



**MINUTES – JOINT MEETING**  
**BEDFORD COUNTY BOARD OF SUPERVISORS**  
**AND THE BEDFORD COUNTY SCHOOL BOARD**  
**SCHOOL BOARD OFFICE**  
**MARCH 17, 2014**

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**Board of Supervisors:** John Sharp, Chairman – District 4; Tammy Parker, Vice-Chairman – District 7; Bill Thomasson – District 1; Curry Martin – District 2; Steve Wilkerson, District 3; Steve Arrington – District 5

**Absent:** Annie Pollard – District 6

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**School Board:** Gary Hostutler, Chairman – District 4; Julie Bennington, Vice-Chairman – District 5; Richard Downey – District 1; John Hicks, Jr. – District 3; Kelly Harmony – District 6; Kevin Willis – District 7

**Absent:** Jason Johnson – District 2 (*joined the meeting via conference call*)

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**School Office Staff:** Doug Schuch, Schools Superintendent; Randy Hagler, Chief Financial Officer; Sherry Ratliff, School Board Clerk; and Edward Hoisington, Director of Technology and Media

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**County Office Staff:** Mark Reeter, County Administrator; Frank Rogers, Deputy County Administrator; Carl Boggess, County Attorney; Susan Crawford, Director of Fiscal Management; Brigitte Petersen, Executive Assistant

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**1. Opening: 5:30 p.m.**

- a. Call to Order
- b. Approval of Agenda

**2. Budget**

- a. Presentation of FY2015 Budget and Associated Information

**3. Discussion**

a. Discussion of the FY2015 Budget

**4. Adjourn**

Board of Supervisors Chairman John Sharp called the Board of Supervisors to order.

School Board Chairman Gary Hostutler called the School Board to order, and called for a motion to approve the agenda; the motion was made by Mr. Willis, and seconded by Dr. Hicks; motion passed by acclamation.

Chairman Sharp called for a motion to approve the agenda; the motion was made by Supervisor Arrington, and passed by acclamation.

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Chairman Hostutler addressed the Boards with a presentation of the FY2015 School Division Budget. He began with an overview of the education challenges facing the schools in student learning and parent and family support, and then covered the plan to improve mathematics. He noted that their proposed budget includes a position for a dedicated mathematics supervisor. Chairman Hostutler stated that the Personalized Learning through Technology program, which will provide all 9<sup>th</sup> grade students with either a laptop or a tablet, will be an important step in bringing the technology available to students up-to-date, as well as personalizing the learning experience to help students be successful in college and future careers. Chairman Hostutler stated that the Schools need to increase their Internet bandwidth in order for this program to be successful. He commented that as students use the tablets or laptops, they will less frequently use textbooks, and commented that this will also save money.

Chairman Hostutler then reviewed the impact of the State budget on the Schools, noting that they are anticipating a net reduction of \$682,000 to the School budget due to increased State-mandated contributions to the Virginia Retirement System (VRS). He explained the major expenditure changes from the previous fiscal year, noting increased health insurance costs were a contributing factor in addition to the focus on improving mathematics, improving technology and the increased VRS contributions.

Chairman Hostutler stated that their budget proposes a 1% increase to assist their employees in covering health insurance costs, noting that the Schools would need \$2.2 million in additional funds just to maintain the health insurance. The School Board has proposed eliminating 19.5 teaching and administrative positions to save \$1.1 million. He then turned the meeting over to Mr. Kevin Willis for a review of the Schools Capital Improvement Projects (C.I.P.).

In response to a question from Supervisor Arrington, Chairman Hostutler stated that the 7.5 positions being added will add \$500,000, while the elimination of the other 19.5 positions would save \$1.1 million.

Mr. Willis gave a brief overview of the school facilities maintenance list through the year 2022, with an average of \$1 million per year in roofing, tank storage, HVAC and other necessities needing upgrades or replacement. He said the School Division plans to pay for these items with cash instead of trying to do any type of borrowing. Mr. Willis noted some of the needs are a result of the recent efficiency audit, such as improving accessibility. He stated that the revenue structure has been negatively impacted by changes to the Local Composite Index (LCI) and gave the Board a brief historical comparison of funding in 2009 versus 2015. Mr. Willis listed some of the actions taken to reduce costs, such as 140 less full-time employees, reduced employee benefits, delayed maintenance, increased class sizes and a change in school start times. He concluded by stating that the School's local funding request was for \$42.9 million, with \$41.7 million going into the operating fund, \$1 million for the maintenance fund and \$200,000 for the textbook fund. Mr. Willis noted that the majority of the requested increase is needed to cover the VRS contributions and employee health care costs. He then turned the meeting back over to Chairman Hostutler.

Chairman Hostutler covered the impacts the Schools anticipate if the budget is not funded, and noted that education is an investment, not only in our children, but also in our community. He commented that having strong schools helps economic development and property values.

In response to a question from Supervisor Martin, Chairman Hostutler said that he felt the most important part of a child's education came from the teachers. Supervisor Martin concurred, and said it seemed that more emphasis was being given to everything except the teachers.

Chairman Hostutler said he understood what Supervisor Martin was saying, but noted that the old-fashioned method of a teacher teaching with a chalkboard simply isn't enough to prepare children for their future in an increasingly technological world.

There followed a question and answer session between the School Board, School staff and the Supervisors regarding various aspects of the funding numbers, issues and needs presented earlier in the meeting.

Chairman Sharp stated that until the Board has more details, it is not possible to make a responsible determination regarding what to build for a new school. He commented that the Board of Supervisors does not take raising taxes lightly, which is why the Board does not want to commit to a final decision at this time.

Chairman Hostutler commented that it was important to know the expectations and anticipated funding of the Board of Supervisors so money isn't wasted investigating construction options that are not going to be approved by the Supervisors. In response to questions from Supervisor Arrington, Chairman Hostutler stated that all contingencies on the proposed school location have been satisfied and they have closed on the property. Educational specifications won't be requested from M. B. Khan until it is

determined what type of school is going to be built. There followed a brief discussion between the two Boards regarding the new school construction and the School Division's proposed budget.

Chairman Sharp noted that the money for the debt service for the new school still hasn't been identified and, with the increased funding the school is asking for, they are looking at nearly \$10 million in increased funding. He said we are now dependent on funding from the State that we know is not going to be available indefinitely. Chairman Sharp said \$10 million is roughly a 15¢ tax increase (if we didn't have the reversion funding).

Chairman Hostutler stated that the non-local funding is really impacting the Schools, and noted that they are getting much less money from the State for the same number of students.

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Chairman Hostutler called for a motion for the School Board to adjourn; the motion was made by Mr. Willis and seconded by Mr. Downey; motion passed by acclamation.

Chairman Sharp called for a motion for the Board of Supervisors to recess for dinner; the motion was made by Supervisor Thomasson, and passed by acclamation.

Joint meeting adjourned at 7:03 p.m.

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The Board of Supervisors moved to the County Administration Office for dinner, and then reconvened in a work session at 7:37 p.m.

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Chairman Sharp called the work session to order and turned the meeting over to County Administrator Mark Reeter.

Mr. Reeter reviewed the schedule for the remaining budget work sessions, and noted that this evening's meeting would focus on the final balancing of the budget.

Mr. Reeter distributed an updated General Fund and C.I.P. sheet to the Board, pointing out the changes staff has made in order to balance the budget. He stated that there is currently \$113,000.00 in unallocated funds.

At the request of Supervisor Wilkerson, Deputy County Administrator provided an explanation of how the VDOT Revenue Sharing program works. There followed a brief discussion between staff and members of the Board regarding the proper use of Revenue Sharing and potential projects in the upcoming year.

In response to a question from Chairman Sharp, Mr. Rogers said there will be \$800,000.00 for apparatus if the budget is adopted as currently presented.

Mr. Rogers reviewed with the Board the remaining budget work session schedule and advertising deadline. He noted that revenues are projected at \$1,720,908 less than the current fiscal year and briefly

outlined the impacts expected to reduce revenue. Expenditures, after working in all staff proposed adjustments, leaves a remaining deficit of \$141,484.

Mr. Rogers stated staff is suggesting reducing the General Fund expense for employee health insurance by \$84,500, and reducing the proposed transfer to the Contingency Fund by \$56,984, which would bring the deficit to \$0 and balance the budget.

Mr. Rogers then reviewed the process staff followed to arrive at the health insurance numbers, noting that they are suggesting requiring all employees to contribute to insurance and implementing premium increases for several tiers of the plan. He commented that our rates are not being increased this year by our insurer, so these additional steps will result in savings for the County and result in the County being in a better position against a cost increase in the future. There followed an explanation by Mr. Rogers and Mr. Reeter regarding the current insurance premium payment structure versus what is being proposed for FY2015. There followed a question and answer session between staff and members of the Board regarding various aspects of the employee insurance, and the structure of the premium tiers and contribution strategy in the different plans being offered.

Mr. Rogers concluded his presentation by stating the proposed budget does not utilize any Fund Balance, and does not include any new taxes or fees.

The conversation moved to the costs involved in the need to expand the landfill in the next four or five years, with Mr. Reeter noting that another option would be to use a removal company to ship solid waste to a facility outside the County. He stated that the County should be looking at flowing, at a minimum, approximately \$500,000 into the Solid Waste Fund every year in preparation for this expense in 2018 or 2019, which is roughly .65 of a cent added to the tax rate. Mr. Reeter said that by adjusting the commercial tipping fees, another \$140,000 could be raised for this fund. For fire apparatus, again with raising \$500,000 as the goal, another .65 of a cent would be needed on the tax rate. For the School's operating costs, it's another 5 cent increase, which comes to a total of 6.3 cent increase needed on the tax rate to meet these revenue needs.

Mr. Reeter estimated that, in 2016 or 2017, the continued increases in operational costs for the School Division will likely require another 2 cents to the tax rate. Addressing the many needs in the General Fund for the County comes in at approximately \$750,000, or an additional penny in the rate. Other capital improvements could come in at around \$1.5 million, which equals about 2 cents.

Once we reach 2017 and 2018, Mr. Reeter stated the County will be looking at building a school for a yearly debt service estimated at \$3.5 million, which is approximately 4.5 cents. Mr. Reeter stated that, broadly speaking, in the next four to six fiscal years these are all things the County will be wrestling with and are not supportable by the current revenue streams.

There followed a discussion between staff and members of the Board regarding the need to increase revenue, with some Board members voicing their opposition to a tax increase and others stating that they don't know how an increase can be avoided given the needs of the County and after not increasing the rate for over ten years. Supervisor Arrington suggested instituting a temporary yearly flat fee of \$20 per household which would be set aside for specific projects and needs.

Chairman Sharp requested, and received, consensus from the Board for support of a resolution requesting Governor McAuliffe to decouple Medicare from the rest of the State budget before the budget is approved. It was agreed to call a special meeting to formally pass this resolution at the next work session.

The Chairman asked staff to research the yearly fee to raise funds, as suggested earlier in the meeting.

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**Supervisor Martin made a motion to adjourn the meeting, which passed by acclamation at 9:26 p.m.**