

February 6, 2012 CLARKE COUNTY BOARD OF SUPERVISORS
Budget Work Session Meeting 10:00 a.m.
Meeting Room AB

At a budget work session of the Board of Supervisors of Clarke County, Virginia, held in Meeting Room AB, 2nd Floor Berryville Clarke County Joint Government Center, 101 Chalmers Court, 2nd Floor, Berryville, Virginia on Monday, February 6, 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

Others Present

Jay Arnold; Keith Dalton; Beth Leffel; Val Van Meter; Brian Kaufman; Ed Leonard

Call to Order

Chairman Hobert called the meeting to order at 10:01 a.m.

Adoption of Agenda

Supervisor Staelin requested addition of discussion concerning bills before the General Assembly.

David Ash requested the addition of a Closed Session pursuant to §2.2-3711-A5 Discussion concerning a prospective business or industry or the expansion of an existing business or industry where no previous announcement has been made of the business' or industry's interest in locating or expanding its facilities in the community.

Bev McKay moved adopt the agenda as modified adding discussion concerning bills before the General Assembly and a Closed Session pursuant to §2.2-3711-A5. The motion carried by the following vote:

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

1) Net Tax Funding; 2) FY2013 Budget Review

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

- Current budget document uses FY2012 School budget figures – FY2013 School budget is not yet available.
- Capital and position requests are not included. Tom Judge distributed the list with supporting documents provided by the various agencies.
- Deficit of \$1.5MM for FY2013. Have purposely set aside funds for certain projects. \$857,000 of fund balance / savings to offset certain projects leaving a net of \$631,000 deficit.
- Board of Supervisors Finance Committee has reviewed the budget and made recommendations.
- Revenues are generally flat overall.
- Budget reflects increases in Virginia Retirement System, Health Insurance and life insurance. Benefits increases drove expenditures up \$148,000
 - Health Insurance increase is an estimated 10%; will get renewal in late February prior to adopting the budget.
 - Life Insurance \$29,000
 - Adjustments made for benefits do not include the Schools – only General Government.
- Debt service for schools is the only listed adjustment.
- Variance Review
 - Personnel Changes:
 - Administration change is not a new position/person but a change in where the position is charged.
 - Assessor became new Commissioner of the Revenue – reducing one position – Assessor.

- Earlier reduction in the Commissioner of the Revenue staff was reflected in FY2012.
- Funds removed in FY2013 budget for the position vacated in FY2012 in the Treasurer's office.
- Two open positions, that will not be filled, one each in the offices of the Treasurer and the Commissioner of the Revenue, shall be terminated in FY2013 effective July 1.
- IT/GIS increase is largely additional computers and replacement computers.
- Increased benefits cost are the primary increase reflected for Clerk of Circuit Court; Commonwealth Attorney; Parks and Recreation; Planning.
- Sheriff increase includes benefits, maintenance contracts, software services, etc.
 - A portion of the cost will be offset on the revenue side with a communications grant.
 - Does not include request for payment of over time. This request provided in the separating request listing.
- Regional Jail \$64,704 increase
 - Costs are rising, as well as the number of inmates.
 - Clarke picking up larger share of expense.
 - VRS benefits increase.
 - Increase does not include a pay raise.
- LODA adjustments are reflected in decrease to fire / rescue companies
- Refuse Disposal cost will go up at least initially with addition of Convenience Center.
 - If proposed Clarke convenience center would be completed, there would be additional expense to staff, operate and haul.
 - Cost would not be shared with regional partners.
 - If convenience center built, proportionate share of regional facilities would eventually be reduced.
 - Portion of convenience center project cost is shown in capital projects.
 - Cost not reflected in operating budget
- Medical Examiner increase is due to the reassignment of the indigent burial fund from Sheriff's Department.
- Shenandoah Area Agency on Aging is requesting an increase to meet unfilled needs in Clarke County.
- Heritage Day Care Center – CHEERS is requesting a contribution.

- Social Services primary increase is benefits. Tom Judge is working with the Director to determine if there is a problem in the manner in which the budget was computed.
- Josephine School is requesting \$7,290 related to the need to replace windows in the museum to lower heating bills in this county-owned building.
- Comprehensive Services Act contains a decrease of approximately \$150,000 in local funds.
- School debt decreased \$87,000
- Historic Preservation Commission: Tom Judge will follow up to see if the cost of the historic district study was to be spread over a two-year period.
- VCE – Virginia Cooperative Extension:
 - VCE eliminated the half position of 4-H Support Technician. Those funds were transferred to County Administration for Central Receptionist.
 - In FY2012, after dropping from the budget a 4-H Agent position, the position was filled and added back in at \$16,000.
 - In FY2012, the County further supplemented the VCE budget for a horticultural agent at \$3,000.
 - FY2013 budget: VCE is requesting funds enough to cover two currently vacant VCE agent positions – agents that would be housed elsewhere but serve a portion of their time covering Clarke. VCE is requesting funds be budgeted for these positions in case they are filled.
 - Vice Chairman Weiss said that it was his understanding that VCE was hoping to address needs of underserved counties noting that some counties to the south have no agents.
 - The revised budget for FY2012 does not include agents or clerical position VCE would like to fill.
 - Vice Chairman Weiss asked that the request for staffing increases be removed from the budget and reviewed as a supplemental request.
 - David Ash added that VCE funding is shown in a lump sum not by position.
- Detail of SAAA, VCE, Sheriff, etc. requests are available for Supervisors' review.
- Adoption of the FY2013 School budget is set for March 6.

3) General Government Capital Budget

- Sheriff:
 - Replace two [2] Sheriff's Cruisers
 - Purchase of weapons and armor

- E911 phone system – cost offset by grant
- Microwave system cost would come from local tax funding. Second transmitter site is recommended that would largely to serve the south part of county where certain areas do not have reception.
- Sheriff has already made significant reductions to his FY2013 capital request.
- Parks
 - West Side Improvements; \$100,000 has been put aside out of fund balance for the Parks Master Plan.
 - Approval of the Cool Springs Battlefield Park would decrease the available amount.
 - Maintenance has a long-standing request for a storage building for equipment storage, tractors, etc. The existing barn may be removed with the improvement projects.
 - Fencing replacement – sections replaced annually.
- Community Development
 - Real Property Assessment is budgeted for \$190,000.
 - Will solicit estimates from assessment firms with regional jurisdictions to schedule multiple assessment over a period of years and pair up with other jurisdictions – such as Clarke with Shenandoah – better price, greater consistency, better product.
 - David Ash recommended that the County participate in the regional procurement to better determine local benefit; and if there is no benefit, the County terminate participation in the joint regional effort and solicit our own proposals.
 - Need to procure vendor in this calendar year - 2012.
 - Hope to have a proposal out by the first of March.
 - If county does not participate in regional assessment, need to begin this summer.
- Groundwater Study
 - Data from well monitoring is available on the internet.
 - Follow up with Alison Teetor for more specificity and update.
- Solid Waste Convenience Center
 - Need to sign option to take the 20-year lease by June. There is no cost for the lease option.
 - Acceptance of the lease option does not obligation the County to construct.
 - Chester Engineering provided a preliminary construction estimate at \$487,000.

4) ERP System Justification

Tom Judge reviewed the capital request to fund the proposed ERP System including:

- ERP to replace finance and Treasurer; and to add a personnel system including a leave management system.
- Cost to be shared 50/50 between the General Government and the Schools.
- Joint Administrative Services Board has discussed for approximately two years, commissioned a study and is now recommending implementation of an ERP system. Tom Judge will circulate the GFOA study to the Board.
- Financial analysis shows a projected five and a half year payback for investment.
- Even if ERP is not implemented, substantial costs will be incurred in replacement of aging systems.
- ERP implementation is recommended to prevent purchase of systems that are not compatible with other systems resulting in the breakup of data within these independent systems.
- ERP implementation is supported by the Schools, Treasurer, Sheriff, and Commissioner of the Revenue.
- Social Services, as a state agency more than a local agency, might integrate in time but much of their accounting is done in the state system.
- The Joint Administrative Services Board acknowledges that implementation of an ERP will be a challenge. Risks include: reluctance to change business practices, resistance to change, unexpected funding needs, etc. There is also concern over entrusting government data on an external entities private server.
- The Joint Administrative Services Board will manage the implementation.
- Joint Administrative Services is proposing to the representative bodies that it assert itself as the information technology governance body for the County over the varied systems including computer switching, telephone, building systems, etc. to control cost and maximize efficiency.
- Supervisor Staelin opined that there were many variables. He asked if the schools would be funding the ERP out of operating or capital. Noting the expense, he suggested staying with the status quo until a greater number of companies developed more turn-key systems. He did put forth that he would be willing to reconsider if commonwealth funding was available.
- Vice Chairman Weiss asked for the cost of an upgrade to the Treasurer's system. Tom Judge responded that the last estimate, gotten approximately five years ago, was \$170,000.
- Chairman Hobert noted that the County uses legacy systems that may not be available in the future.

- Supervisor McKay opined that if the County selected an ERP system early there could be issues with the beginning technology.
- Chairman Hobert added that there had been a strong movement toward ERP in the private sector for years. He stated that larger local governments had also been very active noting that the City of Staunton had been operating with an ERP system for approximately 10 years.
- Chairman Hobert advised that requests had been made to the Commonwealth for assistance in developing a template to link into a system for use with small localities and that Delegate May was to ask the General Assembly for \$250,000 for development.
- Chairman Hobert opined that an ERP system was a fundamental need that would address the primitive manner in which the County currently conducts business.
- Supervisor Byrd commented that the County needed to be up to speed with current technology. She opined that if the County was moving quickly they must ensure that they were picking a system that would be available long-term.
- Tom Judge stated that there were still many things to think through.
- Chairman Hobert concluded the discussion noting that discussion and review of ERP implementation needed to continue.

Instruction to Finance Committee:

Final items provided to the Finance Committee included:

- Consider removing ERP and Convenience Center projects from FY2013 budget.
- School budget is relatively flat using last year's – does not include VRS expense. Will be a deficit.
- Finance has not reviewed expenditures.
- General fund revenues are flat and there are across-the-board benefit increases for all county agencies including the regional Jail.
- Position eliminations / cuts on the general government side will help hold down the deficit.
- Agreed to provide the Finance committee a chance to look at the budget figures with the FY2013 School budget before making a commitment to something that could not be honored, such as not raising taxes.
- Vice Chairman Weiss and Supervisor Byrd expressed their preference for no tax increase.
- Vice Chairman Weiss also::

- Would like to see the implication of using fund balance dollars and how this would affect the rainy day fund.
- Believes flat funding would be appropriate for all agencies.
- Accepts no pay raises and expressed hope that the Schools will comply in this economy.
- Citizens must either accept less service or be prepared to pay higher taxes.
- Expressed his desire to be honest with the citizens about the budget.
- Supervisor McKay concurred with Supervisors Weiss and Byrd. He noted that during his recent campaign for office he had been surprised by the number of foreclosed homes in his area. He stated that it was hard to raise taxes in this economy.
- Chairman Hobert asked that the Finance Committee examine using a portion of fund balance / one-time money to balance budget this year in hope that next year would be better. Vice Chairman Weiss suggested that this be given as a scenario for Board consideration.
- Supervisor Byrd, also:
 - Expressed concern about the FY2013 School Budget, particularly food service noting that it would appear that many students are not using the service resulting in a dramatic rise in cost.
 - Noted that cuts were necessary to hold the budget flat.
 - Suggested reviewing the budget by line item and making cuts.
 - Suggested holding off the convenience center for another year.

Bills Pending Before the General Assembly

Supervisor Staelin informed the Board that he and Chairman Hobert would be in Richmond this Thursday attending Local Government Day at the General Assembly. He provided the following highlights:

- Considering moving funds to Transportation meaning less money for education and public safety effectively forcing localities to raise real estate tax.
- Considering a bill that would require localities with their own comprehensive plan to follow the state's comprehensive plan on transportation.
- Considering a bill to allow residents to name road.
- VACo will address allowing counties to implement a meals tax without referendum in an attempt to allow counties the same rights as towns and cities.

Supervisor Staelin and Chairman Hobert assured that they would continue to forward information as it was provided to them.

Closed Session

Supervisor Byrd moved to convene into Closed Session pursuant to §2.2-3711-A5 Discussion concerning a prospective business or industry or the expansion of an existing business or industry where no previous announcement has been made of the business' or industry's interest in locating or expanding its facilities in the community. 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

The members of the Board of Supervisors being assembled within the designated meeting place, with open doors and in the presence of members of the public and/or the media desiring to attend, **Supervisor Byrd moved to reconvene in open session. 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

Supervisor Byrd moved to execute the following Certification of Closed Session:

CERTIFICATION OF CLOSED SESSION

WHEREAS, the Board of Supervisors of the County of Clarke, Virginia, has convened a closed meeting on the date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3700 of the Code of Virginia requires a certification by the Board of Supervisors of the County of Clarke, Virginia that such closed meeting was conducted in conformity with Virginia law.

NOW, THEREFORE BE IT RESOLVED, that the Board of Supervisors of the County of Clarke, Virginia, hereby certifies that, to the best of each members knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which the certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Board of Supervisors of the County of Clarke, Virginia.

The motion was approved by the following roll-call vote:

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

No action was taken on matters discussed in Closed Session.

Adjournment

There being no further business to be brought before the Board at 12:47 pm Chairman Hobert adjourned the Board of Supervisors meeting.

Next Regular Meeting Date

The next regular meeting of the Board of Supervisors is set for Tuesday, February 21, 2012 at 1:00 p.m. in the Main Meeting Room, 101 Chalmers Court, 2nd Floor, Berryville, Virginia.

ATTEST: February 6, 2012

J. Michael Hobert, Chair

David L. Ash, County Administrator

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