
Regular Meeting, Wednesday, December 12, 2012, 7:00 p.m. Government Center, Verona, VA.

PRESENT: Tracy C. Pyles, Jr., Chairman
Jeffrey A. Moore, Vice-Chairman
David R. Beyeler
David A. Karaffa
Marshall W. Pattie
Michael L. Shull
Larry J. Wills
Timmy Fitzgerald, Director of Community Development
Jennifer M. Whetzel, Director of Finance
Patrick J. Morgan, County Attorney
Patrick J. Coffield, County Administrator
Rita R. Austin, CMC, Executive Secretary

VIRGINIA: At a regular meeting of the Augusta County Board of Supervisors held on Wednesday, December 12, 2012, at 7:00 p.m., at the Government Center, Verona, Virginia, and in the 237th year of the Commonwealth....

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Chairman Pyles welcomed the citizens present.

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Emily Leary, a sixth grader of Stewart Middle School, led us with the Pledge of Allegiance. Emily enjoys writing, drawing, reading, sports and computer animation.

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Tracy C. Pyles, Jr., Supervisor for the Pastures District, delivered invocation.

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SHENANDOAH VALLEY AIRPORT UPDATE – PRESENTATION

The Board received a PowerPoint presentation from Greg Campbell, Executive Director, of the Shenandoah Valley Airport. The following high-lights were provided in the PowerPoint presentation:

VA Airport System Economic Impact Study

- As a whole Virginia's 66 public-use airports:
 - Produced \$28.8 billion in overall economic activity (4.4% of state's total economic output)
 - Generated \$11.1 billion in payroll
 - Created 259,000 jobs (nearly 5.5% of total jobs)
- Every \$1 spent at a VA airport contributes an additional \$3.48 in economic activity in VA
- On a daily basis over 6,000 aircraft take off from or land at Virginia airports
- Each day approx. 23,000 visitors arrive in the state by commercial airline or general aviation aircraft
- Specific yearly impact by Shenandoah Valley Airport:
 - SHD creates approximately 250 jobs
 - Payroll for those positions totals near \$7 million
 - Total economic activity generated by SHD equals over \$26 million per year

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SHENANDOAH VALLEY AIRPORT UPDATE – PRESENTATION (cont'd)

Silver Airways

- Saab 340Bplus has a reliability rating greater than 99% throughout 14 million hours of flight time.
- State of the art with superior cabin class service, more leg room, larger overhead bins for carry-on storage and Active Noise Control.
- Burns 60% less fuel per hour than a 70 seat regional jet.

Less Than Daily Air Service

- Fairly new model gaining popularity in past few years
- SHD began meeting with airlines to propose this type of service in 2009
- Link travelers in smaller communities to popular leisure destinations
- Typically offered at low cost

Why Shenandoah Valley?

- Study in 2011 revealed Orlando is #1 leisure market for residents of this area
- Steady increase in passenger traffic from SHD
- Large area to attract passengers
- Reverse tourism opportunities

Frontier Airlines

- Announced 8/16, Service begins 11/20
- Three direct flights per week (Tues, Thurs/Fri & Sun) to Orlando International (MCO)
- LOW fares –beginning at \$66 each way
- Operated on an Airbus 319 – 138 passengers
- Flights can be booked now!
- Wholly owned subsidiary of Republic Airways Holdings, Inc. with primary base of operations in Denver, CO
- Employs more than 5,500 aviation professionals
- Operates 350+ daily flights to 80+ destinations in the US, Costa Rica, the Dominican Republic, Jamaica and Mexico
- Served over 14.9 million passengers in 2011

Preparing for Launch of New Service

- Parking Lot Expansion – 150 additional spaces
- Baggage Claim Area Expansion
- Additional Equipment
- Additional Staff Hired by Frontier Airlines

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SHENANDOAH VALLEY AIRPORT UPDATE – PRESENTATION (cont'd)

Reverse Marketing Mission - Orlando

- First Trip – 11/29 to 12/2
 - SHD & Augusta County
 - Travel agency visits
 - Display & giveaways at Peter Glenn Ski & Sports
 - Co-op Advertising
- Future Trips in 2013
 - Greater Augusta Regional Tourism
 - Shenandoah Valley Travel Association
 - Harrisonburg/Rockingham County

Additional Reverse Marketing Ideas

- Advertisements in Orlando International Airport (MCO)
- Event sponsorships in Orlando metro area
- Host Orlando-based travel writers
- Television & radio ads/ promotions

Mr. Karaffa thanked Mr. Campbell for his report.

Mr. Campbell noted that getting Frontier Airlines’ flights between here and Orlando, Florida was an important development. He said that Passenger service has grown, which has been driven mainly by the service of United Airlines. “The new flights should open up Augusta County and the Shenandoah Valley to ‘reverse’ tourist traffic for people in Florida who might want an alternative vacation destination.”

Mr. Moore asked if most of the flights were going out of Augusta County. Mr. Campbell noted that inbound traffic from Orlando was booked heavier than expected.

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MATTERS TO BE PRESENTED BY THE PUBLIC

Cindy Kiser, of North Augusta Farmers’ Market, thanked the Board for its support. She felt that the Market had a wonderful year due to the help of John McGehee, Dennis Burnett and Pat Coffield.

Mr. Moore asked how many vendors participated. Ms. Kiser said that it varied; at the peak, there were approximately 13; at the lowest, approximately 8. She added that there were 20 vendors at the “Special Market” last week (December 5th).

Mr. Shull asked when the Market would open next year. Ms. Kiser said it would be the first Wednesday in April (April 4th).

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December 12, 2012, at 7:00 p.m.

ROBINSON, FARMER, COX ASSOCIATES - AUDIT

The Board:

1. Received a presentation of 2012 Augusta County Comprehensive Annual Report.
2. Considered Financial and Fraud policies.
3. Received a presentation on GASB 67/68 Statements regarding changes in VRS reporting.
4. Considered renewal of audit contract.

1. 2012 AUGUSTA COUNTY COMPREHENSIVE ANNUAL REPORT

James Kelly, of Robinson, Farmer, Cox Associates, gave a presentation of the 2012 Augusta County Comprehensive Annual Financial Report. He commended staff and complimented how well all departments worked together. He noted that an Audit Opinion is included in the audit, which is an unqualified opinion and the best audit opinion that can be given. It basically states that the financial statements are fairly stated, materially correct, and no additional adjustments need to be made. Mr. Kelly highlighted key elements of the audit. He encouraged the Board to read the Management Discussion and Analysis (Page 11-19), which was prepared by the Finance Department, and which gives a narrative of the key aspects of the County's finances for FY12. Mr. Kelly noted that the balance sheet of the County reflects over \$56 million in cash and investments and a fund balance of approximately \$50 million for its Governmental Funds. Of this amount, the General Fund had a balance of approximately \$14.4 million, which is 24% of the General Fund expenditures for the year, \$12 million is unassigned (noting that the Board has not designated those funds to be spent, yet). The Statement of Revenues, Expenditures and Changes of Fund Balance for the General Fund show that the expenditures exceeded the revenues by \$3.7 million this year due to capital projects expenditures increasing about \$8 million over the last year. The notes support the financial statements at the front of the audit.

Patrick J. Coffield, County Administrator, added that The News Leader headline indicated "County Assets were \$3 million less". He stated this "caused him great consternation". For clarification for the media and the Board, he explained the bookkeeping considerations which lead to the "reduced" assets. Mr. Kelly added that the County spent approximately \$15 million on capital projects, mostly schools—Wilson Elementary School. The County only borrowed \$6.6 million this year.

Mr. Kelly pointed out that Note #17 shows how the Fund Balance has been assigned, restricted, or committed. In reference to how well the County has funded its VRS liability, Mr. Kelly noted that, as of June 30, 2012, the County had funded 78% of its liability (noted on Page 66). The evaluation is done every two years. The funding ratio has decreased from last year due to market conditions. Mr. Kelly noted Table 4 and 5, reflects which revenues and expenditures have increased. Mr. Kelly ended by stating, "The County Net Bonded Debt Per Capita continues to be extremely low. On Page 121, Table 12, you can see that, in theory, each resident of the County owes \$894, which is extremely low compared to most localities." Mr. Kelly also mentioned that 6 federal programs were audited with no instances of non-compliance found.

Mr. Karaffa asked what is being calculated as a resident. Mr. Kelly said that was based on the Weldon Cooper report.

Mr. Beyeler moved, seconded by Mr. Wills, that the Board approve the 2012 Augusta County Comprehensive Annual Financial Report as presented.

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ROBINSON, FARMER, COX ASSOCIATES – AUDIT (cont'd)

Vote was as follows: Yeas: Pattie, Karaffa, Shull, Wills, Moore, Beyeler and Pyles

Nays: None

Motion carried.

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2. FINANCIAL POLICY

The Board considered Financial Policy.

Jennifer M. Whetzel, Director of Finance, gave the following PowerPoint presentation:

Financial Policy

- Overview of Board policy for fiscal stability and accountability
- Addresses:
 - Budget calendar and guidelines
 - CIP plan
 - Audit
 - Fiscal Accountability, reporting, expenditure controls
 - Debt

She added that a lot of this policy addresses meeting the Code of Virginia and its requirements by the State for local governments. She noted that the last draft of this policy was dated 1995 and was more procedural. “This adds a lot of the meat that is in the Code of Virginia.” She also used other locality policies as samples. Mr. Coffield added that Mr. Pattie had challenged a year ago that this be changed.

Mr. Pattie moved, seconded by Mr. Karaffa, that the Board approve the Financial Policy, as presented.

Vote was as follows: Yeas: Pattie, Karaffa, Shull, Wills, Moore, Beyeler and Pyles

Nays: None

Motion carried.

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3. FRAUD POLICY

The Board considered Fraud Policy.

Ms. Whetzel gave the following PowerPoint presentation:

Fraud Policy

- Recommended policy be established
- Policy prohibits fraud or misuse of assets
- Sets forth guidelines, responsibilities and actions to be followed for investigation of fraud
- Notification could be extended to reporting via County website

Mr. Beyeler referred to Section 4, (Paragraph 3), and asked that the wording be changed as to being reported to the Sheriff’s Department, Commonwealth’s Attorney and/or County Administrator to “two of these departments”. Ms. Whetzel said that if it were to be set up on the web, that all three departments would get the report automatically.

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ROBINSON, FARMER, COX ASSOCIATES – AUDIT (cont'd)

4. GASB 67/68 STATEMENTS REGARDING CHANGES IN VRS REPORTING (cont'd)

The Offer

- Governor's amendment of SB497 allowed local employers as well as schools to elect the option to pay current VRS rate for 2011-2012 or 70% of the VRS Board-certified rate for 2013-14 (if greater) **OR**
- Pay the rate certified by the VRS Board for the 2013-2014 biennium (12.5%)

COUNTY chose to pay the certified rate.

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GASB 67

Revises existing guidance for the financial reports of most pension plans

VRS will comply with this requirement.

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GASB 67

Effective for financial statements for periods beginning after June 15, 2013

WHICH IS

Fiscal year 2014

* * *

GASB 68

Revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits.

COUNTY will need to comply with this requirement.

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Type of Plan

- Defined Benefit=retirement based on benefit terms
- Defined contribution=pension received based on contributions and income to employee's account

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More Classifications

- Agent employer=County=pooled investments available to only its employees
- Cost-sharing employer=Teacher pool=pooled investments available to pay benefits for any participating employer

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The Requirement

Exhibit 1: Statement of Net Assets (a.k.a. "the balance sheet")

Total Pension Liability OR Value of Future Payments

- Total Pension Assets OR Investments at FMV

= Net Pension Liability OR Unfunded Portion of
Future Payments

Net Pension Liability will be show on Exhibit 1.

Exhibit 2: Statement of Activities (a.k.a. "the income statement")

Pension Expense will be shown on Exhibit 2.

Further Details

Builds upon current **NOTE** disclosures by disclosing:

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ROBINSON, FARMER, COX ASSOCIATES – AUDIT (cont'd)

4. GASB 67/68 STATEMENTS REGARDING CHANGES IN VRS REPORTING (cont'd)

- Descriptive information about the types of benefits provided
- How contributions are determined
- Assumptions and methods used to calculate the pension liability
- Composition of the employees covered by the benefit terms
- Sources of change in the components of the net pension liability for the current year

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New Supplementary Info

Expansion of **SCHEDULES** in audit report:

- 10 years of data
- Source of change in the components of the net pension liability
- Ratios that exist in assessing the magnitude of the net pension liability
- Comparisons of actual employer contributions to the pension plan with actuarially determined contributions requirements
- Cost-sharing employers will present similar RSI

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When?

Effective for financial statements for periods beginning after June 15, 2014

WHICH IS
Fiscal year 2015

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Charts were displayed indicating:

1. the Funded Pension Ratio for VA Localities as of June 30, 2011
2. % Net Assets Available for Combined Pension UAAL for VA Localities as of June 30, 2011.
3. Improving "Structural Balance" – VRS Unwinding one-time Savings from 2010

Effect on Financial Statements

EXH 1	FY12	FY12 with VRS
Pension obligation		
County	\$0	\$ 16,699,482
School	\$0	\$112,046,654
Total	\$0	\$128,746,136
Net assets		
County	\$62,617,705	\$4 5,918,223
School	\$71,918,618	\$(40,128,036)
Total	\$134,536,323	\$ 5,790,187
EXH 2		
Additional Expenditure		
County	\$0	\$1,104,884
School: Non-prof only	\$0	\$ 157,918
Total		\$1,262,802

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ROBINSON, FARMER, COX ASSOCIATES – AUDIT (cont'd)

4. GASB 67/68 STATEMENTS REGARDING CHANGES IN VRS REPORTING (cont'd)

Ms. Whetzel explained that Exhibits 1 and 2 try to get the fund statements into a business perspective. The goal is to provide citizens and other users of the financial report with a clear picture of the size and nature of the financial obligations to current and former employees for past services rendered.

Mr. Karaffa noted that it did not reflect the “lack of funding” on the State level. “It just shows that there is a gap.” Ms. Whetzel agreed and stated that it is going to record the gap based on whatever those past contributions were—whether they were 100% of what the actuarial required or not. She noted that the County’s pool will be separate from the Teachers pool (which is State), which is partially funded by the State and partially by the County. He asked how would this affect when the County would borrow money.

Chairman Pyles referred to the School \$112 million and stated, “I look at the \$16 million for the County and I think, when we look at our assets, our fund balances, we have that

covered. If we want to do something to be stronger, we can do that.” He asked Ms. Whetzel to explain the \$112 million. “Are we, as a County, obliged to spend that money? Are we obliged to pick that up over time?”

Mr. Coffield explained:

This is something that we might want to talk to our legislators because there was a statewide article. The State of Virginia will tell you, ‘yes, it is yours’. What my counterparts in Chesterfield and Henrico County are saying, ‘there is something that is called Standards of Quality and Composite Index’. For example, the State pays 65% of Standards of Quality. Two weeks ago, in the presentation you had, in total School funding, the State pays 53% and we pay 47%. If there is \$110 million shortfall, then the State of Virginia either has to use, to my preference, the Composite Index number, but if that isn’t accepting, at the very minimum, they should be doing a 53%-47% split. But they’re saying, ‘Oh, it’s all yours.’ They reserve the right, in the General Assembly level, to put funds toward the Standards of Quality each year but they may or may not be used for this purpose. I think we need to work with our General Assembly delegation to get a clarification of who is responsible. Is it 100% in Augusta County, or is there a reasonable expectation, on our part, that the State of Virginia will share in that liability? Right now, they are saying all the School Teachers need to be spread out with all the jurisdictions. The School funding is not just Augusta County. We have a State partner. Does the State have a responsibility for that liability? I would say yes. Jennifer is an accountant and she might be sitting there saying, ‘I don’t see that’. The State of Virginia hasn’t really defined it. Two years from now, on the audit, it will be ours. Whether or not the State will help us fund that by increasing funding through the Standards of Quality and through the Composite Index to help offset that increase from that previous. If our rate goes from 8% to 10% or 13%, or whatever, will they help us pay the increase of the VRS fee? That is to be seen. We need to lobby the General Assembly for that purpose.”

Chairman Pyles noted that the County has always sent in what was required. Ms. Whetzel said that was correct—from the County’s standpoint and from the School non-professionals for the Teachers Pool, we haven’t, because the State controls that segment. Chairman Pyles further noted that “VRS does not control us.” Mr. Beyeler added that this money was used to balance the budget. Mr. Karaffa pointed out that future employees will not be a part of the pool. “The ability for those funds to go into the pool to make it more whole is becoming less and less because people will have the option to go into a 401K plan or Defined Contribution Plan instead of the Defined Benefit Plan. This problem is going to get worse even if the State does not fix it.” Chairman Pyles added, “You look at something like that, over 20 years, that’s \$5 million a year. When is somebody going to come to us and say we need to send more money in?” Ms. Whetzel said that would be done in two years, the next actuarial date. Mr. Coffield stated that we were currently at 78%; the Schools could go from 12% or 19%.

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ROBINSON, FARMER, COX ASSOCIATES – AUDIT (cont'd)

4. GASB 67/68 STATEMENTS REGARDING CHANGES IN VRS REPORTING (cont'd)

Ms. Whetzel said currently the Schools are at 11.66%. “That was a significant jump over the prior year.” Chairman Pyles asked what percent represents to fund. Ms. Whetzel said that the School Budget this year was \$7.9 million for VRS (this includes 5% member contribution). Mr. Coffield said that to phase in over six years the full funding of the actuarial \$110 million Teacher shortfall, plus the County’s \$15 million, divided by six, would result in approximately a 31¢ tax rate increase. Ms. Whetzel said that the State is considering a phase option where you could pay 70% of the current rate, and then 80% the next year, and then 90% the following year. Ms. Whetzel said that the State is looking at changing the benefits for new employees coming in. Mr. Karaffa said that if you gave the citizens the ability to choose between Social Security or the government putting something towards a 401K, you would have less people paying into Social Security. Mr. Wills felt that the problem was that the General Assembly can decide what percentage they are going to pay for themselves. Mr. Beyeler expressed his previous concern of using a “surplus” for bonuses. “We got over a \$1 million increase in liability. We did not have a surplus. We had a liability. This Board voted for it. Before you condemn the State, you had better look at what you did.” Mr. Karaffa stated, “We did 100% of what was asked of us to pay.” Mr. Beyeler stated, “What I’m saying is that we still under-funded. If you look at the schedule, we were up at 90% at one time; now, we’re 78%.”

Ms. Whetzel showed a slide presenting the following information:

ASSUMPTIONS AND METHODS

	Board	Governing Body	GASB	Moody’s Proposal
Discount Rate	7.50%	8.00%	6.80%	5.50%
Asset Value	Smoothed	Smoothed	Market	Market
Unfunded Liability				
Amortization period	25 Years	30 Years	n/a	17 years
Unfunded Liability				
Amortization period	Level % of Pay	Level % of Pay	n/a	Level \$

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A “Sample Plan” Chart – Average Funded Pensions Ratio (78%) was displayed. Mr. Coffield pointed out the State Pool is funded at 62%.

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Rating Agencies

- Pension Liability has already largely been factored into Credit Ratings
- Long-term Debt and Pension Obligation is not the controlling factor in ratings:
 - Economic Strength 40%
 - Financial Strength 30%
 - Management & Governance 20%
 - Debt Profile 10%

Source: *Use of Key Indicators in the Government Sector*, Journal of Government Financial Management Fall 2012, Vol. 61, No. 3

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Changes in VRS

- 2010: Created Plan 2 status for new employees (adjusted future benefits)
- 2011: State employees pay member portion, updated JLARC study
- 2012: Plan 1 changes for non-vested employees, Local and school employees pay member portion, phase-in to full funding of actuarial rates over 6 years, created hybrid DB/DC plan for new employees

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ROBINSON, FARMER, COX ASSOCIATES – AUDIT (cont'd)

4. GASB 67/68 STATEMENTS REGARDING CHANGES IN VRS REPORTING (cont'd)

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Our Future Budget Woe

Expect higher VRS rates to assist in closing the “unfunded” gap!

Ms. Whetzel stated, “We’ve been paying as we were supposed to all along. We’ll just have to see how our rates go. VACo may be looking at trying to introduce some kind of legislation to see if the State would pick up any part of the liability for the Teachers Pool.”

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• **Sources:**

- Presentation: Recent VRS Changes and the New Pension GASB Standard, VGFOA Fall Conference, 10/17/12. Panel: Leighty, Churchman, Dowd & Faison
- Presentation: Practical Implications for the New Pension Standards on Virginia Localities, VGFOA Fall Conference, 10/2012, Panel: White & Hughes
- Presentation: Senate Finance Committee
- GASB News Release 6/25/12
- Augusta County CAFR FY12
- Richmond Times Dispatch article 12/9/12

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Chairman Pyles asked if the \$112 million were to be borrowed and paid for, what would the percentage rate then need to be to keep it solid. Ms. Whetzel said it would depend on the market. “If we were to put the \$112 million into the Teachers Cost-Sharing Pool, that doesn’t guarantee it is coming right back at us unless they would carve out that each locality gets their portion in their fund. If we did it on the County’s side, then that’s our money that benefits our employees but the Cost Pool shares all participating localities in the State. There isn’t any guarantee that we would get that back.”

Mr. Coffield said that he supports GASB and to make sure that VRS liability is in the audit. “It should be identified so that the elected Board members actually know what the outside liabilities are.” Mr. Coffield said that the question of salaries being increased has been brought up to him. His response was “Have you seen the VRS liabilities?” “When you see that level of liability, like Mr. Beyeler said, you may want to, but can you afford to? That will be a policy decision for this Board come next March, April and May. Chairman Pyles stated “Here’s the thing. Mr. Beyeler brought up and said, ‘They looked at the numbers. They made the numbers fit to what they wanted it to be. When we were in Richmond last year, we were talking about how much money we were going to have to pay to the Aid of the Commonwealth. One of the legislators said, ‘Well, they’re trying to increase the amount of expected revenue coming back by some percentage. That was just make believe to make that number look better coming down. That’s the problem. They want to make believe on that and then . . . Mr. Coffield sent me today State ‘land preservation’ grant funding awards . . . How can people look at a budget with that many red numbers and give away \$100 million a year to preserve land that is not going anywhere? Nobody will report that. They are wasting our money. Conservative politicians in Richmond, they’re still wanting to get their names in the paper for ‘Oh, look at what I did good!’ Just ignore the back pages there. If we have \$128 million of liability and we paid what we were told to pay every year, they are obliged to help us. They need to cover it, or they need to stop the stupid spending and take care of the necessary things first. I’m so tired of those guys playing games and we get caught by it.”

Mr. Beyeler, with Mr. Pattie, who are on the Audit Committee, commended Jennifer Whetzel, Melissa Meyerhoeffler and Mr. Kelly for the audit.

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ROBINSON, FARMER, COX ASSOCIATES – AUDIT (cont'd)

4. GASB 67/68 STATEMENTS REGARDING CHANGES IN VRS REPORTING (cont'd)

Mr. Beyeler moved, seconded by Mr. Karaffa, that the Board approve the GASB 67/68 statements regarding changes in VRS reporting as presented and the audit contract renewal.

Mr. Wills referred to Page 2 of the audit, "Augusta County enjoys a diversified economy, with manufacturing accounting for approximately 22% of the jobs in the County. Agriculture accounts for less than 1% of the jobs in the County . . ." Mr. Wills explained, "On farm labor, it may account for less than 1%; agriculture does not when you get into all the supporting industries and supporting businesses. We're the second largest agriculture county in the State." He asked that this be revised.

Vote was as follows: Yeas: Pattie, Karaffa, Shull, Wills, Moore,
Beyeler and Pyles

Nays: None

Motion carried.

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ERRONEOUS ASSESSMENTS

The Board considered refunds as certified by the Commissioner of Revenue and approved by County Attorney for the following:

1. Doodle's Backhoe Service, LLC, in an amount of \$2,978.70
2. John Workman General Contr., Inc., in an amount of \$4,079.71
3. Heinrich and Wood Enterprises, LLC ,in an amount of \$4,089.56
4. Weyers Cave Landing, LP, in an amount of \$10,806.24

Patrick J. Morgan, County Attorney, advised that before the Board tonight is a request to refund due to over-assessment in the case of four different corporations. Two of the requests were included in the agenda package – Doodle's and John Workman. Those were cases of companies that failed to file their Business Personal Property Tax statements. When a Compliance Audit was made, it was determined that they were over-assessed. The refunds the Commissioner of Revenue has asked for covers the tax years 2009 – 2012. The request for Heinrich and Wood Enterprises, LLC was attached to tonight's agenda. This is a trucking company that submitted the information so that they could receive the benefit of having the taxes apportioned. Mr. Morgan stated that he has reviewed the statements and noted that they are in order. This is also a refund for the tax years 2009-2012. Weyers Cave Landing request was provided early this morning. This is an apartment complex. The original assessment was done by the Commissioner using costs basis. These are low-income housing and the State Code calls for them to be assessed on an income basis. The adjustments were made and are now seeking a refund for this year's taxes. The Treasurer has asked for the Board to consider these requests so that a check can be cut before the end of this year.

Mr. Wills asked if the last request is in line with the current assessors. Mr. Morgan said the current assessors were involved with the adjustments. Mr. Karaffa felt that their statement of income does not reflect subsidy they receive from the State for low income housing. Mr. Morgan agreed. Mr. Morgan explained that in 2009, the Board endorsed their requests for those and knew that they were established as a low-income housing business. Mr. Coffield explained that the amount had already been paid, and when

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ERRONEOUS ASSESSMENTS (cont'd)

appealed and adjusted, the reimbursement was determined. Mr. Karaffa did not agree with the refund for Weyers Cave Landing.

Mr. Beyeler moved, seconded by Mr. Moore, that the Board approve the refunds as presented.

Vote was as follows: Yeas: Pattie, Shull, Wills, Moore, Beyeler and Pyles

Nays: Karaffa

Motion carried.

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RIVERHEADS VOLUNTEER FIRE DEPARTMENT - SARS

The Board considered purchases associated with Rescue operation at Station.

Funding Source: Riverheads Infrastructure Account #80000-8015-72 \$12,900

SARS	\$ 10,000
Other Expenses	<u>2,900</u>
	\$ 12,900

Fire Chief Carson Holloway asked for direction in regards to the Riverheads Volunteer Fire Department and infrastructure needs that were identified in his memorandum dated December 12th. Chief Holloway, Mr. Shull and Chief Lotts had a walk-through last week. A negotiated price of \$10,000 to SARS (under the heading "Items Included in SARS Negotiated Proposal) was decided upon with the exception of the Time Management System. Items not included, but currently in place at Riverheads, is the Time Management System. Chief Lotts was present to address this issue. SARS has informed the County that they could not take less than \$6,000 for this system, which is two years old. He noted that there are two systems in place in the County at this time. He added that this system is a time-tracking system that can track time for Volunteers and Career. In some versions, you can also do payroll. SARS and WFAC use it to track their Career and Volunteer. Churchville Fire Department has recently installed it to check their volunteers. It can also be tied into the security system. This system has also been placed in Station 10. The Time Management System can be valuable, but working with IT, they have not had time to evaluate it to determine the needs. He reiterated that SARS is asking for \$6,000 for a two-year-old system; in research, it has been determined that a new system would cost \$5,945, which would include a Primoris System (Volunteer times) including computer and upgrades for a Provestus System (track Career times).

Chief Holloway added that additional items needed at Riverheads were a desktop computer to complete reports/manage staff, in amount of \$1,500, and lockers for Staff assigned at Riverheads in an amount of \$1,400, totaling \$2,900.

Mr. Shull felt that staff needed to be taken care of to fulfill the needs of the citizens in that area. He felt that the Time Management System is a valuable tool and may need to be considered for all stations in Augusta County. "With the system put in place, some staff could be alleviated. If we ever get around with paying volunteers an incentive, we can keep track of times on that. We don't want to interrupt service. We need to take care of our obligations here." Mr. Shull noted that his infrastructure account was low and asked if any of the other Board members would assist in funding.

Mr. Coffield noted that tonight's consideration should only consist of the \$12,900 and that Chief Holloway would submit another request in the near future to address countywide needs. Chairman Pyles felt that the whole amount, including the Time

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RIVERHEADS VOLUNTEER FIRE DEPARTMENT – SARS (cont'd)

Management System, needed to be considered tonight. Mr. Moore felt that this system was not available in every station. If this were to be done countywide, it should be considered at a later date. Chief Holloway clarified that if the Board approved the Time Management System tonight, there would be no guarantee of getting the System by January 1st. If the System was done countywide, it could cost as much as \$100,000.

Mr. Beyeler asked that Chief Lotts speak on the benefit of the program. Chief Lotts reported that this system would be good for keeping track of all Volunteers and Career and eliminate paper work. He felt that it was a good tool. It is a good checks and balances system.

Mr. Moore said that he liked the system and felt that it should be countywide. The Board asked that Chief Holloway provide a report in January.

Mr. Pattie questioned the price of the computer. Chief Holloway said that these estimates were provided by the IT Department. Mr. Shull felt that program prices were included in this price.

Mr. Shull stated that many stations have mentioned the paperwork problems and asked Chief Lotts if Riverheads could manage until further discussion for funding. Chief Lotts said they could. Mr. Karaffa felt that this should come out of the General Fund Account.

Mr. Shull moved, seconded by Mr. Beyeler, that the Board approve the request.

Funding Sources:

Riverheads Infrastructure Account	#80000-8015-72	\$ 1,842.86
Middle River Infrastructure Account	#80000-8012-77	\$ 1,842.86
South River Infrastructure Account	#80000-8016-69	\$ 1,842.86
North River Infrastructure Account	#80000-8013-40	\$ 1,842.86
Wayne Infrastructure Account	#80000-8017-78	\$ 1,842.86
Beverley Manor Infrastructure Account	#80000-8011-61	\$ 1,842.85
Pastures Infrastructure Account	#80000-8014-84	\$ <u>1,842.85</u>
		\$12,900.00

Vote was as follows: Yeas: Pattie, Shull, Wills, Moore, Beyeler and Pyles

Nays: Karaffa

Motion carried.

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ROUTE 636 PPTA

The Board considered Comprehensive Agreement for Route 636 and authorization to submit applications for financing of local match.

Timmy Fitzgerald, Director of Community Development, gave the following PowerPoint presentation:

Route 636
Comprehensive Agreement

- Establishes the PPTA Transaction
- Lays out Roles and Responsibilities of the Contractor and the County
- Provides an Option for Termination
- Discusses Dispute Resolution
- Lays out order of precedence if there is contradiction in the contract documents:

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ROUTE 636 PPTA (cont'd)

- Comprehensive Agreement
- Design Build – Contract
- General Conditions of the Contract

- Exhibits to Comprehensive Agreement Include:
 - Definitions
 - Scope of Work
 - Conceptual PPTA Proposal
 - Detailed PPTA Proposal
 - Design Build Contract
 - General Conditions of the Contract
 - Regulatory Approvals
 - Utility Relocation
 - Wetland and Environmental Mitigation

Route 636
Design Build Contract

- Contract Time
 - Current Schedule has Completion - November 2014
- Contract Price
 - Change Order Process
- Allowance Items
 - Stream Mitigation
 - Utility Relocation
- Payment Procedures
 - Retain 5% Until Substantial Completion
- Termination for Convenience
 - Addresses Costs Associated with Termination of Contract if Purely a Convenience to the County
- Bonds and Insurance
 - Performance Bond
 - Payment Bond

Route 636
General Conditions

- Owners' Responsibilities
 - Cooperation
 - Furnishing of Information
 - Coordinating Other Contractors
- Payment
 - Monthly Progress Payments Based on the Schedule of Values
 - Addresses Design Builders Responsibility to Pay Design Consultants and Subcontractors
 - Substantial Completion
 - Final Payment
- Changes to Contract Price & Time
 - Change Order Process
 - Work Change Directives by Owner
 - Contract Price Adjustments May Be Made By Lump Sum or Unit Prices for the Change Order Work
- Disputes
 - Lays Out Process in which Disputes are Handled
 - Requires Design Builder to Continue to Perform the Work During Disputes
- Stop Work or Termination for Cause

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ROUTE 636 PPTA (cont'd)

- Gives the County the Right to Terminate the Contract for Cause or Stop Work
- Also Gives Design Builder Right to Terminate Under Certain Conditions

Route 636
Timeline

12/12/12	Comprehensive Agreement – BOS Authorization to Sign
12/12/12	Crescent Rezoning Decision
01/09/13	Elimination of TIF Resolution
01/09/13	Crescent Surety Release by Bank - \$600,000 County Advance/Loan Agreement
01/09/13	Route 636 TIF Corridor Agreement (New)
01/10/13	Crescent Elimination of TIF with EDA
March/April	Revenue Sharing Local Match Financing

Mr. Fitzgerald noted, as a reminder, that the Revenue Sharing Funding request for \$5.5 million response is expected in March/April. He reported that he has gotten some preliminary information yesterday indicating that they had \$154 million in construction requests throughout the State for Revenue Sharing. This project is categorized as “Tier One Project” which means that it advances a “construction ad date” and is basically in the top priority.

Mr. Moore moved, seconded by Mr. Karaffa, that the Board authorize the County Administrator to sign the Comprehensive Agreement between Augusta County and Branch Highways for Route 636.

Vote was as follows: Yeas: Pattie, Karaffa, Shull, Wills, Moore, Beyeler and Pyles

Nays: None

Motion carried.

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Mr. Moore moved, seconded by Mr. Beyeler, that the Board authorize the Finance Director to move forward in investigation and make application for loans to fund the County’s share of the Revenue Sharing.

Vote was as follows: Yeas: Pattie, Karaffa, Shull, Wills, Moore, Beyeler and Pyles

Nays: None

Motion carried.

Mr. Karaffa asked when ground would be broken. Mr. Fitzgerald said it would be within 30 days.

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ROUTE 636 PPTA (cont'd)

Mr. Coffield reminded the Board that on January 9th, the TIF Corridor Agreement (minus the residential component) needs to be considered. This will be a TIF district; with funds generated from that corridor being placed in a special account to pay off debt. Once it is paid off, the funds could be allocated to the General Fund to be spent as future Boards deem appropriate.

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CRESCENT DEVELOPMENT GROUP, LLC; PONUS RIDGE, LLC; BRUMMY LAND, LLC; AND ORTHO MONKEY, LLC – REZONING

The Board considered a request to rezone from Multi-family Residential to General Business approximately 4.2 acres and to amend and restate the proffers on approximately 139 acres owned by Crescent Development Group, LLC; Ponus Ridge, LLC; Brummy Land, LLC; and Ortho Monkey, LLC located on the south side of Jefferson Highway (Route 250) across from the intersection with Woodrow Wilson Avenue (Route 358) in Fishersville (Wayne District). The Planning Commission recommends approval of the rezoning and approval of the amended and restated proffers, contingent upon the PPTA being signed.

It was the consensus of the Board to keep this item tabled until January 9th.

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DMV ANIMAL FRIENDLY LICENSE PLATES

The Board considered allocation of funds from DMV (\$1,740) to support sterilization programs for dogs and cats. This proposal will carry over to the Department of Taxation contributions of tax refunds.

Mr. Coffield advised in the past, proposals have been solicited from other non-profit agencies to do the spay and neutering. The Board has chosen in the past to select Option 2 and designate specific organizations for funding. He recommended Option 1 this year to allow funding to go to the Shenandoah Valley Animal Services Center to fund sterilizations required as part of adoptions and/or Animal Rescue releases.

Mr. Beyeler moved, seconded by Mr. Moore, that the Board approve Mr. Coffield's recommendation and select Option 1.

Vote was as follows: Yeas: Pattie, Karaffa, Shull, Wills, Moore, Beyeler and Pyles

Nays: None

Motion carried.

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STREETLIGHT REPORTS

The Board considered reports for the installation and/or upgrading of the following streetlights:

1. State Route 1307 (Meadow Run Court) to Lea Drive (Wayne District)
2. State Route 649 along Augusta Farms Road (Scholastic Way Sidewalk Project) (Beverley Manor District)

Mr. Fitzgerald reminded the Board that these issues had been discussed at the last Board meeting where committees had been chosen to view the property. Maps of the property were displayed.

The Committee viewed the location at Meadow Run Court and determined that it meets the Streetlight Policy and recommends approval of the light. Instead of crediting the installation costs using a four-year revenue projection for that specific light, credit is no longer being offered by Dominion Power. The installation cost for this light is \$121.08.

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STREETLIGHT REPORTS (cont'd)

The next viewing was the Scholastic Way Sidewalk Project which is streetlights in conjunction with the Scholastic Way Enhancement Project. The Committee met and agreed that the streetlights were needed and met the Streetlight Policy and recommended approval. The cost associated with these lights is included in the Scholastic Way Sidewalk Project.

Mr. Moore moved, seconded by Mr. Karaffa, that the Board approve the recommendation for Meadow Run Court. Funding Source: Wayne Infrastructure Account #80000-8017-79 in an amount not to exceed \$121.08.

Vote was as follows: Yeas: Pattie, Karaffa, Shull, Wills, Moore, Beyeler and Pyles

Nays: None

Motion carried.

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Mr. Karaffa moved, seconded by Mr. Beyeler, that the Board approve the recommendation for the Scholastic Way Sidewalk Project.

Vote was as follows: Yeas: Pattie, Karaffa, Shull, Wills, Moore, Beyeler and Pyles

Nays: None

Motion carried.

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WAIVERS/VARIANCES – NONE

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CONSENT AGENDA

Mr. Wills moved, seconded by Mr. Karaffa, that the Board approve the consent agenda as follows:

MINUTES

Approved minutes of the following meetings:

- Staff Briefing Meeting, Monday, November 26, 2012
- Regular Meeting, Wednesday, November 28, 2012

CLAIMS

Approved claims paid since November 14, 2012.

Vote was as follows: Yeas: Pattie, Karaffa, Shull, Wills, Moore, Beyeler and Pyles

Nays: None

Motion carried.

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December 12, 2012, at 7:00 p.m.

MATTERS TO BE PRESENTED BY THE BOARD

The Board discussed the following issues:

Mr. Pattie: Attended the United Way ribbon cutting ceremony today. "They're doing good work there."

Mr. Karaffa:

AGRICULTURE INDUSTRY BOARD - REAPPOINTMENT

Mr. Karaffa moved, seconded by Mr. Wills, that the Board reappoint Jerry O. Cleveland to another four-year term on the Agriculture Industry Board, effective January 1, 2013, to expire December 31, 2016.

Vote was as follows: Yeas: Pattie, Karaffa, Shull, Wills, Moore, Beyeler and Pyles

Nays: None

Motion carried.

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Mr. Moore:

- 1. Preston Yancey – final closing. "Now, it is a County-owned facility." One item in the budget had been allocated in the amount of \$10,000 to seed their Volunteer account.

Mr. Moore moved, seconded by Mr. Karaffa, that the Board authorize the Finance Director to issue that check so that they can begin operating.

Vote was as follows: Yeas: Pattie, Karaffa, Shull, Wills, Moore, Beyeler and Pyles

Nays: None

Motion carried.

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Chairman Pyles asked for a clarification. Mr. Moore explained that all of the assets were liquidated at the close-out. Whatever was left was transferred to the County. There was \$10,000 left in the budget to seed the new volunteer group so that they could open a checking account.

Vote was as follows: Yeas: Pattie, Karaffa, Shull, Wills, Moore, Beyeler and Pyles

Nays: None

Motion carried.

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PLANNING COMMISSION - REAPPOINTMENT

Mr. Moore moved, seconded by Mr. Shull, that the Board reappoint James Walter Curd to serve another four-year term on the Planning Commission, effective January 1, 2013, to expire December 31, 2016.

Vote was as follows: Yeas: Pattie, Karaffa, Shull, Wills, Moore, Beyeler and Pyles

Nays: None

Motion carried.

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December 12, 2012, at 7:00 p.m.

MATTERS TO BE PRESENTED BY THE BOARD (cont'd)
PARKS AND RECREATION COMMISSION – APPOINTMENT

Mr. Beyeler moved, seconded by Mr. Karaffa, that the Board appoint Henry T. Goforth, III, to serve a four-year term on the Augusta County parks and Recreation Commission, effective January 1, 2013, to expire December 31, 2016.

Vote was as follows: Yeas: Pattie, Karaffa, Shull, Wills, Moore,
Beyeler and Pyles

Nays: None

Motion carried.

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MATTERS TO BE PRESENTED BY STAFF

Staff discussed the following:

1. January 2, 2013 Organizational Meeting Agenda, with attachments, distributed to the Board. Mr. Karaffa asked that the time be changed to 7:00 p.m. It was the consensus of the Board to change the time to 7:00 p.m. (from 5:00 p.m.) County Administrator noted that Chairman Pyles will conduct the meeting until the election of the new Chairman. The new Chairman will continue the meeting. He asked that the Board review the calendar to be sure the meeting dates are acceptable.
2. January 9, 2013, Regular Meeting, Commission Assignments – asked that the newly elected Chairman confer with the Board members regarding their interests.
3. ECC provided a report of current practices on sirens. This report was distributed to the Board. Mr. Beyeler asked that this be referred to the Fire and Rescue Committee for a recommendation to be presented at the January Staff Briefing. Mr. Beyeler felt that Churchville Fire needed to “use some discretion” in using the sirens. Chairman Pyles stated that there were two issues: 1) Personality issue; 2) Warning for community safety.
4. MPO First Meeting – Mr. Fitzgerald gave an update. First order of business is looking at a Work Plan for this year with some of the federal funding available. “Everything is in order.” Mr. Moore added that three jurisdictions are represented.
5. Lantz Construction Company – On behalf of Mt. Bethel United Methodist Church congregation, appreciated G. W. Wiseman, staff and other departments involved that exerted their efforts “at the eleventh hour to approve and release the Certificate of Occupancy” which would allow them to hold services in their new facility.
6. Surplus Vehicles – Sheriff’s Department releases used vehicles yearly when new vehicles are received. Six surplus vehicles are currently available. A “pending list” is generated from community groups requesting used vehicles. The first group to be considered is the School Board. Other requests include: Churchville Fire, Blue Ridge Community College and Swoope Fire and Rescue. Mr. Karaffa commented that he saw more than six new vehicles. Ms. Whetzel said that more than six vehicles have been ordered and are being transitioned out now. She confirmed that the first offer will go to the School Board for any vehicle. Mr. Coffield said that the cars are not usually given out until they have more than 120,000 miles. He said the “pecking order” for distribution is first the School Board; second, Fire and Rescue, and/or other governmental non-profit agencies.

December 12, 2012, at 7:00 p.m.

MATTERS TO BE PRESENTED BY STAFF (cont'd)

- 7. CAP-SAW – received notification of its final contract amendment with the State Department of Social Services including a little over \$82,000 in additional funds for FY13. This results in a 20% reduction in overall CSBG funding and is enough to close the funding gap for FY13.

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CLOSED SESSION

On motion of Mr. Moore, seconded by Mr. Karaffa, the Board went into closed session pursuant to:

(1) the economic development exemption under Virginia Code § 2.2-3711(A)(5)

[discussion concerning a prospective business or industry or the expansion of an existing business or industry where no previous announcement has been made of its interest in locating or expanding its facilities in the county]:

- A) Pending Industrial Project

On motion of Mr. Karaffa, seconded by Mr. Shull, the Board came out of closed Session.

Vote was as follows: Yeas: Pattie, Karaffa, Shull, Moore, Beyeler, Wills and Pyles

Nays: None

Motion carried.

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The Chairman advised that each member is required to certify that to the best of their knowledge during the closed session only the following was discussed:

- 1. Public business matters lawfully exempted from statutory open meeting requirements, and
- 2. Only such public business matters identified in the motion to convene the executive session.

The Chairman asked if there is any Board member who cannot so certify.

Hearing none, the Chairman called upon the County Administrator/ Clerk of the Board to call the roll noting members of the Board who approve the certification shall answer AYE and those who cannot shall answer NAY.

Roll Call Vote was as follows:

AYE: Pattie, Karaffa, Shull, Moore, Wills, Beyeler and Pyles
NAY: None

The Chairman authorized the County Administrator/Clerk of the Board to record this certification in the minutes.

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December 12, 2012, at 7:00 p.m.

ADJOURNMENT

There being no other business to come before the Board, Mr. Beyeler moved, seconded by Mr. Shull, the Board adjourned subject to call of the Chairman.

Vote was as follows: Yeas: Pattie, Karaffa, Shull, Wills, Moore,
Beyeler and Pyles

Nays: None

Motion carried.

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Chairman

County Administrator