

**BOARD OF SUPERVISORS
ADJOURNED MEETING
FEBRUARY 26, 2004**

At an adjourned meeting of the Board of Supervisors of Floyd County, Virginia, held on Thursday, February 26, 2004 at 7:00 p.m. in the Courtroom of the Floyd County Courthouse, thereof;

PRESENT: David W. Ingram, Chairman; J. Fred Gerald, Vice Chairman; Diane B. Belcher, Jerry W. Boothe, Kerry W. Whitlock, Board Members; George W. Nester, County Administrator; Terri W. Morris, Assistant County Administrator.

The Chairman called the meeting to order with the reading of the handicapping statement.

The County Administrator read the call for the public hearing.

The County Administrator gave a presentation on issues/highlights of the proposed FY05 budget and the resulting need for increased tax rates.

The Board is considering an increase in the levy for real estate, to increase from the present rate of \$0.61/\$100 to \$0.66/\$100. The projected new revenue would be \$579,466. The second proposed increase is in personal property. That increase would be from \$2.18/\$100 to \$3.00/\$100. Keep in mind that the State pays 70% of the assessment based on the assessment in place in 1997. So, therefore, that projected new revenue on that increase would be \$267,555. Now, with business and industry, the rate for machinery and tools has not changed, it will remain at \$1.55/\$100. The Merchants Capital rate is unchanged, it will remain at \$3.50/\$100. Again, to summarize, the proposed change that the Board is looking at, will generate \$847,000. It is important to note that, on real estate, the Board will be implementing twice a year collection. The first half of the annual real estate will be payable in June, and the remaining half by December 5. Anyone wishing to make the full payment may do so in June. On personal property taxes, they will continue to be due December 5 as is the present case. One of the big restrictions that not only Floyd County, but all Counties in Virginia, is that real estate is the only revenue source that is not restricted by the State. The State affects non-business personal property by reimbursing 70% of the first \$20,000 in value. Again, that is based on the 1997

levy. Counties are handicapped compared to municipal governments. When I say municipal governments, that refers to cities and towns. The Code of Virginia gives cities and towns special taxing authority that Counties do not have. Counties are limited in the amount of transient occupancy taxes that they can generate and that is an important piece of the puzzle for a jurisdiction that is growing, with a lot of tourism and a lot of people moving into the area. The other is the meals tax. We are restricted on the State Code of the amount of meals tax revenue that we can assess. Tobacco tax, I'm sure everyone has heard about what is going on in the General Assembly. Right now, the Counties are not allowed to impose tobacco taxes except by authority of the General Assembly. One of the big differences is that Counties do not receive what is known as HB599 funding. That is money for police departments. The feeling there is since the Sheriff's Departments in Counties provide most of the law enforcement services, we are not entitled to receive that type of discretionary money that goes to municipal governments, where it will be determined how it will be used. One of the big things that is often asked is what the County is doing to offset the lack of revenue? The Board has requested that the General Assembly look at allowing it to impose an additional 1% local sales tax. Not likely that this will be approved. One of the reasons is everything right now is in such a state of flux with the General Assembly. Everybody knows that some changes need to occur and I think as the presentation goes deeper, you will see some of the Catch-22 that are involved for Counties and also for State government. Another request was made by the Board and it was the permission to levy a local income tax. That's pretty radical, but the reason is this, if the Board were allowed to eliminate the property taxes, it would make it a lot easier for a lot of people, particularly retired and living on a fixed income, to manage. A lot of areas outside Virginia, they have an operation that is known as Home Rule, where they are able to determine what taxes they want to level locally and they are administered locally. In Virginia, that does not occur. In Virginia, the only authority that local governments have, are specifically legislated by the General Assembly. So, we don't have a lot of pots to go and look to for generating money. One of the things that we have been through that is causing part of the problem that we are encountering this year, is we need to re-establish our fund balance. We are challenged how we want to divide what limited resources we do have among the many critical needs that we can take care of and which ones we cannot take care of. I mentioned earlier that a lot of what we are dealing with is the fact that the General Assembly has, candidly, has passed more and more expenses to us from the State level. Particularly in the areas of education, constitutional offices, retirement costs which had been borne by the State are being passed to the local governments, the cost of social services are being increased at the State level, and the cost of providing health department services are being increased. One of our big areas of increase have been environmental and we will go into that. It is primarily the financial assurance for operating a closed landfill that hasn't been used for over 15 years. But we are still required to have financial assurance in the event that there is any type of a leachate problem, or someone's water system is contaminated. The Board of Supervisors is obligated to correct that problem, abate the pollution, and see that there is a potable water supply to those people that have been damaged. Concerning the fund balance, that is a word that is bantered about. What that primarily means is that it is the County's savings account. It is what we use to help with cash flows during the periods of the year. Traditionally, we have a low cash flow period in the period of June through the middle of November. The tax tickets start going out and revenue starts coming in. One of the things that we have to do is sustain services with

the revenue and growth that we have until the general economy improves. That is one of the reasons that our fund balance has been depleted. The Board has used its savings account for the past couple of years to augment the cost of government services. The Board has made a conscious attempt to delay raising taxes until we saw some signs of the economy picking up. They are trying to look at options to increase revenue, but it is at the point that decisions have to be made or some services will be cut. I think probably this one chart is really important to show a lot of the issues that we are trying to deal with. The largest demand for government services is generated by residences. If you look at the County's land uses, you will see that 65% of our land area is devoted to residential uses. 25% of the land area is devoted to agricultural uses, with less than 99 acres. 5% of our area is used for large scale agricultural with more than 99 acres. 3 1/2% of our land is used in some type of tax exempt or public use, and then finally, the most telling number is industry and business represents only 1 1/2%. Traditionally, the largest tax payers in communities are industry and business. My background, I'm a professional planner. When you go into most jurisdictions and you look at the makeup of their communities, you usually see that industry and business comprise anywhere from 20-30% of the community. And therein, is a lot of the difficulty that we are facing. Residential property requires more services and typically the taxes that are received from a family with two children do not pay for the services that the County has to provide. We have some other issues before the Board. The Board is looking at beginning a program of paid paramedics and a volunteer incentive program to encourage the rescue squad and firefighters to continue to work on a volunteer basis. The cost of us moving into a full paid EMS staff would cost the County over \$2.5 million a year, so needless to say, that's just not an option. The other thing is that the volunteers have done an exceptional job trying to provide coverage to the County. But like everyone else, businesses and employment in the County is limited, so a lot of our volunteers have to commute outside of the County to work, so we don't have the volunteers here when we need them. So we are having to take a look at trying to do something to get some type of paid paramedics available that can respond to calls. Our annual replacement costs for fire and rescue equipment runs about \$250,000 a year. One of the big problems that we are going to facing the next few years, we are going to have to take a look at upgrading our public safety radio system. Right now, we are operating on a system that was set up in the late 1940's, a low band system. Today, you cannot operate a paramedic system that goes into a house and picks up a radio, to contact a doctor or a physician in the emergency room, with the type of equipment that we have today. We have spots in the County where deputies are blind. They cannot communicate with anyone. We are required, as part of the Homeland Security Act, to take a look at making provisions to improve those capabilities. And that is a big expense that the Board is going to have to address. We are showing a proposed implementation in 2006 and 2007. Is that likely to happen? Probably not. I think that things are so tight that we will have to delay that for some time. But it is coming, it has to happen. The question is when. One of the top priorities that we have to deal with is State mandated landfill assurance plan. This is not something that we want to do, this is something that we have to do. We are required to set aside \$900,000, which is what the State has assessed to be our obligation to have liquid in the event that we have a problem with leachate or contamination of the public water system as a result of our closed landfill. That is something that is not up for choice, it will be done. If its not, we will be in violation of the Clean Water Act and subject to being fined and sued by the EPA. Schools are always a large part of the budget, in fact, in Floyd County,

schools represent a little over 70% of our budget. This particular year, we were fortunate in the fact that we did receive some increases in the State money for education. Local government, at the local level, has proposed leaving the appropriation at \$0 increase for the coming year. But with the increase in State revenue sources this year, with the increase in the Federal appropriation for education, schools are looking at beginning operations with about \$939,000 in new funds. But that is not a given. As of the 24th, the General Assembly budget will provide more money than the Governor's proposed budget, which is the one that you are looking at. Unfortunately, the House of Delegates proposed budget provides less money and creates more expense for local government. We've often mentioned it, but if you will look, we are the fastest growing County in the New River Valley. That means several things. What type of growth are we experiencing? Residential growth. What requires the most services? Residential growth. So you can see that we are caught in that cycle of growth and development that we are having in the County, is probably only residential in nature. They place additional services requirements on the local government and the schools. The Board can't just close the gate and say you are not welcome any more. We've been discovered, and we are seeing more and more people beginning to look at moving into Floyd County, and that trend is going to continue for some time into the future. There are several positive things underway. The Board was fortunate to receive a grant to develop the Floyd Regional Commerce Center. Branwick and Associates out of Virginia Beach, invested about \$2.7 million to build a building that they are marketing, to try to get a company to locate in Floyd. The three major tourist programs taking place in Floyd. There are four in this part of the State, so we are fortunate to have three of those taking place in our area. We are working to try to develop the Donnkenney property as a business incubator. We are waiting to find out if our grants will be approved to do that. We have lots and lots of requests for small spaces for use as commercial property and for offices. Unfortunately, we don't have any. So, our goal is to take that old textile plant, convert it, turn into small offices and small commercial spaces, which can be leased. Its important, concerning the Donnkenney building also, that we keep it close to the downtown. Several decisions made by the Board, one of them was this building. About four years ago, we had to sit down and make a decision as to whether it would be more practical to go outside the Town limits and build a building, or to take a look at renovating this building and keeping it in the downtown area. The cost analysis came out to stay in this facility, it cost us a little under \$2 million to renovate and restore this building. If we had gone outside, bought property, built a structure, the cost for the County was going to run about \$4.2 million. One of the big reasons that the Board decided to stay here, not only just the savings of money, was the fact that it kept some vitality in the downtown area. That's important, because the downtown area generates a lot of trade, a lot of business, and generates sales tax. If we'd pulled the government center away from the downtown, it would have hurt the downtown area, hurt the Town of Floyd, and would have hurt the County. One of the proposals that we are looking at, is trying to establish a bypass which would take some of the heavy truck traffic out of the downtown area. And revitalize the downtown area. There are some chuckles from some of you about that, but that will happen one day. We have some other significant programs that are going on. We have the construction project going on at all of our schools. We have completed the Floyd Regional Commerce Center, and this is a picture of the Branwick Center located there. That is 169 acres there to be developed. There is not a lot of flat land in Floyd County. There is not a lot of places that have water and sewer accessible to them, not a lot of places that have 3-

phase power in place, this site has it all. The building in the back is Dreaming Creek. We are working to try to find different types of businesses and industries that we can, basically, go out and market the County to. We have a target list of types of industries that we are trying to come to look at Floyd County. Those include communications industry, outsourcing of subcontractors. This is where a large company needs to have a product produced and they need facilities to set it up, and we are trying to market ourselves to those larger companies. Volvo is an example. They contract for lots of subcontractors to produce lots of different products for their company in full production and we think we have a good chance of trying to attract something like that. One of the strengths that we have in Floyd County has always been related to wood products. That is one area that we are trying to tap into. Insurance services, in-bound call centers. We have probably one of the most sophisticated telephone systems around. Two-thirds of the County is served by fiber optics. When you go to economic development meetings around the State, that is one of the things that they are all trying to develop. Its already here in Floyd today. So we are probably ten years ahead of the curve in that regard. You can see the other types of industries that area being marketed. One of the challenges, we are not going to become the home for General Motors. Its not going to happen. We are not going to become the home for ITT. What we are looking for are small companies that would employ 50 people. We would gladly take those. It helps if the economy turns down, and you have a company close, it doesn't hurt as bad as one like the Donnkenney or Cross Creek facilities closing. One bright spot that we have had has always been tourism. Floyd is one area where we've really seen an increase in the amount of tourism. When you look at the information released by the Virginia Tourism Commission, tourism in Floyd County from 1988-2001 has grown 252%. In Western Virginia, it has grown 95%. In Virginia, during that same period, 71%. Each year, \$12.1 million in invested in Floyd County through tourism. Typically, that money is spent in the community to buy gas, to shop, to buy food, it goes to pay wages. Usually, every \$1 invested in the local economy turns over seven times before it leaves, so that is a significant impact on us. We have not been doing really to promote tourism, it has happened by osmosis. But it has happened, and has brought a lot of dollars into the County that have helped the government and businesses. If it weren't for that, we would be having a lot more difficult time than we presently are having. The four major trail programs located in Southwest Virginia, I think the State of Virginia has recognized the impact of tourism, and they actually passed a policy that encouraged the creation of tourist attractions and destinations. There are four in Southwest Virginia, the first is the Daniel Boone Wilderness Trail, located a little further West of us. There is the Virginia Civil Wars Trail program, which is located all over the State. A new program is the Virginia Bird and Wildlife Trail program, and the newest if the Virginia Heritage Music Trail. Now all three of those, the Music Trail, the Bird and Wildlife and the Civil Wars Trail, have a presence in Floyd County. So, even if this doesn't include any of the tourism that we've attracted so far, and when these go on line, we can expect additional tourism dollars in the County. Another thing about tourism, is when people come and spend the day and go home, and take their kids with them, so you don't have a lot of recurring problems that you would have with other types of development. In closing, I think this is really important. Its not meant to be a civics lesson, but the Constitution of Virginia places responsibilities on Counties that we must meet. It doesn't say if you can, when you can, it mandates that they will be provided. The law specifies that we will provide courts, education, social services, public health, and public safety. The public safety

does not include rescue squads, by the way. That's a service that's generated because it's a need, but its not specified by the Constitution of Virginia. The other is Constitutional Officers. Counties are the creation of the State, we were created to be an express extension of State government. Unfortunately, State pass more and more costs down to the local governments, that we are having to pay. The General Assembly impedes our ability to handle a lot of those problems so restricting the authority we have to deal with the issues. To paraphrase, the State is giving local governments more to do and blocking our way so we can't do it. I'm going to give some supporting data to back this statement up. We also have received some increases in revenue from the State this year, and that's welcome. But compared to the prior years, its at a reduced level. So we have lost nearly a half million dollars in revenue that would have been received by this County because of our growth as little as three years ago. This is a quote that came out of the Virginia Capitol Contact. "The House of Delegates is being considered right now to represent cut in reimbursement to local governments and major policy changes which will underfund current State obligations". And that is current, the 24th of this month. This is a headline out of the Virginia Pilot on the 24th. Observed the Republican Calaihan after laying out a proposed House budget that further tightens the screws on localities, "They've got plenty of money". Callahan's dismissive attitude flies in the face of series of well-regarded studies in recent years highlighting the plight of Virginia's Counties and Cities. Even House Speaker Bill Howell, who is generally to the right of Mr. Callahan stated, "Counties are suffering at the hands of the State, simply put, localities have too many responsibilities and too few resources". Some of the problems that the County is having, not only Floyd County but all Counties and Cities and Towns, goes back to an old law known as the Dillon Rule. Primarily what that means is that, local governments can only exercise those powers and authorities that the General Assembly specifically gives them. That was well and good fifty years ago, but the demands that are placed on County governments are far greater, and we need to have flexibility to deal with those problems. I'll go back to the Dillon Rule vs. the Home Rule. A lot of states are beginning to implement Home Rule charters where local governments are given the authority to make their own guidelines, establish their own taxing policies, provide for their own policies about how programs will be carried out and administered. I think we are going to be seeing more and more of that, it is being talked about if the State doesn't step up and find some way to relieve the burden on the Counties and on you.

The Chairman called for comments from the audience. He outlined the procedures of the public hearing - sign-up sheet, time limit of three minutes for comments, no time-sharing or trading of time, respect for each speaker by no comments or applause from the audience, questions are to be directed to each individual Board of Supervisors member at a later time, state your name and district you live in for the record, comments to be made to the Board and not the audience.

Alvis and Mary Lou Kelly - my comments are directed to you, the Board of Supervisors. You want to raise the real estate tax by 8%, and in doing so, we understand that the County is also reassessing real estate to take effect in 2005. Why did you vote to change the reassessment from every six years to every four years, knowing that this will put an increased hardship on the Floyd County citizens. This, in turn, will give the County an increase this year, in 2004, from

the increase for reassessment next year in 2005. Since taxes never go down. This will mean that you have chosen to raise taxes to Floyd County citizens, twice in two years straight. You made campaign promises to get elected, you promised the real estate owners one thing and the County department groups another. Knowing that the County department head will always submit a budget that is more than they really need. The more they ask for and get, the more they will want next time. I'm not against a raise in pay for schools or other County departments, if it is the same percentage rate according to the inflation rate which the Federal government gave me on my Social Security. We need to keep the increase in taxes to the inflation rate of 2.1%, not 8%. What happened to the share of the Virginia lottery money for the education deal? At a time in history, when State and Federal governments are trying every way they can to cut the budget, it appears that you Supervisors are going all out to increase the County budget. Where is it written in law saying that we have to keep up or pay more taxes than any other County around us? Our personal property, when you buy a new \$30,000 auto at 37% increase, in just four years, you will pay \$2000 in taxes on this. This means that I won't be buying a new auto as often. I have my 59 acre farm in land use that helps me on taxes. Some people don't like farmers having the tax exemption clause, because it doesn't affect them. But I have to cut every corner I can. I am a retired person on a fixed income pension. My ancestors and I have lived in the County for over 150 years, so my children and grandchildren will probably live here also. They will inherit all these other taxes that you are raising now. It is our hope that the Supervisors will work with Rick Boucher to help bring new industry into Floyd County to help the tax base. In closing, my wife and I voted for a fair man, we think, for Supervisor. So have the courage to say no to a lot of big demands and be fair to us. We vote no to a big increase in our County. We thank you for your time and understanding on this tax proposal.

Clark Simpkins - Courthouse District - I heard a lot of things here that was good. I do agree that we do need some things brought into the County, other businesses. But my concern is that I have been in business now, going on eight years, and I've never had anything to help me. I've approached the PSA Board, I've talked to the Supervisor about having a place down here at the treatment plant to operate my business. I've never had any replies from them, no help whatsoever. Therefore, I can't even be competitive with the other people out of the County that's coming in here, doing the service that I do. To me, it looks like you ought to be trying to take care of some of the businesses here in the County that's trying to operate, and having to go out of the County to operate. I pay taxes here in this County, and I have to go out of the County to operate my business because they won't try to help me down here at the PSA Board. We're building onto it, and upgrading it, but they still can't even tell me that I'll be able to use it after all this money that's going into it. I'm looking for some help somewhere or another. I do a service for the whole County and everybody wonders why it costs so much when I come to do the service. That's why. Because I have to truck it plumb out of the County because nobody will help me.

Robert Reed - Courthouse District - I'd just like to state that I've been a taxpayer around thirty years or more and I've never seen the taxes go up like this. We might need some money, but I believe we can find some places to cut some money. We always hear rumors, but until we see the budget, we won't be able to say whether there is something there that can be done away

with. But through rumors, I think there are some things that can be cut back or done away with. But I just think that 37% and plus an 8% is too much to be paying. I look around me and there is a whole lot of people here that are going to be hurt a lot worse than I am. And I don't like it. And I just wanted the Board to know that.

Elmer Underwood - declined to speak.

James Goodman - Courthouse District - I've been up here two years, got a beautiful place. The government itself is taxing us on gas, cigarettes and tobacco. The Board of Supervisors says we have an increase in population, one of the fastest growing Counties. Well, if we have more people coming in, why do our taxes go up? Share the burden across the Board. Why do we have to go up 8% and 37% on real estate and car taxes? We had Gilmore who took away the car taxes and you are trying to bring it back? We voted him out of office, we can vote you out.

S. G. Bolt - Burks Fork District - well if it wasn't for laughing, I would done laughed in under the pew back here at some of the things that have been mentioned and presented up here on that board a while ago, that are so unnecessary for the County. The need of our County, as you can look over this crowd tonight and see, is 75% or more that are here tonight, are at retirement age or are retired. We are begging the mercy of this Board to have at least a little mercy on us as we endeavor to meet our bills and our obligations to stay in this County. I was always taught to put a ladder up before I tried to climb the tree. But evidently we are trying to get on top without putting a ladder up. We have \$12 million of debt that we did not know what percentage we were going to pay when it was borrowed. Is that right or not? Also, I understand that the Cross Creek factory down here, has been bought to put an antique or some type of a junk apparatus in, is that right? I also understand that there is \$2 million that is supposed to be coming out of this raise to take care of a landfill that ought to have been took care of as it was being built and provided for, and it showed awhile ago, that you only need \$900,000, why \$2 million. Why tax us this year to raise it to \$2 million instead of keeping it down to where we can help pay for it and be a citizen and a friendly citizen of this community and this County? I've lived in it 70 years and I walk before you tonight asking and begging the mercy and also praying to God that you people that are in this position will have a heart that is melted to the point that you will recognize the need of we the people that have supported you. And the raises that are coming up. And here's another thing, I have looked at the raises coming up, 3 1/2%, 6.something, 5 1/2%, and I ask today where was these raises are going? Some are going to the administration department, the school. We have a school superintendent who is making over \$100,000 plus expenses, we have a Clerk back here that is making better than \$65,000, up to \$75,000, plus expenses, we have other people in this building that are working that are making no less than \$55,000 plus their expenses. Folk, its time that you woke up. And if you don't, I think that we as a people, we need to let them know where we stand folks. Amen? And I do resent the time element, because he took thirty minutes of our time up there.

Beth Honeycutt - from the Fairview District - it seems like budgets are always a problem, however, I don't know how we can justify the burden of a tax increase at this time since over the

past few years there have been so many job losses. Which means a loss of income to the families. Many of our taxpayers have to go out of the County in order to get employment. Its not just a local problem, this problem is all over our country, which means not only will we have the burden of this tax increase, we also have a good possibility of having another State and Federal tax increase. I think its really essential that you, as our Supervisors, try to go over our budget and somewhere try to find a place or places that we can decrease the budget as far as County expenses go. My husband and I are retired and on a limited income, like most retirees are, and another thing, as most retirees each year, we also lose benefits. I really wish that our County would reconsider. If there is going to be a tax increase, wait until after there are some jobs brought into our County.

Fred Charlier - Burks Fork - I am here chastising you on controlling the budget. There are a couple of questions that I would like to get answered publicly. Camp #5, the sore spot. It was appraised somewhere in the \$200,000 range, it was public property, as I understand it, it went for some \$35,000. Why was it not put up for public auction? I would like to comment also, since others have taken wind out of my sails, as some communities are now working toward an additional fee on such things as law enforcement. When they go out and arrest a DUI, there is a fee applied over and above his fine, or for traffic accidents obviously through carelessness. Also, I see on your Board that you want to upgrade your communications to 450 MHz, ultra-high, you might want to look into that a little further. There are areas here, and if you go to 450 MHz, you run into another dead area, cell phones. We have a lot of cell phones in here. We are trying to develop a bedroom community here because we have no work. However, there is a speculator doing some development around here, let's take a look at that, because it is expensive to develop a bedroom community. Thirdly, since we don't address the audience, I'll address you, how many in this audience know their legislator? Contact their legislator, contact their Senator, their Congressman, because I understand that it is not all your fault, and you've crimped on some of your budget. Mandates are coming down without help. So how many in this audience try to help control this situation? I'll chastise you, but that's not helping you, how about chastising our legislators and our Congressman? They are as guilty as you are.

Rick Six - Burks Fork - I just want to gripe about raising taxes. Now you want to raise them. You talk about bringing businesses in, it might help. But if you want people to buy houses around here, you want them to pay more taxes. I've been here for a while and I don't see too much that the County has given back to me for my taxes I'm paying you. Talk about the money for the landfill, I do believe that there is a recycling thing going out there. Is any of that money being used to offset the money needed to pay for the water pollution stuff?

Roger Abshire - Burks Fork - as many of the people here are, I am retired. And as the old saying goes, I've got plenty of money if I don't live too long. But I elected to stay in Floyd County when I came here 42 years ago and I had options to go other places at advanced pay scales, but I liked it here and I liked the people here. Many of our people here that make up the tax base are on a fixed income. The few people who are young in age and elect to stay in the County, it appears are going to be penalized, and Lord knows we need to help those people to stay here to create a tax base that we can actually expand on. Its an economic rule that increased

taxation deters economic investment. The Federal government has seen that and against some odds that I thought were pretty great, have given back some money and it immediately spurred retail sales, which spurs other growth in manufacturing. So we create jobs in selling the products, transporting the products, we create all kinds of side benefits from this. And actually, new home growth that creates a tax base. So I think we need to look at the long term instead of just next year's taxes. We need to look at what its going to do to us in five years, ten years, down the road. These things don't happen overnight. We didn't get into the situation financially that we're in right now, overnight, and I don't think it is right to try to get us out of it overnight. We should expect some growth, we look forward to growth, and I think we've got to cultivate the growth. And you can't do that if you tax the horse to death that is pulling the wagon. Everybody knows that the County is reassessing this year, which is automatically going to mean an increase in the real estate taxes next year. Nobody knows how much that's going to be right now. But the figures that I've got bouncing around in my head don't feel very good. I think that we have a built-in tax increase for real estate. Any percentage that we get this year is going to be multiplied next year, it won't be a straight up increase, it will be multiplied by a percentage. The statement was made earlier tonight that people in the County should entice new business to come in regardless of what our taxes look like. But don't be sure that people are going to come in here and not consider the taxes. If people are going to make a \$7 million investment in a business, they are certainly going to look at the long-term and their costs and expenditures, taxes are certainly going to be one of them.

DeWitt Thomas - I've got something to say, and I hope it will go to everyone's heart here. I've been a native of Floyd County all my life, 58 years. My parents have been here a 100 years or better. At this time, the way our economy is, I think this is the most ludicrous thing that you all could ever do to anyone. As this gentleman said, I think for your all's mistakes, we should not have to pay this. You buy all this land, well the way I see it, you keep raising taxes, you're not going to have to buy any land, its going to be here baby. And we get all these promises of bringing industry in here, looking into it, looking into it, well, let's get off our duff and get it in here. That's the way I see it. You have a relentless job, an thankless job. But don't persecute us, a lot of us are on fixed incomes, I am too.

Cody Hale - Courthouse District - I started to make some notes when I first heard about this public hearing. All the notes I could think about were things that I could complain about. When I sat down and started making the notes, I found that I didn't have as much to complain about as I thought I did. Personally, I think the Board of Supervisors are willing to listen to our problems and I've found that to be true. We've already mentioned that our tax money goes for education, we can't leave our young people out, we've got to give them something to work with, and for teachers. After all, they are the teachers, Supervisors, businessmen and Congressman and possibly Presidents of the future. We can't leave out our rescue people, or our ambulances. I had an emergency some time ago, a well-equipped ambulance picked me up and took me to the hospital, did all the things that they needed to do, I don't know whether they prolonged my life or not, but I'm still here. The same way with the Fire Department. A lot of our money goes for fire service, all these things that we talked about with the new residences that have moved in, need. If my house catches on fire, I would like to know that there is a well-equipped that you

don't have to jump-start to get down to my house. I would say that I would like to commend and thank the Board of Supervisors for a thankless job, taking time out of their lives to grow and learn about the business that our County is faced with. I really appreciate that and I don't know how they decide to do that sometimes after some of the flack that we as constituents give you. I would like to thank the Board of Supervisors for their support. I think they are probably spending my tax dollars as well as I could.

Albert Woodward - Burks Fork - we are the only ones with a pretty Board member. The State Constitution and the State Statutes give you folks a good deal of latitude in the broad areas of real estate and personal property, so all I would say on that is do what you must. Alternatively, you've got a lot of folk in the County who are much like I am, marginal. And another bite just makes life even more marginal, so maybe you want to work, and Mr. Nester, I'll address this to you, maybe you want to work a little gross income, age into your accounting. That's really all I've got to say, except to express appreciation to Mr. Nester for a good, thorough explanation. Now I'm deaf, and I'm blind, but I'll come by and sit down in the hallway and let Miss Susan explain it all to me.

Bobby Huff - Little River - First of all, I want everybody to know I'm not a public speaker or nothing, so its not going to be nothing organized, just some things that I think needs to be said. I know you all have a tough job, the same as everybody else in this room does. Anybody that is working is on a budget right now, and has a tough job. I personally, am working for what I did in 1985. I dare say that there are not many people in this room that's not took pay cuts in the last year or two, that's got a job, its hard to make ends meet. You are talking about raising taxes on cars and on personal property and stuff that I own. There's no incentive for young people to come into this County to have anything, to make it look better, or do anything like that, because if you do it, you just tax it and tax it, and the more I make it look better, the more you are going to raise the taxes on it. You are talking about doing that on vehicles. Ok I have to drive out of the County every day to try to make a living. I bring money back into this County. This County does not put anything in my pockets, I put everything out to try to live here. And then you are going to take more of it that I go somewhere else to make. I don't know what the answer is, I don't think none of us in here knows what the answer is. But I think that we all try to need to work together. I know there are people on fixed incomes, I've got two kids and they go to school. The time that I pay the school bills, time I pay my car payment and house payment, there is nothing left. I can't go to my employer and say, hey, I want more money. That seems to be the thing with government, want more money. You've got to live within your means. You've got to have a budget that you can live with with the income that you've got coming in, not bet on making more. I can't do that. I've took three pay cuts in the last ten years to try to have a job. For instance, you were talking about these figures, I'm not much of a figure man, I'm a common sense man. I get out and make my money and I spend what I have to spend, I don't go out and try to spend a million dollars when I have \$500,000 to spend, because I can't. Talking about these tax rates and all that, Franklin County is at 60%, they are getting ready to have a reassessment just like we are. I had a reassessment last year, I don't know where everybody is talking about it being four years, my taxes went up 34% last year. They are going back the other way, back to 55%. You got, as far as this car stuff that you

are talking about, a \$20,000 vehicle is \$450 taxes, it is \$250 in Franklin County.

Galen Huff - Burks Fork - you are talking about moving businesses into the County, I moved mine out, just on account of your car tax and taxes on my equipment and stuff, because I can take it to Patrick County for less. So I don't see how you are going to bring businesses in when you are driving them out. I done told David Ingram this back in the summer.

Paul Hill - Courthouse District - I'm not a speaker either, but you way you are raising taxes, when they reassessed mine last time, the guy stood there and said that he was told to try to get it up to Montgomery County's rates. I don't know why you are trying to push it that high, because we don't have the businesses like they do. All these new buildings and land that was bought, did the County really need it? We'll never pay it back in my lifetime. It's a lot of money thrown away that don't need to be thrown away. I think if it is used wisely and in the right areas, we wouldn't have to have the tax increase. I know it is a lot of elderly people around here that can't hardly make it. Young people going out here, just getting married and stuff, ain't got no jobs hardly, they can't buy nothing, they'll never own nothing with the way the taxes keep going up.

Steve Fast - Indian Valley District - Recently I was talking to a County official about this tax increase and I was against it, and that it would cause a burden on me and my family. That County official's response were words to the effect that I ought to get a better job and improve myself and make more money. At first, I was angry at that response. But I got to thinking about it. I thought to myself, well, if I were one of the County officials or Constitutional Officers, and I had the money to travel to Europe and spend the night in castles with lords of the manor, a tax increase wouldn't be that big of a deal to me. Or if I had a very successful business, and more power to you for having it, and had thousands of dollars in discretionary income, a \$300 or \$400 tax increase wouldn't be that big of a deal to me. Or if I owned half the land in the County and was trying to buy the other half, it wouldn't be such a big deal to me. But it is a big deal to me. I want to try to explain to you what this tax increase means to the people that I rub shoulders with. I was talking to a textile worker the other night. Now Mr. Nester put on there that they needed money for retirement programs. The textile worker doesn't have a retirement program. He says that he needs money for raising the salaries of Constitutional Officers and school teachers, etc. Well, that man hasn't had a raise in ten years. You say that there are health insurance increases and things like that. Well, his health insurance premium has gone from \$168 to \$470 a month. I don't know of a single part of this County, any of its employees, any of its officers, who are having budget cuts like that. If I had lots of discretionary income, I might be impressed with Mr. Nester's presentation. But you all don't know what cutting to the bone means until you've lived through that. What these people are telling you is that its too much, that there is fat out there. I'm a teacher at the college level and I think that too much is being spent on the government education system here in this County. I've had a part of sending many students to MIT and Harvard at various places where I've taught. We don't need to build \$12 million gyms and other expansions in order to give a good education to children.

Billy Pratt - Indian Valley District - I'm glad we don't have but three minutes, because

I'm already hot enough. Supervisors, I would like to tell you something. I've lived in this County 66 years. When I was a boy, 17 years old, I had to leave to get a job. I went to Maryland and worked. Saved my money, came back down here, got married, and bought a little home up there. And from then on, its been one thing after another. Its raise this, and raise that. We got to have this and we got to have that. Its no point in a lot of this stuff. There's people sitting at that table right there that's never had a hard day in their lives. You've had things given to you, most of you have, I can prove that, and its easy to live off of somebody else's money. Its very easy. I came back to Virginia, got me a home, got married, my wife died, I've had hardships from then on until now. My son died, died with AIDS, hospital bills, hospital bills, one after another. And, its gotten worse. Just a few years ago, I had to sell my place, I had to take bankruptcy on what I had to keep the place and then they came along and I had to sell the place after all. Don't let anybody tell you that they can't take it away from you as long as you are living, I can show you different. I would like for you all, when you go home tonight, instead of having your snoot stuck up in the air, stick it down toward the floor and ask God for help. That's what you need to do. This County is full of hypocrites, what we need is some people, bless God. I like the people, but there is some that think they are almighty God theirself. And I tell you one thing, I'll be outside if anybody wants to talk to me when they leave.

Peter Siedeman - Little River District - U.S. citizen and dedicated taxpayer. I see that from our real estate and personal property taxes that you raise about \$848,000. The environmental fund about \$900,000. I am opposed to this \$900,000 environmental fund. We have environmental laws already. You can't dig a hole in the ground without having a certified excavator taking care of it. The people in Richmond are doing their best to try to reduce our tax bases. We have empty industrial buildings all over the place, so we still have to take care of these environmental funds. I'm opposed to the personal property tax and environmental tax. You have not done a good job of trying to run the County business. In the presentation I have not heard a word about in what way you are trying to cut expenses in the budget. You are only talking about increases, but no reductions.

Ray Arthur - declined to speak.

Dan Vest - Locust Grove District - basically, my comments would be that if you respect us, I wish you would involve us in more of your decisions, specifically the \$12 million for the educational fund, which I've been told by some people in the County Administration, that \$6 million is for gymnasiums and \$6 million is for academics. I'm for the academics, that's 100% payback, you can't do any better than educate your kids. But you've got to balance your budget somewhere and if you can't afford a gymnasium, don't get them. Basically, why are we here today? There's a balance that is out of kilter here in Floyd County. Residential growth and business. We have no businesses to help pay taxes so the burden is on the landowners. And Mr. Nester did a great job here today of saying what the problem is. 65% of Floyd County is in residential use. Sounds like we had a report from a developer here. There has been no proactive means or policies implemented, you're not going to stop growth, you can't close the gate, but you can put a smaller gate up. Right now, the citizens of Floyd County cannot support any more growth. You explained that well. I don't have a problem with people coming into Floyd, but the

rate is about to break our break and that is why we are here tonight. Is anything being done? You get on the net and you can find the impact of fees. Maryland has fees to preserve farmland, you said right there, cows are a lot less expensive to grow than houses are. What are you trying to do? Tourism. What are these people going to be coming to Floyd County for? To look at the houses? I don't understand.

Roanna Gillis - Courthouse District - unlike a lot of other people here, I'm 18 years old instead of retired, but I have something to say about the school system. We're building gymnasiums for our children and I'm pretty much still a kid myself. I know that I don't need a gymnasium, I need parents. And that is what builds a good person to work in the community. And if you are going to charge more taxes to build a bigger gymnasium, our parents are going to have to work to pay those taxes, which means we won't need the gymnasium, because we aren't going to be home with our parents, and that's about all they are going to be fit for. So, all I have to say is we are in a vicious cycle here, I'm all for education, we need it, but we don't need a gymnasium to take us away from our parents, to take us away from the main reason. So, just think about that.

Ronald Gillis - Courthouse District - I moved here to Floyd County in 1997, I bought a place over at the Buffalo, I sold it, and am building a house off of Franklin Pike. And when I read the paper about this tax business, if it had been just me, and not my family, I'd put my place up for sale. If you think somebody is going to move here after you all have raised the taxes, think again.

Roanna Gillis - you know they say if you don't love it, leave it. Well I love it here but I will leave it if I have to.

Michael Sowers - Little River District - I'm no speaker, but I'm a bricklayer, and I've been living in Floyd since 1971. About 99% of the time I've worked out of the County, and I don't think that we deserve this tax. I ask each one of you to read the book of Proverbs and think about the poor people of Floyd County.

Larry Scott - Courthouse District - I got a couple of things to say. More residences mean more tax for the County. I know this has already been said, it is probably a repeat of about half of the statements in this room already, but more residences mean more taxes for the County. If we tax the County to the point no one can afford to live here unless they are wealthy, come from the city, are retired, taxes don't mean much because they are already paying extremely high taxes, they don't mind paying extreme amounts of money for the property here and it goes up. So do the taxes. If we tax it to death, nobody can live here. There aren't that many rich people in the world. Its excessive. Never in the history that I've lived in Floyd County have I ever heard of a tax increase of this size. We need to all work together, we need to come to some sort of a medium of working together of providing services of what the County needs. At the same time, people need consideration and sensitivity of the financial issues that face the citizens of the County.

Bud Beland - Courthouse District - I just think this increase you have is outrageous. I've lived in other places in my life. I moved here about three years ago, I've never seen an increase like this anywhere that I've ever lived. I'm trying to raise two children here, I love Floyd, I think it is a great town, the people here are really nice. A lot of people here are on fixed incomes, a lot of elderly people, I think you are really hurting these people. You are bringing them down. I'm going to tell you something, I'm not going to stay here if you all are going to keep doing this, because I'm not going to be able to afford to live here. I'm on a fixed income myself, and I haven't a pay raise in four years living in this area. You got to do something. You need to re-visit where you are spending your money. I've worked with budgets in the past, been a Chief Operating Engineer, in towns away from here, and I moved away from that town so I wouldn't have to put up with stuff like this. You are elected officials and I think you need to look at where you are spending your money a lot more frugally.

Sandy Beland - Courthouse District - I feel like we should speak because we are a typical family, husband, wife and two children. We've heard a lot of people that are retired speaking, and I'm very glad that we heard from the young lady who was 18. I think it is important that we hear from all ages. Being a typical family, in the past year my husband and I were both laid off from our jobs, had to find new employment. And I don't think this is just us, you hear about this going on all over the country. Thankfully we both have jobs, but we are making 20% less than we made before. Expenses are going up, incomes are going down. At this point in time, with the economy, I don't think it is reasonable to expect to impose any type of tax increase on this County. George talked about some very exciting issues. The new business in the County, the Donnkenney building, the Commerce Park, the increased growth in population, those are all potential income for this County, and I think you are right on the cusp of having that happen, and I think what you are looking at is a short term timing issue. So you want to raise the taxes now that will forever be there on the people that are here for something that you could probably fix by tightening the budget and by working harder to bring that business into the County. I think that is very important at this point. Like my husband stated, we moved here from an area that grew beyond belief. Its ok for us not to have sidewalks, street lights, don't raise the budget for these things.

Sam Hancock - I've lived in this County soon to be 58 years. I've paid a lot of taxes. I'm having trouble putting into words, my disappointment, on your view of what we need to do. I operate Highland Hardwoods, which is a state-of-the-art wood processing sawmill on Franklin Pike. I noticed on your list that you had a wood processing facility that you wanted to attract to here. I've been in the lumber business almost 40 years and its evaporating before my eyes. I would have never believed five years ago that my own government would have been the worst enemy that I have. Our import/export practices are the pits. We have lost somewhere around 85% of our customers. This is a serious thing. We are in trouble folks and you'd better look around, because its not going to get any better. China is whipping our tail on every corner. These taxes, all of my taxes added together last year, was more than I made. Due to the weather, due to all of my lost customers, due to all the financial problems that goes with all of this, I can tell you that this is one woodworking facility, that if these taxes goes up, that will not be here a year from now. I'll be forced to sell it, because you can't pay taxes of this magnitude on the

income we have in Floyd County. That might settle one of the other problems that you were having there, my big trucks won't need a bypass, they won't be here either. The priorities kind of appall me, you know you worry more about the butterflies and snail darters and turtles and flowers and weeds than you do about our jobs. It's a serious thing, there are not any of the people that work for me that's fixing to lose their jobs if these taxes goes into force, that cares very much about a flower and weed. And I'm just as serious as I can be about this. One of the members of the Board told me a while back that you had to give and you had to take, I'd like to know where the take is, I've not seen any in five years. There's not been a raise in my industry in 20 years and I've had two vacations in 40 years.

Rick Nolen - Courthouse District - I picked up the Floyd Press and I looked at it, and I said one thing about it, you all are definitely bold. You went to the six month, where you pay your taxes, you are trying to be like Montgomery County. Our taxes are getting like Montgomery County but you don't have near the services to offer that Montgomery County has. So if you want us to pay them kind of taxes, you're going to have to really step it up. All right, you take 75-80% of the people drive out of the County to work. So basically, you all have got a real good deal. You all just have to sit back and rake it in and we are hauling it in to you. Basically, that right there is how it is. All right, you are sitting up here in a newly renovated Courthouse, you've got the telephone office down there that you've remodeled. You're wanting to buy the Fabric Cutters building, not to mention the Rebound that really made you all famous, that all the people in this room had to eat. You know, really what you are doing, you don't realize it, but you are stabbing in the heart of your money supply. These people that line up from 5-9 in the morning on 221 and Route 8 going out of the County to bring their money to you, they are the ones who's going to have to buy the new vehicles to get to work, you know, and they are the ones that are going to be paying. Basically, if you take a tree and put a poison oak vine on it, if you cut down the tree, you're going to die, you know. So really you need to think about what you are doing, because we have done got to the point where we can't keep carrying you. You are going to have to curve your spending and you're going to have to live within your means.

Ronnie Keith - I've lived here around 40 years, it's a good place, I love it. I got a pretty good sized place. I have a family. I've got a 18 year old boy who's getting ready to make a big decision in his life, where he wants to live. I would like him to be here around me. But if you all are going to raise these taxes, he can't do it. I just bought a new home, if you do this, you are hurting us. I am just asking you, please. I wasn't planning to speak, but after hearing everybody, I wasn't even going to come tonight, but I'm glad I did. But I ask you all, please, you're going to hurt us. But like a lot of them said, if it comes to a choice, I'll leave. Because there is no use staying here. Everything that I got, I'll give it up, the new home, it won't matter. Because you done killed what is there. I got two others after that to come up. I know life will get hard but my Maker will make a way. But I'm telling you, please, don't do these taxes.

After no further comments from the audience, the Chairman declared the Public Hearing closed. He thanked everyone for coming, making all the comments, and all those that did not make comments but were here, to show their support. As I said, if you do have questions, please contact your Supervisor member here on the Board, and they will answer or get the answers for

you. Thank you very much. Have a nice evening.

On a motion of Supervisor Gerald, seconded by Supervisor Boothe, and unanimously carried, it was resolved to adjourn to Tuesday, March 2, 2004 at 7:30 p.m. for a public hearing on the proposed Manufactured Home Park Ordinance.

Supervisor Boothe - aye
Supervisor Belcher - aye
Supervisor Whitlock - aye
Supervisor Gerald - aye
Supervisor Ingram - aye