



WORK SESSION MINUTES
BEDFORD COUNTY BOARD OF SUPERVISORS
BEDFORD COUNTY ADMINISTRATION BUILDING
FEBRUARY 4, 2013

5:00 P.M. – WORK SESSION

Board of Supervisors: Steve Arrington, Chairman – District 5; John Sharp, Vice-Chairman, District 4; Bill Thomasson, District 1; Curry Martin, District 2; Roger Cheek, District 3; Annie Pollard, District 6; Tammy Parker, District 7

Staff: Frank Rogers, Carl Boggess, Susan Crawford, Krystal Hulette and Brigitte Petersen

Chairman Arrington welcomed everyone to the meeting and turned the meeting over to Mr. Rogers.

Mr. Frank Rogers, Interim County Administrator, said the purpose of this evenings meeting was to give the Board a snapshot of the expected revenues for the coming fiscal year. He reviewed the budget schedule with the Board and then moved on to a PowerPoint presentation illustrating anticipated revenues and impacts from the City's reversion.

Mr. Rogers began his review of revenues with local revenues and budgeted numbers from 2008 to the present date to show that the lion's share of local revenues come from General Property taxes, as well as from things like sales and use, meals, etc. He said the figure for "recovered costs" will shrink significantly once the City reverts and is no longer paying into those line items. He pointed out the "use of money" category (interest) will not be the source of revenue it was in years past, as it has dropped from being in excess of \$1 million down to perhaps \$400,000.00.

Mr. Rogers then moved to projections for the coming year. Property taxes are projected to go from a little more than \$52 million in the current budget year to almost \$57 million in FY 2014; sales and meals, etc., also show a small bump up. In a nutshell, local revenues are up about \$4 million due to the properties in the town the County will gain from reversion; without the reversion, revenues would only have grown by about \$800,000.00.

On the Commonwealth side (PPTRA, etc.), it's essentially level, which has been the norm. Mr. Rogers stated that the largest projected decrease of \$400,000.00 is in the category of categorical aid. (These are programs for children who are mandated to receive services. The State gives localities funds to provide these services, but the funds must be matched with local dollars.) This decrease is a reflection of CSA funds that used to come to the City; but will not flow to the County following reversion.

In response to a question from Supervisor Thomasson, Mr. Rogers stated the additional funds from the City's CSA funding would be included in the 2013 budget, but not in 2014 as they would no longer be receiving those funds from the State. Ms. Susan Crawford, Director of Fiscal Management, stated some funds will be coming in, but at this point we are still waiting for guidance from the State regarding the matching funds the County will need to come up with.

Mr. Rogers continued the discussion highlighting some of the reversion impacts. Chairman Arrington voiced his concerns over the State's budget; Mr. Rogers concurred that the amendment language regarding reversion funds for localities is unsettling as the Senate Finance Committee is recommending \$5.5 million instead of the anticipated \$6 million. On top of that, there is language regarding the period of time the money would flow to the County and the rate at which it would be calculated. Mr. Rogers suggested getting in touch with Senator Newman, who serves on both the Education and Finance Sub-Committees, to communicate the urgency of this issue.

Federal revenues will also be level funded and are generally linked to expenses through Social Services.

Mr. Rogers concluded by stating that when the projected revenues that were summarized this evening are totaled, this amount increases to \$88,061.00. He reiterated that virtually all of the projected increase is from revenue generated from the reversion. When the FY09 recession took hold, revenues dropped and remained relatively level. With the FY14 inclusion of town property taxes, revenues will be up notably over past years, but it's important to remember that what has been discussed this evening is just the revenue side of the equation. He reminded the Board of some of the expenditures that will have to be taken into consideration, which included the following:

- Of the \$4,421,427 in additional revenue, approximately \$4,000,000 is related to town property taxes
- Remember that last year the County utilized \$5,000,000 from Fund Balance to fund schools and CIP
- The City historically provided local funding for schools approximating \$2.5 million
- Health Insurance Increases are currently projected at 14% or approximately \$500,000
- State proposed 3% Raises: each 1% approximates \$185,000 to the General Fund: \$555,000

Mr. Rogers asked that the Board get any budget requests they may have to him as soon as possible so they can be incorporated into the draft budget document that will be presented to the Board.

In response to a question from Supervisor Pollard, Mr. Rogers stated that the percentage an employee pays towards their health care varies depending on the plan they have. She said she would be in favor of employees paying the larger percentage instead of the County, but offsetting it with a raise.

As an example of other things for the Board to consider, Mr. Rogers said there is a request for an apparatus from Public Safety and the elimination of the City-County contract for fire services, as well as a new funding mechanism for how to deal with agencies and the fact that the volunteer community is getting anxious about the funds available to them from the CIP.

He said at the staff level the areas of emphasis are Public Safety, Education and Economic Development as top priorities, and asked what else the Board would request staff to focus on.

Supervisor Martin suggested every department cut 5% from their budget. Mr. Rogers said it would be better for the Board to direct staff with priorities to balance the budget, so cuts can be made where possible and increase given when really needed. For example, some departments could possibly handle a 7% decrease, while another may need a 2% increase; it needs to be look at on a department-by-department basis.

Supervisor Martin said we've lost so many volunteers in Fire & Rescue due to the training requirements – too much is being asked. Mr. Rogers said the training requirements are from the State, and they definitely are an impact. He said we have heard from volunteers who have asked for more training, so we need to look at what we can do locally to address that issue.

Chairman Arrington said the Board needs to see the real net gains versus losses from the reversion, the real expenditures and what it means. What is the revenue from building permits and improvements? Reassessments are coming up again, and that is also an unknown with regard to the impact on future revenues.

Mr. Rogers mentioned that on building permits, this is an uptick projected there of around \$50,000.00. When the expenditures are covered in the work session on February 25, it will include any impacts from the reversion.

Supervisor Thomasson voiced his concern that the town's infrastructure will have on the County's CIP. Mr. Rogers replied that the town would still be responsible for their infrastructure expenditures, not the County. Town residents will be able to avail themselves of the County services and programs, since they will now be County residents, but sidewalks, lights, etc. will be dealt with by the town council.

Supervisor Pollard asked Krystal Hulette, Youth & Family Services Manager, if she knew how her office's workload compares to the City's. Mrs. Hulette replied that she already handles the City

workload, so that will not create a change for her after reversion. Mrs. Pollard asked if this meant that Mrs. Hullette's office would continue to do the work while losing much of the City funding; Mrs. Hullette responded in the affirmative.

Chairman Arrington said the problems start at the Federal level, which in turn create funding issues for the State which naturally become problems for the localities.

Mr. Rogers agreed, and said we're doing everything we can to keep our heads above water. He stated the health insurance piece is bringing forward costs that will have to be factored into our renewal. In response to a question from Supervisor Thomasson, Mr. Rogers said the driving force behind our health insurance increases is our claims; the County incurs significant costs against what is paid into the system. Chairman Arrington said he knew staff was taking measures to try to keep the costs down, such as participating in the Wellness Program, but it's just reached a point where he's not sure what else we can do.

There followed a brief discussion between Mr. Rogers and members of the Board regarding the various ways Federal and State issues are affecting the localities. Chairman Arrington then asked if any Board members had budget requests for staff.

Supervisor Pollard said she is opposed to the Schools using any of the reversion money for the schools operations as they have requested. She said when this was discussed with the School Board earlier; both Boards had agreed the money should go into CIP to assist with funding the construction of a new school as required by the reversion agreement. Mr. Rogers said this will be a weighty consideration for the Board, as last year the Schools were given money from fund balance, as well as revenues from the City. Neither of these resources is available to the schools this year. In response to a question from Supervisor Sharp, Mr. Rogers confirmed that, as he understands the Board's direction to staff, revenues from the City that will now come to the County will in turn flow to the schools to replace the funds they used to receive directly from the City. Chairman Arrington said there are really only two options – more money needs to be found or cuts need to be made by the schools.

There being no other comments from the Board on the Budget, Chairman Arrington asked if there were any other closing remarks before he adjourned the meeting. Supervisor Pollard said she does not favor regionalizing the libraries, so she's not sure the Board should still be scheduled to meet with Ms. Bias, Library Director, to discuss that issue. Mr. Rogers replied that the last time the Board met with Ms. Bias, she asked for more time to work out some details on regionalization with her Board, and the Supervisors agreed to that. It's become a question now of whether to hire a contracted director when Ms. Bias retires, and then not keep them on contract if we don't end up going with a regional library, or simply hiring Ms. Bias' replacement since one will be needed regardless of whether the libraries stay the way they are. It's really up to the Board.

Supervisor Sharp said he is not a big proponent of regionalism unless cost savings can be realized. Mr. Rogers said regionalism can sometimes realize some economies of scale, but some things are rightly local; we have good reason to at least hear what the libraries have to say and then evaluate the situation for its advantages, in spite of the fact that we are cautiously skeptical for the proposal. It depends on how it's structured and where the savings lie. Chairman Arrington asked the Board whether they still want to meet with Ms. Bias; the consensus of the Board was to keep the meeting on the schedule.

Chairman Arrington stated that within the next 15 days the Board of Supervisors will hold a meeting for the sole purpose of interviewing candidates for the position of County Administrator; the entire meeting will be a closed session. He asked that the Board members need to give questions for the candidates to Attorney Boggess before they left this evenings meeting.

The meeting adjourned at 6:04 p.m.

Chairman