

**BOARD OF SUPERVISORS
REGULAR MEETING
DECEMBER 14, 2010**

At the regular meeting of the Board of Supervisors of Floyd County, Virginia, held on Tuesday, December 14, 2010 at 8:30 a.m. in the Board Room of the County Administration Building, thereof;

PRESENT: David W. Ingram, Chairman (entered the meeting at 8:40 a.m.); J. Fred Gerald, Vice Chairman; Virgel H. Allen, Case C. Clinger, William R. Gardner, Jr., Board Members; Daniel J. Campbell, County Administrator; Terri W. Morris, Assistant County Administrator.

The Vice Chairman called the meeting to order at 8:30 a.m. with the reading of the handicapping statement.

The Opening Prayer was led by Vice Chairman Gerald.

Supervisor Clinger led in the Pledge of Allegiance.

The minutes of November 9, 2010 were presented to the Board for review and approval.

On a motion of Supervisor Clinger, seconded by Supervisor Gardner, and carried, it was resolved to approve the minutes of November 9, 2010 as presented.

Supervisor Clinger – aye
Supervisor Gardner – aye
Supervisor Allen – aye
Supervisor Gerald – aye
Supervisor Ingram – absent

The monthly disbursements were presented to the Board for consideration. A list of additional expenses was also presented for the Board's review. Questions and discussion followed.

Chairman Ingram entered the meeting at 8:40 a.m.

On a motion of Supervisor Clinger, seconded by Supervisor Allen, and unanimously carried, it was resolved to approve the monthly disbursements, plus additions, as presented.

Supervisor Clinger – aye
Supervisor Gardner – aye
Supervisor Allen – aye
Supervisor Gerald – aye
Supervisor Ingram – aye

The Vice Chairman turned the chair over to the Chairman.

Agenda Item 7a – Subdivision plats as approved by Agent for November 2010. Mrs. Lydeana Martin reported that 14 surveys were approved in November. Actual lots created are still less than 2009 but acreage is larger, compared to last year at the same time.

Comprehensive Plan – Mrs. Martin reported that the draft is near completion. It will be presented to the Planning Commission next week to begin their review, and then it will come to the Board with their recommendations.

For 2011, planning for various workshops, in conjunction with the Chamber, that will be provided on different subject areas. In March - customer service training for managers and small business owners; April - customer service training for front-line staff; May – human resources for managers dealing with different generations in the work force; Fall – Quickbooks workshop.

Supervisor Gerald commented that the PSA has Mrs. Martin and Mr. Campbell on the agenda for their next meeting to discuss the comprehensive plan.

Sheriff Shannon Zeman next appeared before the Board. He reported that the new cars have been received, waiting on a few items to get them in service. Really appreciate the Board's assistance in getting these vehicles. We also received a vehicle from a drug seizure that we can use in our fleet as an extra. We can use it when staff has school or meetings so they can leave the patrol cars at the office. It is a 2008 model with low miles so we were happy to receive it.

Agenda Item 7b – New River Valley Regional Water Supply Plan – schedule public hearing. Mr. Campbell requested that the Board schedule a public hearing for the January meeting based on the presentation last month from PDC staff. The public hearing is for input only, there is no action required at that time.

On a motion of Supervisor Gardner, seconded by Supervisor Clinger, and unanimously carried, it was resolved to authorize the County Administrator to schedule a public hearing on the draft New River Valley Regional Water Supply Plan at 3:00 p.m. on January 11, 2010 in the Board Room of the County Administration Building.

Supervisor Clinger – aye

Supervisor Gardner – aye

Supervisor Allen – aye

Supervisor Gerald – aye

Supervisor Ingram - aye

Agenda Item 7c – GIS fees/Building Permit fee modifications. Mr. Campbell commented that the changes can be made by resolution; a public hearing is not required. From time to time, we receive requests for GIS data from citizens and other agencies. We have not, historically, given out the data. There are some associated costs with providing the data. A fee of \$25-50 per cd seems to be the norm of surrounding localities. The second part of the resolution covers a revision in the building permit fees to eliminate the phrase “workshop”. We’re trying to clean up the descriptive phrases. What’s happening is, people are pulling permits for workshops but instead turning them into garages and it is leading to confusion. The fees for those categories are different.

On a motion of Supervisor Allen, seconded by Supervisor Gerald, and unanimously carried, it was resolved to adopt the Fee Schedule Resolution as presented (Document File Number).

Supervisor Clinger – aye
Supervisor Gardner – aye
Supervisor Allen – aye
Supervisor Gerald – aye
Supervisor Ingram – aye

Agenda Item 7d – Reprinting of County maps. Mr. Campbell commented that the last printing was done in 2005 of the two-sided map of both the County and Town. The maps are sold for \$2 each. The estimate received is \$850 for 2000 maps. The last printing cost \$600 for only 1000 maps. The Town showed interest in participating in the re-printing but we have not received any final word from them.

On a motion of Supervisor Gerald, seconded by Supervisor Gardner, and unanimously carried, it was resolved to authorize the re-printing of County maps by Southern Engineering GPP, Inc. at a cost of \$850 for 2000 maps.

Supervisor Clinger – aye
Supervisor Gardner – aye
Supervisor Allen – aye
Supervisor Gerald – aye
Supervisor Ingram – aye

At 9:00 a.m., the Chairman called for the Public Comment Period.

Mr. Dan Vest – Locust Grove District – I drive Shawsville Pike every day going to work. It has become a very big concern to me about some safety issues on part of that road before you get to the old Eddie Foster farm. There is a really sharp curve there. Knowing the folks that live there, they've been there probably no more than ten years, they've counted three accidents in that one little space of that road. You're averaging an accident every three years on that one little spot. If you want to go down there, it is easily seen because it is marked with a lot of memorials especially where two people got killed there in the past two years. If there is anything you guys could do. It is very much a concern when I'm driving through there because there is black ice there all the time in the wintertime. The road has a negative slope to it; it will draw you right over off that bank. One other thing, talking with those folks, they said they had talked to somebody up here in County government. There were no records accessible to how many, the County did not have the data, accidents had actually happened in that one spot. I ask why because 911 should be able to build an Excel file or something where you could compile that data and have it accessible. There should be some kind of software package out there that could track that data.

After no further comments from the audience, the Chairman declared the Public Comment Period closed.

Agenda Item 7e – Draft resolution concerning Restructuring of Virginia Cooperative Extension. A similar resolution has been approved by various other Counties across the State. I did receive a letter from Mr. Overbay, the Interim Director, concerning the plan for the restructuring. He lays out where they're going in terms of the changes, they provide a schedule, and they talk about some review with governmental localities and VACo. June 2011 is the target date to formulate specifics of the plan and staffing changes will take place in July 2011. Terri has met with a couple of the Extension Advisory Committees and they are very concerned about the direction this is going in and have written letters against it. There are maps included indicating where each Agent is assigned. We are fortunate that we have two of the three Agents assigned to the County.

On a motion of Supervisor Clinger, seconded by Supervisor Gardner, and carried, it was resolved to adopt the resolution as presented concerning restructuring of Virginia Cooperative Extension (Document File Number _____).

- Supervisor Clinger – aye
- Supervisor Gardner – aye
- Supervisor Allen – aye
- Supervisor Gerald – abstain
- Supervisor Ingram – aye

Agenda Item 7f – Memorandum of Understanding for Septage Service Outside of Service Area for Calendar Year 2011 with Peppers Ferry Regional Wastewater Treatment Plant. Mr. Campbell commented that this is a yearly update of the memorandum of understanding for receipt of leachate from the closed landfill.

On a motion of Supervisor Allen, seconded by Supervisor Gerald, and unanimously carried, it was resolved to approve as presented, the Memorandum of Understanding for Septage Service Outside of Service Area for Calendar Year 2011 with Peppers Ferry Regional Wastewater Treatment Plant (Document File Number _____).

- Supervisor Clinger – aye
- Supervisor Gardner – aye
- Supervisor Allen – aye
- Supervisor Gerald – aye
- Supervisor Ingram - aye

- Mr. Carl Ayers, Social Services Director, next appeared before the Board. He reported:
- Energy Assistance Program – ended up with 635 cases, which is a 6.2% increase over last year. State-wide, there are 144,493 cases, which is a 1% increase over last year. This is a 100% Federal funded program, but funds have been decreased. The average payment will be \$277/participant, last year it was \$455/participant. We only received this information yesterday, and it does not meet the minimum requirement of the oil companies, so I will be conferring with them as to what can be done. Paid directly to vendor unless the participant uses wood heat, then the payment would go to the home owner. Checks will be cut December 17.
 - AEP termination notices – Senator Reynolds has a bill in for General Assembly session that utilities will not be cut off for folks with life saving equipment.

- Did receive a large donation for the energy assistance program to carry us through January.
- Food Stamps – 2079 cases in October with payout of \$251,530. This is up from 1200 cases with a payout of \$117,000 last year at the same time.
- Annual fiscal summary indicated a payout of \$2.6 million paid out in food stamps last year and over \$12 million in Medicaid payments.
- Medicaid – serving 2100 people, up from 1200 people two years ago. We serve one out of seven people in the County through Medicaid.
- Case loads – 515 cases is our highest amount for one staff member, average is 466 cases/worker. State recommends 300-325/case worker.
- The Virginia Department of Social Services has reorganized again; we do not know what effects that will have on our particular agency. There is now one Commissioner and four Assistant Deputy Commissioners, four division heads. Our regional office will be under the direction of one of the deputies.
- Budget – still facing more cuts. We have not had an increase in our administrative funds since 1991.

Mr. Dean Gall, Department of Conservation and Recreation – agricultural committee. Mr. Gall highlighted what was done in the Common Ground meeting – concerns expressed from a variety of landowners in the County. The main concern was the County’s open land/working space. The report sent to the Board listed all the issues raised but they were not prioritized. We would like to request the Board’s support for a second meeting where issues can be prioritized. This group would not be interested in looking at policies, ordinances or regulations, only making suggestions and providing information for the Board for future directions. We are looking at information sharing and communication. Consensus of the Board was to support a second meeting of the same group to prioritize issues and report back to the Board.

Mr. Elijah Sharp, New River Valley Planning District Commission, next appeared before the Board concerning the Rural Long Range Transportation Plan. He commented that these plans are very common in metropolitan areas but about 4-5 years ago, VDoT decided that the same thing could be applied to rural areas in the States. What the PDC has been doing since 2006 is working with VDoT. There is a consultant that was hired to help us develop these plans. Basically the official kick-off meeting was held in 2008 in which some of you may have been involved in the early processes of data collection, hand-picking the “hot spots” that need to be analyzed in Floyd, etc. The same thing was done in all the other New River Valley areas. We met with each of the counties and worked with them to identify hot spot, problematic areas that should be analyzed as part of the plan. As part of that, the consultants took on the hot spot locations to be analyzed for traffic counts and for safety/deficiency issues. As part of the plan also, there are multiple sources for the deficiencies and the recommendations. The materials that I gave you, on the first sheet, Floyd County’s hot spot locations area identified by green highlighting. The yellow ones are not included as part of the plan as a particular point but part of a corridor which I’ll explain further later. These are not prioritized in any way. The long chart, the 11x17 sheet, is the one from the consultant. All the hot spot locations I’ve highlighted in yellow are Floyd’s spots that you identified. All the other locations in white on the table are other sources within the state. The descriptions for the sources are listed on the back. This is a compilation of local hot spot locations and other sources within the State for Floyd County. This

table is a numerical map key; it does not represent any priorities. This corresponds with the map on the front of the packet. Your hot spot locations are marked in gold. The black hot spots are other State locations. This is a draft of the plan. The consultant asked the PDC to review this portion of the plan, which is basically focused on roadways and their safety capacity. We're working with our Rural Transportation Technical Advisory Committee and other jurisdictions along with Floyd to look at the recommendations that are outlined for each of these locations. When I say recommendations, the consultant has shown for example, Route 750, you can see the deficiency that the consultant has listed – stop bar is missing on northbound approach, single lane configuration, potential for rear end crashes given the posted speed limit of 55 mph. It continues with additional information. Then it has recommendations for the short term, medium term and in some cases, there is a long term recommendation. The consultant did these based on the costs. For the short term it tells you that you can install a stop bar which is a relatively inexpensive way to correct the visual problem. The improvements get a little more advanced with mid-term – install west bound turn lane for traffic and that's based on sight distance for vehicles to slow down so they can make that turn. The consultant is actually asking us, do these recommendations meet what is kind of the norm in each situation because there is a whole realm of improvement possibilities for transportation issues. They've asked us to go back and talk with each of our communities and ask if these recommendations make sense for us, or is something that may not work. And that's something that in this stage, we're working with the technical advisory committee, Dan and Lydeana, to see if these are politically correct. With that, we're preparing for the consultant, comments on this round of the draft document. To give you an idea of where we're going from here, the PDC is submitting a regional comment document. We've broken out the comments for each of the communities as far as recommendations that need to be made to improve the information provided for Floyd and the other counties. We actually just received a new time table. We're asked to provide the first round of tables and recommendations package by January 28, 2011. The consultant, between February and March 2011, will compile the additional meeting materials and incorporate the comments into their draft plan. When I say meeting materials, there will be public meetings and I'm not sure that it means a public meeting in each jurisdiction or if they will be consolidated based on budget constraints to have 1-2 regional meetings. Between March-April 2011 the public meetings will be held. That's another opportunity to provide comments on the plan. If you're interested, that's the time when you come back to the table and take a look at the plan and provide comments. May 2011, comments will be reviewed and incorporated into the draft plan. June 2011 will be the final report. The plan was actually supposed to be completed in June-July of this year. That didn't happen because the consultants got behind schedule. We're on track as far as our end of things. Two important things to know is that Floyd County is going to be provided two reports: a technical report with all the information in it, a whole realm of information to assist the County to prioritize the improvements in your jurisdiction if you so desire. The other document is going to be a public document which is a 45 page document, very colorful and easy to understand with a lot of graphics. It will list all the priorities and information that you need to know without all the information that the County will receive, which is a 1000 page document. The next step will be a meeting with each jurisdiction to talk about the plan. As part of the 25 year planning process, it is designed to be incorporated into other multi-level State transportation plans. VDoT would like for local jurisdictions to support the plan since it will be part of other State plans after it reaches its completion. That's the problem, since it has been very poorly communicated throughout the planning process; we've had a lot of trouble keeping communities engaged in the

process. We may ask for a resolution from each jurisdiction at some point, or at least part of your comprehensive plan if you so desire. I did include a letter from Michael Gray, a planner with the PDC, and he is explaining the value and relevance of this plan. There is no legislation that this plan will be incorporated into VDOT's 6-year plan. It will be up to us to document these priorities and be very cognizant of our needs. They will also be looking at mass transit, bicycle routes, easy routes for handicapped/elderly citizens, etc. Another map that was included was level of service, which is a way of rating a roadway on a classification from level A to F. It works just the way as school did, A was excellent, and F was failing. This color codes all the existing roadways in Floyd that are considered in this rural long-range transportation plan. It is based on the 2009 traffic data and forecasts 2035. This is why the local level participation is important because you all are on the roads every day and know the difficulties.

Mr. Billy Robinson, Brown, Edwards & Company, next appeared before the Board. He presented the FY10 audit for the county, schools and economic development authority. He commented that his firm appreciates the opportunity to work with the County for the last several years. He presented three different reports for the Board's review.

Internal Controls Report – report provided each year with recommendations for management, it is more of a tool for management rather than the Board. Two new accounting matters that are included are changes in 1099 reporting requirements and changes for the health care bill.

Financial Report – we provide an unqualified opinion which is a clean opinion which is listed on page 1-2 that we believe that your financial statements are materially correct. On pages 3-11, management's discussion and analysis provides comments on what happened throughout the year as far as financials. Pages 14-15, GASB 34 required full accrual accounting; these are your financial statements to meet this requirement. Three required components look at governmental activities which is essentially the County, the School Board and the Economic Development Authority. Positive note on page 15 for the County this year, net assets were increased on a full accrual basis of \$1.1 million which is certainly positive and headed in the right direction. What you probably care the most about is your fund balance statements on Exhibit 3 and 4 on pages 16-17. This is basically your check book. Your fund balance has increased \$1.4 million from last year, but that includes the \$920,000 bond issue revenue, but it is still an increase. Page 41 shows the VRS reduction for the last quarter of the year to help the State. It will catch up with everyone. The back of the report lists the compliance findings.

Financial Analysis – this report gives all the data in chart/graph form for easier understanding for the Board, management and citizens.

Dr. Terry Arbogast, School Superintendent, next appeared before the Board. He reported:

- School activities report – this is done every week for information on activities at each school, also available on the school web site;
- School Board meeting highlights of December 13, 2010 indicates division-wide accreditation obtained and highlights the parent-teacher resource center;
- Enrollment report as of November 30, 2010 indicating 2057 students;
- Special Education child count as of December 1, 2010 indicating 306 students, which is the lowest number in many years.

Delegate Charles Poindexter next appeared before the Board to discuss legislative issues for the upcoming year.

I go to Richmond every month for an appropriations meeting. Last month we also had an appropriations retreat in Lynchburg where we went through every aspect of revenue and expenditures and had experts in every area in to give us their view of where the economy is going. Of course, none of us know what that is but it is good information for us to have under our belts. First, let me mention revenue at the State level. 67% of our revenue at the State level comes from withholding taxes and taxes on investment income such as retirement income or people with their own investments. That revenue is staying fairly flat. Therefore, we are in a conservative or cautious mood when it comes to the budget, planning, retirement, everything. This is being driven, according to the experts, by the problem of losing private sector jobs. We've lost about 8 million private sector jobs over the last two years, while we've gained about 600,000 Federal, State and local government employees. Back to Economics 101, I would say that the money that pays government employees eventually comes from the private sector. Government workers are very important to us and provide essential, great services but they don't create wealth where private sector jobs do. Therein is the economic growth issue. I would say though that Virginia is in better shape than about 48 other states as far as unemployment rates, being number one for business, being number one state to raise a child. So we have a better climate as the economy rebounds and comes along, we think we will be in the forefront for increased revenue and other opportunities. I want to go through a brochure that I got a few days ago. We've had over \$4 billion in new economic development investment since January, adding 60,000 new jobs in Virginia. They range all over the State. I saw a newspaper article the other day criticizing the Governor for being overseas. Well, he wasn't over there on vacation; he was talking to firms to bring to Virginia to expand our businesses. (Commented on various new investments listed in the brochure.) Not to try throw ice on everything but to get things under way as well. If we look back over the last ten years and look at the State budget, we find that it has grown tremendously over that time period. About 28% above the inflation rate and population rate. What the General Assembly did last year was to return Virginia to about the 2006 spending level in gross terms; we went back about three years. Let's set the scene for that. We went into Richmond last January with a budget that had been proposed by the previous Governor. It contained about \$145 million in new fees, it stopped the car tax reimbursement for Floyd and other localities, and it raised income taxes 17% and so forth. We knew that we had to decide first, in order to make a budget; you have to know how much money you have. That was the first step. The first week of session, we simply put it up on the board and said are we going to raise taxes or not. The vote on the electronic board that morning was 97-0 that we would not raise taxes. We all knew what that meant, we knew that we had to go into all the core services and try to find cuts to match the revenue that we would have for the current year and following year. There is a lot of compromise, no one had their way. It is one of those situations where you try to get a budget that everyone can live with, and that's what we did. I was unhappy with parts of it, happy with parts of it, that's the system. It starts with a sub-committee, then a committee, then to the full House, the Senate does the same thing, and then we negotiate it out and send a budget to the Governor, the Governor makes amendments and sends it back and we knock those out on the last night and try to get out of there by 1 am. It is quite an ordeal and quite an experience. Now, how about the session coming up. I don't see much in the way of changes especially in the budget for the current fiscal year, since we are already half-way through it, but there will have to be tweaks in it. My concern is for 2011-2012. The real concern that I have is

dealing with the extra Medicaid money that the State received. A couple of years ago the Feds provided a lot more Medicaid money to the states and that money ran out last June 30. We predicated our budget based on those funds. In September, Congress approved additional F-MAP money, that's the federal percentage on Medicaid, and with the money we were able to stick back in the pool the first of October. So some of those cuts that you probably had complaints about, services cuts, alleviated for the most part those cuts. We had to put some of the funds on putting more people on the Medicaid roles so we couldn't spend 100% of it but we were able to restore quite a bit of it. That money expires on June 30. So that's going to leave a hole that we're going to have to try to fill in January when we go to Richmond. It will be hard because we don't know what the revenue is going to be. I'm afraid that this will have a big impact on other areas. Just remember, over the last ten years, the percentage of the State budget that goes for health and human services has gone from 13% to 33%. Education is about 34%. So what you're seeing there is a big elephant in the room as big as the first elephant in the room. That has long term implications for our budget and what we do. Having said that, let me project a little bit beyond this year and next year, some of it is on the table now. First, the Federal health care bill, we are already spending money in Richmond to read the 2300 pages, decipher them and figure out what we have to do. It is very clear that Virginia will have to approximately double the number of Virginia citizens on Medicare. It is supposed to be a 50/50 match but in reality it is about a 55 Federal/45 State match. It is being promised that the Federal government will fund a lot of that over the next ten years. That's a long term issue but we are experiencing issues to deal with that. We are beginning the process to establish the insurance exchanges which have to be set up, more bureaucracy, and more people. We have not made a decision on that. The other thing that is coming our way and will affect Floyd County and all rural areas is the Chesapeake Bay cleanup. The President issued an executive order after he took office and the EPA under his guidance is moving out sharply with Virginia and the five other states on the Chesapeake Bay. Many of you are familiar with this so I won't go into details. We do not know what the requirements on Virginia are going to cost, but my opinion is that it is in the billions. That falls under the Department of Natural Resources and they've just issued a report that we hope will keep us out of immediate hot spots. We don't intend to bankrupt the Commonwealth on some off the wall item; those are my words, not anyone else's. Mandates often come up in my conversations with you so this might be a good time to make some comments. We printed out the mandate book by using a lot of paper, I suggest you read it. When I scanned it, I found some of the mandates going back to 1937 and a lot of them back to 2000. I want to say to you that the Governor's Reform Panel and the House Caucus that I'm a part of are determined to review those and do the best we can to eliminate some of them, especially if there is a cost impact. I will tell you this, we've implemented procedures in the General Assembly and House that any bill that a fiscal impact on you or the State, has to have a financial impact statement attached to it before we vote on it. The way it works is, if the bill goes from committee over to the appropriations committee, so I get to see about 80% of the bills that come through. It is a busy time. If there is a financial impact, we look at the bill, I can tell you last year that they were put on the end of the table most of the time and not forwarded to the floor for consideration. We are very hardnosed on that, we understand your pain. I am proud to say, when I got over to page 270, 271, I couldn't find but about 15-18 new ones. A lot of the mandates, the mandate originated in the Federal government and therefore we have to pass it on to the localities. Some do start with Virginia but we're going to do the best we can to keep those down. Let me mention a couple of topics especially, education and transportation. Education – if you remember last

session we had quite an ordeal with education. Historically, Northern Virginia, Tidewater and Richmond have been givers; other parts of the State have been receivers. In other words, they are wealthier and pay more taxes to Virginia. The formula then provides us money in this region that we would have to raise locally in order to have the good school systems that we have today. What happened last year was, Northern Virginia reassesses their real estate every year, so does Richmond and most of Tidewater. Since real estate and ability to pay is such a part of the distribution formula of education funds, they were going to lose a huge amount of money; it would have torn them apart. Governor Kaine had made some proposals to change the formula and not use it. This was taking us to a major State breakdown in agreement because if that formula changed, so would the transportation formula, health and human resources formula and so forth. So we came up with compromise. It was a bigger compromise than you might know. We agreed to keep in principle the formula. The reason that this is important to us, when the economy comes back, that flow of money from the wealthier part of the State will resume to the poor parts of the State. That is absolutely essential. I took a hard nose on that, we have to keep the formula. The other part of the compromise was that they would accept some reductions in other funding areas in order for us to have a hold harmless pot of money in order to receive money that we would be losing under the formula based on the circumstances. That is what really happened. I understand that the \$59 million of that hold harmless formula might come under attack this January, February. My speculation is that it won't go anywhere, it was a hard fought compromise and we don't want to put that much money, effort, time, political IOU's again this year. This year is just supposed to look at the budget but the short session has become almost a full session in the last few years. It is important to remember the principle. I have had comments from the education side of the House about State employee raises, there were no raises, there was a 3% bonus paid to State classified employees. Here's how it worked. Last session, we told each State agency that here's your budget, if you spend less than that budget, at the end of the year, if we have the money, we'll give your employees a 3% bonus, it was an incentive not an automatic thing. You might see that in State agencies again. There is some talk in the State about extending that to education as well. VRS – the Superintendent made a few comments earlier to you and I'll make a few as well. We did not take money from VRS last year. There are two ways to contribute to VRS, first the normalized amount, second, a liability amount. We had the financial experts, including VRS, and based on the performance of VRS and the growth in 2009, especially the last six months of 2009 where assets grew 20%, they said that you can contribute less but make it up in the next few years. We had some tough decisions especially on the health care side last year, so we took that option. That will mean that we will make a larger contribution for the next few years, could be 5-10 years. I think we'll try to front load that until things are better. Yes, as the Superintendent said, all new State employees will be required to go under the new significant structural changes which will include the employee paying part of his/her retirement. I have to say to you, you read the news as well as I, states around the United States who are in the largest financial difficulty, one of the major drivers behind that, are the retirement systems being funded. They are massive, especially in areas like California, New York, Michigan, Wisconsin, North Carolina, they are in the billions. It is undoubtedly true, that VRS as it is today, over the long 50 year haul, is unsustainable without structural fringes to it. Where we go with that, there will be a lot of discussions. One of the thoughts that seems to be gaining momentum is that employees should pay some portion of their retirement benefits. Another thought is the defined contribution vs. defined benefit aspect of it. That is gaining steam, I will tell you that the entire private sector is on a defined contribution

system rather than the benefit. That poses a question to us in government, can we treat government employees over the long haul, that different from private sector jobs. That's going to be the philosophical and political argument that you're going to hear over the long term. There was some questions about K-12 education did not receive more of the surplus at the end of the fiscal year. Let's break the surplus into two pots. One is under-spending and one is money that you receive above your estimated revenue. We've never appropriated money we didn't expect to receive. So that goes somewhere else for us to deal with. The other pot where we had under spending had been appropriated so it was moved around. They kind of go together according to the State Code. State Code does designate most of where a surplus would be spent, transportation, education, etc. through the formula. A major component is the Water Quality Improvement Fund. This is how we get revenue in the fund to clean up sewage plants, farms, and so forth. I guess what I'm trying to say is that we expect a small surplus this year but don't be anticipating hundreds of millions of dollars and don't anticipate being able to guide where a lot of that money goes, because 90% of it is designated as to where it should go by the old Code. Transportation – remember that the Commonwealth Transportation Board decides where money is spent in Virginia and remember that the gas tax is a component of the revenue but it is not the major one or the only one. The gas tax brings in about 25% of all the money for transportation, and it is not only roads, it is mass transit, ports, airports, railways and other places. 25% comes from the gas tax, 24% comes from the Federal government, 14% from the motor vehicle sales tax, 16% from the State retail tax and 21% from a number of other sources. So my message to you is that the gas tax alone is not the solution to the revenue problem. I would give you an estimate of between 20-25 cents/gallon today is what the gas tax would have to be raised in order to raise the \$1 billion that is talked about in the media and some from transportation people in Richmond and some of the road contractors. I'm not sure I would be with you next year if I raised the gas tax 25 cents. I don't know what it would do to the economy. Even bigger than that is the Federal Transportation Act which has not been renewed, we do not know what the Federal government is going to do. The proposal from the President's Economic Reform Commission was 20 cents. The proposal from the independent bi-partisan commission set up by Congress three years ago, stated that the Federal gasoline tax should be raised 51 cents. What would 70 cents do to the economy in Virginia or the nation? We the legislature have to remember what might be coming from the Federal government before we go stepping out and doing that kind of thing. Audit – for three years I supported an audit of VDoT and it was voted down for three years. This year the new Governor did it on his own. The group found \$1.5 billion in money that's essentially in the bank or available to spend that we have not spent. That caused quite a stir and I'll try to give you some insight as to where I think that money will go. The proposal right now is to put about \$240 million into a new infrastructure bank which the State and local governments can use on road projects. One thing that we do have to do is spend some of that money to refurbish the pile of projects ready to go, projects already engineered. We should put about \$70-75 million of that money into getting ready to move projects forward because the ones that were ready to go, all of those or most of, were taken up with stimulus funds. If the Federal government comes up with more money or we find a lot more money inside Virginia, then we take two to five years to spend the money, we want to spend it while the prices for transportation projects are at the bottom. So, we're going to take these funds off the top for these projects. The other idea which is not in stone yet but is gaining steam is to take about \$40 million and over the next 3-5 years, \$50 million out of recurring revenue, put it in a pot so we'll have enough in the bank to do something significant to I-81. I don't know what that

would be, but it needs improving. The Governor announced his legislative program last week and there were comments on both sides. We shouldn't expect any increase in taxes in the near future so we looked around and said that this was a good time to take care of some things that we can do. We found in that audit that there was \$400-500 million of unused Federal toll grants. We don't have a lot of toll roads but we have some. Over the last decade or so, we get credit with the Federal government and we can use the credits to pay the Virginia share of future Federal money that we'll be getting anyway so why not build the road now while we don't have to put the cash up to do it? It is a very complex program but the estimate is that if we put \$4 billion more into transportation over the next three years; some of it goes way back, we can make it work for \$300 million more going each year for transportation. It also included a \$3 billion bond pot which was not released in 2007, 2008, 2009, and 2010 so the Governor's plan indicates that he's going to release about \$500-600 million each year through the rest of his term. That's how you get to that \$4 billion figure. There will be a lot of competition for the funds. I mentioned the Commonwealth Transportation Board, which is a board of citizens appointed by the Governor; there have been some changes with new members appointed. From my personal perspective, over the last several years what has happened is that so many of the Board members have been from urban areas and they do have problems, but the Board favored the urban areas where most of the money has been spent. Very little has come to us through the formula in the last three years. They took the money and put it here, here and here rather than putting some of it in the formula so it would flow evenly around the State according to the formula we had in existence, that's why we don't get construction money. Another part of the plan is to go back to Revenue Sharing. I personally had good luck with that program when I was on the Board of Supervisors; there were a lot of people willing to put up 30-40% of a street or a road so they could have a paved road. I think there is a \$1 million cap on it, and we want to get that program back into effect. If you have any cases where this would work, that would be the fastest way to improve your transportation. By the way, I'm still outnumbered. Fairfax County has 14 delegates; I represent 2 1/3 counties. Things are not as partisan as you think they are in Richmond, good bills pass. I've had some pass unanimously; certain principles of things fall down.

The Board presented their list of legislative concerns to Mr. Poindexter.

Mr. Poindexter – solid waste closure costs – I'm not too aware of your problems with that if you could explain the situation.

Mr. Campbell – one of the things that we alluded to, I've been in local government for over 20 years and I know that a lot of the regulations on landfills originated at the Federal level, the State wants to maintain primary, so DEQ gets involved. Some of the things that we're dealing with are how the regulations change. We have a constituent that we have to monitor that is relevant in California, which is cobalt. Because of the low standards it has never been a problem for us in Floyd County since 1993 that we've been in this post-closure monitoring program. But because something happened in California, they want to do it in Virginia too, so that standard showed up and it dropped; now we have to deal with it. We looking at building a potential road to a site to do further monitoring, install several more monitoring wells, do it more frequently to look at several constituents where the threshold standard has decreased or just showed up on the scene. The thing that happens is, our senior governments, the Federal and

perhaps the State, promulgate regulations and hand it off to EPA and sometimes DEQ and then it takes on a whole life of its own. These are just examples but right now we're dealing with notices of a violation and it is installation of additional monitoring equipment to the tune of two monitoring wells in the near future that will cost the citizens of Floyd County \$25,000 to install. Then we're going to have to monitor those quarterly after we get them in the ground so the cost keeps going up because consultants are very expensive. You go and meet with DEQ and we get overruled, they bring in 20 people and we have 2. This is happening all the time. You may not see this in other jurisdictions although others are dealing with it, but we are skirting a difficult budget situation here and every \$10,000, in this case every \$120,000, is a lot to us and impacts other services such as education.

Mr. Poindexter – two suggestions, contact your Congressman first of all. We need to rein EPA in. Secondly, I will tell you that the new Natural Resources Secretary and Deputy Secretary are very good to work with. Let me give you an example, I've had an issue on Smith Mountain Lake where the State agency is making comments to the Federal government that were beyond State Code and what individuals wanted, planting trees around and this, that and the other. I intervened and the State agency and others now understand that they can't just take the environmental route and say we're not going to consider anything else; we're going to start bringing some balance to what we're doing. We're at the beginning of the process, I can't promise that it is going to work, but as long as I'm there I'm going to keep pushing it.

Mr. Campbell – it is not as big an issue to others, even VACo doesn't push the issue but it will impact Floyd County.

Mr. Poindexter – with your size it matters, Fairfax County with its \$300 million budget, it gets lost.

Chairman Ingram – we signed an agreement with DEQ when we closed the landfill, but they keep changing the agreement as to what is required. We want to do what is right and do our part but some of these things are ridiculous.

Mr. Poindexter – VDoT – I have talked to the Salem District Engineer and he has assured me that they will have someone at your meetings whenever you request it.

The Board recessed for lunch.

Mr. Dan Huff, Virginia Department of Transportation, next appeared before the Board. He reported that the Willis area headquarters had been working on hauling stone on various routes, machining, brush cutting, several days of snow operations. The Check area has done some machining on unimproved roads before the rain and snow came.

Supervisor Clinger – Paradise Lane, not my district but I've had several calls on it, the culvert.

Mr. Huff – Mr. Campbell filled us in on the situation and it has been forwarded to Mr. Clark. Seems to be a drainage problem with the pipe.

Supervisor Allen – it may need a bigger pipe and bulkhead. The pipe seems to be too high. The ice formed from water running out into the road is about 12” deep and has caused several thousand dollars of damage to a truck going to Crenshaw Lighting.

Supervisor Clinger – bridge at Rays Restaurant – could we do some temporary work on it? It is in the plan to be done; Phlegar Hill Road coming back toward Route 615, it is wash boarded very badly; Willis Avenue – sinkhole about 40x40 which badly needs gravel.

Supervisor Gardner – gave Mr. Campbell a list of road in my area that desperately need attention, several are very, very bad. I also echo comments of Supervisors Clinger and Allen on Paradise Lane, and also Stagecoach Road and Starbuck Road are both very bad.

Supervisor Allen – Starbuck Road from Shooting Creek Road to Paradise Lane, very bad gullies; Cannady Gap Road on the Franklin Pike side, needs grading and gravel; Cannady School Road is very wash boarded; Paradise Lane is my main concern.

Supervisor Gerald – Sumpter Road off of Macks Mountain Road, bridge at bottom of hill has a bad pothole. I called the call center but it has not been improved yet. People are crossing the road into the other lane to avoid the pothole. It is a very dangerous situation on this bridge. The road needs grading when the opportunity arises.

Supervisor Ingram – Kelly’s Drive, Route 639, this is a secondary hardtop that could use cold patch on the potholes if possible. Secondary gravel roads need machining when weather allows, this is pretty much County wide.

Mr. Huff – Route 860 project – has a decision been made as to whether to move the funds to another road? The funds can be used to improve collector routes (Federal funded roadways) mainly to get rid of curves, not paving. Consensus of the Board was to narrow down accident data somewhat to assist in making a decision.

Mr. James E. Cornwell, County Attorney, next appeared before the Board. He reported:
- EMS Agreement on the billing – still working on this matter, hope to have it next month.

Supervisor Clinger – how up-to-date are you on Section 15.2-3502 and 3503, section on abolishment of a town? Have had a couple of citizens ask me about this, I think there is a movement going on in the town, that they are trying to abolish the town.

Mr. Cornwell – my memory and it has been a while since I looked at this section, there is a proceeding that can be brought and I think it has to go first to the Commission on Local Government, but there is a procedure. They can surrender their charter.

Supervisor Clinger – just by looking at it on-line, and that’s only as reliable as your source, but what it looked like was to just get enough signatures to force it to referendum.

Mr. Cornwell – the Charter would have to be repealed by the General Assembly.

Supervisor Clinger – the on-line source didn't indicate that it had to go that far.

Mr. Cornwell – normally, in most of the changes that I've been through, they've been annexation cases or boundary line changes. The statute says that it can be done by ordinance, but it doesn't address the fact that there is a charter. The charter is an Act of the General Assembly which is applicable only to that jurisdiction. So, it doesn't address the fact that as to whether or not if the Town adopts an ordinance to move the date of an election for example, whether that changes the Charter or not. So, we adopted the ordinance to change the election date but we went to the General Assembly also to change the charter. I have a feeling that it would have to be done by the General Assembly. The General Assembly would not act until the referendum was held.

Supervisor Clinger – how would this affect the County, would we be liable for their services?

Mr. Cornwell – usually what happens is that you would take over all their property and assets and as far as providing the services that they do, I don't know of any specific requirement that you have to do that unless it would be water and sewer. I know of no requirement that you have to pick up garbage for example.

Supervisor Clinger – what about their taxes like the meals tax, would that just go away?

Mr. Cornwell – yes, if the Town is gone the taxes would be gone and then you'd be in a position to levy the meals tax. I think the Commission on Local Government would have to be involved but I would have to research that statute. I'm just going by memory.

On a motion of Supervisor Gardner, seconded by Supervisor Allen, and unanimously carried, it was resolved to go into closed session under Section 2.2-3711, Paragraph A.1, discussion, consideration or interviews of prospective candidates for employment, assignment, appointment, promotion, performance, demotion, salaries, disciplining or resignation of specific public officers, appointees or employees of any public body; Paragraph A.3, discussion or consideration of the acquisition of real property for a public purpose or of the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body.

Supervisor Clinger – aye

Supervisor Gardner – aye

Supervisor Allen – aye

Supervisor Gerald – aye

Supervisor Ingram – aye

On a motion of Supervisor Allen, seconded by Supervisor Gerald, and unanimously carried, it was resolved to come out of closed session.

Supervisor Clinger – aye

Supervisor Gardner – aye

Supervisor Allen – aye
Supervisor Gerald – aye
Supervisor Ingram – aye

On a motion of Supervisor Allen, seconded by Supervisor Clinger, and unanimously carried, it was resolved to adopt the following resolution:

**CERTIFICATION RESOLUTION
CLOSED MEETING**

WHEREAS, this Board convened in a closed meeting on this date pursuant to an affirmative recorded vote on the motion to close the meeting to discuss personnel and property in accordance with Section 2.2-3711 of the Virginia Freedom of Information Act;

WHEREAS, Section 2.2-3712 of the Code of Virginia requires a certification by the Board that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby certifies that, to the best of each member's knowledge (1) only public business matters lawfully exempted from open meeting requirements under the Virginia Freedom of Information Act were heard, discussed or considered in the closed meeting to which this certification applies; and (2) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered in the meeting to which is certification applies.

Before a vote is taken on this resolution, is there any member who believes that there was a departure from the requirements of number (1) or number (2)? If so, identify yourself and state the substance of the matter and why in your judgment it was a departure.

Hearing no statement I call the question.

Supervisor Clinger – aye
Supervisor Gardner – aye
Supervisor Allen – aye
Supervisor Gerald – aye
Supervisor Ingram – aye

This Certification Resolution was adopted.

On a motion of Supervisor Clinger, seconded by Supervisor Gardner, and unanimously carried, it was resolved to reappoint Mr. Ford Wirt to the New River Valley Regional Jail Board of Directors for a one year term and the Western Virginia Emergency Medical Services Council for a three year term.

Supervisor Clinger – aye
Supervisor Gardner – aye
Supervisor Allen – aye
Supervisor Gerald – aye
Supervisor Ingram – aye

On a motion of Supervisor Allen, seconded by Supervisor Clinger, and unanimously carried, it was resolved to recess to January 11, 2011 at 8:30 a.m.

Supervisor Clinger – aye
Supervisor Gardner – aye

Supervisor Allen – aye
Supervisor Gerald – aye
Supervisor Ingram – aye

Daniel J. Campbell
County Administrator

David W. Ingram, Chairman
Board of Supervisors