
Budget Hearing, Wednesday, April 17, 2013, at 7:00 p.m. Government Center, Verona, VA.

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

VIRGINIA: At a budget hearing meeting of the Augusta County Board of Supervisors held on Wednesday, April 17, 2013, at 7:00 p.m., at the Government Center, Verona, Virginia, and in the 237th year of the Commonwealth....

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Chairman Moore welcomed those present for the public hearings and explained the procedure in addressing the Board by filling out the sign-up sheets.

Chairman Moore introduced staff and the Board of Supervisors to the public. The Board will give their comments after the public has spoken. He asked that the speakers limit their time to 3 minutes for individuals and 5 minutes for a group. He also asked that they not applaud and be respectful to the opinions of others.

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Jeffrey A. Moore, Chairman, led us with the Pledge of Allegiance.

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Larry J. Wills, Supervisor for the Middle River District, delivered invocation.

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PUBLIC HEARINGS – Director of Finance Presentation

Jennifer M. Whetzel, Director of Finance, announced that there would be two public hearings. They can be held as one public hearing once opened. One hearing is on the proposed tax rate and the second hearing is on the revised budget for 2012-2013 and the proposed budget for 2013-2014. Ms. Whetzel gave a PowerPoint presentation with the following highlights:

The Code of Virginia does the following:

- Sets the fiscal year for localities (July 1 through June 30)
- Sets deadline for presentation of budget to Board of Supervisors (April 1 – work sessions March 25th and 27th)
- Sets public hearing notice requirements (seven days before the public hearing)
- Sets minimum period before budget approval (public hearing has to be at least seven days before budget approval) It can be approved at the next Board meeting on April 24th, if the Board desires or a Special Meeting, May 1st.
- Sets deadline for State agencies to provide information to localities after General Assembly session (within 15 days)

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PUBLIC HEARINGS – Director of Finance Presentation (cont'd)

Budget process is a cooperative effort:

- Departments of the County
- Community Agencies
- Schools
- Shenandoah Valley Social Services
- Regional Agencies

Agency information is submitted to County Administrator and Finance Department. Information is reviewed and then presented with recommendations to the Board of Supervisors for their review and consideration.

Public hearing is held to receive public input. The Board then decides as to when to approve the budget.

Budget Advertisement Summary:

Original budget	\$168,903,217
Work session revisions	283,500
County capital	1,354,000
School Funding	<u>1,637,500</u>
Total Advertised budget	\$172,178,217

School Funding:	
Formula funding-growth	\$ 522,233
Formula funding – advertised rate	1,637,500
Other funding (Composite Index)	<u>1,296,421</u>
Total School funding	\$ 3,456,154
(included in advertised budget total)	

The advertised tax rates for 2013 are:

	Rate per \$100		Adv Incr*
	<u>2012</u>	<u>2013</u>	
Real Estate	\$0.48	\$0.53	\$.05
Personal Property:			
Vehicles	\$2.50	\$2.50	
Other	\$1.90	\$1.90	

The advertised rate is the highest rate that the Board can approve. These rates are set for Calendar Year (or Tax Year 2013).

(*Shared with schools through funding formula, which is 50% of real estate and personal property for a total of \$49.6 million.)

Total revenue:	\$167,044,055
Property Taxes	\$49,591,500
Local Revenue	\$34,065,826
State Revenue	\$70,695,776
Federal Rev.	\$11,192,423
Borrowing:	\$ 1,498,530

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PUBLIC HEARINGS – Director of Finance Presentation (cont'd)

Expenditures:	\$172,178,217
General Govt	\$ 3,792,525
Judicial	\$ 1,809,320
Public Safety	\$18,302,574 (11%)
Public Works	\$ 3,446,360
Health & Welfare	\$15,212,990 (9%)
Recreation	\$ 2,710,110
Community Development	\$ 1,612,499
Contributions & Cont.	\$ 1,204,763
Education	\$102,114,961 (64%)
Debt Service	\$ 8,704,461
Capital Improvements	\$13,267,654

Note: Expenditures more than Revenues because of borrowing money for a road project (receiving in 2013, but will spend it in 2014).

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Chairman Moore reported that letters have been received from the following: Andrea Collins; Theron Via; and Joe and Liz McCue. He added that if a person did not wish to speak but wanted to voice their opinion, they were welcome to send a letter in and it will be forwarded to each Board member for review.

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PROPOSED TAX RATES and PROPOSED BUDGET FOR 2012-2013

This being the day and time to receive public input on the real and personal tax rate for 2013 and also to receive public input on the revised budget for Fiscal Year 2012-2013 and the proposed budget for Fiscal Year 2013-2014.

The Chairman declared the public hearings on tax rates and the proposed budget to be open.

Speakers opposing a tax raise were as follows: Bill Shirley; John Geary; Joan Geary; Dana Mason; Larry Roller; Steve Morris; Chris Waldrop; Brandy Hatcher; Curt Lilly; and William Bear.

Mr. Shirley endorsed Supervisor Pattie’s plan to 1) credit Ladd Elementary to the school system; 2) utilize the school system’s capital savings. This would provide \$6 million; 3) give the school system \$2 million annually for 3 years and then have the money repaid from the proceeds of the sale of Ladd Elementary School. He felt that this provided for “instruction **not** construction”. The plan provided more money to the schools than a tax increase (\$1.6 million). The plan retains the 2% pay increase for County employees and teachers. Mr. Geary felt that teachers’ raises were not justified and felt that technology upgrades were not needed. Ms. Geary did not feel that the newest technology equipment “would make the school better educated”. “Realistically, with the economic conditions, we all to do more with less. It’s not right to ask to raise taxes to fund the niceties for the schools with benefit a smaller percentage of the County taxpayers, while adding the extra burden of costing the majority of the taxpayers more when a lot of these people are in a position of having had to take jobs which paid much less than they had a few years ago.” Mr. Roller asked what “new money” was split 50/50 with the School Board. Chairman Moore explained that was growth money (additional revenue). Mr. Roller agreed that teachers’ salaries needed to be increased and stated, “That’s your job to see that adequate funds are available for the school system. Their job is to teach and your job is to pay them.” Mr. Morris felt that seven Board of Supervisors were not needed and that it should be downsized to five. Ms. Hatcher was against raising taxes, but felt that if taxes needed to be raised in order to “help my seven and eight-year-old have a better future, God will

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PROPOSED TAX RATES and PROPOSED BUDGET FOR 2012-2013 (cont'd)

provide and take care of me and I would be gladly pay taxes to help our wonderful teachers and to further my kids' education.' Mr. Bear felt that there was not a good time to raise taxes, but "there are also worse times to raise taxes". He felt that raising tax rates would interfere with the citizen rate to pay the existing burden. He suggested assembling a group of educators and administrators that are not employed by the public education system to consider these matters. The reason for this suggestion: 'It would be a group that would favor education; it's a group that cannot raise taxes to support educating students; it's customer based includes individuals that are strapped for funds; and the panel would not be inexpensive; it would be free and generating advice worthy of consideration'.

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Speakers supporting a tax raise were as follows: Nicki Hendrickson, representative for Support our Schools Coalition; Chad Shomo, School Board member; Dr. Chuck Bishop, Augusta County School Administrator; Chris Cleary; Amanda McCray; E. J. Wyant, a Craigsville Elementary P.E. teacher; Sarah Kiracofe; Tom Long; Jessica Wilmer; Sue Lynn Frease; Jeff Weaver; Leonard Klein; Michelle Pomphrey; Mike Harmon; Diane Fosnacht; Cole Reeves; Henry Kozek; Lyle Moffett; Jackie Dunsmore; Mark Dunsmore; Barbara Sullivan; Buck Kent; Scott Kimmel; Hersey Lane; Chris Waldrop; Kevin Lacey, a real estate broker; Austin Boyette; Anne Gordon; Karan Deengar, Wilson Memorial High School SCA President; Kaitlyn Gumann; Ian Gallagher; Jenn Kurbel; Keira Talley; Pat Lynn; Jerry Philp, Band and Choir teacher; Doug Shifflett, Jr., Principal for Wilson Memorial High School; Thomas Morris; and Vicki Stemple

Many speakers talked of the need to pay essential County workers such as teachers, firefighters and Sheriff's deputies and said they would support a tax increase. Many spoke of the importance of Fine Arts and Sports. Ms. Hendrickson stated that there is no such thing as construction versus instruction, noting the repairs needed, outdated wiring, etc. which is a "part of instruction". Mr. Shomo expressed that the health insurance costs, alone, increased \$1 million (17%). Employees have not received an increase in pay for four years and many have chosen to leave Augusta County to neighboring localities. Mr. Shomo supported Dr. Bishop and staff's salary improvement plan that would be implemented over five years which would make the salaries competitive and "ensure retention of good people in our system". He opposed reducing the School Board's authorized debt service. He noted needed repairs in Riverheads, Verona and older pod schools. "Limiting debt service is like tying their hands behind their backs and then asking them to do a job. It can't be done." Mr. Cleary stated, 'Those of you who have voted against an increase in revenue, what you have created right now within the schools is frustration and demoralization. What you are in danger of leaving the community in the future is a legacy of shame.' Ms. McCray expressed concern of funding for the first responder, law enforcement and education. Ms. McCray quoted a statement by the Superintendent of the Virginia Beach City's Public Schools, 'Public education is not the problem. We are the solution. If you don't think so, why do things keep getting added to the plate of schools for us to solve. I would argue we are the last remaining core institution in America and essential in what separates us from all other nations.' Mr. Wyant expressed the importance of a quality Physical Education program to students and his concerns of childhood obesity, which is linked to diabetes, high blood pressure, depression and poor academic performance. Ms. Kiracofe asked for those who supported education in Augusta County as a main priority to stand up. Mr. Long stated that public education is the top responsibility of local government and that teacher salaries should be funded to at least the regional average. Ms. Wilmer expressed concern of the lack of security at the Riverheads Elementary School because of the wide open pod school

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PROPOSED TAX RATES and PROPOSED BUDGET FOR 2012-2013 (cont'd)

and the lack of technology. Mr. Weaver emphasized that education was an investment and asked that the Board "invest in the children". Mr. Klein did not ask for an increase in pay but asked the Board "to make Augusta County schools better". He asked for things that were needed to help teach the children. Ms. Pomphrey commended the Board, since 2005, that the Operating Budget had only increased by 6.7%, but expressed a concern that in March 2004, gasoline set a record price of \$1.74 a gallon and noted that today the average cost of a gallon of gas is \$3.45. Because of inflation rate since 2004, we have experienced a 23.2% increase, Ms. Pomphrey asked, 'How can we be expected to fund a budget for an operating County on 6.75% increase?' She added that the School Board's portion has increased by 13% and noted that 'it put them at a 10.2% deficit for the cost of pure operation'. She noted that the 10% increase in real estate tax on the average median home (\$150,000) in Augusta County would be \$120 yearly. Mr. Kozek said he had no children attending county schools but he was concerned about the impact of low funding on education and the ultimate impact on property values and the local economy. He further stated, 'Companies won't relocate here if the schools are so poorly funded'. Mr. Moffett commended the Board for listening to the public input and felt that the Board deserved their respect and admiration. Mr. Moffett felt that, in order to have good teachers and to be able to provide a market level of programs and services to the students and teachers, than taxes must be raised. Ms. Dunsmore had pointed out the differences between Rockingham County and Augusta County schools and said, 'I see the blatant and growing differences between these two sister counties. The quality of educators and employees is equal, but the quality of opportunity and education is not.' Mr. Lane reiterated that the Board of Supervisors were the most important men in his life because they are the most important men in his parents' and teachers' lives and that directly affects him. Mr. Philp said that the hardest part of his job was when he approached the Principal and Supervisors about getting more instruction for the students and learned that the Budget did not allow this. He had been told that if he wanted to 'take some load off his plate' he would have to give the students less. Mr. Shifflett referred to construction versus instruction and stated that it should not be one against the other. "Research shows that instruction **and** construction will increase the scores of students." He added that the Virginia Department of Education stated that if the school is below the standard that is normally set, those schools perform 6% lower. They perform 11% lower if it is a school that is deemed in excellent condition. "Construction does increase the scores of students just like instruction does. Don't put them against each other."

Dr. Bishop made the following statement:

Since 2009 and 2010, the School Board has been faced with the following budget reductions: \$1,024,000; \$10,436,000; \$2,732,000; and to start last year, nearly \$5 million and ended up cutting \$1.99 million even though the Board of Supervisors did provide an additional \$3 million worth of revenue. Those were not new dollars, as you are aware of, other than the growth number. The recent spending reductions have certainly forced the Board to make some difficult decisions. With the budget that is 80% personnel, well over 100 positions have been eliminated. The largest percentage of those reductions have occurred in the Administrative ranks. There has also been some impact on student programming. Last week, I sat in this room as the HR Director from Daikin McQuay stood before you and mentioned that education in our community is vital to the viability of their operation. Over the past few months, I have been asked several times to either speak with, or attend functions, as the County pursues potential business and industry. I have gladly participated. Recently, a Board of Supervisors member requested a site visit to Wilson Middle School by one of the businesses that was considering an investment in our community. According to the correspondence that I have received, the representative was very impressed and, ultimately, the company decided to expand. Certainly, I can't say that the visit sealed the deal; but I do think it was part of the equation. There is some realization that the service we provide is valuable. There has been much discussion about the topic of instruction versus construction. Over a three-year period, that \$6 million would be great, but what are we going to do at the end of that

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PROPOSED TAX RATES and PROPOSED BUDGET FOR 2012-2013 (cont'd)

three-year period? The debate has been rather interesting. When comparisons have been made regarding local per pupil funding, the very quick response is that debt service is not a part of that equation. The regional comparison for pupil spending does not include debt service for any of the compared school divisions. It is not safe to assume; however, that other divisions do not have debt service and service payments as well. From the list of the ten local divisions, that have been compared, each one currently has a debt service payment on one or more buildings. The projects that have been approved in the past twenty years have also required approval of both elected Boards. To my knowledge, several of you at different times, have cast affirmative votes to move forward with a particular project or to authorize the County appropriated debt service. The undeniable fact is Augusta County is next-to-last out of ten school divisions regionally in local per-pupil spending as defined by the Department of Education. Over the past two years, the School Division has issued employee bonuses on three different occasions using one-time federal dollars. It was stated last week by a member of this Board that people are under stress from taxes. The additional payroll tax, which was levied in January and the pending sales tax increases were two that were mentioned. Even with a 2% salary increase, as built into the School Board's budget, many of the employees who elected family health insurance plan will take a pay cut once the new rates become effective in January of 2014. Staff has presented the School Board with a plan to improve salaries and to address inadequacies in the scale. It is my understanding that Augusta Health is in the process, or recently has completed a salary comparison, on wages of medical professionals regionally. The concern, evidently, is that much needed medical professionals will leave our local facilities to move on to more lucrative positions. My concern is that our much needed education professionals will leave our school division to work other divisions that pay better. We have already seen this occur over the last several years. While I haven't had any employees criticize the distribution of the bonuses, much like capital funds, they are spent once. There is little long-term affect especially on retirement planning relating to VRS distributions. With the majority of our employees residing in Augusta County, school personnel will, in effect, be funding their own salary increases. I feel very confident that our employees are willing to make that sacrifice. Even with a 5¢ tax increase, Augusta County will remain the lowest in the immediate area. For several weeks, I have had the opportunity to engage in conversations with individuals in our community regarding school funding. Although, most are supportive; I have also spoken with those who are critical. Some have said, and I'm going to paraphrase, 'I don't have students in school, so I'm paying for a service that I don't have access to.' My response has been, 'Well, the Augusta County Sheriff's Department has never been to my house, but I support the efforts of Sheriff Fisher and his staff to provide public safety in our community.' Education is much the same even if you don't have a connection to our schools at this time, you should have a vested interest in educating our children in a manner that prepares them for the future. This vested interest includes providing staff a salary and benefits package that reflects a value in education. Funding for material supplies, technology, and student programming reflects the needs of educating a student today; and, yes, even investing in the renovation of facilities, as well as providing funding for routine maintenance. There are pressing large scale of capital needs at Riverheads Elementary School, Hugh K. Cassell, as well, as others, and a list of routine maintenance items that continues to grow—roof replacements, etc. That list is nearly \$3 million as of today. I've heard the intent is to wait on the assessment to see what the State will do when the new Composite Index is released in the Fall of 2013. I believe there is some general consensus that the property values will more than likely decrease, which will require a tax increase just to equalize. I also believe that the writing has been on the wall in terms of State support for the past few years. We are certainly at a crossroads. We can continue to criticize the Federal and State governments for not doing their fair share. We can complain about State and Federal education accountability but they're here to stay. If locally we choose to sit back and do nothing, then we're also part of the problem. If I'm not mistaken, the current tax rate is the same as it was in the early 1980's. It certainly costs more to operate a County and a School Division, now, than it did thirty years ago.

There being no other speakers, the Chairman declared the public hearing closed.

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BOARD OF SUPERVISORS COMMENTS

The Board of Supervisors made the following comments:

Mr. Pyles:

Thank you, folks, for coming out and, particularly thank you for hanging in here. Don't know where to begin; don't know where I'll end, but, you just got to start somewhere. There has been a lot of narrative here about the value of education and I'm right with you. Just a little bit of background about me—I went to Deerfield Elementary. We had four rooms for seven grades. My house, we had three rooms and a path, if you know what I mean about that. We didn't have much. Then, I went to the last of Churchville High School. It was pretty run down, then, in 1962; then I started the first year at Buffalo Gap. At Buffalo Gap, I was like a lot of kids out here, SCA President; Editor of the school paper; Debate Team; Football; Basketball; Track. I hitchhiked home every night from practice from Churchville to Deerfield; sometimes, long walks, but it didn't hurt me any. My parents, they weren't educated much, one high school and one didn't have a high school diploma, but they wanted for me to get a good job. I left Buffalo Gap and I joined the Navy for four years during the Vietnam conflict. Got out, and on a GI Bill, and working full-time at Western State, put myself through college. And I had some fun, too. I don't want you to think it was just work. Then I got married and I worked at Cromton over in Waynesboro. The plant had been in business 135 years. Economic times came and it closed. I had to find work, so I went with Abbott Labs down in Altavista and they shuffled me off to Columbus, Ohio. They thought I was pretty good at what I did. But I wanted to come back here so I took a big pay cut and I came back to be at ASR. I never doubted it. My kids have all gone through Buffalo Gap, Beverley Manor, and Churchville. When we started at Churchville, it was the same place it had been when I was there in 1962. When the person, here, was talking about she went to the Fort Defiance School District; nothing never rankled me more than always looking in the paper and blah, blah, blah Fort Defiance School District. We did pretty good in other places, too. I got on the Board for educational purposes to try and get some things done and to get some better facilities and construction. We've done that. I hope you'll understand that there has been a lot of investment in our schools in the last 15-18 years; \$136.2 million, starting in when I came on the Board, or just before I got on the Board in 1995, we did Stuarts Draft and Clymore; we did Fort Defiance, Buffalo Gap and Riverheads; and then we did North River; Craigsville; Stump; Churchville; Wilson Middle; Stuarts Draft High; Wilson High; and Wilson Elementary. There has been enormous investment in the facilities of this County. That we have a few left is something that we will need to work on. What we have before us is much less than what we have behind us. We have to think about that. We had to think about what has been the priority over the years. Dr. Pattie made a point that, I don't know if it resonated with the folks too much at the last meeting, saying 'We're behind the school divisions, but we were behind them five years ago'. People said, 'Yeah, we should have started fixing it then'. But I think what the point is . . . is it wasn't a priority even during the good times. Mr. Wills brought up that we didn't have a reassessment and you need a reassessment to give you a burst, something extra over growth. Guess how much money the School Board has voted for reassessment to go to Operations since 1993; zero. In 1993, all the reassessment went to construction; 1997, all the reassessment went to construction; 2001, they voted for all the money to go to construction, but I was one of the people who voted and said that we had to put at least half of it towards the teachers; 2005, all of it went to construction. If you think about it, you know, we didn't have one last time (2009). On June 27, 2007, Jeff Moore, Chairman of Augusta County School Board said, 'Allocation of funding from the schools CIP Account'. There were two things: \$57,000 for surveillance; and the second project was land acquisition at Buffalo Gap- 88.65 acres. He mentioned that there was an issue at the High School with the septic system. They were under a one-year probation period with DEQ to get it resolved. They had a temporary fix but larger septic fields were needed. He noted that the house and the property estimated \$200,000 would be sold. We're now six years later; the house isn't sold; we're sitting on \$790,000 worth of property that should be converted into funds for schools. I read in the paper one of the Beverley Manor teachers said they didn't have enough desks. How can we not have enough desks and sitting on a farm out in Swoope? Priorities. Mr. Bailey asked what the School Board intention was with the relocation to the Government Center. Mr. Moore said that was their number 1 priority and would like to move forward with the design. The weaknesses and the problems with the pod schools aren't new. They've been talked about since 1996, but it hasn't been a priority for the School Board. We asked Mr. Moore, then, what were your other priorities. School Bus garage, maintenance headquarters, storage warehouse, and a track field

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house. We have done a heck of a job with athletic facilities in this County. Besides the \$790,000, we spent nearly \$1 million on the field house at Wilson Memorial. Mr. Shiflett is talking about investment; that's \$961,000 for the field house; at Buffalo Gap, we spent \$342,000 for a multi-purpose building; at Riverheads, \$389,000 for a field house; Stuarts Draft, \$396,000 for a tennis court and a multi-purpose building. We don't invest in the classroom. We invest in the recreational facilities. We need more money put to trucks and tractors than to RVs. That's what we've seen here. Why should I believe that you have a shortage of things of need when you took the money that you were given for a bunch of extra stuff? Mr. Philp is a very well spoken man. I hope he stays at Buffalo Gap for a while. When I told him, 'I'm a grunt. I'm a grinder.' As Garth Brooks says, 'I'm not long on social graces'. I just spent time crunching numbers and looking at things. And I look at all the bills for water. I saw last summer \$5,000 was spent to water the football field at Wilson. I said to Mr. Philip, 'Are you allowed to just turn on a spigot and spend \$5,000?' 'No, you have to put in a requisition; you have to have a fundraiser; you have to do all sort of things.' There are a lot of things that we have spent on that we could have done differently and a lot of them gave the illusion that all was well. You know last night I was at the Riverheads/Buffalo Gap Girls' Soccer Game. Lovely field! Nice soccer field; well lit! We've got some nice fields. We got some nice lights; but if we don't have computers, we have misdirected our priorities. If we don't have enough Band equipment for the kids while we've spent crazy amounts of money on water, and buildings, and all that stuff that is just auxiliary, we made mistakes. Why should I believe that we have all these shortages when we have all this excess at the same time? When they haven't wanted to put money towards teachers' salaries for twenty years, and, now, the only way to go is a tax increase. So I get made fun of. A guy in the paper the other day said I had some absurd ideas on cost savings. I'm not trying to take money from the schools; I'm trying to move it from \$700,000 on copiers. We could take \$200,000 on that out to buy computers and change some other things. But that is not the issue; that's just part of it. We want to do everything. Everybody has to contribute during this time. You know, you're all here; you are all fired up; emotional; can't listen to the teacher; keep clapping. You said this is the way we got to go. I care about education as much as anybody in this room. My son is a teacher; my daughter-in-law is a teacher; my middle son is studying to be a teacher, working on his Masters at JMU. It's a big deal to me. But I represent 73,000 people. Mr. Harmon talks about his 550; the bus driver talks about her 60. Seventy-three thousand is the number, and I worry about them. I worry about them day and night. I worry about you guys. I worry about the teachers, but I worry about the people that are in a crunch. They're a bunch of them. One man spoke about, 'Well, I'm speaking for this other group'. Here's 300 people; there are 73,000 out there; and a lot of them don't want to get up here and they certainly wouldn't have spoken tonight because everybody is cheering for the one side. They wouldn't want to speak up tonight. They'll call me. They'll see me at church. They'll tell me about their issues and their problems. I'm a guy who just wants to make it all work. I proposed to the School Board a way to give you more money than what the tax increase will give you. Last year as Chairman, I put together a plan for \$3 million. I think it was the largest increase in funding for the schools ever! \$3 million! Was it well received? One of the School Board members just said, 'Give us the money'. We're, somehow, not responsible to look to see how well it is used. We are responsible for that. That's why we're giving the tax rate so that we can look at it. Dr. Roller talked about our fund balance. Yeah, we have quite a bit. That's what I hoped we could use, among other things. Dr. Pattie's ideas on monetizing Ladd is part of it. Ladd is something the people paid for for education. If it is surplus, let's get rid of it; and if it is not an opportune time, we can certainly fund it until it is a better time and give you the money. Let's sell Buffalo Gap land; carve out what you need and let's get those few hundred thousand dollars back. Let's use all of that for capital. Give a list of \$4 million of things you need to do, there would be enough of money there to do it. Now, as far as your salaries go, I will tell you, tonight, I am willing to vote for the tax increase if the School Board will consider that their funding for capital—our needs in the future aren't near what they've been—they need to take that down to \$5 million from \$7.2 million to \$5 million and all the surplus up to that point be given to your salaries. That will give you \$500,000 for the next three years and then an additional \$500,000 over that for the two years after that and then another \$1 million the year after that. You'll still have \$5 million to do capital projects in the future. If you want to make the case for more capital growth money, do it, but show up here. The School Board say, 'I need money for this building, instead of this salary, or for this teacher'. Let that be made in front of you guys and I'm fine with it if that's what they want to do. But we can't just take from one group. There is a group, and what happens, one

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lady was talking about, you know, from give as much as required. It doesn't work like that. The wealthiest in this County and everywhere have a big break called land use. The poor, we've tried to protect because we have things where people don't have to pay as much if they don't have much and they are of a certain age. In everything is the middle that bears the burden. There's a lot of older folks out there; a lot of other folks are under-employed and un-employed that will struggle. When somebody says \$120 isn't much money, when you are talking to people who have cut off their newspaper; have cut off their cable to try and get by, it is money, but when it is on top of all the other stuff, it's a lot of money. What I tell you tonight is I care about education. One thing won't fix it. Just this 5¢ tax rate increase won't fix it. If the School Board will, and I'll send them each an e-mail and find out their feelings, if they will convert that surplus capital funding that is in there now to Operations, they'll have my vote for the tax increase.

Mr. Pattie:

Thank you for all coming here. As you know that I love interacting with the citizens. I went door-to-door and talked to many of you that are here, now, and I appreciate all the phone calls and e-mails that I have gotten. I appreciate you all staying here so late tonight. Even a couple of you that have fallen asleep; I notice this in my class; and I notice this here as well. I ran for office because I love Augusta County. I love our school system. I have two kids under two right now that are going to be attending the Fort Defiance Complex and I look forward to that. I have no intention at all in sending them to private schools. I think our schools are great. I think our teachers here are wonderful in Augusta County, or, else, I would have never come back here. I think of all the teachers I had; all the professors I had, and over my life that have influenced me. My coaches—many of you think that I am crazy for running for an elected position and you say, 'How can you take all the abuse?' Well, I played football for fourteen years, and I can assure you nothing you say will ever meet what some of my coaches told me. I've heard it all before. School shaped me; football shaped me. I appreciate everyone in the Fine Arts that came up here and talked. I think that is part of a well-rounded education and I am certainly in support of that. As an educator, I am a Professor of Management at James Madison University for those that didn't know that. I have a few degrees back there and I'm in the same situation. I've been at JMU for five years and this is the first year I'm going to get a salary increase just like many of the teachers here. I see things going on on my campus, too. I saw the stadium go up; I saw soccer fields go up, fall down, and get rebuilt, again; and I certainly understand the need to focus on instruction. This instruction versus construction things, it's not so much that I am anti-construction, I just want us to focus on our people. Our people are the most valuable asset. Now, James Madison, what I teach is Human Resources, which is essentially how to manage people within organizations. I teach undergraduates there; I teach MBAs; I teach PhDs in Education; our future principals. That's where I think the focus should be. You get a good quality teacher in a smaller size classroom, fewer students, and they're going to perform really well. I think that is the direction we need to go in the future. The idea of selling Ladd, monetizing it, Ladd Elementary comes back to the County government, the County government becomes surplus and we can do what we want for it, but what I'm proposing is to take Ladd Elementary, monetize it, give the money immediately to the school system; use some of our savings and give that to the school system, and do an influx of \$2 million for instruction on the Operations side for the next three years. I think that's more than the tax increase. The tax increase is \$1.6 million. I think it ensures that we focus on our teachers. We focus on our classroom. It meets our commitments to our bus drivers and cafeteria workers who are now at threat right now. I think it is a commonsense solution. I think it is one that needs to be considered. I hope that other Board members and other School Board members will take that seriously. The long-term solution is what also has been bothering me, as well. Last year, I requested a strategic plan in how to deal with the schools. We have a lot of challenges in Augusta County schools. We need to come up with a plan to ensure that what has happened over the last five years never happens again. Again, Mr. Pyles commented on some of the comments I made at the last meeting regarding the salaries comparisons to other areas, that is a time capsule. If you read the newspapers, I read five newspapers every day, if you read the newspapers, most school districts are just now, for this year, giving the first pay raise since before the recession. So that chart that we've seen that puts us near the bottom, was true five years ago. Let's have a strategic plan that deals with that, that makes us more competitive. We have other challenges. We have declining enrollment. We've lost 400 students in the last 5, 6, 7 years. We're going to lose 60 more next year.

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That means that we're going to get less state funding every year. We need a plan for that. It's a plan that we all need to see and it's a plan that we all need to share and contribute to. We're going to have a mass retirement in the next 10 years in the State of Virginia. Many of our teachers are getting older and are approaching retirement. There could be a shortage of teachers. We need to be able to track and retain the best teachers in Virginia. We have excess classroom, which is a wonderful thing to have. We can shift things around that will help us if we ever start growing, again, so that's a good thing. We need to have a plan if we have another recession. What happens if suddenly money starts flooding in the school systems? How do we prioritize that if the economy picks up? I've been supportive of this. I'm a Management Professor so I love strategy; I love numbers; and that is what I focus on. The Fire Chief gave us a plan. We didn't do it all. But we did add 21 firefighters. We had a plan of how to allocate them. The Sheriff's Department, we have a deputy here who I have talked to him a number of times. Sheriff Fisher gave us a list and said, 'Here's the things that we really want'. He prioritized them; we gave him a few of those; and we promised to, as a gentlemen agreement, try to back-in some of the things he has asked for. If you ask for things, you prioritize things, you give us a plan, I think this Board will step up and start to follow it. Until we have that plan, we need to make sure that we're focusing on our teachers. We need to make sure that we're focusing on our classroom. I think the plan that I put forth at least deals with that for three years. Again, thanks to you for all coming out. If you're in my district, every time I get an e-mail or a phone call, I always invite myself over and say, if you want me to swing by to talk to you, I will. There is a few of you that have taken me up on that. I have been studying this for hours and hours and hours—hundreds of hours. I've been looking at this; I've done the comparisons to Rockingham and other counties, as well. I do consulting for other counties in the near area. Certainly, this is something I'm passionate about as an educator. Any of you who would like to talk to me further, please give me a call or e-mail.

Mr. Wills:

I do appreciate each and everyone of you coming out. For the Fine Arts students, I can tell you how much I appreciate you because, when I was on the School Board, one of the things I was most proud of was the fact that I coordinated with Staunton and Waynesboro to get the Shenandoah Valley Governor's School for the Arts because I truly believe in that and I know, from my own experience with my son, what those do. But I also know what affect teachers have. Ms. Dunsmore, who spoke, her dad probably had the most profound affect on me. I'm probably here, tonight, because he taught me everything I know about parliamentary procedure and public speaking like a lot of people from the Fort area. I appreciate the impact of teachers. I do not support the monetizing of Ladd. I think it's a gamble. We don't know what it is going to bring. To try to put a number on it at this point, doesn't work. It is short-term. It's a three-year fix if the numbers are right. We need a plan that goes forward that has security to it so that plans can be made. A tax increase has that security. Now, whether we continue to split 50/50 or whether we need to give the schools a little more than 50% of the tax increase, I'm not sure. We have to look at that and what are the needs of the County. Construction versus instruction, even within the County this year, we borrowed money for the construction of a road that will continue to fund some growth. I supported it because I think construction is important. I know what the conditions are. I have spoken with several School Board members and with Dr. Bishop frequently on some of the things that they have needs for and they know where I stand on it. From the bus drivers and the cafeteria workers, I understand your position. I understand that you can't afford to lose in one year half the cost of your insurance and that we need to find someway to supplement that and have a plan whether be additional salary or whatever it might be, but I understand you can't afford to take all of that in one big bite. The next couple of weeks, we'll do a lot of talking between Board members, I am sure, and we'll look at things and there will be conversations back and forth with the School Board as to what can happen. I've got a couple of proposals that I'm trying to get some feedback on now in regard to salaries and even to the Drivers Ed Program, as to whether some things will work or not. I think it is important that we provide a well-rounded quality education. I think the County is known for its education. I came back on this Board because I was concerned about the direction that we were headed and wanted to be a part of planning the future for this County. And education, definitely, has to be the mainstay of that future.

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Mr. Beyeler:

Thank everybody for coming this evening, too. It's been a long evening and we're going to get out of here pretty soon, I think because I'm going to be fairly short. Education is important in Augusta County. Dr. Bishop is doing a great job for Augusta County. Augusta County is not a poor County. Augusta County can fund the schools of Augusta County. The Board of Supervisors needs to allow the School Board to do their job. Ladd Elementary, how many of you would go out and borrow \$4 million on a piece of property you weren't sure you could sell? Or when you would sell it? You know, you can take figures and do anything you want to with it. If you looked at the budget this evening, we've got \$1.5 million borrowed money that shows up in there this year. If you take the last two years of our budget, we will be dropping our reserves \$11.5 million. Now, some people can sit up here and say, 'Hey, we're going forward'. When you're using that much money out of reserves, you're not going forward. That is taking money that you're not collecting. You can feel all these figures out here; you can make them all sound good; but, I'm here to tell you some people's figures and mine don't jive, or theirs don't jive, and it isn't exactly like some of us try to tell you. We need to take politics out of this job and let's educate our school children of Augusta County.

Mr. Shull:

I would like to thank everyone for coming out. And I would like to thank the teachers, here, that put their heart above their pocketbook because it takes a lot to teach, but when your heart is in it, it is in the right place. As being a farmer here in Augusta County, and one lady referred to as the technology and stuff that we couldn't do without for a day, I can do without it a day. When you get out there in the field cutting hay, it's almost heaven and we're not in West Virginia. Sometimes, we depend a little bit too much on it. We're addicted to it. It takes a lot of time. When you spending on technology, we're losing our volunteers. Most of you, when you come in in the evenings, you sit down and you look at your computer; you look at your e-mails; you have to answer them; what time is it? It's bedtime. Sometimes, we need to put our priorities, or get them and put them in order. We're losing our volunteers in this; we're losing them in the Ruritan Clubs; we're losing them in the Fire Departments. We're going to have to look at funding those. Schools are not the only thing that we have to look at. But we do need to take care of the schools. As a farmer, I don't take any government subsidies. I know how it's been a struggle to farm and operate since 2007 and 2008. Fuel prices have gone up. Fertilizer prices have gone up. Tires have gone up. Same thing is happening to the school system. Buses went up \$11,000 since 2007 and 2008; \$3,000 since last year. Everything that we do is going up. From the 1970's and the 1980's, the economy started turning around. All up through the 1990's, we were at slow growth. When fuel prices started going, everything started escalating by leaps and bounds and it was hard to keep up with them. To raise taxes, it is going to affect me; it's going to affect everybody here. It's going to affect your mortgages. When you raise that, if your taxes are escrowed into it, it's going to be there from now on—fifteen years, twenty years, thirty years. Those that rent; theirs is going up, too. If it goes up \$10 a month, those homeowners and landlords, they're going to raise their rent. It's not going to be \$10; it will be \$25 a month, whatever it takes. Greed sets in. But we still have to take care of our kids. Unfortunately, you can kick the can down the road. I've looked at these figures. At first, I wasn't for raising taxes; but I'm not open to give an opened blank check that we allow the School Board to have everything that they want because we have citizens here that have concerns about raising taxes. Their concerns are just as valuable as the other side here, too, and we have to look at their concerns. I think we need to continue to look at the ways of being more efficient for the School Board. As Mr. Pyles said about computers, there's nothing wrong with looking at that. I'm saddened that the Drivers' Education is going where it is, but I think that we could do a more efficient manner and keep it in our schools, whether it's through retired police officers operating it, or even looking at driving schools to set up a program there, because I think it's a convenient thing for parents that are working to have their kids to be able to use that while they're in school. I don't know where we're going to go. Riverheads is another one. We're getting to the point that we're taking care of all the schools but Riverheads. I think we need to try to look at taking care of it. There was a comment made about internet service. I have a cousin that works for Verizon. He said the service to the schools was upgraded two years ago. The service at the schools is better than most businesses in this County. If it's not being used efficiently there, then we need to take a look at it. I don't know where we're going to end up going, but we're going to have to help out some and this is not going to be the end of it. We're going to continue on

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down the road next year, the year after that. There was one comment, and I have had several people that ask me, why did we go from 58¢ to 48¢. It was to make it revenue-neutral. My taxes, actually, went up the last time. I paid more. We can't continue to sit where we're at. Unfortunately, I don't think when the tax assessments come back in we're going to be any better off than we are now. From looking at the real estate market in the future, I don't think it's going to change. I think in the next assessment four years down the road, or whatever, you're going to be sitting at the same assessment just about where you are at now. That tax assessment, over the years, has gone up. It is set at 58¢ for a long time because we were taking in revenue off the assessment. We didn't have to raise that rate. Do we have to be like everybody else just because other districts have a higher tax rate? We're more efficient than, maybe, they are, but we still have to take care of our own. I don't know where we're going in the future. Last night, I was in a meeting, and this will be my last comment on this because I'm going to try to hurry up, too. How many of you have contacted your legislators? Sent them a letter? We had a meeting here last night. Rob Bell was one of the candidates for Attorney General and I posed a question to him. We have a Constitutional amendment to balance our budget in Virginia. I said, 'We need help here on the local level.' Somehow another, we need a Constitutional amendment, or legislation action, that they do not send any unfunded mandates from Richmond down here because it's not only the school system. We're getting it through the Department of Health. We're getting it through the State Corporation Commission. And Lord only knows what we're going to have with Stormwater here. It's never-ending. They let all of these government agencies send regulations out and they have no idea what the impact is locally. I don't know whether they'll ever change, or not, and whether it's going to change overnight. No; it won't change overnight, but we have to keep fighting that approach because it's got away from the public education to government education. We need our education system back to the State and back even locally. We could educate our students much better if we had control of it. There's a lot of figures going around on what we spend on per pupil. Those figures can be skewed because how much money comes back to the classroom for the child? If it's all in administrative costs there and divided up, then it's not getting back to the child.

Mr. Karaffa:

First, I would like to thank all you folks for coming. I would like to thank Dr. Bishop for the work he is doing over there in the Central Office. There was a comment this evening about tensions that exist between the School Board and the Board of Supervisors. I speak to my School Board pretty regularly. She calls me; I call her back; we have dialogue; we share; we go back and forth. I don't question for one moment her dedication or why she's on the School Board. I don't question her agenda. I respect the folks that serve on the School Board. It's a hard job. I respect my colleagues up here on the Board even though I don't agree with all of them on everything. I think our hearts are in the right place. I heard a lot of people talk about their background. I played saxophone for four years in Band in High School. I understand how important that is. I enjoyed it. I got a lot out of it. I've got two kids that are currently in the public school system right now at Stuarts Draft Elementary School. I hope, one day, that they will play a musical instrument and enjoy the same benefits from it that I got. I know what education can do for a person. I know what education can do for a family. My dad was a factory worker. I am the oldest of four children. The economy was going sour. My dad went into construction. Things got worse. My dad looked at my mom and said, 'We're going to pretty much have to sell everything we have, move to this little town called Staunton, Virginia, and I'm going to go back to school and I'm going to become a physician'. It was a twelve-year journey. I saw how people pulled themselves up. I saw how families pulled together, get an education, and, now, that I have moved out of the house, the benefits of what that education has. I was brought up to have a balanced level approach to things. It is a philosophy, I think, that is important in government. I had two townhalls. Of what I heard, the majority of what I heard folks say to me was, they wanted balance. The schools show that they had needs--Cafeteria workers and bus drivers. I agree we should fund that insurance. Computers, there is always a better computer. There is always another locality that is going to pay more than what you do. We jump up a few notches and another locality falls behind. Guess what their conversation is going to be at their next Board meeting. One thing that I have to take into account that has been made clear to me through phone calls, e-mails, folks that came to the townhalls, was that the ripple effects of our decisions have impacts that are both unseen and unintended. We have a lot of folks in Augusta County

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that are on fixed incomes. Adjustment of the tax rate could be devastating for them. At the County level, we have seen that we need to put in a few of the things that have been cut back—a few things that have been asked for. What I support for the schools in terms of cafeteria workers and the bus drivers and what I support here in the County in terms of increases is equal to about 1 penny on the tax rate. I think that we should be able to go into our budgets and fund those costs and have them covered for this year. Some people seem to be a little concerned, or confused, about raises for the teachers. \$2.5 million that was proposed puts an additional 2.86% increase in pay on top of the 2% increase in pay that has already been worked into our balanced budget. I am very happy to see that an increase in pay will go to those teachers. Next year, is a reassessment year. Next year, we will have to adjust the tax rate for what our reassessments are doing. At that point in time, is when I'm prepared to look at the tax rate.

Chairman Moore:

When Mr. Coffield presented our budget, he gave us \$14.2 million worth of capital projects that he would like to set up for a depreciation account before we put anything else in that. I think Mr. Houser, Director for the Schools, has got \$5 or \$6 million worth of school repairs that he says needs to be done. There's no money for that. The discussion on capital versus instruction, the problem I have is that we still have three schools that we have to do something with. Ladd, we're closing; that's taken care of. Verona and Riverheads; Cassell has had the electrical problem fixed where we had the fire, but the school hasn't been renovated. It is still a school that was built in 1974, or whenever it was. Mr. Pyles is exactly right. We've done a lot of school improvements over the last 15 years, but we still have a couple more that has to be done. I don't think it's fair. I mean I represent the Wayne District and we probably got more improvements than any other district, but it's not fair to not look at the Riverheads community. Mr. Shull is exactly right. The lady who spoke on Riverheads Elementary, something has got to be done with that school. We've already had one fire at one of those pod schools with the exact same electrical sub-panels that are in Riverheads and it's not good. We have to fix it. We've got to finish that school. Whatever we're going to do there, we need to do it. Ladd is an asset. It's a school that we don't need. One of the advantages of closing it is that we don't have to renovate it. It does have some value because it's in a commercial district of Waynesboro, but I agree with Mr. Beyeler, we don't know what it is worth. To put operational funding tied to an asset that we don't know what it is, I think it would be a lot more prudent to tell the schools we think it's worth \$6 million and we'll fund you \$6 million towards your capital to improve Riverheads. I think closing Verona is a prudent choice. That school is a pod school. It has to have something done to it or it needs to be closed. To have kids in that school with panels we know have the potential for problems is not right. I think we do have some capacity there in the western part of that area that we can do a realignment like we've done on the eastern side of 81 and, probably, better utilized. Our enrollment is going down. We do have space, and I think that's a better way of handling. All the schools that we have already renovated—North River, Churchville is a new school that we have some capacity there; that we need to utilize it. I mean it's money that has been spent to provide for good capital or good facilities and we can better utilize them by reallocating them or redistricting some kids. When it comes down to it, the School Board has a budget on recurring revenue. I don't think it's prudent because, on a couple of the ideas, what happens three years from now. If they give the raises; if they put the money into operating, they're counting on that money being there every year. It's our obligation to commit to the schools from a local funding standpoint. I'm not comfortable in doing that unless it is a guaranteed revenue strength. We've done some good things with growth. We've had some good announcements. This Board has spent \$1.5 million in incentivising some of those growth opportunities. Where is that money coming from? I really think that we need some more revenue. The County needs some more revenue to take care of the needs that we have – Fire & Rescue, Sheriff, capital projects; and I think the schools need more revenue to address some of their needs. I will support 5¢ if it comes to that.

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PROPOSED TAX RATES and PROPOSED BUDGET FOR 2012-2013 (cont'd)

Chairman Moore proposed that the tax rate be addressed at the next meeting (April 24th).

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PROPOSED TAX RATES and PROPOSED BUDGET FOR 2012-2013 (cont'd)

Mr. Wills mentioned that people asked why the rate could not increase more than 5¢. He stated that it could not be raised higher than what was advertised. Sales tax and meals tax was mentioned tonight, and Mr. Wills explained, "We are maxed out on Meals Tax and Sales Tax is not an option."

Mr. Beyeler moved, seconded by Mr. Wills, that the Board adopt the budget on April 24th.

Mr. Karaffa expressed concerns of the Special Meeting on May 2nd being known to the public.

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

Nays: Pyles and Karaffa

Motion carried.

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END OF PUBLIC HEARINGS
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A fifteen-minute recess was called at 9:00 p.m. and meeting ended at 11:10 p.m.

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(Minutes were transcribed and typed by Rita R. Austin, CMC, Executive Secretary)

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ADJOURNMENT

There being no other business to come before the Board, Mr. Beyeler moved, seconded by Mr. Pattie, that the Board adjourn 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
H:4-17budmin.13

County Administrator