

At the budget workshop meeting of the Giles County Board of Supervisors on Thursday, March 11, 2010, at 2:00 PM in the Giles County Administration Building, 315 North Main Street, Pearisburg, the following were present:

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

Ms. Hobbs called the meeting to order. Mr. McKlarney said he had received two emails just today. The first said the state was going to come back and bill localities for VRS portion that they were going to cut. Then this afternoon he received a message that they are backing off of that idea. Things are just changing daily and it is difficult to have any sense of exactly how the budget will look. He said he felt the cuts that have been put in place so far will only increase. Basically, it is playing with numbers so the General Assembly members look better politically and maintain funding levels at 2006 levels so they are eligible for stimulus money. They were going to give money to the schools and make the local governments pay the bill for it. However, looks like they have backed off on that now. Mr. Spencer said it has taken several years to get into this economic situation and they shouldn't expect to get out of it overnight. Hopefully they will see an economic turnaround and see an increase in revenues. Ms. Hobbs said she doubted if localities would see any of it; the state is putting more and more on the localities. Mr. Spencer asked what the state's plan was to get the stimulus money. Mr. McKlarney said they have to get back to 2006 spending levels, but how they were going to do that without cutting localities is uncertain. Things are changing with the state budget on a daily basis.

### **SCHOOLS**

Mr. McKlarney reported that Dr. Arbogast has given him some proposed cuts. He has copied those for the board and would encourage board members to go through and look at them. They need to start the discussion with the school system. These are just alternatives and there is no point in scaring people to death until some decisions have to be made. The total of all these ideas exceeds any cuts that need to be made. This is something to work with. Ms. Hobbs said it bothers her a lot that these cuts would hurt education. Mr. Spencer asked if there was any interest in a 5% reduction in salaries. Mr. McKlarney said that was one of the things detailed in this. He did not know about the percentage, but it was something that is on the table. If they do any kind of reduction, Mr. McKlarney said he would recommend a required VRS contribution. Ms. Hobbs said it would be an advantage if cuts are made to let that go toward retirement. Mr. McCoy said they would still be losing pay, but at least it would be going back to the employee in some form – as retirement. However, at this time the county does not have the authority to do that – or to allow employees to do that. Ms. Hobbs asked if he thought that would change. Mr. McKlarney said the General Assembly has bills out that propose to change it. Ms. Hobbs said the other problem is the state hasn't relieved any of the mandates on education, but they aren't funding them.

Mr. McKlarney said the budget is almost \$1 million better off today than this time last week. That is how much the budget is bouncing around between the governor and General Assembly proposals. It is very difficult to try to build a budget around that. If the House version is adopted and the school board is down \$1.5 million, Mr. McKlarney did not see that much of a salary cut being necessary to make those cuts. He said he had highlighted things he felt would be a detriment to education if cut and noted things that would not really impact it as much. He felt this is something this board and the school board have to work out together. They just have to decide what they are going to do to make the cuts. Ms. Hobbs said three board members could attend if they schedule a meeting. Mr. McKlarney said eventually they do need to have a work session with both full boards. Mr. Gentry suggested each board member mark up the suggestions with plus/minus and bring those back to Ms. Hobbs. She can set down with a school board member for a work session without scaring everyone to death for no reason.

Mr. Spencer asked if this board could control any costs or raise any funds to help meet this deficit. Mr. McKlarney said the board's revenue comes from taxes and fees. They could raise fees like building permits but that would only be a drop in the bucket. Ms. Hobbs said it would not be practical to do that at a time when they want to promote growth. Mr. McCoy said the board said at the beginning of this they did not want to raise taxes, but it appears Giles is the only county in this area that is not raising taxes. Giles is already one of the lowest rates at 53 cents. He agreed to a point that it is a bad time for a tax increase, but everyone knows that state money is not coming. Montgomery is proposing four cents, Radford is eleven. Ms. Hobbs said if they do a tax increase this year, she would guarantee they would have to do another one next year. She would not support a tax increase. Mr. McCoy agreed they could not get enough tax increase to fix this budget, but at 53 cents people are not paying their share compared to the counties around here. Ms. Hobbs said they live here not in the counties around us. Mr. McCoy said it cost Giles just as much to build a school as it does Pulaski or anywhere else. When the reassessment was done, the Board of Equalization did not do their job and cut everyone's assessment and did not do what they should have so the tax base is down. Ms. Hobbs said Giles does not have the population that other counties have either. Mr. McCoy said Craig County and Bland would probably see a tax increase and they don't have the population. He said it comes down to only having so many choices. None of this can be fixed with a 2 cent tax increase. Mr. McKlarney said that would take probably 17 cents increase. Mr. McCoy said he was in no way talking about doing that. Ms. Hobbs said if schools had been looking at this for the past five years and not escalating budgets as they have, then maybe they would not be in the shape they are in now. If they look at what is in the school budgets, they can cut some of the "gravy" without education suffering. Mr. McCoy said he agreed with that. Ms. Tickle said the "gravy" is gone now. Ms. Hobbs said that only happened this year. Ms. Tickle said there is still federal money that is earmarked and they cannot control that. Ms. Hobbs said sometimes it is not just money; there are other changes that can be made.

#### **CASTLE ROCK/WELLNESS CENTER**

Mr. Spencer asked what the anticipated deficit at Castle Rock was this year. Mr. McKlarney said it was budgeted to be zero. He was sure they will get complaints on the course, but they are budgeting a zero subsidy this year. Ms. Hobbs said if they cannot operate on what they take in, then it will have to close because the board can no longer subsidize that. Mr. McCoy said they could increase dues if they need revenue. Ms. Hobbs said even then, they will have to operate on what they take in. Mr. McKlarney said there will be changes at Castle Rock. He has asked Mike Freel to give him a plan to operate on the revenue there, and he felt sure that would include some loss of services. Mr. McCoy said it is still cheap to belong to Castle Rock. People will throw a fit, but if they want more services then they need to pay more dues. Mr. Spencer said every time a rate increase is proposed, the board caves on it. He felt there were only a handful of residents in the western district who play golf over there. If they want improvements there, they need to pay for them. Ms. Hobbs said if the course is operating as efficiently as it can and still not paying for itself, then it is time for a rate increase. If the operation isn't efficient, it is not fair to ask for a tax increase. She said she wasn't referring to the current operation, but in the past it has not been run efficiently. Mr. Gentry asked that the board members recall they said they were going to put money into it and realize it is not a winning proposition, but they were behind it and wanted to see how it works. He said it has worked and the course looks as nice as it ever has. He said courses across the country are struggling and it will never be a money making operation. Mr. McCoy agreed, but said these are different times now. The county really doesn't have any business in the golf course business, but it is there and they have to deal with it. Mr. Baker agreed many golf courses are hurting now. Mr. McCoy stated that no way would it be right to cut schools and fund Castle Rock. They either operate with less or increase dues or close. Those are the options and they need to understand them up front. Mr. Gentry asked where the amount showing in this proposed budget as cut from Castle Rock coming from. Mr. McKlarney said from part-time help, help with mowing. They will just have to mow less often. Ms. Tickle said a lot of it comes from cutting out the pool and 19<sup>th</sup> Hole. Ms. Hobbs said if they do not open the pool, then they need to refund some of the full membership fees that include the pool. She said the pool is a service they have been providing; it was never a money maker. Mr. McKlarney said he was assuming the board would not be subsidizing Castle Rock or the Wellness Center at all next year. Ms. Tickle said there is a subsidy in there for the Wellness Center. Ms. Hobbs said they need to take that out. Ms. Tickle reported the subsidy amount at \$24,997. Ms. Hobbs said they should be able to find that somewhere within the Wellness Center budget.

#### **CONSTITUTIONAL OFFICERS**

Mr. Spencer asked if 3% decrease for the Commonwealth Attorney will leave staff as it is. Mr. McKlarney said the board needs make a decision on how to handle Constitutional Officers. He could not recommend discussing

that until they get the final numbers from the state. Mr. Gentry asked what the county is currently paying in the Commonwealth Attorney's office. Mr. McKlarney said they are paying \$35,000. There are four total employees in that office; two are attorneys. Mr. McCoy said when the Comp Board approved that second position and the board had to put in money for the benefits, they said if the funding for that ever stopped, then the position would be cut. He remembered that being stated very specifically. Mr. McKlarney said they could talk about this but he felt the numbers were going to change.

### **POLICE COVERAGE AT RECREATION EVENTS OUTSIDE OF AREA**

Mr. Spencer said the Glen Lyn Town Council had a problem with their officer going to Narrows to work at games and getting paid for it, but using the town car and town equipment. He said the Sheriff Department officers make \$250 every time they take county vehicles to Virginia Tech to work games. That is paid by Virginia Tech. He said he felt anytime anyone wants to use the town officers, the request has to come through the town office for approval and funds come back to Glen Lyn to cover expenses. Mr. McCoy said the choice is totally up to the Sheriff as far as the county is concerned. Some departments give an hourly rate to the deputy and pay the difference. Ms. Tickle said the county calculates the exact cost for that officer (FICA, worker's compensation, etc.) and pay the employee based on that. The remainder of the money goes into the department to cover expenses for cars and equipment. The county does not lose anything on that. Ms. Hobbs said Mr. Spencer needs to cover that with his town council, but those kids at Narrows' schools are Glen Lyn kids too. Mr. Spencer said he didn't see that as any different than if one of the employees took the town backhoe and worked for someone on his own. Ms. Hobbs said there was a difference. Mr. Gentry said the public from Glen Lyn is also at that game. Mr. Spencer said if it was a volunteer arrangement, he had no problem. However, if he is receiving pay from the school board for it, it is a different matter. Ms. Tickle said she invoices schools for athletic things. If it is a police officer is taking up tickets or running the clock, he is treated like a teacher or anyone else doing that job. The school may pay him out of the ticket sales or athletic money. Mr. Spencer said they thought it was a volunteer thing, but then found out the town was paying him and the school is paying him. He is working in the capacity of a police officer and getting paid by the school. Ms. Tickle said the school may be paying him, but the school board is not. Mr. Gentry said he always thought they were on duty and being paid under their regular jobs. Ms. Tickle did not think Sheriff's deputies were paid by the schools for being security at the games.

### **OTHER BUDGET ITEMS**

Mr. McCoy asked if **recreation money** was still in the budget. Ms. Tickle said it was. Mr. McCoy said if they were cutting Castle Rock and the Wellness Center, then they needed to cut recreation funds too. Mr. Gentry asked about the **fire departments**. Mr. McKlarney said they have cut the pumper fund but not the department appropriations. The only increase in Emergency Services budget is for rescue services. That is because they are planning to bid the service out and ask for 24/7 coverage.

The board members discussed the cost of the **Regional Jail**. Mr. Spencer said he was going to say it again – if a person who is in jail has the ability to pay, they should pay. Ms. Hobbs said if she was arrested and thrown in jail, she wasn't going to pay to stay there. Mr. McCoy said he saw the point, but you would never get it out of them. The jail costs are killing the budget this year. There was a lot of discussion at the jail on cost savings with solar and things, but he did not think they were going to save that amount. Mr. Gentry said the latest minutes talked about saving \$1 million but not sure where that will show up. Mr. McCoy asked if they have hired all the personnel they need to open the new addition. Mr. Baker said he was not sure. Ms. Hobbs asked why they would hire the officers before they had any prisoners.

Mr. Gentry asked about the significant cuts in the **Maintenance of Buildings** budget. Ms. Tickle said it was people, benefits, cleaning and mowing services. So far cleaning has been cut to 50%. Mr. McKlarney said they were talking about cutting it to once a week service. Mr. McCoy asked if day report people could do some of this. Mr. McKlarney said they are planning to clean offices themselves except for once a week. He said he did not see anywhere to cut this budget any further. Ms. Tickle said the heat and electric lines are low. Depending on what AEP does, that may have to increase. Mr. McCoy felt it would be a mistake to cut building maintenance too much. If something goes wrong, it still has to be repaired. Mr. McKlarney said they are also discussing working with Pulaski County on mowing at Castle Rock --- maybe trading out energy conservation review or project management with them for the mowing.

Mr. McCoy said the **multi-flora rose** program could be cut. Everyone who gets that can afford to buy the spray and do it themselves. Mr. Gentry said a lot of people use that. Mr. McCoy agreed, but said they can afford to buy the spray too. Ms. Hobbs asked if that was reimbursed. Ms. Tickle said the participants buy the spray and the county reimburses them at the end of the fiscal year. The reimbursement amount depends on the number of people who apply for the program.

Mr. Spencer asked about the **business incubator** budget that was showing the county portion as -\$20,000. Mr. McKlarney said the IDA has voted to raise the rent there. They have asked him to discuss this with the tenants first though. Ms. Tickle explained that it is shown as a negative number because the county will be getting more revenue from the building than they are showing expenses. Mr. McKlarney said the IDA just felt that the rent on those offices should break even with at least what the utilities are costing.

## **EXECUTIVE SESSION**

*Mr. Gentry moved to go into Executive Session for the purposes of legal discussion on the Roark case, contracts concerning the Town of Pembroke, and Wellness Center personnel. Second by Mr. McCoy. Approved unanimously (5-0). Voting YES: Ms. Hobbs, Mr. Baker, Mr. Spencer, Mr. Gentry, Mr. McCoy.*

*Mr. Baker moved to certify that in the closed session just concluded, the Board discussed nothing except the matters specifically identified in the motion to convene and lawfully permitted to be discussed under the provisions of the Virginia Freedom of Information Act cited in that motion. Second by Mr. McCoy. Approved unanimously by roll call vote – Voting YES: Mr. Spencer, Mr. Gentry, Ms. Hobbs, Mr. Baker, Mr. McCoy.*

## **ROARK LEGAL DISCUSSION – CASTLE ROCK**

*Mr. Gentry moved to contact the attorney on the Roark case and offer an easement through the corner of the county property as specified on the sketch. If that is not acceptable, the attorney can bring in others (Cooke, Landers) to the suit. Second by Mr. Baker. Approved unanimously (5-0). Voting YES: Ms. Hobbs, Mr. Spencer, Mr. Baker, Mr. McCoy, Mr. Gentry.*

## **BUDGET WORK SESSION**

Board members agreed that Ms. Hobbs and Mr. McCoy will work on budget cuts and changes. Other board members will forward any comments to Mr. McKlarney to compile for that work session. Mr. McKlarney said he would like to have comments by the meeting on Thursday and then they could be consolidated. He noted the next budget discussion was scheduled for 3 PM on the 18<sup>th</sup>, prior to the recess board meeting. Ms. Hobbs said if there are no numbers from the state on schools and Constitutional Officers, there is no reason to meet on budget. Mr. McKlarney said he would let everyone know by the day before if he receives any information. Mr. McCoy said basically anything the board does not want to cut from schools, then they need to come up with the funding for it. Ms. Hobbs said this board can only make suggestions to the school board anyway.

## **TOWN OF PEMBROKE WATER/SEWER**

Ms. Hobbs asked if the board wanted Mr. Belcher to go all the way back on the bills from Pembroke. Board members felt they should be credited back to the very beginning and see what the amount is that Pembroke owes the county. Mr. Spencer asked what they meant when they say go all the way back. The meter did not work for some time. Mr. McCoy said maybe just go back to where we do have meter readings on it. Mr. Spencer said he could agree with that.

## **REGIONAL JAIL**

Mr. Gentry asked if the board agreed to have Mr. McKlarney do a letter to the Regional Jail asking about the extra money they will be saving with the solar panels and comp board changes. They would like to know where those savings will be going. Board was agreeable with writing a letter about this.

## BUDGET

Ms. Hobbs stated that the proposed budget shows no reduction to Constitutional Officers except the Sheriff at this time. She asked if any of the cost of Animal Control had been cut. Ms. Hobbs suggested the officers stop picking up cats; Mr. McCoy agreed. He said if they are brought in and surrendered, then take them but don't go out and pick them up.

Mr. McKlarney said he would be meeting with Montgomery, Radford and Pulaski to discuss a regional purchasing effort. They feel a joint effort might allow better negotiating for the best prices. Pulaski has offered to store the purchases and Montgomery has a purchasing agent and department now and they have offered at no cost. It will be looked at from a savings perspective and Mr. McKlarney will bring information back to the board. The board asked him to make sure purchases aren't being taken out of the county just to benefit some other party.

No further business was introduced. Ms. Hobbs recessed the meeting until 6:30 PM in the General District Courtroom.

APPROVED:

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Chairperson

ATTEST:

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Clerk