

At a recess meeting of the Giles County Board of Supervisors on Monday, May 8, 2006, at 6:00 PM in the Giles County Administration Building, 315 North Main Street, Pearisburg, the following were present:

Paul "Chappy" Baker	Chairman (At-Large Member)
Howard Spencer	Vice Chairman (Western District)
Eric Gentry	Eastern District
Barbara Hobbs	Central District
Richard McCoy	At-Large Member
Chris McKlarney	County Administrator
Kevin Belcher	Assistant County Administrator
Rhonda Tickle	Bookkeeper
Susan Kidd	Board Secretary

## **CALL TO ORDER/INVOCATION**

Mr. Baker called the meeting to order.

## **2006-07 BUDGET DISCUSSION**

Mr. McKlarney noted that board members have all received a copy of the requests for the 2006-07 budget. Staff has reviewed these and made recommendations on each line item. On the Constitutional Officers' budgets, Mr. McKlarney recommended level funding, except allowing the 4% raise in salary. The budget proposal also assumes level state funding on revenues. He said he was doubtful that would hold true though. They may see another \$200,000 from the comp board, but the overall budget is \$1,067,000 out of balance. That is the best "guess" he can provide at this point.

### **REVENUES**

In discussing revenues, Mr. McKlarney said the real estate taxes may be a bit higher next year. However, the county is already back to 85% of the assessed value. Also, Mr. McKlarney is not sure what Ms. Chambers plans to do with personal property tax assessments. The board will most likely have to look at changing the rate if she changes the assessment method. He also noted they will lose a significant amount of Public Utility Tax revenue due to the drop in assessed value. Mr. McKlarney said tried to budget revenues fairly conservatively – hoped they would not be more than \$100,000 out. At this point the loss on Machinery/Tools should not be more than \$130,000 – there are some discussions ongoing with local manufacturers that will help that situation. Mr. McKlarney recommended leaving the tax rate as is for now.

Mr. McKlarney said there should be \$350,000 - \$400,000 left from School Board. They are requesting to keep about \$185,000 of that for higher fuel costs and other expenditures. The revenue reimbursement for Social Services is under Public Assistance and those are numbers that we do not have from the state yet. Mr. McKlarney said Ms. Boggs did request a significant increase – about \$300,000. These are for state mandated services. He noted that their budget is level for local funding plus what the state mandates and county has to match. Staff is able to track revenue reimbursements on these now and we are receiving our money from the state on a timely basis.

Mr. McKlarney noted that there are 5 school resource officers – 3 are funded with grants and 2 are paid by the school. The county funded portion is actually in the school board's budget. There is \$30,047 for Commonwealth Attorney reimbursement to the Treasurer – where Mr. Duncan is going to start collecting court costs. That is the exact amount Mr. Duncan has budget on his expenditures for this. Ms. Hobbs asked why we are doing this if there is no extra revenue. Mr. Gentry said he thought there was something more involved – extra revenue for the county – if Mr. Duncan did the collection. Mr. McKlarney said he was not sure – these supplements for collections are used to pay supplements to current employees in the Treasurer's office. Mr. McKlarney also noted that if the board approved the extra personnel requests – even with Compensation Board payments for them – the county is responsible for benefits for these people.

The board discussed possibility of moving the IDA budget out of the General Fund. Mr. McKlarney said originally it was set that way, but previous boards did not want to do that. As long as Mr. McKlarney works for both groups, there is really not a problem. He also pointed out approximately \$100,000 in administration money on the Rt. 724 bridge project. Mr. Belcher noted that the county will have \$26,000 in start-up money to pay inspections, etc. The county should see about \$40,000 of that total in the general fund though. There was discussion on increasing the E911 tax. Mr. McKlarney said he did not know if that would help the county or not since the state will begin collecting and distributing those in the future. Ms. Hobbs said then the Board needs to look at cutting that budget to be more in line with the actual revenues received.

Mr. McKlarney said the estimated total revenue for 06-07 is \$43,761,000.

### **EXPENDITURES**

Mr. McKlarney said the easiest way to work this out is just do a 3% cut across the board for everyone. Ms. Hobbs said that is okay, but the board has been more than fair with the school board over the past few years and she felt they can cut more than some other groups can. Mr. McKlarney said he was referring to cutting 3% of last year's level funding. There are a few areas that haven't been cut to level funding. When it is obvious that line item for essential services (electric, phone, gas, etc.) ran out early in this year, he increased those. Ms. Hobbs said if the school board can afford 12 new positions, then something is wrong. They can afford to cut more than 3%. Mr. McKlarney said it was just difficult for this staff to look inside each department and cut their budget. It is better to ask them to do that. There are also increases in budgets for VRS, which almost doubled this year.

Board of Supervisors: Increases were placed in activities and events category which covers cost of flowers for funerals, receptions for various events, and any other events sponsored by the board. The office supplies and postage category increased because there are more checks being printed and mailed, and the cost of these comes from this budget.

Commissioner of the Revenue: Ms. Chambers' request is based on pro-rating personal property taxes. She is putting together the numbers on revenue stream from doing that. This draft of her budget includes \$80,000 for two people to do the pro-ration. Mr. McCoy said \$80,000 seems to be awfully high for two additional people at that level doing that type of work. Mr. McKlarney said there may be a benefit to pro-rating taxes, but before moving in that direction, the board needs to make sure it is worth the cost.

Reassessment: Mr. McKlarney said this is budgeting for reassessment every 2-3 years. The revenue from the public service corporation tax is passed on a percent of assessment and it has already dropped to 85% from last year. The only way to fix that is to assess every other year. Mr. McKlarney estimated that for every year the county waits to do reassessment, they lose \$80,000 in public service taxes, as well as small amount in real estate taxes.

Land Use: The increase is for part-time help. Ms. Hobbs asked why salaries would increase when it is part-time.

Treasurer: Mr. McKlarney said this budget includes the supplement paid for PSA billing and that is added on top of the salaries. If these were added as spot bonuses, VRS and other items would not increase, but it is being paid as salary. The board asked several questions about the various supplements (PSA, DMV, Twice-A-Year Taxes) for salaries in the Treasurer's office. Mr. McKlarney said he would prefer that Mr. Duncan come in and talk to the board about it. This also includes salary for an additional person. Mr. McCoy said when the board suggested using one of the PSA employees to help out, they were told Mr. Duncan did not have room for another person – but now he is asking for another person. Mr. Gentry said when the board was asked for the supplement, nothing was mentioned about additional salary money. It was indicated they needed an additional person to help out with the work. These supplements are paid to the same people that were already in place. Mr. McCoy agreed that they needed to ask Mr. Duncan directly. He said it is difficult, though, to ask everyone else to cut and then allow another department to add people.

Vehicle Maintenance: Mr. McKlarney said this should be zeroed out – they will have to negotiate with the school board. Ms. Hobbs said the school board did not hire anyone to replace the employee who resigned. The same people that the tax payers were already paying are the same ones there now.

Electoral Board: The board members agreed that Ms. Altizer always keeps her budget very much in line. They asked Mr. McKlarney to increase the assistant for that office to a full-time position. This is a budget that has stayed the same or decreased for several years, so Mr. McKlarney said this is one of those that is difficult to look at for the 3% cut.

Mr. Spencer said before the board asks anyone to cut 3%, he wanted to make sure we have accounted for every bit of revenue possible. Mr. McKlarney said that without a tax increase, the budget is out \$1,067,000. Mr. McCoy asked if he was comfortable with the revenue projections. Mr. McKlarney indicated he was not as there is no real information on revenues from the state at this time. Mr. McKlarney estimated the county may get an additional \$200,000 from the state. There are a couple areas that revenues may be underestimated – taxes by \$100,000, may see more from Compensation Board on Constitutional Officers budgets, Social Services has asked for more Comprehensive Services funding and may get some of that – so total of about \$200,000 underestimated. Mr. McKlarney said he indicated local funds were level, but they do include the state approved 4% increase in salaries so part of that does come from local funds. Using these estimates, the budget is still about \$800,000 - \$900,000 short on the revenue side. Mr. McKlarney said there were some areas of the budget that continuously overspend their budgeted amounts. He has put more money in those up front – particularly in building maintenance area. Mr. McCoy said it did not make sense to budget low on something that they know will have to have more funds to operate.

There was discussion about some Constitutional Officer's supplementing salaries for themselves and/or employees. Mr. Spencer asked if all offices did that. Mr. McKlarney said no – the Sheriff has a supplement for handling Animal Control and that is shown in his budget. The Treasurer's office pays supplements to the Treasurer and deputies for PSA collection, DMV, twice a year tax collection and now for court services. Ms. Chambers does the same for twice a year tax collection. Mr. Gentry said they were not hiring a person to do this extra work though – they are paying the same people that were already there. That is not exactly how he understood when they were asked to give the offices supplements for doing the extra work. Mr. McCoy said essentially they have enough people to do the work, but they are paying themselves more money – more than other departments that do not have the ability to get extra funding to do extra work. Mr. McKlarney said that Mr. Duncan indicated that if he took over court services collection, he would need another person added to his staff. He suggested they ask Mr. Duncan to come and discuss that with the board. Mr. Gentry pointed out that Mr. Belcher's salary has not been supplemented in the past year and he has taken on several extra projects with Rt. 724 bridge and Castle Rock and others. He said when administrative funds come to the county, the money goes into the general fund – not supplements to salaries. Mr. McCoy said if the people are doing more and the money is coming into the department, then it should take less local funds. It does not seem that people should be paid more money just because your department can generate more. Mr. Gentry said if they are still working the same amount of hours, then why supplement that salary. Mr. McCoy said he felt they needed to understand this before making decisions about it. Mr. McKlarney agreed that the constitutional officers should be invited to discuss this.

Clerk of the Court: Mr. McKlarney said he has recommended level funding plus a 4% increase for current employees. Ms. Ratcliff asked for funding for an additional deputy. The Compensation Board may approve those positions, but the county has to fund the benefits. The board did not feel they could justify additional positions in this office. Mr. McCoy asked if they were denying all new positions. The board said they have been to this point. Ms. Hobbs asked when the comp board quit paying VRS, FICA, etc. Ms. Tickle said they have not reimbursed those costs for some time.

Mr. Spencer noted that supplemental money added to salaries also requires additional local funds for VRS, etc. The board really needs to look at those supplements and what they are costing. Mr. McKlarney noted that VRS costs have also increased substantially from 6% to 8.9% of salary.

Commonwealth Attorney: Board agreed with the recommendation of level funding with 4% increase in salaries. At this time, they could not justify adding positions.

Carilion Patient Transport Services: Mr. McKlarney said Giles Rescue will be bringing a proposal to the county to provide this service. They will take a look at that. Mr. Belcher said currently Carilion also pays half of the building maintenance costs that have occurred.

Fire and Rescue: Mr. McKlarney said he increased funding to all fire and rescue groups from \$10,000 to \$15,000. Ms. Hobbs said that increase needs to be pulled out of the emergency replacement fund. She did not feel the board could afford to fund both. Mr. McCoy said what he heard in the meeting was that the departments would rather have it up front than put it in a fund for the future. Mr. McKlarney said the county has an overall good relationship with the fire departments – there are a few that seem to be dissatisfied, but overall they work well with the county.

Maintenance of Building/Grounds: Mr. McKlarney said the \$75,000 in salaries is for the two full time employees. The part-time salary is \$18,000 to assist one of the carpenters while the other is working for Mr. Spencer with Hammering in the Hills. This money has to be in this budget because there is no where else in this budget to pay her from. Ms. Hobbs asked why we need a part-time person if we have two full-time carpenters. Mr. McKlarney said most jobs require two people and if Mr. Blankenship is going to continue to work for Mr. Spencer's group, we need a part-time person. Ms. Hobbs asked who was paying Mr. Blankenship. Mr. McKlarney stated that the county was. Mr. Spencer had been paying the county for Mr. Blankenship until some of his state money dried up. The Hammering in the Hills crew has been currently doing some work for the county to reimburse part of this salary.

Health Department: They requested \$160,000 and have been level funded at \$121,000. Ms. Hobbs said they were told the Health Department was unable to fill the openings, so she did not see any point in putting it in the budget.

Senior Center: Mr. McKlarney noted that \$10,000 was added for Senior Programs. Things are going to get busier out there in the near future. The van has been purchased and the Wellness Center is using for a swim program now.

Community Assistance: Mr. McKlarney stated that James Tyler is on the board of NRV Cares. This group was established to address child abuse problems for Giles County. This county has one of the highest rates of child abuse in the state. This group has been added to the budget for 06-07. Ms. Hobbs said there seemed to be several different groups addressing child abuse and they should consolidate efforts.

Cultural Enrichment: Ms. Hobbs said she would like to see if the board could give additional funding to the Historical Society. Mr. McKlarney said he was working with them to explore moving the Chamber of Commerce office to the museum. The Chamber is functioning, for the most part, as a visitor's center. It would be a better visual place for them at the museum. The Chamber now pays rent for their office and that could better be paid to the Historical Society for a better location. Mr. McCoy said he agreed that he would like to see the Historical Society get more funding and this might be a good way to help them. The board directed Mr. McKlarney to talk to the Chamber and the Historical Society about consolidating into one location. They will hold a decision on this until that discussion takes place.

Cooperative Extension: The request includes funding for a new agent – Consumer Agent and part-time 4-H Assistant. The recommendation is for level funding, but Mr. Lytton will probably want to come and explain his request.

Contingency: Mr. McKlarney said there is currently \$200,000 in contingency. He felt this was the minimum that should be in this fund.

Mr. McCoy asked if Mr. McKlarney was looking for direction from the board on cutting budgets. Mr. McKlarney said he would like their input. Some departments definitely have places to cut. However, there are some who have managed their money over the past several years and not asked for increases, and those budgets cannot stand any cuts. Mr. Gentry said they needed to consider those who were already holding to the low side before they just cut across the board. Mr. McKlarney said the school board needs the supervisors to take some action

on their budget. It was noted that the school board represents over 70% of the budget and it is not possible to get all the necessary cuts out of the remaining 30%.

Mr. McKlarney said he felt the board would have to do an across the board cut. However, he did not want to go out and tell everyone to cut 3 or 4%. Then they come before the board and the board gives it back. Mr. McCoy said he did not see how they could pick and choose who cuts – it has to be done to everyone. Mr. Gentry said then the board needs to be prepared to hold the line when someone comes back and asks for extra. Mr. McKlarney said the problem was that some budgets could not find 4% without cutting into salaries and benefits. He again said he just wanted the board to be prepared when everyone comes in yelling – with the school board the loudest – and hold firm to the cuts.

The board suggested working to get the school budget down first, then see how much across the board they need to cut other departments – maybe that number drops to 2%. There was discussion on asking employees to pay a portion of their VRS retirement. The board felt they would not take that step as long as the school board did not require it of their employees.

Mr. McKlarney said he did not feel the state would have a budget before the end of June. In order to meet advertising deadlines, the county needs to advertise by June 7<sup>th</sup>. The board asked Mr. McKlarney to negotiate a cut to the school board budget and see where that leaves the remainder of the budget. If the county cuts back their request from the school board by \$600,000 that is still less than a 4% cut – that would be about \$900,000.

No further business was introduced. Mr. Baker adjourned the meeting until the recess meeting scheduled for Thursday, May 18, 2006, at 6:30 PM in the County Administration Building.

APPROVED:

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Chairperson

ATTEST:

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Clerk