MEETING #3 January 22

At a Budget Work Session of the Madison County Board of Supervisors on January 22, 2014 at 9:00 a.m. in the Thrift Road Complex located at 302 Thrift Road:

PRESENT: Doris G. Lackey, Chair
R. Clay Jackson, Vice-Chair
Jonathon Weakley, Member
Robert W. Campbell, Member
R. Clay Jackson, Member
Kevin McGhee, Member
Ernest C. Hoch, County Administrator
Jacqueline S. Frye, Deputy Clerk

ABSENT: V. R. Shackelford, County Attorney
Phillip Tartaglia, Finance Director

Robert Campbell arrived at 9:25 a.m.

Agenda:

1. Call To Order

2. Pledge of Allegiance & Moment of Silence

The Board of Supervisors commenced their meeting with the Pledge of Allegiance and a moment of silence.

3. Determine Presence of a Quorum/ Adoption of Agenda

All members were present and a quorum was established.

It was the consensus of the Board to accept today's Agenda as presented.

4. Agenda Items:

a. Budget Discussions:

The County Administrator opened today's discussions by providing an overview o revenue items and the overall scheme. Today's summary was displayed for review/discussion; the main G/L conversion with Tyler Technologies will be in place July 1st.

The County Administrator began by providing input on the General Fund (Fund 10); input was also provided on the school's revenue and expenditures. Information was provided on the composite index and how this figure affects the County; it's felt the

reassessment will have a positive effect on the composite index for the County, which in turn, may provide additional revenue to the County from the State.

The County Administrator explained the basic process utilized in order to balance a budget; the County has generally over-estimated in past years and has been very conservative in estimating proposed revenue.

CSA: The County Administrator advised the funding for CSA is state funds; their funding flows through the County although they are a separate entity; it's deemed that CSA will possibly requesting additional funding within the next few months. He also explained that CSA isn't a part of Social Services, but are in fact, charged with providing services for the protection of children (i.e. adoption services, housing, residential services, etc.). The County Administrator also explained how CSA is handled through the Department of Social Services, as per the request of the prior Board; he also provided a brief overview of what responsibilities each department is in charge of doing. Many of the expenses incurred by both departments are mandated.

Information was provided that included a breakdown from 2013 that included:

1) Funding
2) Child Count (case load)
3) Average cost per child
4) Statewide ranking
5) Where Madison County ranks amongst other localities

Concerns verbalized by the members pertained to whether any type of reimbursement is being sought for services provided, cost share, and/or whether some of the parents involved are affluent and able to fund some of the services being provided for their child(ren).

Concerns were also verbalized regarding:

a) The size of the surrounding localities and why Madison County's costs have increased so drastically.
b) Funding requests are constantly being granted (by the County) without question
c) The school system and social services are each requesting a new hire (i.e. family advocate)
d) The significant funding increase from 2013 to 2013

The County Administrator referred to the current trend and why an increase came about; he advised that CSA has not been requiring a co-payment for services, which is now being put back into place – services will not be denied if someone is unable to pay; many services being requested by CSA are implemented by the Judge and are completely out of the County's control.

The Board suggested Ms. Ward (Social Services) and Ms. Cloniger (CSA) attend a future budget work session to provide input.

Revenue: The County Administrator advised the County's fund balance has grown in the past few years; the County has generally over-budgeted in areas in the past and underestimated revenue; the County provided $90,000.00 in additional funding to the school system during the past year; he explained the local share (Social Services) and the local share of CSA; the Board will need to decide whether to budget funds for these department next year or whether to place funding within the contingency fund; the school system will get about additional funding per year ($5,000.00) for each child enrolled – any leftover funding rolls into the County's general fund and can't be spent by the school system. During the past year, the school system was allowed to rollover $324,000.00, which the Board agreed to let them have during this year – an additional $200,000.00 also rolled over which isn't allow for use by the school; $8,000,000.00 of the County's funding is restricted and can only be used for the school CIP projects.

The County generally scheduled large payments during the months of November/December when sufficient revenue is on hand; the auditors can be asked to attend a future session if anyone has questions.

Capital/Debt Service: The County Administrator explained each line item denoted in the general fund.

Capital Fund: The County Administrator advised there was $500,000.00 placed into this fund during the past year; questioned whether additional funding can be placed aside

General Fund (Revenue): The County Administrator advised the top (5) categories (out of the top 33) from which the County receives the most revenue:

a) Real estate taxes
b) Personal property taxes
c) PPTRA (personal property tax relief)
d) Local sales tax
e) Comp-Board (Sheriff)

Supervisor Campbell verbalized concerns were verbalized regarding the amount of 'shifting' in the tax burden in the County, which should be addressed eventually; it was deemed this 'shifting' occurred from 2007 to 2012 as a result of the decrease in tax on farm machinery, continued depreciation and eventual elimination of the tax on farm machinery; all participants in the land use program had their taxes reduced by twenty-nine percent (29%) and all others experienced an increase in their tax bills; he suggested the County be conscious of what can transpire when taxes aren't adjusted during a reassessment year.

The County Administrator provided a brief statement pertaining to the various forms of taxes (i.e. real estate, personal property, merchant capital, etc.). If the merchant capital tax is eliminated, the County will have the option to move toward a BPOL tax, which many localities have done; there is discussion on this issue within legislature at this time; a printout was provided to show the top taxpayers in the County (i.e. businesses); a printout was provided to denote the top taxpayers within the County.

Sales Tax Report: The County Administrator discussed estimates for an increase in the sales tax for 2014.

Supervisor Campbell feels the increase in sales tax collected is due to activity at Pete's Auction Sales and Early Mountain Winery.

General Fund: The County Administrator explained each line item denoted in the general fund (i.e. #110101 through #49999).

Supervisor Weakley suggested the Board be given documentation to denote increases imposed as a result of State mandates.

Increases were noted in the following categories:

a) Real Property Delinquent: $147,178.09
b) Personal Property Delinquent: $99,002.39
c) Machinery & Tools Delinquent: $1,724.59
d) Local Sales Tax: $50,000.00
e) Transient Occupancy Tax: $6,466.38
f) Erosion/Sedimentation Bonds: $24,420.00

The County Administrator advised of other categories in which the Board could impose an increase:

a) Motor Vehicle Tax
b) Erosion/Sedimentation Control Permits
c) Agreement in Lieu of a Plan
d) Erosion & Sediment Land Disturbance Permit
e) Waste-Collection/Disposal/Recycling

TOT: The County Administrator provided input regarding the Transient Occupancy Tax, its history and current balance – these funds can only be used to promote tourism.

Work is continuing with the State regarding the economic grant for the road; Trout Hill Lumber (lumber liquidators) is proposing an expansion (i.e. milling and drying).

The County budgeted $40,000.00 for TOT – projections denote the County will take in about $57,000.00 this upcoming year; whatever funding that isn't used annually is 'rolled over', which will then need to be appropriated by the Board. TOT funding was used to purchase the flags and wreaths that were displayed along Main Street.

Supervisor Campbell suggested these funds be allowed to 'build up' in order to possibly promote a tourism center, build a visitor's center or turn the old Criglersville School into a visitor's center and/or a museum; he also questioned if the County could become proactive in getting a hotel built here at some point in time.

The County Administrator briefed the Board on various projects underway within the County (i.e. Woodberry Forest, new residential dwelling, etc.)

The County Administrator advised current ideas/projects being discussed include:

a) A hotel study (bids being solicited)
b) Entrance signage on Route 29
c) A panoramic camera located at Blakey Ridge

At this time, an entity channeled through Early Mountain Vineyard is interested in hotel development; current concerns involve supply/demand/graphics; a hotel study will identify demand, size, type, location, and whether the County could actually sustain a hotel. The properties being researched include:

a) Estes property
b) Weaver property (next to Food Lion and has sewer, internet and close to Rt. 29)
c) Property next to the current campground

The County Administrator advised the County currently has sixteen (16) EDU's available at Hoover Ridge; there are avenues the Board could consider in the future; the cost of the study will cost between $10,000.00 to $20,000.00.

The vineyard owners are also looking into possibly building some cottages on the property; discussions with RSA confirmed that a line can be run and connected at the property with the owner being responsible for all costs.

Chairman Lackey proposed that some of the TOT funding be used to pay part of the Tourism Director's salary, as this individual's salary is paid entirely by the Madison Chamber of Commerce – they receive a significant amount of money from the County; she feels the Tourism Director provides half of her time working on tourism – she feels a portion of TOT funding could be used for this purpose.

There were questions that the TOT funding couldn't be utilized for salaries, but tourism enhancement only.

In closing, Chairman Lackey suggested the aforementioned suggestion be investigated.

The County Administrator advised the upcoming Tourism Seminar is scheduled for February 13, 2014 at Early Mountain Vineyard; he urged the Board members to attend if at all possible; the speaker will focus on how the County can:

a) Attract the right businesses
b) How the County can keep the beauty here and still generate income by getting folks to come here

The seminar will have a 'break out' session (groups) and will focus on getting folks to think about the possibility of developing a plan for Madison.

The County Administrator provided a brief overview of economic development projects in the County (i.e. Yoder's, Woodberry Forest, Trout Hill Lumber [subsidiary of Lumber Liquidators]); there is also an opportunity for an State grant ($25,000.00 to $50,000.00 - agriculture) that will require a County match; County may need to determine whether there is an interest in putting up some money or offering some type of "in-kind" business incentive by way of building permit fees or deferred taxes – these options will not take cash from the County's fund, but will allow the business owner to have some value and perhaps gain more value from the State in turn.

Supervisor Campbell feels that nothing proactive has been done in the County for years; folks have actually been turned away from doing business here.

The County Administrator advised the process has moved forward; the Board has to decide whether major business is desired here and whether additional subdivisions can be built – an increased population (to 20,000) will bring additional businesses here.

The County Administrator provided breakdown of funding in the CIP

a) $240.000.00 CIP
b) $150,000.00 Rescue Squad
c) $400,000.00 Contingency

FY2015 Budget:

Board of Supervisors: Total adjustment is 2.04% higher due to an increase in the lodging line item (#5530).

County Administrator: No increases noted.

Information: Currently, the school board has a proposed two percent (2%) salary increase for all employees and is probably what they'll be asking for; the Governor is

still wrestling with the fact of whether to allocate additional funding for comp board positions.

No salaries are increase within the proposed budget; there have been changes to VRS (Virginia Retirement System) for the school system by three percent (3%), with a reduction being noted for the County.

If all County personnel are given a one percent (1%) increase, the cost to the County would be $41,000.00; two percent (2%) is $83,000.00; 2.5% is $104,000.00 (County's pay band shows 2.5% steps)

Supervisor Weakley referred to the salary comparison study and asked if an adjustment is needed; if so, how much; he questioned whether 'so much' should be done within a time frame – some localities decided to implement a percentage increase over a period of time. He also advised the Board will need to discuss the County Administrator's contract and salary could be a part of that as well.

Supervisor Jackson advised that some employers only increase by merit and not all staff members at the same time.

The County Administrator suggested that tenure not be tied to an individual's salary; the salary should be the cost to have a specific job done; most Counties will not provide a salary increase, but will offer a "cost of living raise", and/or a step increase; he suggested the baseline be correct; a salary study was done last year – he'd like to bring the report back for review this year. Adjustments have been made throughout the County over the past few years (i.e. Sheriff's, EMS, E911); County salary information from Culpeper, Greene, Orange and other comparable localities and compiled into the study. He questioned whether the County should implement increases over time, all at once, or selective implement increases in specific departments; there's also an issue when a 'cost of living' increase is appropriate, at what percentage, or whether to do it at all; there's also a concern about attracting employees to fill public safety positions.

Supervisor Weakley feels the County has made great strides on average for this area (including the school system).

The County Administrator advised there are department heads that are under scaled for the value of what their jobs entail (Zoning, Building, EMS, and E911). If any of the aforementioned folks were to leave because of any reason, it would be highly unlikely there will be someone local to fill those positions; someone from outside the County may need to commute here and they will be paid the rate that is comparable for the position; he asked the Board to consider if the aforementioned individuals are being treated fairly or being paid comparable to the work they are performing; additional positions underpaid include the Animal Control Officers.

Discussions continued that problems regarding deputies stems from folks coming, attaining training and then leave; the Sheriff has been encouraged to establish a

policy in this regard. Also, the County hires fully qualified emergency personnel at a lower rate because Madison is a good place to work; there is much turnover in EMS, but this seems to work well for the County.

The County Administrator advised the pay scale involves many facets.

Supervisor Campbell advised there are many citizens who haven't experienced a pay increase at all; the delinquent tax rate has increased; although some County positions were eliminated, there was an expansion to PRA and their staff are still paid with County funding; he questioned whether some of the work being done by PRA staff would be cheaper if it was contracted out.

Supervisor Jackson expressed concerns for citizens on limited income and/or who are experiencing other financial hardships; some complain but can afford to pay but refuse to do so; he feels the changes made at the E911 Center will actually improve efficiency and be a positive asset overall.

Supervisor Weakley advised the Board has the ability to move forward or do nothing at all; planning and consideration will be needed; the Board has reduced the workforce in past years; he encouraged the Board to determine where adjustments can be made within the existing figures and perhaps search for additional efficiencies without raising tax rates.

The County Administrator advised the Sheriff's Office has additional employees (School Resource Officer); a positive cash flow is still in place without raising any form of taxes; the County has cut a lot of funding over the past few years; there will come a time when smaller adjustment may be needed in an effort to save and not spend money; at some point the Board will have to implement its duty to do what needs to be done.

Additional Concerns: The County Administrator explained the criteria involved in the event the County budget is increased by one percent (1%) or more; approval of monthly claims is a basic check of funding which has already been appropriated during the budget process.

Supervisor Campbell suggested the monthly claims be approved at a workshop session; he feels this will eliminate the citizens' concerns.

Supervisor Weakley verbalized concerns about issues of transparency should the Board take action at a workshop session rather than at the regular meeting session.

The County Administrator the Board can consider the claims at the workshop by consensus – these items can then be added to the 'consent agenda' for the regular meeting.

Healthcare Insurance: The County Administrator hopes to have an estimate from the healthcare company within the next couple of weeks; the County switched

carriers in the past year (Coventry to Anthem) with a State group plan; the plan increased the level of coverage quite a bit and increased costs during the past year – provided a savings to the County and a benefit to the employees; existing policy is joint with the social services and the school system. Currently, the County pays $507.50 per employee per month [$6,090.00 annually per employee (i.e. single coverage only)] – the school system pays about $20.00 less for single coverage and $100.00 more per month for family coverage – the increases will be a portion of their funding request of the County. He feels there will be an increase as a result of the affordable healthcare act which will require certain things to be done that weren't required in the past; numbers denoted in today's proposed balance show a six percent (6%) increase for the County overall (Code 2310) ($730.80 annually per department); Board will need to determine how much the County will pay – an adjustment can be made at any time – cost will equal $28,501.00 (78 employees x 6% increase). County employees currently pay about $50.00 per month out of the $507.50.

Data Processing/Technology: The County Administrator advised that RDA Systems, Inc. proposed an increase in costs this year; the County did pay the bill in December (portion paid by the school system and social services); information was provided pertaining costs comparisons for RDA and Tyler over a seven (7) year period; comparison was made between self-hosting ($355,000.00) versus the 'cloud' ($181,000.00) which was a $181,000.00 variance; the variance will be lower after ten (10) years; a conversion will transpire for the Treasurer and Commissioner; the County was charged by RDA for updates and support; Tyler Technologies is the premier system used by local governments.

It's anticipated the new software package will allow for greater financial efficiency between the County and school system, and also allow for a more effective budgetary process in the coming years.

Electoral Board: A reduction was noted in the amount $300.00; concerns were denoted regarding requested upgrades for the Registrar's Office.

Registrar: This is a comp board position (one full-time one part-time) with a small amount of funding being provided to the County; requests have been made for handicap access to the office and sufficient secured storage space for voting equipment.

Circuit Court: The funding for the clerical position is shared between Madison, Orange and Greene; it's anticipated the salary rate will increase; this will be researched.

Commonwealth Attorney: It was advised the death penalty plea was removed in the triple murder case; the defendant has agreed to a "Judge trial" in Madison County; the Commonwealth Attorney will still need to prepare the case and the previous funding request will need to remain in place; this office consists of three

(3) employees; an explanation was provided regarding the staff and payment of salaries denoted (i.e. paid through grants, comp board and the County); additional funding is being requested for the paralegal that was requested to assist with the ongoing criminal case. The County Administrator advised he will investigate the salary adjustment that is denoted.

Clerk of the Circuit Court: This office consists of four (4) employees; grant funding has been received within the office, although these funds aren't generally budgeted in revenue – if funding is received, it's generally appropriated for the office to spend.

Sheriff's Office: The County Administrator advised the Sheriff has staff listed in three (3) separate budgets (i.e. law enforcement; court security; highway/public safety); some employees are noted as "constitutional paid positions" (funded partially by the comp board and partially by the County); the Sheriff has asked for $61,097.00, which has been changed to $30,000.00 – he'd like an assurance there will be funding for part-time line overtime; part of the dispatchers are also listed in one of the Sheriff's budgets; the SRO position is fully funded by a grant; he anticipates the State will allocate the county an additional $20,000.00 in revenue to offset the costs for the SRO (total received should be about $38,000.00 to offset the proposed increase); – the school system is supposed to fund the rest of the salaried amount (totaling about $42,000.00); he assumes the school system will be budgeting the amount they've agreed to pay for the aforementioned position.

The County Administrator provided a breakdown of funding requests in all the Sheriff's departmental budgets (i.e. law enforcement, court security, highway/public safety, dispatchers)- the amount was decreased for the dispatchers; the Sheriff likes to have funding to utilize for highway safety that isn't tied to any grants – once grant funding is received, an appropriation is made to offset what has actually been spent.

The County Administrator advised that revenue can't be raised through issuing speeding tickets; funding collected is sent to the State and then sent back to the County through electronic transfers; discussions continued regarding the Sheriff's budget from 2007 to the present with reference on highway safety funding collected and how the Sheriff's budget has changed over the past few years.

After discussion, it was the consensus of the Board to have each Constitutional Officer attend a future meeting to become familiar with the new Board.

Victim-Witness: This office is operated under the Commonwealth Attorney's Office and the Sheriff's Office.

Commissioner of Accounts: This is a required position (Mr. Jeffrey Early) and charged with the responsibility of storing records; this position is retained by the Court.

Rappahannock Legal Services: No change in the funding request denoted; this outside agency provides legal services to those who are less fortunate (i.e. child support, legal assistance for fraudulent checks, child custody, divorce, etc.).

Emergency Preparedness: The County Administrator advised this position is part-time (37.5 hours); no additional funding has been requested; it was advised the individual will be eligible for health insurance – the County can't deny the coverage if he requests it since he actually works over a certain number of hours; the County can avoid VRS costs is the total number of hours remains under forty (40).

Supervisor Weakley questioned how other localities handle this type of position and whether it's split amongst multiple County offices; he advised he will check with Culpeper County and some of the surrounding localities to assess how this position is treated.

Chairman Lackey advised that requirements changed after the "911" attacks; there's an emergency operations manual that must be adhered to and the incumbent is charged with ensuring that specific County personal are trained and up to day on appropriate emergency operations techniques.

E911: The County Administrator the savings in the area of 'dispatchers' is noted in today's preliminary budget; he advised the County actually controls the dispatchers who work in the same building with the Sheriff's Department.

Supervisor Campbell asked if there was an overlap of dispatchers that would warrant a possible reduction.

b. Information/Correspondence (if any)

None.

c. Adjournment

With no further action being required by the Board, Chairman Lackey adjourned the meeting.

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Doris G. Lackey, Chairman
Madison County Board of Supervisors

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Clerk of the Board of Madison County Board Supervisors

Adopted on: March 11, 2014

Copies: Doris G. Lackey, R. Clay Jackson, Jonathon Weakley, Robert Campbell, Kevin McGhee, V. R. Shackelford, III & Constitutional Officers

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Agenda
Budget Workshop Session
Madison County Board of Supervisors
Wednesday, January 22, 2014 at 9:00 a.m.
Thrift Road Complex
302 Thrift Road , Madison, Virginia 22727

Agenda

1. Call to Order
2.Pledge of Allegiance & Moment of Silence
3. Determine Presence of a Quorum/Adoption of Agenda

4. Agenda Items
- **a. Budget Discussions**
- **b. Information/Correspondence (if any)**
- **c. Adjournment**