

Budget Hearing, Wednesday, April 16, 2014, at 7:00 p.m. Government Center, Verona, VA.

PRESENT: Larry J. Wills, Chairman  
Michael L. Shull, Vice-Chairman  
Carolyn S. Bragg  
David A. Karaffa  
Jeffrey A. Moore  
Marshall W. Pattie  
Tracy C. Pyles, Jr.  
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 budget hearing meeting of the Augusta County Board of Supervisors held on Wednesday, April 16, 2014, at 7:00 p.m., at the Government Center, Verona, Virginia, and in the 238<sup>th</sup> year of the Commonwealth....

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Chairman Wills welcomed those present for the public hearings and explained the procedure in addressing the Board by filling out the sign-up sheets. "On deck chairs" are set up for three speakers to keep the meeting running smoothly. Written remarks are acceptable. Questions will not be answered during the speakers' remarks. 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. A break will be taken at 9:00 p.m. if needed.

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Larry J. Wills, Chairman, led us with the Pledge of Allegiance.

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David A. Karaffa, Supervisor for the Beverley Manor District, delivered invocation.

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PUBLIC HEARINGS – County Administrator’s Comments on Taxation and Revenue Sources

Patrick J. Coffield, County Administrator, made the following comments:

At your last Board meeting, there was a request from the Chair to identify for the Board and general public "what opportunities there are for a seated Board as it relates to taxation". Our budget in local revenues is about \$83 million; of that, 65% is General Property Taxes, both real (as real estate) or tangible (which are automobiles, machinery and tools and the like). 65% of all revenues come from that this category and the Board does have exclusive ability to raise these rates. For Real Estate, a 1¢ increase would generate \$697,000; for Tangible Personal Properties, 1¢ would generate \$59,000; for Machinery & Tools, 1¢ would generate \$17,000.

Local Taxes include Sales Tax, Consumer Utility Tax, Business License Tax, Utility License Tax, Bank Franchise, Recordation, Wills, Lodging and Meals. All of these tax sources are local; however, the State sets caps. We are only allowed to charge our citizens 1% on Sales Tax. The State collects it and sends it back. For Lodging taxes, the County can charge 2%. That first 2% can go into General Fund for things like Schools, Law Enforcement and Fire and Rescue. If a local government wants to do a second 2%, it requires that extra 2% be earmarked for Tourism Development. The Board does not have the ability to use it for anything other than Tourism. This is one of those

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### PUBLIC HEARINGS – County Administrator’s Comments on Tax Rates (cont’d)

unique State laws. For Meals Tax, we had to have a referendum back in the 1990s to do a Meals Tax. The referendum passed and it can go as high as 4%. For us to go above 4%, it would require us to go to General Assembly and get special permission. For many of these categories, cities have the right to change their rates where the counties may have to have referendums or go to General Assembly for approval. It is just another difference between cities and counties. A Board member had asked me ‘How much do we get from Tobacco Tax?’ I said, ‘Zero’. State law says cities can charge a Tobacco Tax, but counties, as of right now, without any special legislation at the State level, are not allowed to charge a Tobacco Tax. As we speak, Staunton is considering an increase in their Tobacco Taxes, but the County has no tax similar to that. There is a category—Charges for Services, which is a sizeable amount of money—little over \$2 million. If you look into that \$2 million, that is for things like Camping Fees at Natural Chimneys; it is for Landfill Tipping Fees; it is for After School Programs; programs that have specific purposes. If you raise that, the monies will not go into the big pot for general purposes; it would be earmarked to go to specific things that is basically a fee for service.

With that said, as the Chairman knew when he asked me, basically that this is why most local governments, not just Augusta County, look first at the Real Estate Tax to generate additional tax dollars. It’s the biggest category; that 1¢ generates the most amount of money. You can tweak some other things around the edges, but if you’re really looking for a million or two for Schools, Law Enforcement, Fire and Rescue, it would be hard to raise the funds without first considering Real Estate.

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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 2013-2014 and the proposed budget for 2014-2015. Ms. Whetzel gave a PowerPoint presentation with the following highlights:

The Code of Virginia (§ 15.2) 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 24<sup>th</sup> and 26<sup>th</sup>)
- 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 23<sup>rd</sup>, or if the Board desires a Special Meeting on April 30<sup>th</sup> or May 7<sup>th</sup>.
- Sets deadline for State agencies to provide information to localities after General Assembly session (within 15 days)
- The County is required to approve a budget by July 1

#### **Budget process is a cooperative effort:**

- Departments of the County
- Community Agencies
- School Board
- 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.

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

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

**Budget Advertisement Summary:**

Recommended budget	\$168,905,706
Work session revisions	755,329
County capital	1,335,671
School Funding	<u>1,394,000</u>
Total Advertised budget	\$172,390,706

Ms. Whetzel mentioned that a handout had been distributed to the Board tonight which noted, on Page 2, the breakdown of the worksession revisions. General Government revisions are primarily for additions in Fire and Rescue and the Sheriff's office. Most of those are related to positions. The County increase is additional funding for Fire and Rescue depreciation and future coverage for SAFER positions that are now funded through a grant. There is also some extra monies set aside for other County capital needs.

School Funding:

Formula funding-growth	\$ 993,533
Formula funding – advertised rate	1,394,000
Other funding (add to base)	1,296,421
Capital funding (3 years)	<u>1,000,000</u>
Total School funding	\$ 4,683,954
(included in advertised budget total)	

Ms. Whetzel noted that "Other Funding" included a shortfall in the Composite Index funding to the School Board (in FY13-14). It was decided to continue that and add it to the base for the School Board. "Capital Funding" is to be used primarily for technology out of County Capital Improvement account and, hopefully, would be reimbursed through sale of surplus property.

**The advertised proposed tax rates for 2014 are:**

	Rate per \$100		Adv
	<u>2013</u>	<u>2014</u>	<u>Incr*</u>
Real Estate	\$0.51	\$0.56	\$.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 2014). The Board can approve a lesser rate than advertised.

<b>Total revenue:</b>	\$168,610,830
Property Taxes	\$53,455,000
Local Revenue	\$34,610,120
State Revenue	\$70,564,257
Federal Rev.	\$ 9,981,453

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

<b>Expenditures:</b>	\$172,390,706
General Govt	\$ 3,799,381
Judicial	\$ 1,915,145
Public Safety	\$19,274,278 (11%)
Public Works	\$ 3,579,185
Health & Welfare	\$15,872,200 ( 9%)
Recreation	\$ 2,795,685
Community Development	\$ 1,587,914
Contributions	\$ 1,448,034
Education	\$106,999,432 (62%)
Debt Service	\$ 7,982,828
Capital Improvements	\$ 7,136,624

**Future Unfunded Projects:**

	Millions
▶ Narrowbanding	\$4.4
▶ Mill Place Water Tank (fire flow)	\$4.8
▶ Landfill Post Closure Costs	\$2.7
▶ Depreciation accounts	\$7.3
▶ Other	\$2.9
▶ Flood Control Dams	
▶ Stormwater Management	
▶ Economic Development	
▶ Utilities	
▶ VDOT Revenue Sharing	

Ms. Whetzel advised that the County would need to borrow money for these projects if funds are not available in the Capital Projects Fund. Some projects are related to State or Federal mandates including Narrowbanding, Landfill Closure, Flood Control Dams rehab and Stormwater Management. Others are necessary to maintain County capital assets at an acceptable level to serve the citizens such as replacement of Fire apparatus or Sheriff vehicles or participating in VDOT Revenue Sharing to improve the roads.

Ms. Whetzel added that the Budget Survey is still accessible on the website if the public does not wish to speak tonight.

Chairman Wills asked Ms. Whetzel to comment on the tax increase due to the reassessments. Ms. Whetzel said that the reassessment was flat and did not have an increase due to the change in the reassessment. The increase would have been based on the growth that the County had from January through August before they started the final processing of those assessments. She reiterated that there is no increase based on the reassessment.

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A demonstration of the on-line stopwatch was demonstrated to the public.

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PROPOSED TAX RATES and PROPOSED BUDGET FOR 2014-2015

This being the day and time to receive public input on the real and personal tax rate for 2014 and also to receive public input on the revised budget for Fiscal Year 2013-2014 and the proposed budget for Fiscal Year 2014-2015.

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PROPOSED TAX RATES and PROPOSED BUDGET FOR 2014-2015 (cont'd)

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

Speakers opposing a tax raise were as follows: Dr. Edward R. Long, representative for the Shenandoah Valley Tea Party; Richard Wright; Jarol Kinder; Jack Drago; Mark Poe and Jay Price

Dr. Long represented the Shenandoah Valley Tea Party, which has about 1,500 members in the region, asked that those members present to stand, which was approximately 12 people. The Tea Party members think the extra money the schools are asking for does a disservice to its students. The schools use a Mac computer environment that does not prepare them well for the future and cost about three times more than necessary. They feel that Blue Ridge Community College and Augusta Health should share with the County in the expense of maintaining roads. Dr. Long suggested that the County adopt a more "pay-as-you-go" approach to budgeting, which had been suggested by Supervisor Pattie. A copy of his report was provided to the Board. Mr. Wright felt that the elderly had a difficulty in paying higher taxes because of their fixed incomes. Mr. Kinder felt that the "Supervisors are not doing their jobs if they can't live within their means". Mr. Drago held up a nickel to the Supervisors; he then held up \$253 to the Supervisors representing his proposed tax increase. He said he would have to give up his discretionary expenses if the tax increase was adopted. He felt that the school system was "grossly over-bloated". Mr. Poe expressed opposition in building new schools with a declining student population. He felt that the County was "wasting money" in implementing the Greenville water sewer connections and building a water tank. He complained about the light, noise, traffic pollution in Lofton area. Mr. Price said that it disturbed him that citizens were giving their input and not getting response from the Board, and stated, "If you want a tax increase, increase it from the new construction that takes place. They're the ones who are adding the burden to the existing infrastructure."

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Speakers supporting a tax raise were as follows: Sadie Graves; Lori Cox; Starke Smith; John Ocheltree, School Board Member; Holly Herman; Ann Walker; Joyce Henderson; Gary Alexander and Leonard Klein

Ms. Graves expressed assessment concerns. She wanted assurance that the assessments were correct and that property improvements were properly charged. Ms. Cox was "willing to pay more for quality Fire and Rescue services, quality Law Enforcement and quality Schools". Starke Smith felt that the School Board "is doing an outstanding job with what they have to work with. Funds have been cut constantly for the last five or six years. It is time to catch up." Mr. Smith is a retiree on a fixed income but felt that the tax increase was a small price to pay for good schools, Fire and Rescue, and Law Enforcement. Mr. Ocheltree thanked the Board for its support. "We, like many people, would like to see our students learn 21<sup>st</sup> century skills. The ability with this tax rate increase enables funding four more deputies which is important to us, too. The additional funds slated to go to Fire and Rescue, we think speaks for itself. You can't go wrong with a tax increase that helps schools, helps Fire and Rescue, and helps our Law Enforcement." Ms. Herman, a conservative, supported a tax increase for core services – Education, Public Safety and Rescue. "These children will be the ones that grow up in our community, work and live in our community, and provide these area services. In the future, if I call 911, I want to make sure these children are a very well-educated, quick-to-respond, citizen at my door. We're getting that now, but we'll ensure that with the tax increase." Ann Walker, Joyce Henderson and Gary Alexander commended the Valley Program for Aging Services for providing services for the elderly and thanked the Board for its support. Mr. Klein, a teacher, felt that the increase with technology would assist the teachers "in doing a better job".

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PROPOSED TAX RATES and PROPOSED BUDGET FOR 2014-2015 (cont'd)

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. Karaffa:

It's a pretty good spread between the groups assembled here in how they feel about the tax increase. It's hard to understand the tentacles of the local, State and Federal budget in how it works. You've seen a small inkling note of how taxes are collected locally to fund core services that we all depend on. You saw how Meals Tax and other local taxes are regulated by the State and where we can go for money. And we also know what mandates are placed on us not only by our citizens who expect a service but, also, on the State who sees a value and changes. Somebody mentioned stormwater this evening. It is a delicate balance to try to maintain the core services that we all depend on and some core services that many of us don't know about. It was really nice to see the members from VPAS out here this evening. I served on that board for a year. My eyes were really opened for the service that they provide, but I would bet that 90% of the people in this room don't know who they are or what they do. I would encourage you to go on-line and learn more about the Valley Program Aging Services and what they provide. I think after you read about them, you would understand that they are an essential core service that we help to fund. Many things like that in Augusta County, that our citizens depend on, that we don't know about. Schools are a very large and complex system when it comes to funding. I have spent a lot of time trying to understand exactly how they are paid for at the Federal and State level. I understand how it works at the local level. It is a constant struggle to understand all of the intricacies that go into providing our public education. Somebody had a comment about how much it cost per student. It is amazing; however, it should be noted that it doesn't take the same amount of money to educate every single child. We have over 700 Special Needs children in the Augusta County Public School System. It takes a lot of money to work with those kids. I consider their education a core service. I respect you if you don't agree. We went through the budget. It took two days looking at expenditures and the revenues. We identified needs. There were more needs that we made allowance for in this tax increase. We identified which ones were the priorities and where we felt comfortable going in terms of the advertisement. I appreciate everybody who came out this evening; I appreciate your feelings; I appreciate your opinions and know that I will be thinking about them and weighing them and I encourage folks to contact me. There is information on our website. You can send me an e-mail or give me a call.

Mr. Moore:

As I said in our worksession, I firmly believe in this. What we're funding in this are the cores services for this County. We were elected. Different opinions on what we should or shouldn't do. The education system in our County is our future. Future workers, future employers is truly our future. Having good teachers is a critical part of that. Technology in preparing them. Fire and Rescue, Public Safety, I think that is clearly a responsibility of ours. This Board has taken on a large step toward paid Fire and Rescue that has always been a Volunteer-based program that we just haven't been able to provide the services at the safety level that we are comfortable with. I think that will continue to be a responsibility of ours. Ms. Whetzel gave us some \$22+ million worth of projects that we know are coming that we don't have a funding source for. I support the increase. I do appreciate the way the Board has worked together to try to take care of the needs for the County.

Ms. Bragg:

Many of you know I am the newest member of the Board and I stepped into this position at the time where the discussions were going on about the budgets and about the needs of the community and how these needs are going to be met. It has been a very

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### BOARD OF SUPERVISORS COMMENTS (cont'd)

educational experience. There is a lot more to the whole process. As Mr. Karaffa was saying, there are so many programs and other things that are supported by the County that you don't see and that you don't realize. I hope that you all do understand, and what I have learned from these members who are seated up here, that they are very concerned about being good stewards of your tax dollars. A lot of discussion was held. A lot of time was spent. A lot of consideration has been put into the budget that we are proposing and that we are considering at this time. We do thank you all for your input. We encourage you to continue with that and trust that we will do what we can to really deserve your confidence in what is going on.

#### Mr. Pyles:

Thank you folks for coming out. A little note, this is probably the smallest crowd we've had for a budget meeting. I count somewhere near 70 people and we have 70,000 people in this County, so we have less than 1/10<sup>th</sup> of 1% showing up to voice pleasure or displeasure with this proposal. I take from that a general sense of contentment of a division among folks that are here. It's not easy for me to be on this side of a vote to raise taxes. As most of you know, I raised the dickens in the past about it and have fought the last two that this Board put up. When we had the big increase in 2005, I tried to have our taxes lowered from 58¢ to 56¢. There was just two of us who supported that. That was a huge increase from that assessment. Then the 2009 assessment, you'll see that I was the one who initiated it and drove the reduction to 48¢. The thinking was two parts: 1) The assessment was generally considered not the best. This place was packed for different meetings. People were outraged by it and didn't think it was a fair number. 2) We were heading into and a part of our worst economic times since the depression. To put taxes on people at that time would only be heartless. I don't know that would have been all that good to put more taxes on the folks back then. I said at that time, "We'll bring it back when we have a reasonable assessment that we can live with." Just as we've had very little outrage here tonight except for Ms. Graves' comments, I have not heard anyone call me about a bad assessment. It is not to say that everything is perfect, but it's to say that people generally think their houses are close to being worth what they say they are. That's the only thing that that thing is supposed to do.

When we were bringing in Shamrock, one of the things I told our Economic Director to pass on to Shamrock is that is likely the taxes would go back up when we had this assessment. I didn't want them showing up with a 48¢ tax rate and think that was going to be there forever. So we passed that on in a way to be open about it. I think we got Shamrock because, still, we were a low tax rate. When people were out here talking about people were going someplace else because of our tax rate . . . Where are they going? Highland County? We offer as much as anybody in this State. We offer one of the best values in this State as a place to live, as a place to learn, as a place to just enjoy life, is good because we have good people to live with who work hard and they demand stuff from us. They demand that this Board be conservative. They demand that they have the wherewithal and the determination to make things fit. I mean I am so put out by 'Oh, why can't we be like Rockingham!' Well, I take great pride that we're not like them. We operate this County for far less than they do. So who's doing the better job? Folks seem to be pretty pleased with what we've got in this County. I didn't want the earlier tax increases, but, now, that we have the assessment in place, we did not get the bounce that I had hoped that we would get from the Composite Index. While that is kind of foreign language to most, it's the single largest driver of school revenue for this County. When it doesn't bounce back, where we're still seen as a rich County, we don't get as much money back from the State, so relatively speaking, we're seen as a wealthy County and deserving to put up more. So we didn't get that back and many of the other revenues that we were counting on in the past have not bounced back as we would have liked . . . not our Lodging Tax; not our Meals Tax; those have not gone up. One of the big things that you may not realize, is that our interest that we try to do 'pay-as-you-go'. We've always done that except for schools. I think there is a different element with schools. Those things should last for 50 years so it shouldn't be just the first 10 people to pay for it, there should be everybody. We've always tried to pay as you go. So we put money aside. When they talk about the things that Jennifer talked about for the different projects that we have, we like to put money aside and we were gaining money on that . . . millions of dollars each year from interest. Then that dried up. You know what you're getting on return and we have to be in very safe places. We've got to manage it very conservatively. That hasn't come close to coming back. We've been dipping into our Capital accounts. We've been dipping in them to help the School Board. We haven't been replenishing as we should.

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### BOARD OF SUPERVISORS COMMENTS (cont'd)

That, to me, was part of what we were doing because we reduced the taxes to 48¢ during a very bad economic time and during a bad assessment. But that has passed and I can't just sit here . . . you know, Mr. Karaffa said we spent two days on the budget . . . I would like to think I spend 365 days on the budget looking at it all the time; looking at our school needs; talking to our Fire Department; going through it. It goes on and on. I came to the decision that we needed more. This year we needed more. We're 2¢ less than when I came on the Board in 1995-96 where I wanted to be in 2005, 2¢ less than that. It's a fair rate. We are not perfect, but I think some of the things folks brought up partly shows you may not understand what is going on. When they are talking about the road over at Route 636 that connects Route 250 to the Interstate to the Hospital, the past Board had this Board paying \$4 million all out of County taxes to do a half-mile cul-de-sac that didn't do anything for us. The first year of this Board, we put forward a new plan. VDOT will match your money dollar-for-dollar and we got twice as much road and we're paying ourselves back with just the new money of that construction. If you're asking, 'Will the new construction pay for it?', that's what we're having done. That's not coming out of that. We talked about the \$1 million each year for technology. That's not coming out of the taxes operating. This was an asset that we've already paid for and we're going to sell. Can they do better with pricing and what-not? I don't know. I'm sure Dr. Long knows his business pretty well. But I know, when my son went to Virginia Tech, he got a Mac and all of his friends at Tech had Macs and that is what they promoted there. It may be a decent tool for that. When we look at these things, we say, 'Okay, how do we keep up?' During the bad times, we needed more Fire and Rescue. The Federal government said, 'Hey, boys, we got it,' so everybody else is getting it. We went out and we applied for 22 Fire and Rescue personnel. We got them and they were put all over the place. The grant has ended. What are we going to do? Just let those 22 people disappear? Let the service level fall? We can't do that. You have to step up some time and say, 'This is what we need to do'. I don't think you'll be able to come back and find me supporting another tax increase. This is the first time in 18 years. It may be 18 before I do it again. This time is necessary. We cannot have people in office who just operate on ideology. That's a problem in Washington. That's a problem with Richmond. No tax; no nothing! We have to move forward. Augusta County needs to stay safe with Fire and Rescue, with Law Enforcement. It needs to advance in education or keep up. A lot of things fell from the State. I think they talked about schools losing money, but they didn't lose it from us. We're way ahead at where we were when the things hit. Sometimes you have to do what you don't want to do, but it is what has to be done. I think, with just 70 people here, the County agrees with that and understands it. If I have upset anybody, I want you to know I have applied the same thought process into raising taxes that I put in trying to hold them down.

#### Mr. Pattie:

I would like to thank all the taxpayers for coming here. Seventy people is a lot at any meeting. Obviously, a budget meeting is a little bit less than what we're used to. I appreciate you all coming out here and showing your support for one side or the other and articulating it pretty well in doing so in a very kind manner. Ma'am, I just want to say your cure of depression is a miracle and is a wonderful thing. I'm glad you're back and feeling better about that. I would also like to think that the Board of Supervisors supports a tax increase . . . clearly, I'm the odd man out on this policy, I don't support this tax increase, but this agreement hasn't led to any personal issues. I think that is a character of this Board. I think that's a good thing. What I've been talking about for three budget cycles is that we need to have a long-term strategic plan for the school system. I think that's fair for our taxpayers. I think that's fair for our administrators, our teachers, our parents and our students. It seems logical that if we're going to provide long-term funding, and we're providing over 2¢ effectively for the school system in the long-term, it seems fair that we should all have feedback and decide what our schools would want to look like. I haven't had that opportunity. You haven't had that opportunity. When we did a Comprehensive Plan for Augusta County, we all had feedback; we could all put input as to what we wanted to see what our County do, but I haven't seen that with our school system. If we're going to provide that much money, then we should be told how much it is going to increase performance; what are the SOLs going to look like with the 2¢ additional money to our school system. I think that's fair. I think the Sheriff's Department is a relatively small ticket item that could be absorbed in the general budget. I think that, with Fire and Rescue, I supported the 21 firefighters that we added. They are generating 60% to 75% of their total cost; that's about \$250,000 a net difference of loss of money that we should be able to find in our budget. I think the focus on the firefighters should



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### BOARD OF SUPERVISORS COMMENTS (cont'd)

be on the Volunteers, now. We've done the paid staff. We've added 21 positions. We're spending a lot less money on the Volunteers. We have one and a half positions dedicated to the Volunteers and we have a great loan program, but I would like to see more effort and more energy trying to support the Volunteers because that is the cause of our problem. We're treating the symptom by just adding more people.

#### Mr. Shull:

I would like to thank everyone for coming out this evening and giving your comments whether it is for or against taxes or keeping them the same. This Board is pretty much a conservative Board. I've been conservative. I understand the individuals that live on fixed incomes. I am a farmer, also. I do some contracting work. I understand money doesn't come in every week or every month. You sell cattle, maybe, once or twice a year and you have to live off of that money for the whole year. Doing contracting work, you may have a job; you may get paid once a month. You have breakdowns. I understand where you're coming from when you say that. I've been a conservative person. I sat here in a candidate's forum when I ran. The question was asked of me, 'Would I ever raise taxes', and I said, 'I'm not planning on raising taxes, but a lot of it depends on the state of the economy and what the State and Federal government does to us'. We haven't had any help out of the State and Federal government. We have mandates that come down unfunded. You all saw up here, this \$4.4 million, Chairman Wills wrote it up in the paper, this is for narrowbanding our radio system. It costs us for towers and radios. The Federal government is receiving the money on what they're selling off to the cellphone companies. I had one individual, when I told him that, he said, 'Well, that's not right'. Well, a lot of things are not right, but the Federal government can do it. We had to make payments to the State for VRS payments. They borrowed money from the account to meet their budget but it is forced back to us. We're the lowest form of government, but, yet, we are under the State's thumb. Everything that we do is mandated by the State or there is an ordinance or we have a State Code to go by. It's not a whole lot that we do that is not guidelines from the State. The School system—they have mandates that come down from the Federal and State government. They have to abide by them. Usually, anything that comes down, in some shape or form, costs us money. We have to make the budget balance. We have to make the ends meet, somehow. Like it or not, I don't like it, the schools . . . You know, the lottery, when it went into play, it was supposed to be the savior for the schools. But what has happened? The State, instead of raising your taxes used State lottery funds for Schools, they cannot buy the buses anyway like we did in the past with lottery funding. This was money that was coming above and beyond! To buy buses; make ends meet for those extra things that they needed. It's not there, now, because they didn't raise your taxes. They put it in. They have put fees upon us. The State says, 'We're open for business for Virginia,' but what do they do to our contractors? What have done to you? They raised your tags for your vehicles. They raised contractor's license. Yet, we're saying, 'We didn't raise taxes,' but these fees and everything gets passed on down to us. We have a lot of departments. Maybe, the legislators didn't pass this, but we have ISO. These regulations put regulations on our Fire Departments; the Health Department went into new regulations on our Rescue Squads; but, yet, we have to fund them. We have to pay for them. Just about every law that has passed in Richmond or Washington, comes back to us. Somehow or another it costs us money. There is no money sent down here. Before I came on to this Board, erosion came up. They mandated that this County and all the counties had to take care of erosion. I asked Mr. Beyeler when they were putting this in place, I said, 'Did the State send any money down here to set up this office for erosion?' He said, 'No,' so we had to set up our own program and fund it locally. Everything costs us money like that that comes down. We have all of these organizations. EPA, they pushed this down on the State; well, the State turns around and pushes it back to the localities. We've got to implement this stormwater. It's going to cost us. It's going to cost every contractor that does work in this County. It's going to cost homeowners in some shape or form. Is that on our behalf that we did that? No; it came from them. Until we stop the bureaucrats from passing regulations and mandates that doesn't come through our legislators, we are going to continue with this. The Sheriff's Department, there is an ever-increase in the amount of drugs. You will not believe the amount of drugs and drug trafficking and our deputies are overwhelmed. This County is over 900 square miles. You have deputies on one end of the County and you have a domestic dispute on the other end. Do you realize how long it takes them to get there? It's an ever-increasing burden on them. We see it all the time. Thirty years, ago, you had marijuana; you had alcohol; but you didn't have meth; you have everything now. You have gangs. We didn't have gangs back years ago, but you have

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### BOARD OF SUPERVISORS COMMENTS (cont'd)

them now. So we have to support the Sheriff's Department. The Schools – the buses and things, they're getting old. My daughter was on a basketball game in Luray. The bus broke down and didn't have any brakes. The bus the other day just blew a tire. We haven't been able to purchase any buses. Everything in the business world keeps increasing. I used to bring stone for \$4 a ton; it's over \$13 now. Everything keeps increasing. The buses have increased. I think Dr. Bishop can tell you they're somewhere around \$80-90,000. They used to not be that. They went up \$11,000 in the last three years. Electric bills . . . Your electric bill has gone up. Mine has! The County has to purchase everything that we purchase in our home life. The County, the School system is not exempt from that. Everything goes up on them, too. It's the price of doing business. As far as sports, each parent pays a fee each season whether it's fall, winter or spring, for their kids to play sports. I had one individual that said taxpayers were paying out too much money. Yes, you are paying; I will admit that. But the ones that are playing sports, pays extra money for their kids. I pay that. I have one that plays basketball and softball. I don't mind paying extra because I feel like I'm getting something extra there. I know we don't like to pay taxes and if I was sitting out there, I would be arguing the same point, but as Mr. Howdyshell, a former supervisor from North River was in here a couple weeks ago, said everybody in the County ought to have to sit on both sides up here and out there because you would have a better understanding of what goes on. When we look around—the assessments, yeah, I didn't think they were right the last time and it was sort of a fiasco, but we hired a company to come in this time that we felt would do a fair and just assessment. I feel like we have a fair and just assessment. When you look around at the other counties throughout the State, I own land in Rockbridge County; and when you start looking around, the assessments are somewhere in line with the land in other counties. Now, if you want to look at tax rates, start looking around us. The other counties are paying a lot more than we are. We have been fortunate enough to stay where we were at; but it comes a time when everything keeps going up and it costs us money that we have to go and increase ours, too. It's not because we're advocates for tax increases, because we're not; we're only trying to raise enough to make ends meet. I sit here and I look at everything that we had. We needed 11¢ to take care of what we had. We didn't raise 11¢ but we do have to borrow the money like was said here tonight. I hope you understand where we're coming from; we're not trying to do this just to be raising taxes. We're trying to do it to make ends meet. And any good business will not keep taking money out of their savings account in order to keep business going. Pretty soon you end up in the red; pretty soon you end up in the hole. I don't want to see this County continue in that path and go down where when we have something that comes up, that we have to say, 'It isn't going to be a couple of cents, it's going to be 10¢ or 15¢. It's like gas; it used to be that they raised it 1¢ or 2¢; now, it's 10¢, 15¢ at a time. That 1¢ is gone. Those days are gone. We have lived, almost thirty years, off of prosperity. Our growth has kept us going in this County. Those days have come to an end. I stood here before this Board before I was elected. Riverheads Fire Company, I said out there behind that podium, and I saw the bad times that were in the northern part of this country and in Northern Virginia and Eastern Virginia, and I said, 'You need to look before you start spending this money on that Fire Department and Library in Middlebrook'. I stood there and opposed it. I think there could have been some better planning years ago if they would have sat and looked at the long-range, but prosperity kept things going. Now, hard times has set in and the rubber meets the road. But as an individual sitting up here as a conservative nature, I am sitting here with thoughtfulness of looking down the road trying to figure what is best for the County in twenty years. I'm hoping that we make decision today that will benefit us in twenty years. Our schools—we can talk about Riverheads, Verona, any of these schools. They were built refurbished and made better in the last fifteen years. It was done in the good times. If we would have had better planning and better outlook for the future, maybe, we could have consolidated some schools and they would have been better off. Riverheads done this 40-some years ago. We had three little schools there. They were consolidated into one school. I think it was one of the best things. People fussed back then, but it was one of the best things for Riverheads. That may be what we need to look at for the future, is consolidating some of the schools. It is not going to be done overnight. We have refurbished schools and we have to utilize those schools and get the benefit out of them, but we need long-range planning if that is what we're going to do. I hope that I, as an individual, can see into the future, and the decisions that I make today will benefit us down the road. Back to the firefighters, we didn't used to have all the firefighters, but every company in this County is losing volunteers. They have asked us for help in daylight hours and a lot of our companies have firefighters daylight hours and some even

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24 hours. We have tried to provide a service to our citizens. ISO comes in. We had this little fiasco down here at Preston Yancey. People were outraged because their homeowners insurance was going up. ISO, another government agency that comes down and tells us what to do. We had to go down there and try to do something to take care of that. All of our rescue squads are getting overwhelmed by the amount of training. We can't hardly get individuals to come out and volunteer on the rescue side. What are we going to have to do? It's going to come down to it one of these days because the training and economics that we're going to have to provide individuals to come out and answer calls. I hope that we have a service here that, when you call 911, you have somebody responding. We're losing volunteers all across the country. It's not just here. It's everywhere. I think it's society. Our kids, today, we have so much to do as far as computers, video games, probably most of you out here, when you come here, most individuals come home, what do you do? You go check your e-mails. By the time you check your e-mails, what time is it? It's bedtime. Years, ago, you didn't do that. You were able to come home, go and volunteer, go do different things. I'm not saying this is bad but it's a change in cultural society. Our kids, today, are not like they used to be. Our kids, today, have plenty of things to do. Years, ago, they used to follow dad down at the firehouse or go somewhere, but society has changed; the times have changed. It may be good; maybe, it's bad; I don't know, but in the changing times, there comes changes that we have to make in order to make ends meet. I hope you understand that we're not trying to squander the money here, we're just trying to make ends meet.

**Chairman Wills:**

I want to thank each and every one of you who came out tonight. I want to thank our staff and all the work they have done on this budget process. It has been a long process. There has been a lot of time that has gone into it both at the School Board level, School Administration level, County Administration and this Board. Decisions we make are not taken lightly. As Mr. Pyles alluded to, from 1983 through 2008, this County was at 58¢ and was able to live on the growth money. With the decrease in tax rates, at that time, and I'm not saying it was bad because of the economy; but, not only we did not get the increase that we were used to, we didn't get any growth. Then we had very slow growth over the last five years. This is the first year, quite frankly, we have had significant growth in dollars. We're starting to see our industries come back a little bit. McKee has hired 300 people in the last two years. We've got Shamrock that will open up this fall. We've got Dascom that will start construction this spring. There are other industries that are growing in this County, but we do not have the benefit of that growth at this point. I said when I ran for election, the one thing that I pledged to my people I will support core services. I consider education a core service. Public education educates every kid. They take every kid in. It doesn't matter whether they are disabled or what. We still have to deal with them. If there is a problem child, private schools will say, 'No, you can't come back'. Public schools have to educate them. We don't have that choice and that costs money. Now, I'm not saying there's not places in both budgets that, probably, if you looked at it, some people would say it is not necessary, and other people are going to turn around and say, yeah, it is. Are recreation programs necessary? That's going to be a big debate in today's society. We're looking at mandates from the State. There are two areas in our budget where we do not receive as much money from the State as we did prior to the fall of the economy. One is schools and the other is the Sheriff's Department. Two core services! Does that make sense? No. We have tried to do it at the local level to keep these services to what our citizens expect and should expect. I don't like a tax increase any more than the rest of you, but I will support core services to the hilt. I think they are needed.

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

Chairman Wills proposed that the tax rate be addressed at the next meeting (April 23rd) or April 30th. It was the consensus of the Board to place on the agenda the adoption of the budget for the 23<sup>rd</sup>.

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**END OF PUBLIC HEARINGS**

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Chairman

County Administrator H:4-16budmin.14