

VIRGINIA:

At a recessed meeting of the Washington County Board of Supervisors held Thursday, March 28, 2013, at 6:00 p.m., at the County Government Center in Abingdon, Virginia the following were present:

PRESENT:

Dulcie M. Mumpower, Chairman
 Phillip B. McCall, Vice Chairman
 William B. Gibson
 Odell Owens
 Randy L. Pennington
 C. Wayne Stevens, Jr.
 Joseph C. Straten

Nadine S. Culberson, County Administrator
 Mark W. Seamon, Director of Budget & Finance
 Naoma A. Norris, CAP, Executive Assistant/Recording Clerk

ABSENT:

Lucy E. Phillips, County Attorney

1. Call to Order

The meeting was called to order by Ms. Dulcie Mumpower, Chairman of the Board, who welcomed everyone in attendance.

2. Invocation and Pledge of Allegiance

Supervisor Bill Gibson gave the Invocation and led the Pledge of Allegiance.

3. Approval of Agenda

On motion of Mr. Owens, second by Mr. Stevens, it was resolved to approve the agenda as presented.

The vote on this motion was as follows: (7-0)

<i>Mr. Gibson</i>	<i>Aye</i>
<i>Mr. McCall</i>	<i>Aye</i>
<i>Ms. Mumpower</i>	<i>Aye</i>
<i>Mr. Owens</i>	<i>Aye</i>
<i>Mr. Pennington</i>	<i>Aye</i>
<i>Mr. Stevens</i>	<i>Aye</i>

4. Public Hearing Pursuant to Section 58.1-3321 of the 1950 Code of Virginia As Amended for Purpose of Notice of Proposed Real Property Tax Increase

Mr. Seamon addressed the Board to review the reason this public hearing was scheduled. He explained during the year of real estate reassessment, the Board of Supervisors must hold a Public Hearing if the reassessment results in an increase of 1% or more in total real estate tax levied. Notice of the public hearing shall be given at least 30 days before the date of such hearing.

Mr. Seamon stated the 2013 Real Estate Assessment Analysis prepared on February 12, 2013 projected the reassessment valuation and real estate tax levy exceeded the 1% increase requirement for a public hearing. The published Notice of Public Hearing showed the current real estate tax rate of \$.63 being reduced down to \$.61 in order to offset the County's projected reassessment increase of 1.6%.

Mr. Seamon further explained that errors were later discovered in Blue Ridge Mass Appraisal's reassessment data which resulted in only a 0.41% increase in total real estate tax levy project. As a result, the Public Hearing scheduled for this meeting is not required.

Having discussed this issue with the County Attorney, Mr. Seamon recommends for the Board to continue with the Public Hearing since it had been advertised.

Ms. Mumpower opened the public hearing to receive comments. The following individuals addressed the Board:

Mr. Jim Sullivan, Washington County Schools Superintendent addressed the Board and commented that over the last several days he has spoken with each member of the Board of Supervisors to discuss issues pertaining to the school board's budget; he thanked them for that opportunity. Mr. Sullivan explained the budget has been studied very carefully since they learned local funding for FY 2013-2014 may be level with the current fiscal year's funding. He stated that all options have been considered in order to stay within the proposed loss in local funding and the inevitable losses with sequestration and to make adjustments to staff to assure a quality educational system continues. Mr. Sullivan further explained that it is important to preserve a 2% salary increase for all school employees if the County can appropriate an additional \$134,502 that is required to match the \$450,000 the state will provide for SOQ positions and asked the Board for their strong consideration. Mr. Sullivan thanked the Board for their support of Washington County Schools and stated it has been a privilege to serve Washington County Schools as its superintendent.

Ms. Jill Jessee, Librarian at Holston High School and representing the Washington County Education Association addressed the Board and expressed appreciation for the funding in FY 2012-2013 that provided a 5% salary increase to teachers and stated this covered the increase in their Virginia Retirement System contribution. Ms. Jessee asked the Board for consideration of the \$134,502 in additional local funding so that all school employees could receive a 2% salary increase.

Ms. Kathy Musick, representing the Virginia Public Educators addressed the Board and asked the Board to give strong consideration to Mr. Sullivan's proposal. Ms. Musick commented that schools are an important part of the community and teachers are important to the schools.

Mr. Garland Vance addressed the Board explaining he thought a real property tax increase was proposed and was going to speak against that. Mr. Vance proposed that taxpayers be allowed to designate a portion of their real property taxes to support education.

Mr. Donald Evans addressed the Board and explained he thought a real property tax increase was proposed and was going to speak against that.

Mr. Ronnie Gill addressed the Board to speak in opposition to a real property tax increase.

There being no further comments, Ms. Mumpower declared the public hearing closed.

5. Review of Tentative Adjustments to Budgetary Departments within Requested & Recommended County Operating Budget for FY 2013-2014 from March 21 Recessed Meeting

Budget & Finance Director Mark Seamon provided the Board with a review of adjustments to the Requested & Recommended County Operating Budget for FY 2013-2014 made at the March 21, 2013, budget adjustment work sessions.

6. Final Re-consideration (Re-visitation) of Tentative Adjustments to and Preliminary Approvals of Budgetary Departments within Requested & Recommended County Operating Budget for FY 2013-2014 Not Previously Identified in Prior Budget Adjustment Worksessions

The Board and staff discussed the School Board's request for additional local funding to match the \$450,000 provide by the state for SOQ positions.

At this time the Board devoted lengthy discussions to the FY 2013-14 County Operating Budget.

Mr. Pennington commented that through all the budget adjustment work sessions he has taken a hard stance against providing salary increases and this has not been popular. He further commented that many of his closest friends are educators and his wife is a teacher. Mr. Pennington explained the position he has taken is based on the County's financial position in FY 2015. He further explained that the recommended budget for FY 2013-2014 provides level funding to the school system, however, the Board must make up \$1.6 million next fiscal year. Mr. Pennington stated with action taken by the Board to provide additional local funding to the schools and other funding increases the Board is considering, the County could be looking at a \$3 million deficient in FY 2015. He further stated he believes it is a grave mistake to makes further increases to the budget and to take additional funds from the County's reserves.

Mr. Stevens commented that the Board needs to guard the County's reserves. There are issues the County will be facing in the future that may require funds be taken from reserves. He further commented that raising the real property tax rate each year is becoming habit. Mr. Stevens said people in the County are hurting and any increase in taxes would be of further detriment to them. He shared a story where he witnessed a gentleman scrapping his money together to pay his real property taxes and was embarrassed because he was late paying them. Mr. Stevens stated that he could not support providing additional local funds to the schools.

Mr. Owens believes investing an additional \$134,502 to the School Board to allow them to receive the \$450,000 in state funds for a total of \$500,000 that would be spent in the County. He stated this is one way to stimulate the economy, which in the long run he believes would cover the additional \$134,502. This is the reason he believes it is a good investment. Mr. Owens commented the Board has been fighting

budget related obstacles for many years now and board members are rightly concerning. He also believes if the financial situation does not significantly improve the Board will face the same issues in FY 2014-2015. Mr. Owens added the additional local funds to the School Board would not require a tax increase.

Mr. McCall commented that if the County turns down the state's money it may never be seen again. He further commented that he is not in favor of raising real property taxes. Mr. McCall stated the Board may want to consider an increase in the personal property tax rate, which would ease the burden on property owners.

Mr. Owens commented that the County Revenue Review Committee has been discussing an increase in the personal property tax rate and also machinery and tools. The Committee is not prepared at this time to make a recommendation to the Board, but plan to do so before the end of the fiscal year.

Ms. Mumpower commended the junior members of the Board for taking a thorough look at the budget and looking ahead at difficult issues the Board will be faced with in coming years. She commented that it seems at times the state dangles a carrot before the County then places a lot of stipulations to meet. Ms. Mumpower further commented that she hates to see the School System lose the \$450,000 that would help provide salary increases for teachers and feels like the \$134,502 could be taken from reserves. Ms. Mumpower stated that she would not support an increase in the real property tax rate and was reminded that when the Board worked on the current fiscal year budget that she pledged not to support a tax increase in the coming fiscal year. Ms. Mumpower stated that it cannot be said that this Board does not support education and further the Board is faced with hard decisions.

Mr. Straten commented that he does not believe the funds should be taken from reserves. The Board needs to consider long term situations. He further commented that the Board has injected money from reserves into the County Operating Budget for the last three years with no plan for replacing the funds. Mr. Straten stated that the reserves should be used only for emergencies. Should the County face an emergency situation and reserves were not available, a short term loan would have to be sought after. Mr. Straten commented that a two to three cent increase in the real property tax rate would generate the additional revenue needed in FY 2013-2014 without taken money from reserves.

Mr. Gibson stated that his wife is a teacher in the Washington County School System and his family would benefit from the small salary increase. He commented that at the beginning of the calendar year the FICA increased by 2% and the increase would replace that loss in income. He further commented however that thousands of people will not receive an increase to make up for the 2% FICA increase.

Mr. Straten reiterated again that it is short term thinking to take money from reserves. He recommends funds are generated from an increase in real property taxes, personal property taxes or a combination of both. Mr. Straten said the County will be faced with emergency such as boiler replacement in county facilities, etc. He mentioned the 2011 tornadoes that were never expected. Mr. Straten stated the Board has an obligation to look out for the well being of the County in future years. He further stated by using reserves every year the Board is setting the County up to get in similar situations as some of the surrounding counties that cannot make payroll without borrowing funds. Mr. Straten said that taxes in Washington County are reasonably low compared to other localities and that providing government services is not free.

A motion was made by Mr. Straten to increase the real property tax rate by whatever amount it takes to cover the \$1,000,000 taken from reserves and injected into the FY 2013-2014 County Operating Budget; approximately three cents. There was no second to this motion.

A motion was made by Mr. Straten, with a second by Mr. Owens to take \$134,502 from Reserve for Contingencies and add to the School General Fund to match the \$450,000 from the State.

The vote on this motion was as follows: (4-3)

<i>Mr. Gibson</i>	<i>Nay</i>
<i>Mr. McCall</i>	<i>Aye</i>
<i>Ms. Mumpower</i>	<i>Aye</i>
<i>Mr. Owens</i>	<i>Aye</i>
<i>Mr. Pennington</i>	<i>Nay</i>
<i>Mr. Stevens</i>	<i>Nay</i>
<i>Mr. Straten</i>	<i>Aye</i>

Scrivener's Note: The Conflict of Interest Disclosure Forms for Bill Gibson and Randy Pennington is included as Minutes Exhibits Item 2013-3-28-A.

7. Consideration of Adoption of Resolution Establishing County Real Property Tax Rate for Tax Year 2013

On motion of Mr. Owens, second by Mr. Stevens, the Board acted to adopt the following Resolution establishing the County Real Property Tax Rate for Tax Year 2013 at \$.63:

**RESOLUTION 2013-13
ESTABLISHMENT OF REAL PROPERTY TAX RATE
FOR TAX YEAR 2013 OF FISCAL YEAR 2013-2014**

WHEREAS, Section 15.2-2503 of the Code of Virginia requires the governing bodies of every locality in the Commonwealth to prepare and approve a budget for informative and fiscal planning purposes for the ensuing fiscal year and to fix a tax rate for the calendar year no later than the first day of the fiscal year; and

WHEREAS, the County of Washington collects real property taxes on a semi-annual basis, which mandates that the real property tax be fixed by the governing body early enough to allow preparation of invoices for the first installment payment, which is due annually no later than May 20; however, the tax rate for personal property, machinery and tools, and such other levies as the Board may impose may be set at a later date prior to the first day of the fiscal year because taxes on personal property, machinery and tools, and such other levies as the Board may impose shall be collected with the second installment of real property taxes, which are billed at a later date and due to be paid annually no later than November 20; and

WHEREAS, the Board of Supervisors of the County of Washington, Virginia, (the Board) has received funding requests from the County's officers and heads of departments, offices, divisions, boards, commissions, and agencies for inclusion in the budget for Fiscal Year 2013-2014; and

WHEREAS, the Board has reviewed during work session meetings prior to the date of this Resolution such funding requests and estimates of anticipated County revenues from local and intergovernmental sources for Fiscal Year 2013 – 2014; and

WHEREAS, the Board has published notice of the proposed budget based on such revenues and expenses, held a public hearing on the proposed budget, and considered it in terms of the public health, safety, and welfare; and

WHEREAS, based on these actions the Board is prepared to fix the real property tax rate for County Tax Year 2013 of Fiscal Year 2013 - 2014 but will delay action to set the tax rate for personal property, machinery and tools, and such other levies as the Board may impose to a later date but not later than the first day of the upcoming fiscal year;

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of Washington County, Virginia that the unit tax levy on real property for Tax Year 2013 of Fiscal Year 2013 - 2014 is hereby set as follows:

A County-wide unit levy for general County purposes and school purposes of Sixty-three cents (\$0.63) per one hundred dollars (\$100.00) of assessed valuation of all taxable real estate, mobile home and public utilities at one hundred percent (100%) fair market value, excluding real estate devoted to agricultural, horticultural, forest and open space uses, as defined in Code of Virginia 58.1-3230, pursuant to Washington County Code 58-106.

A County-wide unit levy for general County purposes and school purposes of Sixty-three cents (\$0.63) per one hundred dollars (\$100.00) of assessed valuation of all taxable real estate devoted to agricultural, horticultural, forest and open space uses, as defined in Code of Virginia 58.1-3230, pursuant to Washington County Code 58-106.

BE IT FURTHER RESOLVED that the unit tax levies on taxable tangible personal property, taxable machinery and tools and such other levies as the Board shall impose for Fiscal Year 2013-2014 shall be set at the time of adoption of the County budget, not later than June 30, 2013.

The vote on this motion was as follows: (6-1)

<i>Mr. Gibson</i>	<i>Aye</i>
<i>Mr. McCall</i>	<i>Aye</i>
<i>Ms. Mumpower</i>	<i>Aye</i>
<i>Mr. Owens</i>	<i>Aye</i>
<i>Mr. Pennington</i>	<i>Aye</i>
<i>Mr. Stevens</i>	<i>Aye</i>
<i>Mr. Straten</i>	<i>Nay</i>

Mr. Pennington thanked County staff for all their hard work during budget process and commented that he knows the amount of time spent by staff working on the budget.

Mr. Stevens thanked department heads for taking a hard look at their departmental budgets and making cuts where they could. He commented that he agrees with Mr. Straten's comments that the reserves should be guarded with great effort.

8. Adjourn or Recess

On motion of Mr. Pennington, second by Mr. Stevens, the Board acted to adjourn the meeting.

The vote on this motion was as follows: (7-0)

<i>Mr. Gibson</i>	<i>Aye</i>
<i>Mr. McCall</i>	<i>Aye</i>
<i>Ms. Mumpower</i>	<i>Aye</i>
<i>Mr. Owens</i>	<i>Aye</i>
<i>Mr. Pennington</i>	<i>Aye</i>
<i>Mr. Stevens</i>	<i>Aye</i>
<i>Mr. Straten</i>	<i>Aye</i>

Prepared by:

Naoma A. Norris, Recording Clerk

Approved by the Washington County Board of Supervisors:

Dulcie M. Mumpower, Chairman