

A meeting of the Botetourt County Board of Supervisors was held on Wednesday, April 9, 2014, in Rooms 226-228 of the Greenfield Education and Training Center in Daleville, Virginia, beginning at 7:00 P. M.

PRESENT: Members: Dr. Donald M. Scothorn, Chairman
Mr. L. W. Leffel, Jr., Vice-Chairman
Mr. John B. Williamson, III
Mr. Billy W. Martin, Sr.
Mr. Todd L. Dodson

ABSENT: Members: None

Others present at the meeting:
Mr. Tony Zerrilla, Finance Manager
Mrs. Kathleen D. Guzi, County Administrator

The Chairman called the meeting to order at 7:00 P. M.

Dr. Scothorn welcomed those citizens who were present. He noted that tonight's public hearing on the proposed budgets and tax rates is an important part of the budget development process as it is the first occurrence whereby the Board is able to hear from the public. Dr. Scothorn stated that he served on the Budget Subcommittee with Mr. Williamson and reviewed this budget line by line with County staff. He noted that this was a great learning experience; grueling but enjoyable.

Dr. Scothorn noted that the County Administrator will give a brief presentation on the proposed FY 14-15 budget and tax rates and he will then open the hearing for public comment. He also asked that cellphones be turned off or muted during the meeting, that those present have respect for others at the meeting, speakers should give their name and address, speakers will be given five minutes to make their comments, and all comments should be addressed to the Board.

Dr. Scothorn further noted that Delegate Terry Austin was present at tonight's hearing and thanked him for attending the meeting.

Mr. Williamson then led the group in reciting the pledge of allegiance.

Mrs. Guzi then stated that this hearing is a very important part of the budget process. She noted that the Board has heard from County staff, agency heads, and groups regarding their FY 15 budget requests and tonight's meeting is an opportunity for the citizens to comment on the proposed budgets and tax rates.

Mrs. Guzi noted that the FY 15 budget development process began last fall by gathering the revenue and expenditure figures and assessing and revising those figures based on the best information available at that time. She noted that in January two public input sessions on the proposed School and County budgets were held at Read Mountain and Central Academy middle schools with representatives from the schools and Board of Supervisors in attendance. Mrs. Guzi noted that a draft budget was prepared and meetings held with staff, department heads and constitutional officers at the subcommittee and Board level. Mrs. Guzi stated that at every step the staff considers ways to increase efficiencies, reduce expenditures where possible, and realize economies of scale and, as a result, the County has become more efficient and more effective. Mrs. Guzi further stated that the staff identifies where we need to invest in existing resources/infrastructure in order to protect our investment and we continue to strive to

provide a quality service for our citizens at a reasonable cost while protecting our investments for the good of the community.

Mrs. Guzi then reviewed the budget handout that had been made available to all meeting attendees. She noted that the first section contains a synopsis of the proposed budgets and tax levies in the form of the meeting's public hearing advertisement, the second section includes the General Fund revenue summary, the third section contains a detailed listing of the various revenues received by the County, the fourth section is the line item detail for each department, the fifth section is the five year Capital Improvements Plan (CIP), and section six contains the Utility Fund's revenues, expenditures, and CIP. She stated that this budget was developed for informative and fiscal planning purposes.

Mrs. Guzi then read the Board's vision statement which sets the background for the decisions made by the Board in adopting the budget ("We, the elected Supervisors of Botetourt County, envision a community where County residents are attaining higher educational and economic goals; are enjoying a quality of life marked by safety and security, environmental protection, quality business and residential development, and a variety of recreational and cultural opportunities; and are pleased with the value and cost of county government services.")

Mrs. Guzi then noted that the overall General Fund revenues are proposed to increase slightly in FY 15 (0.3%) and the school's revenues are expected to decrease by 3%. She stated that a portion of the General Fund balance is being used to balance the proposed FY 15 budget. Regarding revenues, Mrs. Guzi stated that no tax increase is proposed for FY 15. She noted that the General Fund local revenues are expected to increase slightly (0.6%), State revenues are expected to increase by only 0.3%, and federal revenues are expected to show a 13% reduction due to no renewal of the payment-in-lieu-of-taxes program. Mrs. Guzi noted that 45% of the monies necessary to balance the FY 15 budget will be allocated from the assigned portion of the Fund Balance.

Mrs. Guzi stated that General Fund expenditures are proposed to increase 3.1% in FY 15, school expenditures are proposed to decrease 0.3%, Social Services expenditures will increase by 6.3% and Utility Fund expenditures will decrease by 21.4%. She noted that a key area of increase included in the proposed budget is Public Safety. Mrs. Guzi noted that specific new funding items include \$50,000 for the Sheriff's Department for increased staff support and, for the volunteer fire and rescue agencies and the Department of Emergency Services, there is funding for a new ambulance and a fire truck. She further stated that there is increased funding for economic development and tourism initiatives, the County will continue to invest in its infrastructure through the purchase of a new software suite for the enterprise-wide computer system, and an additional human resources position to assist with increased mandated employee-related programs.

Regarding school expenditures, Mrs. Guzi stated that the schools will receive less State and federal funding in FY 15. She noted that the State of Virginia has not yet adopted a budget for the next fiscal year; therefore, the County's figures are based on conservative State revenue estimates. She noted that the proposed budget includes \$815,000 in new County funds for school operations. Mrs. Guzi stated that the requested increase in local funds came as a "result of a combination of mandated expenditure increases and many very difficult reductions." Mrs. Guzi stated that the school budget shows an overall decrease of 0.3% or \$161,000 in operations costs in FY 15 with a total budget request of \$53.6 million.

Mrs. Guzi stated that the Utility Fund is a self-sustaining fund and the identified capital improvement expenditures in FY 15 are for additional water source development.

Mrs. Guzi stated that in conclusion the proposed FY 15 budget is flat as the County continues to see a decrease in State and federal revenues for government and school operations. She stated that the staff continues to look for more efficient ways to serve the County's citizens while remaining effective. Mrs. Guzi noted that the proposed budget sustains funding for major service areas with targeted increased in the key areas of public safety, education, and economic development/tourism.

Dr. Scothorn then thanked Mrs. Guzi for her presentation and opened the public hearing on the Botetourt County School, General Fund and Utility Fund budgets for FY 2014-15 as advertised.

Mrs. Lorra Grooten of Blue Ridge then stated that she and her son Timothy were present to request funding for Brain Injury Services of Southwest Virginia (BISSWVA). Mrs. Grooten stated that her family has lived in Blue Ridge for 16 years and her son receives services from BISSWVA due to an injury he received in August 2013 when he was hit by a car while riding his bicycle to work. Mrs. Grooten stated that upon leaving the hospital her son received outpatient therapy and shortly after he began receiving services and assistance from BISSWVA including education on his injury.

She stated that her son was assigned a case worker who also provides support to her along with providing suggestions to her son for accommodations and financial support for his evaluation on whether he can begin driving again. Mrs. Grooten stated that BISSWVA also provides an on-line support group of others who have experienced such an injury. She stated that her son's main goal is to regain his independence. Mrs. Grooten stated that their services have been invaluable to her son and her family and asked that the Board help fund BISSWVA so that others can continue to receive these services.

Mr. Timothy Grooten then stated that the type of head injury that he sustained can have an impact on families and friends. He stated that this injury changed his life as he could not drive or work and had problems with short-term memory and motivation. Mr. Grooten stated that the on-line support group is very helpful and he asked that the Board please consider helping Brain Injury Services by providing funding.

Ms. Mae Johnson of Brain Injury Services of Southwest Virginia then stated that each year 1.8 million people in the United States sustain brain injuries. She noted that the services provided by BISSWVA include in-depth case management on a one-on-one basis, life skills training, and a community living connection (on-line program) which allows their clients to work with a facilitator on cognitive skills.

Ms. Johnson invited the Board to view these programs at their Roanoke office. She also asked that the Board please reconsider allocating funds to BISSWVA in the FY 14 budget. Ms. Johnson stated that their services help keep people out of publicly-funded institutions. She stated that it costs approximately \$20,000 per year to fund the expenses of a jail inmate, while it costs BISSWVA \$2,500 per year to provide services to one client. She then thanked the Board for their time and consideration of her request.

Mr. J. D. Robinson of Fincastle then thanked the Board for their service to the County. He stated that the Board members have a thankless job but "someone has to do it."

Mr. Robinson stated that economic development in the County is "above and beyond" the Botetourt Sports Complex and Tourism initiatives. He stated that the County needs to expand the business tax base as the County's machinery and tools tax revenues are down \$200,000 from a few years ago. Mr. Robinson stated that the machinery and tools taxes bring in \$1.8 million more in additional revenues per year than the meals and lodging taxes.

Mr. Robinson stated that tourism is a worthy venture but the revenues generated will be moderate. He stated that the total direct tax revenue from tourism has increased only \$400,000; however, the County continues to spend \$300,000 per year at the Sports Complex and \$200,000 in the Tourism Department. He further stated that these are vital parts of the County but they are not supplying significant tax revenue.

Mr. Robinson stated that the County needs to expand its industrial businesses and its industrial tax base. He stated that the previous County Administrator had stated that the County did not respond to all of the prospects that expressed interest in locating in the County and 70% of the requests were turned down. Mr. Robinson stated that public water and sewer infrastructure in the northern part of the County is lacking, as well as along the I-81 corridor between Troutville and the Rockbridge County line. He stated that the County has been "relentless" in removing the truck stops facility at Exit 150 but have not offered the facility assistance in acquiring land at the Exit 156 or 162 interchanges to relocate its operations.

He stated that a recent survey of Botetourt County businesses indicated that 31% of them were dissatisfied or very dissatisfied with the County's entrepreneur climate and 31% indicated that the support that they received from the local government was unsatisfactory. He further stated; however, that these same respondents said that Botetourt County is a good place to operate a business. Mr. Robinson stated that the County needs to be a facilitator of business; not just a regulator of business.

Mr. Robinson stated that some things are changing such as the STEM-H classes that are now being offered, the updated Sign ordinance, and discussions on amending the covenants on the Greenfield property. He stated that there has been some talk about increasing taxes but he suggested that the Board be careful of this idea. He asked that the Board continue the excellent school system and provide adequate fire and police protection to the County's citizens.

Mr. Ron Boyd, Director of Finance and Human Resource with the LOA Area Agency on Aging, then spoke to the Board. Mr. Boyd stated that he is a County resident and thanked the Board for continuing to include funding for LOA in the County's budget. He stated that these funds are used to pay direct costs associated with providing meals to Botetourt County residents at three sites (Cloverdale, Buchanan, and Fincastle).

Mr. Boyd stated that Mrs. Pat Honts, who is also present at this meeting, serves on the LOA Board and is currently their President-Elect and Mrs. Annette Clark serves on the LOA Advisory Council.

He then stated that in FY 13 they served 107 unduplicated senior clients from Botetourt County a total of 14,456 meals and have been able to hold down the direct costs of these meals. Mr. Boyd further stated that the cost of a meal rose 3% last year and will increase at least this much in 2014. He stated that there is an increasingly older population which will result in additional need for LOA's services in the future. Mr. Boyd stated that the volunteers who deliver meals to their clients also perform a daily well-being check and noted that one volunteer found an elderly person who had fallen in their home while delivering their daily meal.

Mr. Boyd thanked the Board for their assistance in funding LOA's programs.

After questioning by Mr. Williamson, Mr. Boyd stated that, to this point in the budget development process of the other localities served by LOA, the organization has received level funding with a slight reduction in FY 14 funding from one locality.

Mrs. Pat Jasper of Buchanan then stated that she has reviewed the detailed information provided on the County's budget. She stated that this is a complicated budget and she has a question regarding a listing on page 2 of the revenue fund detail chart. Mrs. Jasper questioned what is the "Undistributed Local Sales/Use Tax" and why is it "undistributed."

Dr. Scothorn stated that the Board is not answering any questions during this hearing but the County Administrator will be available after the meeting to answer Mrs. Jasper's question.

Mrs. Jasper then stated that she was a teacher for many years in the County and is sorry that there is no proposed teachers' salary increase in FY 15. She stated that the teachers have not had a salary increase in six years and they need the Board's help in this matter.

Mr. Taylor Crown stated that the budget process is important. He stated that 40% of all rural and semi-rural counties are addressing demographic and population changes. Mr. Crown stated that his research shows that Botetourt County is approximately the 37th largest County in the state by population and 17th best in its schools; however, the County only experienced 0.8% economic growth over the past year.

He stated that the County needs to continue its investment in the schools and strive to become an employer of choice for teachers and staff. Mr. Crown stated that the County should take care of the teachers so it will continue to have the best educators for our children. He further stated that the County should also invest in capital improvements at the schools as there are instances of leaking roofs and also invest in new technology. Mr. Crown stated that the STEM-H program is a successful and forward-thinking project.

Mr. Crown stated that "we should stop talking about closing schools" as it will discourage people from moving to the County. He stated that the County's successful schools should be used as a "leverage point" to encourage people to move here.

After questioning by Dr. Scothorn, it was noted that there was no one else present to speak regarding this matter. The public hearing was then closed.

A public hearing on all proposed tax rates for the 2014 calendar year as advertised was then held.

Mr. Donald Helms of Stayman Road stated that he is against raising taxes. Mr. Helms stated that he owns a small business with four employees and this year paid \$8,738.20 in real estate taxes, \$230 in personal property taxes, and \$408 in business license fees, along with \$2,244 in real estate taxes on his home and \$790 in personal property taxes on his personal vehicles, for a total of \$12,410.20.

Mr. Helms stated that "we cannot keep beating down the small businesses—they are the bread and butter" of the County's economy. He stated that after controversial issues regarding several businesses and the Flying Mouse Brewery, the County does "not have the best reputation for growing businesses." Mr. Helms stated that we "lost a Walgreen's" and the County gave businesses such as Koyo Steering Systems incentives and land for their facilities and then they leave or close down. Mr. Helms stated that the County needs to "look at what went wrong."

He stated that most of the kids living in the homes in Ashley Plantation probably go to private schools which does not help the County's student population. He further stated that the Sports Complex is adding two new ballfields at a cost of \$300,000 when these funds could be used to purchase school buses. Mr. Helms suggested that a \$5 per vehicle parking fee be implemented at the Sports Complex to raise revenues. Mr. Helms stated that he "is not a fan" of

the Sports Complex and believes that the concessions should be “hired out” as the County is paying its staff \$12/hour to operate the concessions.

Mr. Helms stated that the County should promote the Buchanan area from Arcadia to Troutville for new businesses as there is railroad service along this corridor. He also stated that the County should work with the businesses we have. Mr. Helms stated that the County is in competition with the other localities for the location of new businesses. He stated that economic development growth will not happen overnight and it costs a lot of money to open a new business.

Mr. Helms questioned how many subdivisions have been built and how many times have the developers come back and asked the County to take over the development’s roads because they do not have the money to have them paved. Mr. Helms then thanked the Board for the job that they are doing; it is a thankless job.

Mr. Paul Hatam of Cloverdale stated that his comments have to do with taxes and the school budget. He indicated that one of his comments will be discussed during the Board’s upcoming strategic planning session and he hopes that it leads to some positive results in the future.

Mr. Hatam stated that the proposed limited funding for the FY 15 school budget is a disappointing, bitter pill and he hopes that things get better in the future. Mr. Hatam stated that approximately eight years ago the Board approved a major tax reduction because the economy was doing great. He stated that then the great recession occurred and the Board approved a minor tax increase a couple of years ago that “nowhere came close to obtaining the needed revenue.”

Mr. Hatam stated that the school system did not request funding for certain items in FY 15 because they knew that the request would be turned down. He noted that these funding decisions impact the school kids now and in the future.

Regarding concerns about taxes not going up, Mr. Hatam stated that most citizens are parents or grandparents. He stated that the Board has to respond to all of the voters. Mr. Hatam stated that kids, when asked to do something that they do not want to do, say that they “do not want to” or “it is not fair.” Mr. Hatam stated that the voters should be told that it (increasing taxes) has to be done and it is needed. Mr. Hatam stated that “the longer it goes on, the worse it will be.”

Mr. Hatam stated that what the schools are facing is a downward spiral. He stated that, if one school is closed, the other schools will not have the capacity to handle the additional students. He stated that a new school would have to be built which would probably require a bond issuance with a high interest rate.

Regarding the upcoming reassessment, Mr. Hatam stated that he does not think that there will be much to be gained in revenue from the reassessed homes and businesses. He stated that homes for sale in his neighborhood are closing below their asking price and these comparables are used during the reassessment review process. Mr. Hatam noted that this will result in the assessment value of homes in the area being driven down. Mr. Hatam stated that the Board needs to consider increasing taxes now or very soon.

After questioning by Dr. Scothorn, it was noted that there was no one else present to speak on this matter. The public hearing was then closed.

Dr. Scothorn then asked whether the Board members had any comments prior to adjourning the meeting.

Mr. Williamson stated that the proposed FY 15 budget is flat and it was a difficult development process for the Budget Subcommittee. Mr. Williamson stated that he appreciated those who attended this hearing and shared their opinions. He noted that the reassessment process will begin shortly and the Board does not know where its results will be at this time. Mr. Williamson also stated that the Board will begin its strategic planning process in the next few months. He noted that this is a new Board with two members only serving since January and two other members who have served just over two years. He noted that this is a learning process for most of the members and hopes that the citizens will "stick with them" throughout this process. He stated that the next few years will be difficult and population demographics are a reality that will have to be considered by both the County and the school system.

Mr. Leffel also expressed his appreciation to the Budget Subcommittee and the work and effort that was involved in preparing the FY 15 budget. He also thanked the citizens for attending this public hearing and noted that it helps the Board to know that someone cares and that they care about a cause. Mr. Leffel stated that the Board is aware that they cannot have everything that they want. He noted that all of tonight's speakers' comments had good points. He stated that there are so many things that the County needs to get started on quickly and the Board is eager to hear any comments from its citizens.

Mr. Leffel stated that he was glad that there was no intent this year to make School and County employees salaries a target. He noted that the effort and dedication that these people have is something to behold. He stated that some school staff members put in 70 hours a week but they do not get more money for working these additional hours. Mr. Leffel stated that the staff are dedicated to their work. He stated that another issue that needs to be addressed is the Sheriff and the duties that his staff perform every day. Mr. Leffel stated that one citizen told him that the deputies "just drive up and down the road every day" but noted that these employees have to wear a bulletproof vest in their job.

Mr. Leffel stated that there are also school and County capital project items that are needed. He stated that the reality is that the County will have to bear more of this financial burden in the future. Mr. Leffel again thanked those citizens for attending this hearing and encouraged them to "keep coming back."

Mr. Dodson stated that this is his first occurrence of going through a budget on the County level and there "were a lot of surprises." He noted that the County is anticipating flat revenues in the new fiscal year and hard decisions are needed but the County is not in bad shape. Mr. Dodson stated that the decisions made by this Board will affect the County for the next 10 – 20 years. He noted that we have a great Board and there are things on the horizon that will hopefully improve the situation.

Mr. Dodson noted that input from the citizens is a great help and their involvement will make the County better. He noted that the County is in a lot better shape than other localities.

Dr. Scothorn thanked those citizens who were present at this hearing. He noted that their comments and concerns were appreciated. Dr. Scothorn stated that the County has limited resources but we hope to see some increased economic development activity in 2015. Dr. Scothorn noted that the Board has a challenge in front of them but he believes that they can meet and get through this situation.

He noted that the upcoming strategic planning session will be a useful tool and "with this Board we can get someplace." Dr. Scothorn stated that he looks forward to bringing forth the ideas generated by this session. Dr. Scothorn noted that he also enjoys hearing ideas from his patients about how to make the County better.

He again thanked everyone for taking the time to attend this meeting and noted that the Board is willing to listen to opinions from all County residents. Dr. Scothorn stated the County's budget challenges will never end. He then noted that the Board will consider approval of the proposed FY 15 budgets and tax rates at their April 22 regular meeting.

There being no further discussion, on motion by Mr. Martin, seconded by Mr. Dodson, and carried by the following recorded vote, the meeting was adjourned at 8:04 P. M. (Resolution Number 14-04-01)

AYES: Mr. Williamson, Mr. Dodson, Mr. Martin, Mr. Leffel, Dr. Scothorn

NAYS: None

ABSENT: None

ABSTAINING: None