



MINUTES

BEDFORD COUNTY BOARD OF SUPERVISORS

BEDFORD COUNTY ADMINISTRATION BUILDING

MARCH 19, 2014

5:00 P.M. CALLED SPECIAL MEETING

- (1) Consideration of a Resolution urging the Governor of Virginia and the Virginia General Assembly to timely pass a clean budget. (*Resolution #R031914-01*)

WORK SESSION

- a. Budget Discussion
b. Consideration of April 10 meeting date for VDOT's Six-Year Secondary Road Plan

Adjourn

5:00 P.M. – WORK SESSION

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; and Annie Pollard, District 6*

**Arrived at 5:06*

Staff Present: Mark K. Reeter, Frank J. Rogers, Susan Crawford, Ricky Gardner, Krystal Hullette and Brigitte Petersen

Chairman Sharp called the Special Meeting of the Board of Supervisors to order at 5:05 p.m. He noted that the purpose of the Special Meeting was for consideration of a resolution urging the Governor of Virginia and the Virginia General Assembly to timely pass a clean budget. Specifically, the resolution

requests that the issue of Medicaid Expansion be decoupled from budget negotiations. County Administrator Mark Reeter gave a brief overview of the resolution, and then the Chairman called for a motion.

Vice-Chairman Parker made a motion to approve Resolution #R0314-01.

WHEREAS, each year the foremost duty of the Virginia General Assembly is to pass a budget or budget amendments that serve as Virginia's financial blueprint for each fiscal year; and

WHEREAS, Virginia is consistently recognized for its sound fiscal management and budgetary practices as illustrated by its AAA bond rating and the strong bond ratings of many local government divisions throughout the Commonwealth; and

WHEREAS, the County of Bedford is currently in the process of developing and adopting its budget for the upcoming fiscal year; and

WHEREAS, the Bedford County Board of Supervisors relies on the timely passage of a budget to allocate funding to local government services and make policy and hiring decisions for the upcoming fiscal year; and

WHEREAS, the 76,000+ residents of Bedford County depend on county government to provide critical services such as education and public safety; and

WHEREAS, failure to pass a timely budget will result in uncertainty for Bedford County, which receives over 16% of its funding as direct aid from the Commonwealth; and

WHEREAS, the Bedford County School Board relies on the timely passage of the state budget in order to set its budget and make staffing decisions, which includes teacher contracts; and

WHEREAS, interruption of the provision of educational services to county students will have a significant negative impact on students and families, and

WHEREAS, the interruption of public safety services would likely result in the loss of property, serious injury, or loss of life for county citizens, and

WHEREAS, critical mental health services to county residents are provided via funds that flow from the state budget through county, and

WHEREAS, the Virginia General Assembly adjourned sine die on Saturday, March 8, 2014 without adopting a budget for the two year biennium beginning July 1, 2014;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Supervisors of Bedford County, Virginia that the Governor of Virginia and the Virginia General Assembly are urged to pass a budget as soon as practicable to ensure the continued functioning of state and local governments; and, be it

BE IT FURTHER RESOLVED, that the issue of Medicaid Expansion under the Affordable Care Act should be decoupled from budget negotiations and considered in a separate legislative session to facilitate prompt passage of a state budget; and, be it

BE IT FURTHER RESOLVED, that the Board of Supervisors directs its County Administrator to transmit copies of this Resolution to the Honorable Terence R. McAuliffe, Governor of the Commonwealth of Virginia and the members of the Virginia General Assembly so that they may be apprised of the sense of the Bedford County Board of Supervisors in this matter.

Motion passed by acclamation.

Supervisor Thomasson made a motion to adjourn the Special Meeting and convene the work session; motion passed by acclamation at 5:08 p.m.

Mr. Reeter noted that this would be a continuation of the work session from March 17 to finalize the budget and the advertisement of the tax rate.

The discussion began with a review of options for employee health care. Mr. Reeter detailed the four health insurance options, noting that all options would require a greater employee contribution. The tier that previously was fully paid for by the County would also now include an employee contribution. He then turned the meeting over to Deputy County Administrator Frank Rogers.

Mr. Rogers reviewed the process that led to the options before the Board this evening and the differences in the proposed options. He noted that the staff proposal (option 1) was structured to help mitigate the financial impact to the County from rate increases in the future through the employee contribution strategy.

Mr. Rogers and Mr. Reeter then reviewed the details of options 2 through 4, noting that each was the result of suggestions from the Board. There followed a discussion between staff and members of the Board regarding the various merits and negative aspects of each option. The increase in health insurance being faced by the School Division was also briefly discussed. Mr. Reeter noted that the budget was balanced regardless of which option the Board decided on.

Staff received consensus from the Board to continue the employee insurance plan under Piedmont. The Board also agreed to an April 10th meeting date for the VDOT public hearing on the six-year secondary road plan, and to hold a work session prior to that meeting to finish the discussion on the employee health insurance.

Mr. Reeter then moved the discussion to the advertisements for the tax rate and the proposed budget. He noted that the budget is balanced at the current tax rate.

Supervisor Martin stated that a tax increase creates revenue that stays within the County to assist with emergency services, the landfill, etc. He said it's an investment in your own home, your own family, etc. Supervisor Wilkerson concurred, and noted that the needs that the School Division has brought forward come to about \$2 million (not including the insurance portion).

At the request of Supervisor Thomasson, Mr. Reeter reviewed the material from the March 17th meeting regarding the anticipated County needs in the next five years, the corresponding revenue requirements, and the potential impact on the future tax rate. He noted that there are other School capital needs that have been identified but not addressed in the needed revenue projections he just spoke to.

Chairman Sharp noted that it would take 7 cents just to bring in enough revenue to replace the reversion funding (once it has ended) for the schools, based on how the operating costs are built into the School budget based on reversion funding.

Supervisor Pollard commented that she was bothered by the poorly written letters she had received from local high school students regarding the new school. She stated that various funds have been misspent by the School Division, including the reversion money. Supervisor Pollard said it had been the School Board's preference to build a new middle school when this issue was discussed during the reversion process, which is what the reversion funding is for. She also stated the tipping fee at the landfill should be increased to bring in more revenue.

Chairman Sharp said that the County pays a large portion of the tipping fee, so he felt this wouldn't bring in much revenue.

Supervisor Pollard said she liked Supervisor Arrington's idea of a flat fee of \$20 per household per year to assist with new apparatus for Fire and Rescue.

Supervisor Arrington stated he would not support a tax increase, and reiterated his opposition to increasing taxes in the future for the needs outlined earlier by Mr. Reeter. He said the \$20 fee, which would only be assessed in years when the additional funding was needed, is a better business model. He stated that non-essential government must go, and that he will not apologize for not raising taxes or for having a low tax rate.

There followed a discussion among the Board members regarding how the \$20 fee would be implemented.

Vice-Chairman Parker noted that these funds should be earmarked for specific projects, which she feels is a better way to go than a tax increase. She stated that she would not support an increase to the tax rate.

The Board asked staff to gather information on the legality and process of accessing a \$20 fee instead of an increase in the tax rate. Mr. Reeter and Mr. Rogers said it would be looked into and they would get back to the Board with this information as soon as possible.

Supervisor Wilkerson said that while this is a good idea, it does not address the School's needs.

Vice-Chairman Parker said the School's budget has nothing in it to address funding for building a new school, so the Board can't address it at this stage. She noted that the School Board was cautioned by the Supervisors last year to set aside some of the reversion funds for building the new school, but that hasn't happened.

There followed a discussion between the Supervisors to determine how much to advertise for a tax rate. Mr. Rogers reminded the Board that they can adopt a lower rate than is advertised, but not a higher rate. Supervisor Wilkerson expressed his concern that if an increase is not advertised, and the \$20 fee turns out to not be a valid option, the County will be left in a very tight financial situation.

Chairman Sharp voiced his support for the \$20 fee structure, and said he understood the financial situation the Schools have found themselves in. He noted the difficulty the retirement system is causing localities, the increasing insurance rates, and the desire to make employee whole, but he said there many benefits that the public sector gets which are not available to the private sector. Chairman Sharp voiced his opposition to the School's proposition to provide all ninth graders with laptops or tablets, as he feels the actual cost will be significantly more than is estimated. He said that he can empathize with those students who cannot afford such things, but it doesn't seem equitable to him to provide this equipment. He said that children learn best from interested, caring teachers and parents, not technology; we need to invest in our children with our time and experience. He said the fire apparatus and the landfill are real needs that we have to address.

Supervisor Pollard reminded the Board that there is currently \$800,000 in the budget for apparatus.

Chairman Sharp said we have got to extricate ourselves from the dependence on the reversion funds and instead get funds set aside for building the new school.

Supervisor Arrington noted that during the Jefferson Forest Hugh School renovation and expansion project we came in ahead of schedule and under budget, which resulted in seed money for the new school which is being discussed this evening. He said the methods used then for that project will work now to build a new school.

Supervisor Wilkerson suggested a 3 cent tax increase (if the \$20 fee turns out to not be viable), bringing the real estate tax rate to \$.53 per \$100 of assessed value to fund the needs for the landfill and the fire apparatus, as well as funding debt service.

There followed a brief discussion between members of the Board regarding what the advertised tax rate should be, and then the Chairman called for the motion to advertise the rate.

Supervisor Wilkerson made a motion to advertise the real estate tax rate at \$.53.

Voting yes: Mr. Thomasson, Mr. Martin, Mr. Wilkerson and Mr. Sharp

Voting no: Mrs. Parker, Mr. Arrington and Mrs. Pollard

Motion passed.

Mr. Reeter noted that the public hearing on the tax rate and the proposed budget will be held at the Bedford Science and Technology Center on April 7, 2014 at 7:30 p.m.

Supervisor Wilkerson made a motion to adjourn the meeting; motion passed by acclamation at 7:47 p.m.