

A meeting of the Botetourt County Board of Supervisors was held on Tuesday, April 20, 2021, at the Botetourt County Administration Center in Daleville, Virginia, beginning at 7:00 P. M.

PRESENT: Members: Dr. Donald M. Scothorn, Chairman
Dr. Richard Bailey, Vice-Chairman
Mr. Billy W. Martin, Sr.
Mr. Stephen P. Clinton

ABSENT: Members: Mrs. Amy White

Others present at the meeting:

Mr. Gary Larrowe, County Administrator
Mr. David Moorman, Deputy County Administrator
Mr. Tony Zerrilla, Director of Finance

After experiencing audio/video problems, Dr. Scothorn called the meeting to order at 7:25 P. M.

He noted that this meeting is to conduct public hearings on the proposed FY 22 County, School, and Capital Improvements Plan budgets and on the proposed tax rates for 2021 as advertised.

Mr. Tony Zerrilla, Director of Finance, then gave an overview presentation on the proposed budget. He noted that this presentation includes major budget considerations, revenues and expenditures by major category, capital improvement projects, the impact of COVID-19 on the County budget, and the schedule of the FY 22 budget process.

Mr. Zerrilla stated that major considerations included: a reduction in the original departmental requests—Operations reduced \$1.8 million (5%) and CIP decreased by \$500,000 (14%), funding for the schools, increased revenues from the County's primary tax base, funding for facilities' needs, and personnel additions and compensation adjustments.

He further stated that FY 22 General Fund highlights included CARES Act funding allocated to the schools in FY 21 to assist in capital needs with an additional \$1.2 million in County funds being proposed for FY 22. Mr. Zerrilla stated that a 7% (\$4.5 million) increase in local revenues (real estate, personal property, machinery and tools, and other local taxes) as well as an increase in State reimbursements is anticipated in FY 22.

He further noted that the budget is also proposing 4 new full-time County positions, 1 new part-time position, and the conversion of a part-time position to a full time position in the Economic Development Department. Mr. Zerrilla further stated that the County is anticipating an \$164,000 increase in employee hospital/medical costs for the portion of plan year December 2021 through June 2022, State-mandated compensation adjustments (\$1.2 million), and deferred salary market adjustments (\$245,000). He noted that the CIP focuses on preliminary costs for the Circuit Courthouse renovation project, local matching funds for a broadband improvement project, radio system replacement plan, various building maintenance, and community/economic development projects.

Mr. Zerrilla then reviewed the anticipated revenues (local, state, federal) by source. He noted that total revenues are anticipated to increase by \$4.5 million (6.6%) in FY 22 with \$4 million of this amount generated from local revenues. Mr. Zerrilla further noted that 82% of revenues received by the County are local, with 16% from the State, and 2% from the federal government. He noted that growth is also anticipated in hotel, meals, and BPOL (Business, Professional, and Occupational License) taxes in FY 22. He noted that the COVID 19 pandemic did impact the County's projected revenue growth in FY 21.

Regarding State revenues, Mr. Zerrilla stated that the County's non-categorical aid in FY 22 is anticipated to be reduced due to the diversion of Recordation Tax Refunds from all localities to the Hampton Roads Regional Transit Fund. He further stated that the Personal Property Tax Relief Act (PPTRA) amount received from the State remains fixed at \$3.4 million, categorical aid is expected to increase 9% due to an enhancement in State Compensation Board reimbursements and EMS grant monies; and other categorical aid for welfare, Comprehensive Services Act-related costs, and Libraries is expected to increase 2% in FY 22.

Regarding federal revenues, Mr. Zerrilla stated that the amount of Payment in Lieu of Taxes (PILT) monies from the federal government in FY 22 has not yet been determined; however, based on previous history, the County is budgeting an \$8,000 (3%) increase over the FY 21 budget amount. He further stated that federal welfare payments are budgeted to increase \$30,000 (4%). He then noted that the VA SAVES program, which is an interest rate subsidy for the School System's energy project, is scheduled to decrease \$10,000 in FY 22.

In summary, Mr. Zerrilla stated that local revenues include increases in economy-based taxes and account for 90% of the total anticipated County revenue increase; State revenues reflect additional reimbursements due to a 5% compensation increase for Constitutional Office employees supported by the State Compensation Board, and additional EMS grant revenues for equipment/apparatus; and federal revenues are enhanced by expected PILT and welfare reimbursements. He noted that the overall increase in anticipated General Fund revenues in FY 22 is \$4.5 million (7%).

Regarding expenditures, Mr. Zerrilla stated that the total proposed increase in categorical General Fund expenditures for FY 22 is 5% (\$1.99 million). He noted that expenditure categories include Public Safety (49% of total expenditures), Public Works (7%), Health and Welfare (9%), Parks/Recreation/Cultural (6%), Community Development (3%), Non-departmental/Debt Service (10%), Higher Education (less than 1%), General Government Administration (12%), and Judicial Administration (4%).

Under General Government Administration, Mr. Zerrilla stated that expenditures are proposed to increase 8.3% (\$366,121) over the current fiscal year. He noted that this increase is due to the creation of a Director of Communications position to centralize communications and provide critical information to the public and other interested parties; budgeted part-time wages for the Security Reception position at the County Admin Center; the first full-year budget impact of a Training Coordinator in the Human Resources Department; a new contract with the County's health insurance consultants; addition of a Financial Analyst position in the Financial Services Department to provide financial forecasting to be used for future strategic financial decisions; and increased pricing for new tax software and Microsoft user licensing fees in the Technology Services Department.

Under Judicial Administration, Mr. Zerrilla stated that expenditures are proposed to increase 1.9% (\$13,457) in FY 22. He noted that this increase includes a full year of funding for the separate District Court entity which was portioned off of the Juvenile and Domestic Relations Court in January 2020; additional funding for a new support position in the Circuit Court Clerk's office which was underbudgeted in FY 21; and a transfer of budgeted costs in the Commonwealth Attorney's Office for legal support for the Social Services Department.

Regarding Public Safety expenditures, Mr. Zerrilla stated that this category, which was impacted by the pandemic, is proposed to have a 9.5% (\$1.8 million) increase in FY 22. He noted that additional expenditures include a new Sheriff's Department School Resource Officer

position as of January 2022; 10 new deputy patrol vehicles; the full year impact of the hiring of 7 career staff members for the Blue Ridge Rescue Squad; purchase of \$270,000 in capital outlay equipment that was deferred in the FY 21 budget; a previously-approved Fire/EMS Recruitment and Retention position; cost increases in hospitalization, medical expenses, and worker's compensation costs; increases in food, medical and lab supplies, capital outlay, professional services, and work crew costs for the Jail; 40% of the Community Development Department's inspection-related costs are reflected in the Public Safety category including for the Clerk of the Works position; increase in the County's allocation for the regional animal shelter costs; purchase of 2 new Animal Control vehicles; an increase in Emergency Communications maintenance costs, and funding for a CAD Specialist position previously approved in FY 21.

Regarding Public Works expenditures (Waste Management and Maintenance departments), Mr. Zerrilla stated that this category is proposed to increase 58% (\$998,141). He noted that this is due to a significant budgeted increase in recycling costs and the transfer of resources/associated expenses due to the redesignation of parks and grounds maintenance staff from the Recreation Department to the Maintenance Department. Mr. Zerrilla noted that it was anticipated that the recycling costs would have been transferred in mid FY 21 from the County to County Waste; however, this has not yet occurred, which has necessitated this increase in the FY 22 budget.

Regarding Health and Welfare expenditures, Mr. Zerrilla stated that this category will have a 38.8% decrease in funding for FY 22 due to COVID tax relief provisions and the non-recurring Virginia Community Capital expense which provided a third-party affiliation to provide citizens with \$2.3 million in tax relief in FY 21; however, funding for a new Senior Citizens van and additional State funding for the Department of Social Services is included.

Regarding Parks, Recreation, and Cultural expenditures, Mr. Zerrilla stated that this category has a 23.8% decrease in FY 22 due to the reallocation of Recreation grounds/maintenance staff to the Maintenance Department. He noted that this will allow the Recreation Department to focus only on recreational programs and opportunities which will reduce their proposed FY 22 operational budget by \$769,000 over the FY 21 budget. Mr. Zerrilla further noted that the proposed Library and Sports Complex budgets are similar to their FY 21 allocations.

Regarding Community Development expenditures, Mr. Zerrilla stated that there is a proposed 11% reduction in the Economic Development Department's budget due to a substitution of positions and the elimination of part-time funding which creates a full-time Administrative Assistant in place of an Assistant Economic Development Director position. He noted that the Planning/Zoning budget includes 60% of total departmental costs including 60% of funding for a new Clerk of the Works position. Mr. Zerrilla noted that the remaining 40% of the department's budget (Building Inspections) is included under the Public Safety category.

Mr. Zerrilla then stated that a total amount of \$26.4 million is being requested as a transfer to the School operations budget which is an increase of \$1.2 million (4.6%) over the current fiscal year. He further stated that there is no proposed transfer of County funds for School capital projects in FY 22 due to the School's receipt of CARES Act funds from the State and the County as well as a previously-approved \$1.6 million transfer by the County into the School's Capital Projects Reserve Fund relating to FY 20 School results of operations versus budget.

After discussion, Mr. Zerrilla stated that it is being proposed that the County transfer \$225,000 in funds to the Economic Development Authority in FY 22; this transfer amount was \$598,000 in the current budget.

Regarding Non-Departmental and Debt Service expenditures, Mr. Zerrilla stated that, due to the uncertainty regarding the loss of revenues during the pandemic, any County employee compensation adjustments were deferred in FY 21. He noted that \$1.45 million in funding is proposed in FY 22 for phase 3 of market-based salary adjustments; a 5% salary increase for County and Constitutional department employees (a 5% salary increase was granted by the Virginia General Assembly for State employees and those in State-supported departments and the schools which triggered the County's 5% salary increase); funding adjustments for the two lower entry level classifications of Jail officers; and Social Services compensation increases.

Mr. Zerrilla noted that there is a proposed 6.6% decrease in Debt Service due to a reduction in Literary Fund debt. He noted that also included is an estimate for interest-only debt for early costs for the Circuit Courthouse renovation and Greenfield Administration building expansion projects.

Regarding Miscellaneous Organizations expenditures, Mr. Zerrilla stated that only a \$4,387 (1%) increase is proposed for FY 22 with no new organizations' funding being included in the budget. He noted that the increases are due to per capita funding formulas for several regional organizations and a \$3,500 funding increase for the Botetourt County Museum.

Regarding the Capital Improvements Plan's expenditures, Mr. Zerrilla noted that the proposed total is \$2.5 million which is an \$800,000 increase over FY 21. He noted that these increases include \$473,000 for design and preliminary costs for the multi-year Circuit Courthouse renovation project; \$121,000 for architectural and engineering work on the Administration Center expansion project; \$497,000 for General District Courthouse roof repairs, paving, sealing, and striping for the Eagle Rock Library's parking lot and grinding and capping the Administration Center's parking lot; \$400,000 in local matching funds for the Lumos VATI Broadband Grant, \$300,000 in local matching funds for the Daleville YMCA (year 5 of 10), \$150,000 in local matching funds for a VDoT revenue sharing project, and \$100,000 for economic development programs.

Mr. Zerrilla noted that the CIP also includes matching funds for the Recreation and Library incentive fund programs, \$125,000 for three Technology Services projects, funding to repaint/seal the landfill's leachate tank, and funds for the Radio System Replacement Plan.

After discussion, Mr. Zerrilla then reviewed the impact of the Covid-19 pandemic on the County and its budget. He noted that CARES Act funds assisted in contending with the negative economic impacts caused by the pandemic and the recently-approved federal "American Rescue Plan" allocates funds that will be available for spending on qualified projects through December 2024. He stated that discretionary spending for operations and capital expenses will continue to be scrutinized and, due to the continuing improvement of economic conditions, the County will discontinue quarterly budget appropriations that was put in place in FY 21 to better track expenditures and revenues. Mr. Zerrilla also stated that the staff will continue monthly monitoring of actual versus budget financial results.

Mr. Zerrilla then reviewed the FY 22 budget calendar which began in November 2020 with the issuance of budget call letters to all County departments and offices, preparation of the budget in January 2021 for Staff Task Force review in February 2021, providing the General Fund Budget Subcommittee with a draft budget in March 2021 and scheduling of Subcommittee meetings to review the budget, and advertisement of the tax rate and FY 22 budget public hearings, which are being held tonight.

Mr. Zerrilla stated that, going forward, the Board will be asked to consider approval of the School Board budget at their April 27 regular meeting and adoption of the County's budget and tax rates at the June regular meeting.

Mr. Zerrilla thanked the Board for the opportunity to give this presentation and noted that he is available to answer any questions from the Board on the proposed budget.

Dr. Scothorn thanked Mr. Zerrilla for this presentation and his many hours of work on the budget. He also thanked the Budget Subcommittee (Mr. Clinton and Dr. Bailey) for the time they spent in reviewing the budget and meeting with County staff.

After questioning by Dr. Scothorn, Mr. Zerrilla stated that the County's matching amount in the proposed budget for the Library Incentive Fund is \$5,000 and \$45,000 for the Recreation Incentive Fund.

Dr. Scothorn stated that he would like staff to consider increasing the County's matching amount for these programs in the future. He noted that both incentive funds are being utilized very well.

Dr. Bailey then thanked the County Administration staff for the large amount of work that is done before the budget is given to the Subcommittee. He noted that the process of having a staff team to review the departmental budget requests first is a good idea. Dr. Bailey noted that this team has a lot of give and take during their budget discussions and they put a lot of value into this process before the budget is forwarded to the Subcommittee for review.

Dr. Bailey also thanked the School Board and School Administration for their work and efforts on the budget to keep the County's school system moving forward.

Dr. Scothorn noted that School Board Chair Anna Weddle, Superintendent John Russ, and Director of Business and Finance Brandon Lee were present at this meeting. He also thanked them for all of their hard work in preparing the school system's budget.

There being no further discussion by the Board members, Dr. Scothorn then opened the public hearing on the Botetourt County General Fund, School, and CIP budgets for FY 21-22 as advertised.

After questioning, it was noted that there was no one on the telephone who wished to speak on these issues.

Mrs. Sue Palmer of First Crossing Drive in Roanoke thanked the Board for the opportunity to again appeal to them for the inclusion of funding for a feasibility study on repurposing the old Colonial Elementary School site for community use and possible revenue generating possibilities. Mrs. Palmer noted that she had provided a hand-out to the Board about the school's history and building layout earlier in the meeting.

Mrs. Palmer noted that there are 15,375 citizens in the Blue Ridge/Montvale/Bonsack area and those 60 years of age and older consist of 26% of this area's population. She noted that the Board previously received a petition signed by over 890 citizens in support of this building being used to provide community-related programs/opportunities.

She then stated that there is a unique opportunity to utilize this facility to generate revenue for the County while providing community services. She noted that the building can be used for many things including Parks and Recreation programs, community meeting rooms, community history and Botetourt Historical Society displays, County offices, Cooperative Extension Service office, Sheriff's Department annex, Health Department satellite office, retail/economic development, kitchen and cafeteria space, cannery, daycare facility, art/craft studios, Boy and Girl Scout meeting space, retraining center for citizens, Red Cross disaster center, VFW Lodge, etc.

Mrs. Palmer stated that the school has five distinct areas, including the gymnasium, each with separate entrances/exits. Mrs. Palmer stated that the area's residents understand that there needs to be an assessment of the facility's physical plant to understand the building's condition and maintenance needs and there are volunteers willing to work with the County on this process.

She then thanked the Board for the construction of the new Colonial Elementary School and encouraged the Board to use the same foresight to begin work as quickly as possible to put the old Colonial Elementary to use and not let it deteriorate. Mrs. Palmer requested that the Board fund and use County staff and volunteers to make this happen.

After questioning by Dr. Scothorn, it was noted that there was no one else present to speak. The public hearing was then closed.

Mr. Martin stated that he is aware that Mrs. Palmer and the Blue Ridge community have worked hard on this project and many people have been involved in putting ideas together about the old school's future use. Mr. Martin stated that he supports them in their efforts.

Mr. Martin stated that he does not know what can be done on this project as it will cost money and take time but he supports their efforts.

A public hearing was then held on all proposed tax rates for the 2021 calendar year as advertised.

After questioning by Dr. Scothorn, it was noted that there was no one present at the meeting or on the telephone who wished to speak regarding this matter. The public hearing was then closed.

Dr. Scothorn then thanked those who attended the meeting and offered comments on the proposed budget and tax rates. He also thanked the School system's representatives for being present at the meeting to answer any questions about their proposed FY 22 budget.

There being no further discussion, the meeting was adjourned at 8:00 P. M.