

A continued meeting of the Botetourt County Board of Supervisors was held on Monday, March 28, 2016, in the Circuit Courthouse's second floor conference room in Fincastle, Virginia, beginning at 6:00 P. M.

PRESENT: Members: Mr. L. W. Leffel, Jr., Chairman
Mr. Todd L. Dodson, Vice-Chairman
Mr. John B. Williamson, III
Mr. Billy W. Martin, Sr.
Dr. Donald M. Scothorn

ABSENT: Members: None

Others present at the meeting:

Mr. Gary Larrowe, County Administrator
Mr. David Moorman, Deputy County Administrator
Mr. Tony Zerrilla, Director of Finance
Mr. Cody Sexton, Information Specialist

The Chairman called the meeting to order at 6:00 P. M.

Mr. Leffel stated that he appreciated everyone's attendance at this budget work session and welcomed Mr. John Busher and Dr. Brian Austin with the Botetourt County Schools to the meeting.

Mr. Williamson then stated that a staff presentation on the proposed FY 17 County budget was given at last week's Supervisors' meeting. He noted that Mr. Zerrilla, Director of Finance, reviewed the proposed budget's revenues and expenditures and several funding scenarios were offered for the Board's review. Mr. Williamson further noted that he and Mr. Zerrilla met with Mr. Martin late last week to discuss questions and concerns that Mr. Martin had regarding the proposed budget.

Mr. Williamson stated that, since that time, Mr. Zerrilla has developed several potential funding scenarios for various budget priorities and he is present at this meeting to review those scenarios with the Board. Mr. Williamson stated that the Board needs to remove the potential budget deficit because, as currently proposed, there will be a \$900,000 drawdown from the Undesignated Fund Balance to balance the FY 17 budget.

Mr. Williamson stated that earlier this month the General Assembly approved a 2% salary increase for constitutional officers and teachers; however, there is some flexibility in the implementation of these raises on either July 1 or December 1, 2016. He further noted that the additional personnel request for a Code Enforcement Officer in the Building/Planning Department is included in the proposed budget; however, other personnel requests (additional Sheriff's Department road deputy and a clerical support position, Fire/EMS career staff at Troutville) have not been included at this time.

Mr. Williamson further noted that school facility improvements and purchase of three new school buses (\$1.8 million) have been included in the school budget request along with teacher salary increases.

After discussion, Mr. Zerrilla stated that County and School maintenance items have also been included in the respective entities' Capital Improvement Plans (CIP).

Mr. Williamson stated that the County has some flexibility in setting the tax rates depending on which items are included in the budget. He also noted that it has been requested that motor homes be taxed at a rate lower than the personal property tax rate (\$2.63).

He stated that a determination will also need to be made on the tax rate assessed on wind farms. Mr. Williamson stated that wind farms are assessed by the State Corporation Commission at the same rate as other utility operations. He stated that the County will need to determine the tax rate that will be assessed on wind farms—whether it is the current Machinery and Tools tax rate (\$1.80) or a specific rate between the real estate and personal property tax rates could be considered.

Mr. Larrowe stated that he is meeting with a representative of Apex Clean Energy later this week and will discuss the tax rate issue with them.

Mr. Zerrilla then reviewed five funding scenarios for the FY 17 budget. He noted that the proposed 5% increase in the personal property tax rate listed on the bottom of the chart should be \$2.76, not \$2.63.

Mr. Zerrilla stated that the proposed budget has a deficit of \$902,000 before any consideration is given to school funding needs. He then reviewed funding scenario #1 which includes a 2% County/Constitutional/Social Services staff raise as of July 1, funding for an additional Sheriff's deputy and clerical position, a part-time staff position in the Recreation Department, funding 40% of the proposed school budget (\$745,670), adding \$143,000 to the Fund Balance, increasing the real estate tax rate from 72¢ to 76¢, and increasing the personal property tax by 5% from \$2.63 to \$2.76.

Mr. Williamson stated that this scenario does not include funding for a new ambulance or for remounting an existing ambulance body on a new chassis.

Mr. Zerrilla stated that scenario #2 delays the implementation of salary increases until December 1, includes funding for the Sheriff's deputy, clerical, and Recreation Department positions, funds \$1.3 million for schools, increases the real estate tax rate to 77¢, and increases the personal property tax to \$2.76. He noted that scenario #3 implements the staff raises as of July 1, funds the Sheriff's road deputy position, allocates \$350,000 for partial funding for additional 24/7 career staff at Troutville; funds 50% of the school revenue request (\$932,000), increases the real estate tax rate to 77¢, and the personal property tax rate to \$2.76. Mr. Zerrilla stated that scenario #4 implements staff raises as of July 1, funds the Sheriff's road deputy position, allocates \$350,000 for partial funding for additional 24/7 career staff at Troutville; provides 60% of the school's requested allocation (\$1.11 million), increases the real estate tax rate to 77¢, and the personal property tax rate to \$2.76. Mr. Zerrilla stated that scenario #5 implements staff raises as of July 1, funds the Sheriff's road deputy and clerical positions, the Recreation Department's part-time position, and fully funds (\$579,000) a 24/7 career crew at Troutville, includes funding for both a new air truck and an ambulance remount, fully funds the school budget request (\$1.86 million), and increases the real estate tax rate to 82¢ and the personal property tax rate to \$2.76.

Mr. Zerrilla stated that all five funding scenarios project that the County's CIP would remain static and do not include any funding for school CIP projects.

After questioning by Mr. Martin, Mr. Zerrilla stated that the State-mandated 2% salary increase is for those Constitutional/Social Services/School positions that are funded by the State. After further questioning by Mr. Martin, Mr. Williamson stated that as of December 1, 2016, the General Assembly-mandated 2% salary increases would be assessed on all Standards of Quality (SoQ) formula positions.

Dr. Brian Austin stated that there is a local matching amount on the SoQ positions. He noted that these will exceed the SoQ positions because the County has more positions than SoQ provides.

Mr. Williamson noted that the County's composite index drives the County's share of the SoQ funding.

After further questioning by Mr. Martin, Mr. Zerrilla stated that the State provides budget monies for the constitutional officer positions including an amount of approximately 56% for the Sheriff's Department.

After questioning by Mr. Martin, Mr. Zerrilla stated that he has not made any adjustments to the proposed budget based on the meeting with himself, Mr. Martin, and Mr. Williamson on Friday but he has noted Mr. Martin's suggestions.

Mr. Williamson stated that a few items brought up by Mr. Martin in their budget meeting last week should be considered during the Board's final budget discussion.

Mr. Martin stated that it is hard for him to believe that the County needs these large budget increases (salaries, new positions, vehicles, etc.) in one year. Mr. Martin stated that he knows that some of these needs are justified and some are not. He questioned why the County needed \$182,000 in additional monies for professional services across all the departmental categories in the new fiscal year. Mr. Martin questioned if all of these new budget requests were needed now or if they could be postponed.

Mr. Martin further stated that \$258,000 in new monies is being requested for salaries in FY 17 and there are also proposed vehicle and staff position increases. He questioned why the County needs a Code Enforcement Officer when we are trying to make the County more business friendly. Mr. Martin stated that he is in favor of funding a new Sheriff's Department road deputy but not the clerical position.

After discussion, Mr. Martin stated that he does not think that the County needs to raise taxes to give employee raises; we need to look at our expenses and requests for funding; and use tax revenues from the new businesses coming to the County instead of raising taxes on older people and families. He noted that the Board needs to think about these individuals in deciding whether to raise taxes.

Mr. Leffel stated that he understands Mr. Martin's comments; however, the real problem in his opinion is that the County has to prepare for a long gap between receipt of the new economic development-generated revenues and "how we are going to live" until these new revenues are received.

Dr. Scothorn agreed and stated that he does not think that the Fire/EMS, Sheriff, and Schools are prepared for the influx of new people into the County when these new businesses become operational.

Mr. Williamson then stated that the Fire/EMS funding issues need to be discussed. He noted that this is a large number and is necessitated by expected call response levels that continue to decline and old equipment (apparatus, radios, vehicles) that need to be replaced.

After discussion, Mr. Williamson stated that the County had a \$1 million draw from the Undesignated Fund Balance last year to balance the budget and had to do the same in the previous two fiscal years. He noted that the General Assembly created a "salary trap" for localities with their approval of a mandated 2% salary increase for State-funded positions.

After discussion by Mr. Williamson on the potential deaths that could occur if Fire/EMS staff and equipment funding is not increased, Mr. Martin stated that he does not want to use this

type of scare tactics to justify funding for Fire/EMS. Mr. Martin stated that he questions if the County needs all of these budget increases at this time or if some of it could be postponed.

Mr. Larrowe stated that, with the reduction in fire and rescue volunteers, the call response times and the call volumes have increased on the career staff. He noted that it is estimated that \$350,000 would fund four new career staff and their needed equipment which would be based at the Troutville Fire Department.

Mr. Dodson stated that, whether there were four or eight new career staff members hired, the same amount of equipment would have to be purchased.

Mr. Williamson stated that, regarding the justification for a new Code Enforcement Officer, the Planning Office has a 9 month backlog of citizen complaints and County Code violations that need to be investigated and resolved.

Mr. Moorman noted that the County would still enforce Code violations on a call-in basis with the filling of this position. He noted that this position would be funded with money remaining in the Public Works budget.

Mr. Dodson stated that the County needs to fund fire and rescue and the Sheriff's salary compression issues need to be addressed as well. Mr. Dodson stated that "we have to take care of the people we have." He noted that the County needs good staff to respond to citizen-related issues and take advantage of all available opportunities. Mr. Dodson also stated that the County and school system have buildings that need repair work/maintenance.

Mr. Williamson stated that the proposed budget does not make much progress toward funding building improvements for either the County or the schools. He noted that the Schools are in the process of completing a facilities study and, once the results of this study are reviewed, the Board will need to decide whether to fund those projects through a bond issuance or budget financing.

After questioning by Mr. Leffel, Mr. Jason Ferguson, Deputy Chief, stated that during last year's development of the current (FY 16) budget, they requested a part-time truck for a 12 hour shift at Troutville. He noted that this was funded with a SAFER grant. He noted that the proposed FY 17 budget discussions included a "best case" and a "band-aid" career staff funding option (four new positions). He noted that four new staff would provide daylight response service while 8 new positions would provide 24/7 service plus funding for two flexible positions that would provide back-fill if the regular staff are on vacation/sick leave. Mr. Ferguson stated that the optimal number would be six full-time positions with a 24 hour, fourth additional ambulance.

He noted that Read Mountain Fire Station responded to over 600 calls for the County last year when our career/volunteer units were unavailable. Mr. Ferguson further stated that Roanoke County could decide at any time to relocate the Read Mountain ambulance elsewhere making it unavailable for Botetourt County response calls. He noted that there are probably only two days a week when all of the County's ambulances are not simultaneously responding to calls. Mr. Ferguson stated that "they do what they need to do to get the job done" including having qualified administrative/office personnel respond to calls when career staff are unavailable. He noted that, when this occurs, it takes time away from the Chief/Deputy Chief/administrative staff being able to do their jobs.

After questioning by Mr. Dodson regarding cost recovery fees, Mr. Ferguson stated that the County pays up to \$25,000 per year for ambulance calls and insurance recovery of those fees is obtained in the amount of approximately \$85,000.

Mr. Larrowe stated that he has a meeting scheduled with Roanoke County representatives next week on the ambulance issue at Read Mountain.

After questioning by Dr. Scothorn regarding the request for a new air truck, Mr. Ferguson stated that the current vehicle, which is used to refill the self-contained breathing apparatus, was purchased in 1997 and has a compressor system that was built in the late 1980s. He noted that this system is at its maximum capacity now and needs to be replaced to keep up with current air tank pounds per square inch (psi) capabilities. He noted that this system is a vital component of the County's emergency response units and while the truck is in reasonably sound condition, the compressor needs to be replaced. Mr. Ferguson also stated that the County needs "to get back on track" with an apparatus replacement schedule.

After questioning by Dr. Scothorn, Mr. Ferguson stated that the County is not violating any regulations by not upgrading the compressor; however, the new, carbon fiber air tanks can hold up to 6,000 psi while the old tanks hold a maximum of 4,500 psi. He noted that Buchanan is the only station that has a compressor for this purpose.

After questioning by Mr. Dodson as to whether purchasing a large number of reserve air tanks would be a solution to this problem, Mr. Ferguson stated that the County is participating in a regional grant application to obtain additional air tanks.

After questioning by Mr. Williamson regarding the ambulance rechassis request, Mr. Ferguson stated that seven years ago the County spread its ambulance workforce out among 15 ambulances and we now have a second ambulance at each volunteer unit. Mr. Ferguson stated that the ambulance boxes where the patient is placed are in good shape; however, the vehicle chassis have between 110,000 and 130,000 miles on the odometer. Mr. Ferguson stated that these ambulances accumulate between 26,000 and 33,000 miles per year and remounting the box unit onto a new chassis saves approximately \$50,000 - \$60,000.

After questioning by Mr. Leffel regarding the maximum mileage accumulated before a vehicle is taken out of service, Mr. Ferguson stated that the County should have a plan in place to replace an ambulance once the vehicle exceeds 100,000 miles.

Mr. Dodson stated that he believes that there are other options other than the County having to purchase a new ambulance at this time. After questioning by Mr. Dodson, Mr. Ferguson stated that the price to fund a new career unit at Troutville does not include a new ambulance.

After questioning by Dr. Scothorn, Mr. Ferguson stated that new carbon fiber air tanks cost \$1,200 - \$1,500 each.

After questioning by Mr. Williamson, Mr. Busher, Superintendent of Schools, stated that Spectrum Design is currently conducting a facilities study of all school buildings including the bus garage, BTEC, and their central office. He noted that the elementary school reviews have been completed and submitted to his office for review and the middle school reviews are underway. He noted that some of the projects are major repairs (roofs, water, and boilers) and some include only paint but the upgrade costs appear to be significant. He noted that the report recommendations will be divided into three priorities: 1 (need to be completed now); 2 (completed in 6 - 8 years); and 3 (completed in 9+ years).

Mr. Busher stated that he anticipates presenting this report to the School Board in April/May and will involve the Supervisors in this process. Mr. Busher noted that he would like both boards to walk the facilities to personally view all of the issues.

Mr. Buser stated that “schools are people” and the quality of the person in the classroom is what matters. He noted that they reviewed every employee’s salary and how long that those salaries had been frozen at their current level. He noted some of the teachers’ salaries have been frozen for 8 – 9 years and new hires are being brought in at a higher pay level. Mr. Buser stated that they also have issues with personnel leaving because they have obtained their highest three years of salary compensation under VRS guidelines and can retire.

Mr. Buser stated that the schools are considering a three-year cycle to increase the salary steps if adequate funding is received from the County. He noted that by their calculations 471 teachers’ salaries would need to be corrected in the first year, 91 in the second year, and the balance in the third year.

Mr. Buser stated that they compared the County’s teacher salary scale to other Roanoke Valley localities and similar-sized school systems in the State. He noted that the salary scale is adequate; however, the steps need to be adjusted. Mr. Buser stated that the first year budget impact to bring the teacher’s salaries up-to-date will be costly.

After discussion, Mr. Buser then stated that the system’s bus fleet is old and they are trying to keep on a replacement cycle of 2 – 4 new buses per year. He also noted that a new maintenance truck is needed to push snow at the various schools as schools cannot open if there is snow covering the parking lots. Mr. Buser stated that the majority of their FY 17 budget request is for salaries as they are seeing teachers leave for positions elsewhere with higher salaries.

After discussion by Mr. Dodson, Mr. Buser stated that Botetourt County is a great place to work, has a great community, and he does not receive many disgruntled calls from parents about teachers. Mr. Buser noted that some of their graduates have jobs before they “walk across the stage to receive their diploma.”

Mr. Buser stated that their needs include salaries, facility improvements as “patching only goes so far,” new boilers at Colonial Elementary and James River High, and a new roof at Lord Botetourt High. He questioned whether monies should be spent on new boilers at Colonial or in building a new elementary school in the Blue Ridge area. Mr. Buser stated that the schools are asking for the County’s help to fund teachers’ salaries to attract the best teachers and make these facility improvements.

After discussion, Mr. Buser stated that the southern end of the County is growing and the school system needs teachers. He also stated that they have Spanish-speaking students at Greenfield Elementary which necessitates an “English as a Second Language” teacher, school nurses are needed, and other new positions. Mr. Buser stated, however, that if the funding is not there, they will make do with what is received.

After discussion, Mr. Buser stated that if the Board “gives him (funding for) salaries and buses and they will talk facilities (improvements) in the future.”

Mr. Williamson stated that, based on comments received from the other Board members, he does not believe that the Board wants to increase the budget deficit in FY 17. He noted that the difference in funding 2% raises either as of July 1 or December 1 is \$130,000.

Mr. Martin stated that “anywhere we can save, we need to do so.”

After questioning by Mr. Williamson, Dr. Austin stated that the State funding for their portion of the teachers’ salary increases will be available as of December 1.

Mr. Williamson stated that if the 2% salary increases are delayed until December 1 then the County would be funding these increases for seven months instead of a full year.

After questioning by Mr. Williamson and Mr. Leffel, Mr. Busher stated that the school system will begin the process of signing teacher contracts for the next school year in May.

Mr. Williamson then stated that the Supervisors could have another full budget committee meeting to discuss the budget and review funding scenarios based on the amendments discussed at this meeting or the Board could direct the Budget Subcommittee to finalize the budget for advertisement of a public hearing based on tonight's comments.

After discussion, the Board agreed that the 2% salary increases would be funded effective December 1, 2016, include funding for the Code Enforcement Officer position and the Sheriff's requested road deputy position, and budget for 6 career Fire/EMS staff to be located at Troutville.

After questioning by Mr. Dodson, Mr. Ferguson stated that these new career staff could be hired within 60 days as these positions would probably be filled with current part-time staff who have already passed background and physical fitness tests. It was suggested that the filling of these positions be staggered. After further questioning by Mr. Dodson, Mr. Ferguson stated that it would cost \$366,000 in salaries and benefits to fund these six positions. He further noted that the County is "shoring up" where possible in call response with volunteer units.

Mr. Williamson suggested that \$350,000 be budgeted for the new Fire/EMS career staff.

After further discussion, the Board agreed to delay consideration of the air truck purchase until FY 18 and remove the ambulance chassis remount from the proposed budget request, delayed consideration of the part-time Parks and Recreation position for another year; and designated \$1.5 million in new funding for the Schools with the understanding that the amount could be reduced after the budget public hearing.

After questioning by Mr. Martin, the Board decided to advertise a real estate tax rate of 79¢ and \$2.76 for the personal property tax rate.

After discussion, on motion by Mr. Leffel, seconded by Dr. Scothorn, and carried by the following recorded vote, the Board authorized the Budget Subcommittee to review the draft advertised budget after incorporation by staff of the amendments discussed at this meeting and to finalize a budget and tax rates for advertisement. (Resolution Number 16-03-23)

AYES: Mr. Williamson, Mr. Dodson, Mr. Leffel, Dr. Scothorn

NAYS: Mr. Martin

ABSENT: None

ABSTAINING: None

After questioning by Mr. Williamson, Mr. Larowe stated that he will discuss what tax rate Apex Clean Energy included in their financial calculations for the new wind farm in northern Botetourt County. It was noted that the current Machinery and Tools tax rate is \$1.80.

Regarding a tax rate for motor homes, Mr. Zerrilla stated that the impact on the loss of revenue resulting in the reduction of the personal property tax rate for motor homes would be approximately \$300 per 1¢ decrease. He noted that reducing the personal property tax rate from \$2.63 to \$1.50 for motor homes would be an approximate \$35,000 loss of revenue.

After discussion, the Board, by consensus, stated that motor homes should be taxed at the personal property tax rate and if the Board decided to reduce this rate after the budget public hearing, they could do so.

After discussion, it was noted that the Budget Subcommittee would meet on April 7 or April 8 to review the revised budget which incorporates the changes discussed at this meeting. It was noted that the Supervisors have to approve a School budget allocation by May 15.

There being no further discussion, the meeting was adjourned at 7:45 P. M.