economy, Schools and General Government should continue to look for more cuts in the proposed budget.
- An area to look for cuts on the School side would be the eight to nine extra buses. He has heard that last year the Schools leased buses to Frederick County.

David Ash explained that he believed that the loan of buses was to help Frederick County get through school opening.

Tom Judge informed the Supervisors of the following:

- April 18 is the scheduled date for adoption of the FY2013 budget but adoption could be delayed.

- Special General Assembly session is scheduled for tomorrow to resolve the budget impasse.
- General Assembly veto session is scheduled for April 18.

Supervisor Staelin offered that even with a delay in budget adoption direction could be given to the Treasurer on the tax rate.

Vice Chairman Weiss noted that it was close to a \$1MM increase to cover employee costs for VRS by State mandate. He, again, asked what more could be cut from the budget.

Chairman Hobert commented that costs associated with new school were difficult to estimate. He noted that increased VRS cost passed on by the state. He opined that reasonable minds can differ and citizens expect government to be reasonable.

Supervisor Byrd asked whether VRS costs would rise again next year.

Tom Judge responded that the pension reform bill states that they will come up to the full actuarial rate over three years so localities should expect to see significant increases over the next three years.

Vice Chairman Weiss suggested delaying capital projects in the coming fiscal year.

Chairman Hobert reminded that two projects had been delayed construction of the proposed convenience center, as well as purchase of an ERP system.

Supervisor Staelin opined that the Commonwealth had foisted more funding requirements on localities while bragging that it had not raised taxes.

Vice Chairman Weiss stated that the County was required to come up with nearly \$1 million to fund employee benefits now required by the Commonwealth however the County was choosing to spend \$300,000 more to provide a pay raise to employees.

Supervisor Byrd stated that she did not like to vote on matters that were unclear and did not know if she could support the budget as proposed without all the information in hand.

Supervisor Staelin moved to set the FY2013 proposed budget and FY2013 tax rate for public hearing as presented in the Main Meeting Room of the Berryville Clarke County Government Center on Wednesday, April 11, 2012 at 7:30 pm or as soon thereafter as the matter might be heard. The motion carried as follows:

Barbara J. Byrd	- Aye
J. Michael Hobert	- Aye
Beverly B. McKay	- Aye
John R. Staelin	- Aye

David S. Weiss - Aye

Tom Judge advised that the FY2013 proposed budget and FY2013 tax rate would be advertised in the Winchester Star with a link on the Clarke Daily News.

Adjournment

There being no further business to be brought before the Board at 7:37 pm Chairman Hobert adjourned the meeting.

Next Meeting Date

The next regular meeting of the Board of Supervisors is set for Tuesday, April 17, 2012 at 1:00 p.m. in the Main Meeting Room, 101 Chalmers Court, 2nd Floor, Berryville, Virginia.

ATTEST: March 20, 2012

J. Michael Hobert, Chair

David L. Ash, County Administrator

Minutes Recorded and Transcribed by:
Lora B. Walburn
Deputy Clerk, Board of Supervisors