MINUTES
BOARD OF SUPERVISORS
COUNTY OF YORK

Adjourned Meeting
March 23, 2004

6:00 p.m.

Meeting Convened. An Adjourned Meeting of the York County Board of Supervisors was called to order at 6:01 p.m., Tuesday, March 23, 2004, in the East Room, York Hall, by Chairman Thomas G. Shepperd, Jr.

Attendance. The following members of the Board of Supervisors were present: Walter C. Zaremba, Sheila S. Noll, Kenneth L. Bowman, James S. Burgett, and Thomas G. Shepperd, Jr.

Also in attendance were James O. McReynolds, County Administrator; J. Mark Carter, Assistant County Administrator; and James E. Barnett, County Attorney.

WORK SESSION

PROPOSED FISCAL YEAR 2005 BUDGET

Chairman Shepperd noted this work session is for the Board to work on refinements to the budget reductions the Board was looking at the last work session. Some items were taken off the table at that time, and tonight the Board members should indicate what they want to add or expand on. After hearing from Mr. McReynolds regarding information requested by the Board at the last work session, Mr. Shepperd stated he would like to do a review of the items that have been discussed thus far, including the Assessor's Office. At the end of the meeting, he indicated he would like a sense of the Board members as to whether or not they want to proceed with making a tax rate reduction.

Mr. McReynolds reviewed the questions and the requests for further information made by the Board at the last work session. He explained that the webcasting video server was technology that would use existing equipment as a webcam, and what was televised would be placed on the County's website in a video form to allow citizens without access to Cox to see the Board's meetings broadcast live. This service would be for anyone who had access to the internet. He stated that Virginia Beach uses the technology, and they have found it to be a highly successful additional method of getting information out to the public. Mr. McReynolds indicated he was asked to make a proposal for reductions to the Capital Improvements Program (CIP), and it is as follows:

Recreation Facilities	$ 20,000
Waste Management Center Roof	18,000
Station 3 Heat Pumps	19,000
Public Safety Building Carpet	62,000
Parking Lot Repair	60,000
Environmental Enhancements	45,000
Dirt Street Program	26,000
Undergrounding Utilities	15,000
Total CIP Reductions	$265,000

Regarding the question of the Board as to the projected fund balance for the Solid Waste Management Fund in FY2005, Mr. McReynolds provided the following information:

Projected Fund Balance 6/30/04		$522,601
Projected FY2005 Revenues		
Local	67,000	
Charges for services	3,213,300	
State and Federal	-	
Other Financing sources	1,000,000	

Total	4,280,400	
Projected FY2005 Expenditures	4,430,326	
Net Change		(149,926)
Projected Fund Balance 6/30/2005		$ 372,675

Mr. McReynolds noted that the Board had expressed concern about the number of employees who earn less than $20,000 per year and that a reduction in the proposed market increase with increased health insurance costs would mean a reduction in their take-home pay. He stated a total of 50 FTE's earn less than $20,000 per year. The Board had asked what version of operating software the County now uses, and he explained that the County currently uses Microsoft 2000 released in 1999. The XP version was skipped because of costs and ability to continue the use of Microsoft 2000 efficiently. He stated the delay of purchase would result in less efficiency in the operation of the County's network.

Mr. McReynolds then moved on to what staff thinks the 2006 budget will look like based on what is known and based on policies that would continue in the future. Changes in estimated expenditures would be from $4,111,480 to $4,738,850. If the Board were to reduce the tax rate by 4 cents, and assuming an increase in revenues of 4-5 percent, and a loss of E911 fees of $524,770, staff feels there would be somewhere between a deficit of $820,490 and a minor increase of $133,450 on the low side for expenditures, and deficits of somewhere between $1,447,860 and $493,920 on the high side. He then reviewed the projected 2006 budget with a 7-cent reduction in the tax rate which he estimated to be anywhere from a deficit of $884,090 to a very minor increase of $53,950 at the low end of expenditure estimates, and anywhere from a deficit of $1,511,460 to a deficit of $573,420 at the high end of expenditure estimates. Lastly, he reviewed what the 2006 budget would be projected at with no tax rate cut, which he projected it to be somewhere between a deficit of $150,690 to an increase of $824,450 at the low end of expenditure estimates, and between a deficit of $778,060 to an increase of $197,080 at the high end.

Chairman Shepperd indicated the Board would next review the potential budget reductions still under consideration and hopefully find some new ones.

Mr. McReynolds reviewed the following potential reductions still under consideration:

Unallocated Revenue		$ 585,000	
Original Budget	$510,000		
Corrected Custodial Services	75,000		
Education Transfer		1,384,000	
New Personnel			170,000
Software Upgrade		100,000	
CIP		265,000	
Solid Waste Contribution		100,000	
General Price Increase		75,000	
Sheriff		621,000	
Commonwealth Attorney		50,000	
Clerk of Court		51,000	
Treasurer		95,000	
Commissioner of the Revenue		89,000	

Chairman Shepperd asked if any of the Board members were seriously considering any reductions to the Constitutional Officers' budgets.

By consensus, the Board members agreed to remove any reductions to the Constitutional Officers' budgets from consideration.

Mr. McReynolds then reviewed three options to provide further enhancement to the County's tax relief program as follows:

Option 1: Modify the existing program to forgive a percentage of the total tax bill. This can be done in conjunction with increasing the maximum income to

$50,000.

Estimated fiscal impact: $325,000

Option 2: Increase income limits to maximum allowable $50,000 and include a "tax freeze" benefit.

Estimated fiscal impact: $300,000+

Option 3: Increase income limits to maximum allowable $50,000 and include a tax deferral option.

Estimated fiscal impact: $300,000+

Mr. McReynolds explained that if the Board should elect to implement all of the options, an additional $200,000 to $400,000 in tax relief is anticipated. He stated this is over and above the relief provided under the current program, which is anticipated to be more than $400,000 during this fiscal year. He stated that implementing all the options proposed would have a total estimated impact ranging from $600,000 to $800,000.

Chairman Shepperd stated it is a very interesting proposal; but assuming the Board accepts all the options, it will send a shadow over the budget.

Mr. McReynolds indicated it is too late to implement for FY2005.

Chairman Shepperd then asked that Mr. McReynolds schedule a future work session on the tax relief proposals. He asked if the Board members had any other proposed reductions to bring up and discuss.

Mr. Zaremba presented revised options to the ones he presented to the Board at the last work session as follows:

Option A4 (revised)—Proposed budget reductions for a 4-cent reduction in the tax rate:

Proposed Reduction in Budget	$2,140,000
Possible reductions to Proposed Budget:	
Unallocated revenues	585,000
Reduction in transfers to schools	1,368,000
.5% decrease in 2% raise to County Employees	75,000
General Price Increase	50,000
Total of These Reductions:	$2,153,000

Option B4(revised)—Proposed budget reductions for a 6.37-cent reduction in the tax rate

Proposed Reduction in Budget	$3,730,000
4-Cent Reduction	$2,153,000
Additional possible reductions to proposed budget:	
Reduce GF contribution to Solid Waste	100,000
Reduce CIP	265,000
Postpone all new projects and new personnel in Grounds Maintenance to FY2004 levels in preparation for outsourcing this entire department	649,000
Voting Machine	61,500
Additional Registrar	47,000
Video System	28,000

Engineering Specialist I for CBPA	27,960
EDS Planner I for COVA	47,768
Total of These Reductions:	$3,380,077

Mr. Zaremba discussed the jurisdictions the County competes with for employees, stating Williamsburg is proposing a 3.5 percent increase for FY2005, James City County 3 percent, and Hampton 3 percent. These pay raises are all based on merit, and none of the competitive set uses "step" or "market" raises. Mr. Zaremba proposed that for FY2006 the County evaluate and adopt a merit raise policy. He spoke of a proposed increase in Grounds Maintenance of $649,000, and he recommended it be postponed. He also noted the federal government is going to pay for the voting machines, and the School Division should pay for half of the video equipment since it will also be using it.

Mrs. White indicated the federal government would only pay up to half of the cost for the new voting machines.

Mr. McReynolds noted half of the cost of the video equipment had already been factored in to be paid for by the School Division.

Mr. Zaremba further discussed his proposal to postpone the proposed increase for Grounds Maintenance, stating postponement of this initiative one year will provide time to address whether outsourcing the requirement will be a cost effective alternative to business as usual.

Chairman Shepperd stated he did not know if Mr. McReynolds has had a chance to see this proposal before, and some parts the Board needs to address. He asked Mr. McReynolds if he could have information at the next meeting.

Mr. McReynolds indicated all the costs that were identified in the $649,000 are included in the amounts that have been previously discussed. He went on to list the various components of the difference and how they tied to the options presented for reductions in the proposed budget.

Discussion followed on Mr. Zaremba's revised options, and the Board agreed again that the market increase for employees would not be considered for reduction in the FY2005 budget.

Meeting Recessed. At 7:49 p.m. Chairman Shepperd declared a short recess.

Meeting Reconvened. At 8:01 p.m. the meeting was reconvened in open session by order of the Chair.

Mr. Burgett indicated at the last work session he proposed doing something about the Assessor's Office in light of what he feels is a lack of performance and customer service. He stated the office has created a large problem for a lot of people in the community, and the staff seem very arrogant and unsympathetic to the plight of the citizens because of the reassessment. He proposed that no money be allocated for the Assessor's Office for the current year and that the operation be moved into the Commissioner of the Revenue's office. He noted the Commissioner of the Revenue says she needs two appraisers and a deputy commissioner for real estate, and three appraisers would save $150,000. He noted his proposal would require an outside firm coming in biannually and doing the actual assessment, and they would issue monthly reports so that the Board knows what is happening during the assessment year. Mr. Burgett stated he feels very strongly about elimination of this office, and he has a lot of older people in his district who are concerned about the treatment they received and the quality of the assessment. He stated there must be more judgment and understanding given to the process, and he does not agree with assessing existing properties with properties purchased recently just because people with big money are moving in. Mr. Burgett stated the only way he sees to improve customer service and the quality of the assessments is to wipe the slate and start anew by moving the office to the Commissioner of the Revenue.

Mr. Bowman suggested that this topic be placed on an agenda for future consideration rather than for this budget cycle. Prior to that, he stated he would like to have Mr. McReynolds contact the state assessor's office and request it do an assessment of York's Assessor's Office to see if what is being done is within state regulations and that the County's recent assessment was done according to current sales.

Discussion followed on the fact that the state can only assess the results and not the office itself. It was noted by Mrs. White that there is an organization that provides this service, and the Board directed that Mr. McReynolds investigate the possibility of having an outside agency audit the County Assessor's Office and to make whatever changes he feels are necessary to improve customer service and the assessment process.

Chairman Shepperd noted that Mr. McReynolds had reviewed the previous week's offerings, and the Board has received clarification. He stated the Board was now down to the tough questions, and he asked the Board members if they were going to support a reduction in the tax rate. Mr. Shepperd stated he is willing to support a tax cut.

Mrs. Noll stated she has a problem with reducing the tax rate. She stated she does not want the Board to be in the position of reducing it one year and having to raise it the next. She also stated she does not want to eliminate the extra funding for education because with it the teachers will finally get an adequate increase to put them in the middle of the salary ranges of the area. Mrs. Noll suggested that when the County has the ability to generate extra funding, it should do what it can with it, and cut back when there is no extra funding or reduced funding.

Mr. Zaremba stated he supports a tax rate reduction. He noted he has looked at the Superintendent's charts over and over, and he is not impressed with the argument that York salaries are in the lower third, that the difference in salaries is miniscule. With respect to the unknown, he stated VRS will likely have to be increased, and no one knows where 911 is going. Mr. Zaremba stated one thing the Board knows for sure is that the taxpayers will be hit unmercifully if the rate is not reduced.

Mr. Bowman stated he is not in favor of reducing the tax rate at this time. The tax rate is not broken, and York has the next to the lowest rate in the area. Lowering the tax will encourage people to move in. He then addressed the unfunded mandates, stating if they are taken out, the 4.8 percent increase left is in line with what has been done in the past, and what is postponed this year will come back next year and will be an added expense to that budget. Mr. Bowman stated he did not want this to be a Board that has to juggle the tax rate each year.

Mr. Burgett stated he is guarded against reducing the tax rate; however, lowering the tax rate is the only way open to the Board to help the taxpayers at this time, and there are people who need a break. If York County needs an increase next year, he stated he would have no problem raising the rate to keep the quality of life at its current level.

Chairman Shepperd noted the consensus of the Board is for a reduction, and how much is the question. He then asked the Board to address the school division funding so it can finalize its plan. He noted the range the Board was looking at is $684,000 to $1.368 million. He stated he would like to move the teachers into the middle third of the salary scales, and he does not think it can be done that with a 7-cent reduction. Mr. Shepperd stated he supported a reduction of $684,000.

Mr. Zaremba indicated he would support a reduction of $1.3 million.

Mrs. Noll stated she would like to see a 2-cent reduction.

Mr. Zaremba stated he could not accept anything less than 7 cents, and even that will not solve the problems.

Mrs. Noll indicated there is a need to get the teachers up to where they can be competitive. She noted she feels the same way about County employees.

Mr. Bowman stated he would support the 4-cent reduction at $684,000.

Mr. Burgett expressed his support of the $1.3 million reduction, stating the money is all above what the School Division originally planned on receiving.

Chairman Shepperd noted that for planning purposes Mr. McReynolds should use the figure of $684,000 for the reduction to the schools funding for FY2005.

After further discussion by the Board, the following reductions were agreed upon by consensus:

New Personnel	$ 170,000
CIP	265,000
Solid Waste Contribution	100,000
General Price Increase	75,000
Library Needs Assessment	30,000

Chairman Shepperd indicated Mr. McReynolds would check on the voting machines to see if the County would receive any reimbursement from the federal government.

CLOSED MEETING. At 9:27 p.m. Mr. Burgett moved that the Board convene in Closed Meeting pursuant to Section 2.2-3711(a)(7) of the Code of Virginia pertaining to a legal matter requiring consultation with legal counsel.

On roll call the vote was:

Yea: (5) Zaremba, Noll, Bowman, Burgett, Shepperd
Nay: (0)

Meeting Reconvened. At 9:45 p.m. p.m. the meeting was reconvened in open session by order of the Chair.

Mrs. Noll moved the adoption of proposed Resolution SR-1 that reads:

A RESOLUTION TO CERTIFY COMPLIANCE WITH THE FREEDOM OF INFORMATION ACT REGARDING MEETING IN CLOSED SESSION

WHEREAS, the York County Board of Supervisors has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3711 of the Code of Virginia requires a certification by the York County Board of Supervisors that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED by the York County Board of Supervisors this the 23rd day of March, 2004, hereby certifies that, to the best of each member's knowledge, (1) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies, and (2) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed, or considered by the York County Board of Supervisors.

On roll call the vote was:

Yea: (5) Noll, Bowman, Burgett, Zaremba, Shepperd
Nay: (0)

Meeting Adjourned. At 9:47 p.m. Mr. Burgett moved that the meeting be adjourned to 6:00 p.m., Thursday, April 1, 2004, in the East Room, York Hall, for the purpose of conducting a work session on the proposed Fiscal Year 2005 Budget.

On roll call the vote was:

Yea: (5) Bowman, Burgett, Zaremba, Noll, Shepperd
Nay: (0)

James O. McReynolds, Clerk
York County Board of Supervisors

Thomas G. Shepperd, Chairman
York County Board of Supervisors