

CLARKE COUNTY BOARD OF SUPERVISORS
April 11, 2012 Public Hearing 7:30 p.m.
Main Meeting Room

At a public hearing 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 Wednesday, April 11, 2012.

Board Members Present

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

Board Members Absent

None

Staff Present

David Ash; Tom Judge; Lora B. Walburn

Barbara Bosserman; Sharon Keeler; Donna Peake; Tony Roper; Don Chambers; Gary Lichliter; Mike McWilliams; Brian Rosenberry; Travis Sumption; Pam Hess; Becky White

Others Present

Jean Hess; Scott Krieder; Richard Thuss; Janet Alger; Beth Leffel; Chip Schutte; Mike Murphy; Rick Catlett; Lisa Floyd; Tony Parrott; George Archibald; Jeanne Abigail Custis Marcy; Val Van Meter; Ed Leonard

Call to Order

Chairman Hobert called the meeting to order at 7:30 p.m.

FY2013 Budget

Chairman Hobert explained that this was a public hearing to seek comments on the budget prepared from estimates provided by County departments and the Schools. He informed those present that the budget work session to consider action was scheduled for

Wednesday, April 18, 2012 at 6:30 pm in accordance with the law requiring that no action be taken for seven days following the public hearing.

Tom Judge, Director Joint Administrative Services, provided highlights of the proposed FY2013 Budget overview:

- FY2013 Budget: \$38,009,502 Current, FY2012 Budget: \$38,121,538
- Local revenue for the next fiscal year is expected to be flat.
- Virginia Retirement System [VRS] rates were increased by the state. The General Assembly acted to require government employees and teachers to contribute five percent of the cost of their VRS pension.
- VRS rate increase for all employee retirement groups will be a \$758,000 increase
- The state has mandated localities to give employees a five percent pay raise to cover the mandated cost of the VRS funding.
- With the additional taxes from the mandated 5% pay raise, the change would actually result in a net decrease in take-home pay for employees that have not received a pay raise in four years. In part to cover the decrease, an additional 2% pay raise is included in the budget.
- Life insurance increased \$139,000.
- Health insurance increased \$153,000 – 5.4%.
- Also, to offset increased costs, the County has cut one position from each of the following departments:
 - o Office of the Commissioner of the Revenue
 - o Office of the Treasurer
 - o Maintenance
 - o Planning Administration
- The Commonwealth is devolving financing of services to the local level.
- A proposed 2-cent real estate tax would increase revenue by \$429,000.
- The proposed budget uses \$806,514 from fund balance.
- Schools:
 - o School budget increase at approximately \$1.5MM largely from increased benefits, as well as additional costs associated with opening of the new high school.
 - o Federal stimulus funds have ended.
 - o The Composite Index accrued to the County's benefit bringing \$532,000 to offset lost federal stimulus funds.
 - o Student membership increased by 48 students.

- About \$1.5 million is set aside in the fund balance for school construction and / or debt for new Clarke County High School costs. The high school is set to open in the fall.
- Funds have been set aside for the renovation of the current high school and elementary school buildings.
- \$150,000 is budgeted for new high school utility costs for the new high school.
- Capital requests for software upgrades, Sheriff's Department and school bus were removed.
- Regional jail increased \$50,000 reflecting an increased population from Clarke County.
- Refuse disposal increased \$18,000 to cover known costs for shared use of the Shenandoah Farms Convenience Center.
- Historic Preservation Commission decreased \$30,000 reflecting the end of grant funding.
- The general fund balance is a "snapshot" of where the County stands financially on June 30 of the year.
- General fund balance is approximately \$15 million.
- Approximately 12 percent of the general fund balance is set aside to cover payroll costs between tax collections.
- Approximately \$200,000 has been set aside for planned expenditures for easement purchases [\$150,000] and communications equipment for the Sheriff's Department [\$50,000]. Conservation easement is funded from general government savings and grant funds.

Following the budget summary by Tom Judge, Chairman Hobert called for any questions, clarifications, and/or document definitions from the audience. There being no technical questions, at 7:54 pm, Chairman Hobert opened the public comment portion of the public hearing.

George Archibald, Berryville: spoke in opposition to the proposed budget and tax rate increase. He began by thanking the Supervisors for their dedicated service. He stated that he was strongly convicted and absolutely convinced from lengthy study of the budget that the requested tax increase was not appropriate, not necessary and irresponsible. He distributed a prepared statement and requested that it be included in its entirety for the record. The written statement is included in the meeting materials for the April 2012 Clarke County Board of Supervisors meeting material.

Tony Parrott, Boyce: spoke in support of the proposed budget and tax rate increase. He stated that the Supervisors had done a great job of trying to keep expenditures down. He said that he totally disagreed with most everything said by the previous speaker. He spoke in support of a salary increase for all county employees. He opined that it is

always a tough budget for there were always things that need to be purchased or replaced.

Richard Thuss, Wickliffe Road and Planning Commissioner: spoke in support of the proposed budget and tax rate increase. He asked about future VRS liability for the unfunded balance of the pension system.

Tom Judge responded that there were three groups of employees participating in VRS: two groups of just Clarke County employees in VRS are funded through local and employee contributions; and a third group, comprised of all teachers, in a separate VRS pool to which the state was required to contribute and but had consistently underfunded. Further, VRS investment earnings were not as high as projected.

Chairman Hobert added that the state has admitted that they used an unreasonable estimate and acknowledge that they cannot put aside the money necessary to fund the program. He said that the information for the future was very speculative and dependent upon what the General Assembly does in terms of addressing their overall needs.

Supervisor Staelin stated that the locality does not control its own pension system and almost every employee belongs to VRS. He reiterated that general government employees, not school employees, have been charged and have paid the full fare. He said that the state contributes towards teachers and state employees; but, as the state tried to save money and balance their budget, they did not pay the full amount over a period of years. He opined that the trouble with the state's attempt to solve their problem means increases in costs to localities and their employees.

Mr. Thuss expressed his support for a tax increase to hold money in advance to avert a larger tax increase later.

Superintendent Dr. Murphy put forth that VRS currently faces an estimated unfunded liability of \$24 billion.

Ryan Keeler, Berryville: spoke in support of the proposed budget. He stated that he echoed the sentiments of the gentlemen from Boyce, Tony Parrott. He said that he applauded the idea of a cost of living increase for the hard working employees of the County noting that, after four years without a raise, it was time.

Andrew Kiser – President Clarke County Public Schools Teachers Association: spoke in support of the proposed budget. He acknowledged that times were tough and the Board of Supervisors was doing what it could to provide a cost of living increase for school employees. He stated that it would have been nice to receive a four percent increase, one percent for every year they have gone without, but they were realistic; and with that in mind, they were grateful for what the Board of Supervisors was able to

do while wishing it could be more. He said that the schools share the Supervisors frustration with Richmond and their continued underfunding of their obligations and foisting more cost onto the localities.

FY2013 Tax Rate

Chairman Hobert provided an overview of the proposed FY2013 Tax Rates. Highlights include:

- Decrease in tangible personal property tax rate except qualified machinery and tools rate from \$4.690 to \$4.496
- Decrease in in tangible personal property tax rate of qualified fire and rescue vehicles from \$2.345 to \$2.248
- Increase in real estate tax rate, including real estate of public service corporations from \$0.62 to \$0.64.

At pm 8:12, Chairman Hobert opened the public comment portion of the tax rate public hearing.

George Archibald, Berryville resident: requested that his earlier statement be entered as previously stated to register his opposition to the proposed tax increase.

Chairman Hobert commented that the Supervisors had made a commitment to the public with respect to tangible personal property in that they agreed to set it as necessary to maintain a fixed level of funding.

Supervisor Staelin put forth that every year citizens, not knowing the process, complain about fund balance. He explained that the money in the fund balance was budgeted for projects and other known expenditures. He said that these accounts were audited annually and comparisons made to jurisdictions similar in size; and while it might now look like Clarke's fund balance was higher than its peer group, this would change once elementary school renovation funds were spent. Supervisor Staelin opined that fund balance should be used for one-time expenditures.

Supervisor McKay opined that it was the ultra-fiscal conservative in him that made it difficult to support a tax increase in this economy marked by foreclosures and delinquent taxes.

There being no other persons desiring to address the Supervisors, Chairman Hobert closed the public hearings at 8:17 p.m.

Adjournment

There being no further business to be brought before the Board at 8:18 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.

The next budget work session of the Board of Supervisors is set for Wednesday, April 18, 2012 at 6:30 p.m. in Meeting Room AB, 101 Chalmers Court, 2nd Floor, Berryville, Virginia.

ATTEST: April 11, 2012

J. Michael Hobert, Chair

David L. Ash, County Administrator

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