

A special meeting of the Botetourt County Board of Supervisors was held on Tuesday, April 19, 2011, in the Circuit Courthouse's second floor conference room, in Fincastle, Virginia, beginning at 7:30 A. M.

PRESENT: Members: Mr. Billy W. Martin, Sr., Chairman
Mr. Don A. Assaid, Vice-Chairman
Mr. Terry L. Austin
Mr. Larry B. Ceola
Mr. Stephen P. Clinton

ABSENT: Members: None

Others present at the meeting:

Mr. Tony Zerrilla, Director of Finance
Mr. David Moorman, Deputy County Administrator
Mr. Gerald A. Burgess, County Administrator
Mrs. Elizabeth K. Dillon, County Attorney

The Chairman called the meeting to order at 7:30 A. M.

He noted that this meeting was called at the request of Mr. Ceola.

After questioning by Mr. Clinton, Mr. Martin stated that the purpose of the meeting is to discuss the proposed FY 12 budget and "iron out" issues raised at the previously held General Fund Budget Committee meetings and the FY 12 budget and tax rate public hearings held on Wednesday, April 13, before the Supervisors consider final adoption of the budget on April 26.

After questioning by Mr. Assaid, Mr. Burgess stated that the Board could not vote on the budget's adoption today as the State Code requires a seven day waiting period between the budget public hearing and its adoption.

Mr. Martin stated that he has some questions about the budget information previously presented to the Board.

After questioning by Mr. Austin, Mr. Martin stated that it would be up to the General Fund Budget Committee to decide whether to meet again after today's meeting is concluded.

Mr. Assaid then read the attached comments.

Mr. Clinton stated that Mr. Assaid's comments appear to allege and express the implication that the Budget Committee's actions were done behind closed doors. He noted that the Committee has followed the same budget review schedule for years and the press was notified of the Committee's meetings. Mr. Clinton further stated that there was no connection between the Supervisors' adoption at their March regular meeting of a resolution of appreciation for the County employees and the Committee meeting a few days later to discuss a proposed raise. Mr. Clinton stated that he suggested a pay raise because he thought it was the right thing to do and believes that this involves the best use of public funds. He noted that some day the Supervisors will have to approve an employee pay raise.

Mr. Assaid stated that he was surprised to hear at the School budget public hearing on the evening of March 29 that the General Fund Budget Committee at their March 28 meeting had, by unanimous decision, agreed to a 2% employee pay raise.

Mr. Clinton stated that the Committee did not formally vote on this issue but it was a unanimous opinion of the three Supervisors members serving on this Committee. Mr. Clinton stated that he thought that Mr. Ceola, from his comments at the meeting, was in concurrence with this proposal.

Comments to the Budget Committee and to County Staff
Budget Meeting - April 19, 2011

First of all, I would like to “clear the air” regarding some of the comments attributed to me and other members of this Board by County Employees, School Teachers and the Fincastle Herald.

As you will recall, at the February Board meeting, I requested and made a formal motion that was approved on a 4 to 1 vote, to request a comparison of pay and benefits between Botetourt County and other like sized Counties in the Commonwealth of Virginia. Staff advised us that we could not expect the results of such a study until after the budget process.

The next Board meeting in March, Mr. Austin decided to present a resolution honoring County employees without any prior notice to other Board members of the resolution, which is the standard protocol.

Just 2-3 days after passing that resolution, a session was called for the Budget Committee to request a 2% pay increase for County Employees and School Teachers although the budget had been originally presented by County Staff and School Staff with no pay increase for FY 12.

I felt it was inappropriate to be told that the study would not be available until after the budget process and then turn around and ask for a pay increase.

While Mr. Ceola had misgivings about this pay raise and where the funds would come from, he said that “...if you want to put it out there, go ahead”. Suddenly that translated into a “unanimous vote by the Budget Committee for a 2% pay increase for all County and School employees.”, even if the funding had to come by removing a much needed fire truck from the budget or dip into the reserve fund.

All the while it was being widely circulated that County Employees have not had a pay increase for 3 years. I guess if a pay raise in FY 09 was 3 years ago, if we had given them a raise in FY 10, it would be said that it has been two years since the last pay increase. I consider that a bit disingenuous.

The “open letter” that Mr. Ceola and I signed off on was never meant to disparage or demean county employees or school teachers. It was more about frustration about not even being aware of the benefits ourselves and wanting others to know the benefits that County and School employees enjoy. While some may consider the comments “hostile” or unappreciative, that was not the intent. I personally think that County Employees and Teachers are doing an excellent job overall and want to personally apologize if any one of them took those comments as disparaging or as a threat to “take away their benefits”.

Indeed, the only purpose of the letter was to shed some light on the fact that public employees enjoy far more than just their salaries and that, going two years without a pay

increase was not catastrophic when you take into consideration the other benefits they enjoy. While many in the private sector have experienced real financial hardship during this economic downturn, the only pain public employees have had to endure is a lack of a pay raise for 2 years. One would think that our local newspaper would be more interested in presenting the facts than in name calling and character assassination of the Conservative Members of this Board.

Few stop to think about the fact that 15% of their pay is put into their retirement without any contributions on their part. For even the most generous plan in the private sector, a matching contribution of 50 cents on a dollar up to 5% of the employee's pay is contributed by the employer, a full 12 ½% less than the public sector. Of course, if the employee doesn't contribute at all, nothing is put in by the employer. I would call an additional 12 ½ to 15% of pay a significant "pay raise". The vast majority in the private sector also lost 30-40% of their retirement savings in the market downturn over the last several years while the public sector did not lose one dime of their retirement. I would say that is also equivalent to a significant pay raise.

Another area of great difference is in the health benefits enjoyed by County employees. While most private companies and even the School Board only pay the employee's single rate (many don't even cover that), the County is paying 100% of the single rate and up to 90% of the dependent coverage. While the increasing cost of health premiums is generally passed on to private sector employees every 1-2 years, our employees have not had an increase in their cost for 18 years! Again, another equivalent of a significant pay raise.

Many of the public sector benefits were increased some 30 years ago when there was a significant disparity between public and private sector wages. That is no longer the case. What is true is that there is now a significant disparity between the benefits of public employees and those in the private sector.

The big buzzword in our society today is "sustainability" where it is being used in regards to buildings, the environment, energy and, more recently, state and county funded benefits. With so many financial demands facing us in the near future and serious doubts of any significant improvement in the economy in the years ahead, I believe that, as a Board, we need to be concerned that we may now be in the "New Normal" as Mr. Clinton so aptly put it a few months ago. It is better to be ultra conservative now than to presume upon the future and that is a place that I am not willing to go.

I am willing to go along with a bonus for school and county employees if we can find the funds in our operation budget without negatively affecting our core services or dipping into our reserve fund but also feel that, if our revenues do not improve that the level of benefits will have to be addressed at some point down the road. I believe that we must realize that we are all in this together and that there are no "special class" citizens among us.

Mr. Ceola stated that this has been a learning process for him since he was elected to the Board in November 2010 and he remembers saying at the Committee meeting 'we will see if we can get it done;' however, he was not overly enthusiastic about the proposal.

Mr. Austin stated that the Committee members were separately polled on the 2% pay raise issue and Mr. Ceola had said that he was going to leave it up to those with experience in drafting the budget. Mr. Austin also stated that he disagrees with Mr. Assaid's previously read comments. Mr. Austin noted that the County staff did not draft the employee appreciation resolution—he did. Mr. Austin also stated that he did not appreciate being quoted in the on-line letter signed by Mr. Ceola and Mr. Assaid regarding FARST (Fire and Rescue Steering Team) and the elimination of a fire truck to fund an employee raise. Mr. Austin stated that he has worked hard for years to create a relationship with the County's volunteer fire and rescue agencies.

Mr. Assaid then denied that he had read or signed any letter referring to Mr. Austin by name regarding FARST and the delay in purchasing a new fire truck in order to fund a raise for County employees.

Mr. Martin then stated that he has strong feelings on the issue of a pay raise for County employees. Mr. Martin stated that he and the other Board members have been told for two years that revenues are down and budget cuts and cancellations of capital projects have been necessary to reduce expenditures. He noted that the Supervisors even adopted a set of guidelines for their own County-related reimbursement requests. Mr. Martin stated that the County and School system have given presentations to the staff and the public about these proposed cuts and reductions, and in order for the County to continue operating, the economy will have to improve or the Board will have to raise taxes. Mr. Martin stated that, if the County now has the funds to provide a 2% raise, he questions if this previous data was a deception. He also questioned where the funds are coming from to fund eight new EMS positions.

He then read a list of projects that the County will have to fund in the near future-- \$500,000 in reimbursement to VDoT on the International Parkway extension project, SAFER grant funds which will only be available for two years, \$3.5 million for the Tinker Creek Interceptor upgrade project, Line-of-Duty Act monies which the State now says that the County to fund, and \$4.7 million in financial assurance requirements for the landfill site.

Mr. Burgess noted that the landfill's financial assurance figures are set to ensure that the County can deal with the maximum financial costs associated with closure or clean-up problems at the landfill site. He noted that the County is required by the State of Virginia to have these calculations developed.

Mr. Martin stated that public safety is important and noted that the County has good employees and an excellent school system. He noted that the taxpayers have not had a raise in three years either.

Mr. Austin then questioned how Mr. Martin knew that the private sector has not had a raise in three years. He noted that these are assumptions and accusations and questioned the availability of data to prove this statement. Mr. Austin stated that it has been four years since the County employees had a pay raise and the Budget Committee would not recommend a raise if the County cannot sustain and support this funding request.

Mr. Martin stated that the Board should support the County's employees but there is another part to the situation—the County's families. He stated that these economic times are

tough for everyone and the Supervisors have to be prudent in how the taxpayers' funds are spent. He noted that the price of gasoline and food is increasing.

Mr. Austin stated that he felt compelled to draft the employee appreciation resolution after the comments and open letter from Mr. Assaid and Mr. Ceola regarding the County employees and their benefits was made public.

After discussion by Mr. Martin regarding the Supervisors' notification of the actions of the General Fund Budget Committee, Mr. Burgess stated that the Committee met on Monday, March 28 and he mailed a memo to the Supervisors explaining the Committee's consensus decisions on the budget that afternoon. Mr. Martin stated that he received this mailing only hours before the School Board budget public hearing.

Mr. Clinton stated that Mr. Martin's comments make it appear that this was a conspiracy by the Budget Committee and this was not the case. He noted that there was no subterfuge in this matter.

Mr. Assaid stated that the way in which this proposed pay raise was handled put the Board in a bad light.

Mr. Clinton stated that the County has sufficient money and this question was asked and answered in the Budget Committee meetings.

Mr. Assaid questioned that, if the County knows where the money is coming from for the employees' raise, then why was the \$540,000 allocation for a new fire truck proposed to be removed from the budget to be able to fund this allocation.

Mr. Austin stated that by not funding the fire truck the County would not have to fund the pay raise from reserve monies. He noted that the County has lived conservatively for two years.

Mr. Clinton stated that the proposed 2% salary increase is only one part of a \$50 million County budget. Mr. Clinton stated that the Board is micromanaging this issue. He noted that the County has a successful operation that is frugally managed compared to the surrounding localities. After discussion, Mr. Clinton stated that these budget and pay raise discussions are "peevish details" and the Board is making a public spectacle of itself.

After discussion by Mr. Austin, Mr. Assaid stated that he was not a member of the Board when the employees' benefit package was voted on and there was no malice intended in his request that a pay and benefit study be conducted.

Mr. Austin stated that, if Mr. Assaid's request for a pay and benefits study was with the intent to help the employees, then the proposal should have been brought before the Budget Committee, not sprung on the Board in a public session totally unannounced.

Mr. Assaid noted that he is only requesting a comparison study as teachers and County employees should not be immune from what is going on in the current economic cycle. He stated that the Board cannot presume that the economy will improve in the future. He noted that public employees feel that they are entitled to a pay raise every two years and the only sacrifice that they have had to make in the past two years is no pay increase.

Mr. Burgess stated that the average employee's health benefits decreased as of December 1, 2010, but their premiums did not increase. He noted that this was discussed with the Board at the time the health insurance policies were renewed late last fall and that the reduced benefits provided over \$500,000 in cost savings. Mr. Burgess further stated that the Society of Human Resource Managers recently reported that salaries and performance benefits on average in private industry increased every year from 2007 to 2010. He noted that this was confirmed at a recent meeting of the Roanoke Regional Partnership when he asked those private

sector representatives who were present about this issue. He stated that these seven businessmen had provided annual pay increases because they understand that employees are being asked to do more with less. He stated that the County, school, and constitutional officers' employees have gone above and beyond to do whatever it takes in the past two years. Mr. Burgess stated that he did not recommend a pay raise at the beginning of the FY 12 budget development process but he wanted to do so.

Mr. Burgess then presented the Board with a chart showing County fund balances as of June 30, 2010, and the anticipated fund balances on June 30, 2011. He noted that these figures were generated by Mr. Tony Zerrilla, Director of Finance, who is always very conservative in his financial forecasts. Mr. Burgess stated that the County did the right thing over the last three years in cutting budgets and staff; however, we are starting to come out of the recession and the County is in good financial shape because of these conservation efforts.

Mr. Zerrilla stated that this fund balance information is based on the County's Fund Balance Policy which is reviewed each year during the budget development process and it takes the County's future years' financial commitments into consideration. Mr. Zerrilla stated that in forecasting the County's fund balances as of June 30, 2011, he reviewed 9 months of revenues including line by line revenue balances from the last quarter of 2010 through the middle of April 2011; he contacted certain individuals to determine what revenues the County could expect to receive in the last quarter including funds from the State Compensation Board which are expected to be fairly large numbers; reviewed forecasted revenues and expenditures; and he talked to Constitutional Officers and department managers to obtain their input. Mr. Zerrilla stated that he was conservative in generating the numbers for this chart which also includes a forecast for the school portion of the budget.

Mr. Zerrilla stated that he conservatively estimates that the General Fund subtotal as of June 30, 2011, will be \$14.1 million, compared to \$11.6 million on June 30, 2010. He noted that \$289,000 in Fund balance monies will be used to balance the FY 12 budget. Mr. Zerrilla noted that the County is not required to completely cover the School Board's capital reserve fund balance; however, we do so. He stated that the County's financial advisors have reviewed the County's Fund Balance Policy and given their approval. He noted that the provisions of the Fund Balance Policy require the County to have \$12 million in reserves and we are in excess of this requirement by approximately \$5 million.

After questioning by Mr. Ceola, Mr. Zerrilla stated that the County does not have a "rainy day fund." He noted that we have an Undesignated Fund Balance which gives the County the flexibility to do what the Board is discussing today—a possible 2% salary increase for employees. After questioning by Mr. Ceola, Mr. Zerrilla stated that this chart does not take into account the fund/expenditure impacts in FY 13, FY 14, and future years.

Mr. Burgess then presented the Board members with a copy of an e-mail response from the County's financial advisors (Davenport and Company) to his request for their opinion on the County's financial situation. He noted that the County has not increased its real estate tax rates in over 30 years—we have reduced the tax rates. Mr. Burgess then read the e-mail from Davenport and Company which said that they are "comfortable that the County is not unduly extending itself from a financial perspective" and they are "comforted by the fact that the County's projected Undesignated Fund Balance at the end of Fiscal Year 2011 will exceed the County's financial policy guideline by more than \$5 million." Mr. Burgess further read that the County's Fund Balance is "enviable relative to its peers around the state" and the County is in

“very solid shape financially” and an “outlier” in how well it is doing based on Davenport’s familiarity with Virginia localities and this region.

Mr. Burgess stated that he would not recommend a budget to the Board that he thought could not be sustained. He noted that the proposed budget can be sustained. He noted that this is a conservative budget but it responds to critical public safety needs. Mr. Burgess stated that from his discussions and observations he thinks that our staff is “on the edge” of having too much on their plates for too long.

Mr. Assaid noted that Ms. Farkas questioned the Board at the budget public hearing whether they did not trust the staff to put together a good budget. Mr. Assaid stated that the proposed 2% raise was not included in the original budget and then the discussions on not purchasing a new fire truck created concerns for him. He noted that “things are different” in today’s economy and noted Mr. Clinton’s statement in 2010 that the current economy may be the “new normal.” Mr. Assaid stated that he would rather give the employees a bonus instead of a pay increase. Mr. Assaid noted that he is not comfortable in approving a pay raise in the current economy and noted that neither the County Administrator nor School Superintendent included a pay raise in their original budget submittals.

Mr. Burgess stated that whatever the Board decides in this matter the County will live with. He noted that the entire General Fund budget process has been done the same way for years and it is a cumulative process. Mr. Burgess urged the Board to consider this budget with the 2% pay raise. Mr. Burgess stated that he does not recommend a new Director of Public Safety lightly and the position was included only after a lot of consideration. Mr. Burgess stated that the County has 23 paid emergency services staff members at the present time without a department head and this position is needed so that Mr. Suter can concentrate on other projects and duties formerly handled by Mr. Moorman who will be taking on the part-time role of Economic Development Director. Mr. Burgess stated that the County’s financial position says that we can take these steps now and our financial advisors have said that the County is prudent in its spending and the County has one of the lowest unemployment rates in the State.

Mr. Ceola stated that being a member on both the General Fund and School budget committees has been an “eye-opening,” complex experience. Mr. Ceola stated that he reviewed the budget very carefully to try to understand as much as he could. Mr. Ceola questioned if he is supposed to come in and rubber stamp what the County says and asked why the County conducts a public hearing if we are going to move forward regardless of what the public says. He stated that having a budget presented without a pay raise seemed ok with him and then at the end of the process the 2% pay raise was added and this changed the entire landscape of what the Committee was discussing. Mr. Ceola stated that he has received comments on the budget from many people and to have this issue introduced at the end “changed the game for him.”

Mr. Clinton stated that, if the Committee had considered the pay increase at the beginning of the budget review, then the percentage increase would probably have been a higher amount. Mr. Clinton stated that to him the manner in which this was done was a sound way of handling the proposed salary increase.

Mr. Austin stated that by reviewing the budget as it does, the Committee is “covering basic needs up front” and then considering whether funding is available for other options.

Mr. Ceola stated that he has given his best effort in this process but thinks that there are items in the budget that the government should not be spending taxpayer funds on. Mr. Ceola stated that his job is to represent the people and he believes that there are significant needs in fire and rescue that should be funded. Mr. Ceola further stated; however, that after his discussions with Sheriff's Department staff members, he believes that there is a real need for four additional road deputies and additional EMS staff.

After questioning by Mr. Ceola, Mr. Austin stated that requests for additional EMS staff have been discussed by FARST in previous years; however, these requests were delayed due to other, more pressing, needs.

Mr. Ceola stated that he is a micromanager and it is his job as a Supervisor to review the budget and know what is going on and this is what he has tried to do. Mr. Ceola stated that he still has questions about the County's finances and its budget.

Mr. Austin stated that the Fund Balance chart is not the balance sheet for the federal government; it is a responsible balanced budget for Botetourt County. He noted that the County is not dealing with the same issues as the federal government and he appreciates Mr. Ceola wanting to know and understand the County's budget process; however, it takes time and is a learning process. He then discussed the process of the Supervisors agreeing a few years ago to permit the School Board to create their own Capital Projects Reserve Fund instead of making large capital project funding requests to the County at the end of the year.

Mr. Martin stated that a lot of good points and clarifications have been made but he is still not comfortable with a future \$870,000 yearly funding commitment by the County if this 2% pay raise is approved in FY 12. He noted that the County does not know what the market will do in the future, especially when the County will have \$629,000 in recurring expenses with those positions that are already recommended in the proposed budget. Mr. Martin stated that he would rather the Supervisors review this request during the FY 13 budget development process and consider approving a bonus for employees in FY 12.

After questioning by Mr. Martin regarding additional EMS positions, Mr. Austin stated that he proposed these positions as the County is in dire need of EMS response staff in the northern and northeastern parts of the County.

Mr. Burgess noted that FARST has discussed various EMS issues and needs in the past and the addition of these three new positions in the budget was due to response problems at the Buchanan Rescue Squad. He noted that the County is basically operating this rescue squad at the present time.

After discussion, Mr. Burgess stated that "this is a watershed year" in emergency response. He noted that hiring a Director of Public Safety will maximize the County's ability to coordinate with the volunteer and career staff to provide the best service possible to the citizens. He noted that this position will also oversee the volunteer incentive program to retain and recruit volunteers so the County can minimize the paid staff needed to man these facilities. He noted that the Board pays County staff to dissect these types of problematic situations and come up with solutions.

Mr. Burgess stated that Mr. Suter works 24/7; however, he is needed to work on other projects. He further stated that the Economic Development Study cost the County \$50,000; however, County staff did a lot of the phase 1 work on this study which saved money. He noted that one recommendation from this study was to hire an Economic Development Director and,

to do this cost effectively, he is recommending a reshuffling of Mr. Suter's and Mr. Moorman's duties so Mr. Moorman can take on the Economic Development Director position for the present time.

Mr. Assaid stated that he has no problem with new positions being included in the budget. Mr. Assaid noted that his point is that funding these extra positions obligates the County to a permanent, on-going, funding situation. He noted that his concern is also either raising the tax rate or cutting employees salaries in 2 – 3 years, if the economy does not improve.

Mr. Burgess stated that in the last two years he and the staff have come to the Board with suggestions to eliminate or reduce costs when revenues were declining. Mr. Burgess noted that the budget is not a static document.

Mr. Clinton stated that he is opposed to a bonus as it appears that the Supervisors are avoiding a decision. He noted that the Supervisors are charged with making the most effective use of public funds and in his opinion a bonus is an ineffective use as it causes the entire compensation system to be "out of whack" and the bonus is "gone" and "wasted money." Mr. Clinton stated that he would not support a bonus.

Mr. Clinton stated that, in his private-sector business, he is responsible for 1,000 employees from Charlotte to Boston. He noted that his company could not give raises for the past two years but this year they realized that employees were leaving for better-paying jobs elsewhere. He noted that this is what will happen to the County if the cycle of not giving employee raises continues. He noted that it is good business to give deserving employees a raise. Mr. Clinton stated that, if the Board thinks that "things are awful" and we make cuts to staff and programs again and again, then it becomes a "self-fulfilling prophecy."

Mr. Ceola stated that there is a limit as to what his customers will pay him for his services before they go somewhere else. Mr. Ceola noted that he could cut costs but will eventually have to lay off staff and questioned at what point do we hit a limit. He noted that "there does not seem to be a limit in government."

Mr. Clinton stated that any business can let people go but it does not mean that you have to squeeze those that remain.

Mr. Ceola noted that the money budgeted for community organizations could be used instead to pay employees.

After questioning by Mr. Martin, Mr. Burgess noted that the Director of Public Safety position will be advertised just like any other open County position. He noted that the process will probably be handled similarly to that used to recently hire eight EMS staff with an advisory group formed to conduct the screening of applications and members of the volunteer units asked to participate in the final interviews with County staff.

After further questioning by Mr. Martin, Mr. Burgess stated that, having some of Mr. Moorman's duties reassigned to Mr. Suter so Mr. Moorman can concentrate on economic development projects, will only delay the need for a full-time Economic Development Director position. He noted that the County's competition for economic development prospects all have paid, multiple-staffed departments to do this same work.

Mr. Martin noted that he would not have a problem with funding four additional deputy positions.

Mr. Burgess stated that Sheriff Sprinkle attended a General Fund Budget Committee meeting and stated that the County's Emergency Services Department needed additional staff members more urgently than he needed additional deputies. Mr. Burgess noted that the Sheriff is agreeable with the staffing recommendations as proposed.

Mr. Austin noted that the two deputy positions included in the proposed budget will have recurring costs and there will be no State compensation provided for these new deputies. He stated that the Sheriff has also agreed to defer filling these positions until January 2012.

Mr. Ceola stated that in his conversations with Sheriff's Department staff it has been almost 10, and possibly as many as 14, years since any additional patrol deputies have been "put on the road." Mr. Ceola stated that the County now has more houses, more people, and more roads for the deputies to cover.

Mr. Burgess noted that the Sheriff is satisfied with having two new deputies and an additional dispatcher position included in the FY 12 budget. He noted that additional deputy positions can be considered during the FY 13 budget process.

Mr. Zerrilla noted that it would cost the County \$300,000 in additional costs to hire and provide training, uniforms, vehicles, for four new Sheriff's deputies.

Mr. Austin noted that a 2% raise for employees would only cost the County \$260,000. He questioned what message would the Supervisors be sending to the employees with this action. He noted that the Finance Director has provided the Supervisors with a balance sheet which conservatively estimates that there will be \$5,000,000 excess to the County's Fund Balance Policy requirements as of June 30, 2011.

Mr. Ceola then questioned what is the message that the Board would be sending to our citizens if this 2% raise were approved and the fire and rescue and Sheriff's positions that the citizens want are not funded.

Mr. Austin stated that this process is a "balance of scale" and the Supervisors should show that they are acting responsibly to the needs of the taxpayers.

Mr. Clinton stated that it is a preconceived idea that the County is on the verge of a financial disaster. He noted that the General Fund balance information provided today should change that perception. Mr. Clinton then questioned if it is a good use of the customers money for it to be sitting in the bank and not being used productively. He noted that the County's assets need to be productive.

Mr. Martin stated that the Supervisors do not know what the economy will do in the next few years and he believes that the County should err on the side of caution.

Mr. Austin stated that it is estimated that the County will have \$5 million above what is required in the Fund Balance Policy in the General Fund as of June 30, and providing a 2% raise for the employees will only use \$280,000 of this amount.

Mr. Martin stated that he would concur with a bonus and not a raise because of the uncertainties of the economic situation in the next few years.

After discussion by Mr. Austin regarding employee raises, Mr. Martin stated that the County and School managers have said that the employees need a raise, but he has not been told by any employee that they need a raise.

Mr. Pete Peters, Director of Parks, Recreation, and Tourism, then stated that he has asked his employees to not contact the Supervisors members directly on this issue, but to follow the chain of command and the County's routine budget process. Mr. Suter and Mr. Ron Smith,

Public Works Director, stated that they had also asked their employees to not contact the Supervisors on this matter.

Mr. Martin noted that he was going to propose that those employees who make \$34,000 or less be given a bonus.

After questioning by Mr. Ceola, Mr. Austin stated that as far as he knows the County has never given a bonus to its employees.

Mr. Clinton stated that a bonus is usually given for an exceptional individual or managerial performance.

Mr. Ceola noted that he gives bonuses for employees that go above and beyond or provide exceptional work.

After questioning by Mr. Clinton, Mr. Ceola stated that, if he did not have the money in his business account, then he would not provide an employee bonus. It was noted that a bonus acknowledges "that we are having a good year."

Mr. Assaid stated that in his opinion a bonus shows that management values the employee and their work. Mr. Assaid noted that he appreciates the employees' problems but, if a raise is not approved, it does not mean that the Board does not value their work. He noted that Mr. Clinton had said in 2010 that the bad economic conditions at that time "may be the new normal."

After questioning by Mr. Assaid, Mr. Austin stated that, if the employee raises are approved in FY 12, then the County would have to provide \$800,000 in funding in FY 13 to continue these new salary levels. He further noted; however, that the County's Fund Balance is growing and there is estimated to be as of June 30, 2011, \$5 million in excess funds available to operate the County. Mr. Austin stated that a bonus provides a false sense of security when a raise does not.

After questioning by Mr. Ceola, Mr. Burgess noted that the County has pay ranges for all staff members and previous reviews of these numbers have shown that the County is under-paying its employees who have many years of experience compared to newly hired staff in the same positions.

Mr. Clinton noted that he did state in 2010 that the economy at that time was possibly the new normal but he thinks the current economy is the new malaise. Mr. Clinton noted that eventually the County will have to give the employees a raise and it will cost the County more in the future when it is done. He noted that the budget has to be considered year by year and each year brings in new challenges that were not contemplated in the year before.

Mr. Martin thanked the Board members for their input and opinions. He noted that it is important that the members share how they feel on these issues. Mr. Martin stated that, if a majority of the Board did vote to give the employees a raise, he "could live with it;" however, he still feels that we have to use caution.

Mr. Burgess reminded the Board that they will need to adopt the FY 12 budget on Tuesday, April 26. He noted that today's discussion creates a complete understanding of what has transpired during this year's budget development process and the recommendations being brought before the Board for consideration next Tuesday. Mr. Burgess stated that he feels comfortable with the budget as recommended.

Mr. Burgess stated that the County staff has taken a conservative look at the County's Fund Balance as of June 30, 2011, and obtained an opinion from our financial advisors on the County's financial condition. He noted that the data presented today shows that the County is

not financially constrained. Mr. Burgess stated that he did not recommend an employee pay raise in the originally-developed budget but wished now that he had done so. Mr. Burgess asked that the Board consider an employee raise in FY 12.

Mr. Assaid stated that it is too bad that the Board cannot have disagreements without being demonized. He noted that Supervisors' members are not elected to the Board to be "yes men" but to do what is right. Mr. Assaid commended Dr. Tony Brads and his staff for their work. Mr. Assaid stated that he has no hidden motives. Mr. Assaid noted that he is only familiar with the private sector not the public sector and in the public sector the employee benefits are better. Mr. Assaid stated that he thinks it is inappropriate that, after he and other Board members asked for an employee salary and benefit study and were told that it could not be completed before adoption of the FY 12 budget, a request is submitted for an employee raise. Mr. Assaid noted that he is willing to do something but he feels that a bonus is the best solution for the County at this time.

After questioning by Mr. Ceola, Mr. Zerrilla stated that the documentation presented to the Board on the anticipated June 30, 2011, General Fund Balance is a "snapshot" of where his calculations show that the County will be financially at the end of the current fiscal year. Mr. Zerrilla stated that he would challenge anyone to determine where the County will be in three years. Mr. Zerrilla stated that the County is in compliance with its Fund Balance Policy and we have adequate operating funds to sustain ourselves at this point in time. Regarding increases in fees, Mr. Zerrilla stated that he could not commit to not increasing fees or the tax rate at some point in the future.

Mr. Ceola noted that his information shows that growth in the County has flattened but has not stopped over the past 2 – 3 years. Mr. Ceola stated that the next real estate reassessment will impact the County in FY 15 and he has a hard time seeing that assessment decreasing based on where the County is at the present time.

Mr. Clinton stated that in 2007 the Board did not see the recession in our future but we were able to adapt to it and make changes to the departmental budgets as needed, and he believes that the County has weathered the downturn in the economy well. Mr. Clinton agreed with Mr. Zerrilla that the economy is coming back.

Mr. Zerrilla stated that he is starting to see the beginning of trends that the County can rely on in the future to be able to make 3 – 5 year financial forecasts and hopefully make some reasonable revenue expectations.

Mr. Ceola stated that it has not been his intention to hurt anyone during his information gathering process to understand the County and its budget. He acknowledged that there were errors in his information but he did not have a personal agenda in this matter. Mr. Ceola stated that he appreciates the work done by the County and school employees. He noted that Mr. Burgess and Mr. Zerrilla do not have easy jobs.

Mr. Austin stated that he would like to thank Mr. Zerrilla, Mr. Burgess, and the staff for preparing a financially responsible budget this year. He noted that they have a proven track record in managing the County in a financially-responsible manner. Mr. Austin stated that he thinks that the employees deserve a raise and noted that "you are only as successful as your employees." Mr. Austin stated that it is time that the Board stepped up and act responsively as leaders and do what is necessary to compensate the employees for their service. Mr. Austin stated that he would not support a bonus.

After discussion, it was noted that another meeting of the General Fund Budget Committee would be scheduled tomorrow (Wednesday, April 20) at 10:00 A. M. in the Circuit Court-house's second floor conference room to discuss the proposed FY 12 budget.

There being no further discussion, on motion by Mr. Ceola, and carried by the following recorded vote, the meeting was adjourned at 9:58 A. M. (Resolution Number 11-04-01)

AYES: Mr. Ceola, Mr. Martin, Mr. Austin, Mr. Assaid, Mr. Clinton

NAYS: None

ABSENT: None

ABSTAINING: None