

March 20, 2012

Virginia:

AT A CONTINUED MEETING of the Nelson County Board of Supervisors at 2:00 p.m. in the Board of Supervisors room located on the second floor of the Nelson County Courthouse in Lovingson, Virginia.

Present: Allen M. Hale, East District Supervisor
Constance Brennan, Central District Supervisor
Thomas H. Bruguere, Jr. West District Supervisor - Vice Chair
Larry D. Saunders, South District Supervisor
Thomas D. Harvey, North District Supervisor -Chair
Stephen A. Carter, County Administrator
Candice W. McGarry, Administrative Assistant/Deputy Clerk
Debra K. McCann, Director of Finance and Human Resources
Phillip D. Payne, IV, County Attorney
Jean Payne, Commissioner of Revenue
Pam Campbell, Deputy Commissioner of Revenue
David Hite, Board of Equalization
Craig Cooper, Board of Equalization
Donald Gray, Board of Equalization

Absent: None

I. Call to Order

Mr. Harvey called the meeting to order at 2:02 pm with all Supervisors present to establish a quorum.

Mr. Harvey amended the agenda to include Public Comments and the following persons were recognized:

1. Ed Wodicka, Tye River

Mr. Wodicka noted that he had spoken to the assessors regarding the valuation of his double wide home on regular piers and he noted that they had valued it on replacement cost; which meant that he was paying taxes on the value of a brand new home if he ever got one. He suggested that this method is used for a stick built home not a mobile home. He added that according to his research he could replace it for \$11,000 cheaper than the assessment and he should not have to pay on a home he does not have.

2. Robert Carlisle, Nellysford

Mr. Carlisle noted his concerns regarding receiving a letter in January that stated he had appealed his assessment, it had been reconsidered and his assessment was reduced by \$94,000 when he had not in fact appealed the assessment. He noted that he then met with the Board of Equalization and no change was made and he feels like he should have the opportunity to dispute this. He concluded by stating that he wanted the original assessment to stand and that he should have the right as a citizen to appeal this change.

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Mr. Harvey noted that several citizens have received these letters and if the assessors changed one property in a neighborhood they then reviewed the whole area. He agreed and noted that the letter was not worded correctly and did not reflect the actual process.

2012 Real Property Reassessment

Mr. Carter noted that Jean Payne and Pam Campbell from the Commissioner of Revenue's Office were present to provide their input on the subject. He added that he may propose that Mr. Payne give his input in closed session.

Ms. Payne noted that she looked at commercial properties and found three excluding Liberty that had sold for less than their appraised values. She noted that the BP building at Colleen sold for \$679,000 and was assessed at \$779,000. She noted that there was a building in Nellysford that was assessed at less than half of what was paid for it. She added that the Nelson Storage building was also assessed at less than half of what they paid.

Mr. Harvey inquired as to the Devil's Backbone property on Rt. 664 and asked if had been assessed since its completion. Ms. Payne reported that it had and it was assessed at \$839,000 and was now at \$799,000 including the 20 acres. She added that the lots in the adjacent subdivision were \$20,000 per acre except for the one near the little depot and it was \$71,000/ ac including the building. She noted that the Devil's Backbone building was assessed at \$693,000.

Members discussed the use of actual sales to base assessments on and it was noted that if there were no comparables, they thought the sale price should be used.

Mr. Harvey gave an example of four condos in the same building that all sold for within \$5,000 of each other and sold for more than their assessed values in the last 6 months. He then asked Ms. Payne if they had gotten everything from BRMAC and Ms. Campbell noted that they had asked for a list of appeals and that they had said that they may not have that information anymore.

Ms. Campbell then reported that they had found one little subdivision where an acre was left off of every lot and then there were some with no value on them and she reported that they could not catch all of these right now. She added that the old theater building was valued at zero and this now has been corrected by Ms. Payne.

Other examples of zero value on improvements were discussed. It was noted that these would be found when the tax tickets were done. Ms. Payne then described an example of where only one parcel of a subdivision was valued, the others were zero, and only a house site was valued on the other. Ms. Campbell added that some were inexplicably valued way over the recent sale price.

Ms. Payne the sited other examples and then noted that the house grades were off. She noted that an average grade for a house was class C and she noted that there was one classed as an A plus 30 that was near others classed as C. She explained that the classification of A plus 30 was for high end homes at Wintergreen.

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Ms. Payne then noted other examples in Roseland where the houses were classed differently in the same area. She noted that square footage had something to do with the classification put on houses.

Mr. Craig Cooper of the Board of Equalization noted that the Assessment manual was accessible to the public. He noted that a valid valuation approach had been described: how many stories, square footage, and then house condition. He noted that more homes had been put in the A category than in the past. He noted the escalating values of improvements skewing these to the high side and that the indications were there was a skewing towards the upper grades. He added that an A house was 45% more than a C (avg) house and that the Higher the grade the more a premium was placed on improvements. He noted that his other concern was that the assessors finished in December and have reevaluated the process due to more sales coming in. He added that there was no opportunity for these folks to appeal to the assessors because this was being done after the fact. He then noted that this was done county wide and not just in Stoney Creek. He then showed some examples of the changes in grading.

Mr. Hale acknowledged that the work was not perfect and there would always be some that were wrong. He then asked Ms. Payne if this reassessment had been more problematic than the previous one. Ms. Payne answered affirmatively and noted that she was worried that they would not find all of the mistakes for a while and it would take a while to correct what could be corrected. She noted that her office could fix square footages and zeros; however she noted that the ones with acreages that showed no value associated with others that did would not be found unless the property owner brought it to their attention.

Mr. Harvey noted that the last two reassessments were hit at peak times and the appraisals were high; however in this case the values were way low and people would not complain unless they were trying to sell the property.

Ms. Payne reported that the land values they looked at appeared to be very consistent.

Mr. Harvey noted that he thought the assessors had come up with a formula such that they did not have to go out and look at anything to make comparisons and he noted that they did not pick up the value of the WPI membership in Wintergreen properties.

Ms. Campbell also noted that the assessors did not make notes on the cards, so they had no way of knowing why they did what they did.

Mr. David Hite of the Board of Equalization noted that there were many inconsistencies and only a few people were coming forward and it may be a year or two before they pick up that they are being taxed incorrectly. He agreed that the land values were more equitable but noted that the houses were up and down. Mr. Cooper added that they had assigned view values to that did not track back to the prior assessments and they did not consider waterfront properties in Wintergreen to be a factor.

Mr. Donald Gray of the Board of Equalization noted that at the Trillium Place at Wintergreen the townhouses, at last assessment the property (land) was valued at \$100,000 each and in this one it was reduced to \$10,000 because they made it comparable to the condos. He noted there were 32 of these affected. Another area of concern was how they applied the values to each section of the county and he noted that there was a value of \$35,000 for a house site in Afton and \$37,500 for one at Stoney Creek on

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the golf course. Ms. Payne added that Westwood was a townhouse also and \$60,000 was put on these house sites whereas the Trillium Place was \$10,000.

Mr. Hale inquired as to whether or not the Board of Equalization could change these large discrepancies and Mr. Cooper stated that this was beyond the scope of their authority. He added that they could correct errors or make adjustments if comparables were presented to them. He noted that the townhouses could be addressed by them in order that they are treated comparably. He added that if they went up they would have to give them time to appeal the new assessment. He noted also that they could make changes to the ones provided to them by Ms. Payne but could not make county wide changes.

Mr. Bruguere stated that he could not figure out why the values were so inconsistent over the whole county and Mr. Hale noted that BRMAC had encountered a lot of software problems and dealing with the erroneous notices threw them way behind in getting the data right. Members then discussed that the notice issues were explained as being a mistake.

Mr. Carter then recommended that the Board confer with Mr. Payne in closed session and members agreed.

Mr. Hale then moved that the Nelson County Board of Supervisors convene in closed session to discuss the following as permitted by Virginia Code § 2.2-3711(A) (7): Consultation with legal counsel employed or retained by a public body regarding the provision of legal advice by such counsel regarding the 2012 reassessment.

Mr. Saunders seconded the motion and there being no further discussion, Supervisors voted unanimously (5-0) by roll call vote to approve the motion.

Members conducted the closed session and upon its conclusion, Mr. Hale moved to reconvene in public session and Mr. Bruguere seconded the motion. There being no further discussion, Supervisors voted unanimously (5-0) by roll call vote to approve the motion.

Upon reconvening in public session, Mr. Hale moved that the Nelson County Board of Supervisors certify that, in the closed session just concluded, nothing was discussed except the matter or matters specifically identified in the motion to convene in closed session and lawfully permitted to be discussed under the provisions of the Virginia Freedom of Information act cited in that motion. Mr. Bruguere seconded the motion and there being no further discussion, Supervisors voted unanimously (5-0) by roll call vote to approve the motion.

Mr. Harvey then noted for the public that a decision on the 2012 reassessment would be made Thursday night. He added that if the Board did nothing, the 2012 assessments would remain in effect and if they did not accept it, they would have to take action.

II. FY12-13 Budget Work Session

Mr. Carter noted that any decision on the reassessment would not affect the budget as presented; given that it was developed using the same amount of revenue as in FY11-12. He noted that the Governors budget was not ready but it may not have much effect on the numbers. He added that the General Assembly would have to reconvene to work on the budget.

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Ms. McCann noted that there had been no response on the VRS legislation as to how that has to be considered for FICA purposes and Mr. Carter noted that an effort had been made by the PDC to ask the Governor to make it optional.

In response to questions, staff noted that the majority of localities in the state currently pay the employee part and that this was probably done in lieu of a raise at some point and it has been continued for 20 years or more. Ms. McCann noted that if this was subject to Social Security taxes, it would be an impact to the locality budget and the employee.

Mr. Carter then noted that staff had moved monies around in order to utilize recurring funds, the budget did not increase substantively, and departments have been relatively flat. He added that the County would not incur an increase in health insurance costs for the second year in a row and that staff would find out from the schools what their actual rate increase is. It was noted that the cost of medical coverage was based on the claims experience of the group.

Mr. Carter noted that the County's Workers Compensation insurance costs went up 18% from one claim primarily because the experience factors increased. Staff noted that positions were rated by their risk factor.

Mr. Carter then noted that staff had proposed two new positions for the Broadband Authority and that the funds for these would be nonrecurring funds that would be transferred to the Authority and then would be paid back to the County once the Authority was self supporting. He added that the operational costs were currently under development for the Authority. Mr. Bruguere noted that he would like to see the money come back to the General Fund that has been initially put into the Broadband Authority.

Mr. Carter then reported that interest in the project was increasing. He noted that the Advisory Committee had not been meeting lately but would when they interviewed electronics vendors in the next week or two. He added that everything that was going on with the project was posted daily to the Wiki and they could see what was going on. He noted that they were not meeting because it was not productive to do so during this time. Mr. Carter then reported that they were getting ready to pull fiber starting in Colleen and to start installing the conduit on Route 6. He noted that there had been some restoration concerns from VDOT but after meetings, they had gotten over this hump. He added that he had gotten emails from VDOT authorizing them to proceed and that the conduit may be in by the end of April. Staff noted that photos were being taken on a daily basis and shipped to ICON so they could follow along with the progress of the installation.

Mr. Hale then noted that he did not like the concept of taking monies from one place in order to pay for things in another place and did not like the reallocation of the courthouse debt prepayment. He explained that \$500,000 previously planned for debt service was being used to make up for various things. He further noted that the new positions in Broadband were not needed and that current staff could handle the added work without bringing on new personnel. He added that vacant positions did not need to be filled and they could anticipate savings in the Planning and Zoning department.

It was then noted that if holding to the 2008 values, a rate increase in the Real Estate Tax might be appropriate.

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Ms. McCann then explained that the Broadband positions were proposed to be funded with non recurring funds which would then be shipped back to pay for them. She noted that the vacant Building Inspections position was not funded in the budget and there was one vacant maintenance position and staff was suggesting a part time custodial position be made full time and then recommending the elimination of the maintenance position.

Mr. Bruguere agreed with Mr. Hale and stated that he wanted to continue to prepay the courthouse debt and that the \$253,000 needed to be found. He noted that he disagreed about the Broadband positions; noting that Susan Rorrer and Andrew Crane had plenty to do and wear a lot of hats. He added that as the Broadband gets going and the Authority had to deal with Service Providers it may be beyond the realm of what they were hired to do. He then stated that he hoped that the Authority would pay for them. Mr. Bruguere then stated that he thought it incumbent upon them to find cuts in the budget and that the \$253,000 for the debt prepayment could come out of nondepartmental agencies and non-profits. He then added that he did not see where anyone could give any raises with the VRS costs coming about.

Ms. Brennan noted that she thought that the Broadband Authority positions were good and she liked the idea of making the part time custodial position full time and getting rid of the vacant maintenance position. She noted that County now had a large new building to take care of.

Mr. Carter noted that the Broadband positions would work for the County, would be utilized for other things also, and would be of great benefit to the County.

Mr. Harvey noted his agreement with Mr. Hale' sentiments on the abilities of the IT Department.

Mr. Carter then noted to the Board that if the Planner retired, then it would hinder the County's ability if they did not fill the vacant slot.

Mr. Saunders indicated his agreement that the Board should cut where they could and that he agreed with paying down the courthouse debt sooner.

Mr. Carter then suggested that the Board reevaluate the debt payments it was making to the Service Authority, which would retain over \$300,000 per year in the General Fund. He added that they had raised their rates and were not doing the intended projects now. He added that the County could transfer ownership of Piney River III to them as well. Mr. Harvey then noted that the Service Authority has been discussing what to do with the rate increase monies now that the project was not happening and would not be used to balance their budget.

Mr. Hale added that the Service Authority has already incurred substantial expenses related to the Wintergreen projects and they were in deep financial trouble and were now making progress. He noted that this was due to superior management and a rate increase that should alleviate the auditors concern about maintaining a 10% debt service set aside. Mr. Bruguere noted that they were still funding depreciation which was a paper cost and Ms. McCann noted that it had to be recorded that way for accounting purposes and that they book depreciation to show as an expense to reduce net income. She added it was used as a means to allocate monies for debt. Mr. Carter reiterated that he was suggesting that the Service Authority take over the debt service paid by the County. Mr. Harvey noted his

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disagreement as it serves all of the citizens of the county in some way and the Authority has the highest rates as it is. Mr. Hale added that rural systems were all subsidized and Mr. Carter noted that they should still measure their ability to pay. It was noted that the new 12 inch line going in would use some of the new rate monies.

Ms. Brennan then inquired about expanding the EMS program and Mr. Carter noted that staff would be bringing a proposal to the Board to increase the transport rates that would cover some personnel enhancements. He added that he did not necessarily agree with Curtis Sheet's proposal that only enhanced services on the Wintergreen side and not over here. Mr. Harvey then agreed that coverage in Lovingson was needed on nights and weekends and there were still plenty of places for volunteers to serve. Mr. Carter added that the next step would be to decide how to utilize these funds and that staff would propose to increase the rates by April 1, 2012.

Members and staff briefly discussed having a work group and or working with the EMS Council on expanding the program and Mr. Bruguere reported that they had gone to Montebello to talk about the Fire Dept. service and he reported that they would continue to provide service.

III. Other Business (As May Be Presented)

Introduced: HVAC System at Lovingson Fire Department

Mr. Hale noted that the HVAC system at Lovingson Fire Dept. needed replacement and that if the EMS Council recommended it, the Board would likely approve interest free loan funding for it. Staff noted that the paperwork had been received and it would be brought to the Board on Thursday.

Introduced: Further Direction on the Budget

Mr. Carter inquired if the Board's direction on the budget was to reduce it by the double courthouse prepayment. Ms. Brennan suggested waiting on that to see what the EMS program expansion costs might be and Ms. McCann noted that the increase in rates should provide enough to cover at minimum Mr. Sheet's proposal. Mr. Bruguere noted that he would like to see any overage go towards EMS services.

Mr. Harvey noted that he wanted to see the courthouse debt prepayment continue and Mr. Bruguere added that he would like to look at cutting non-profit funding.

Ms. Brennan then requested that staff speak to JABA about initiating the feasibility study before the Board decided to go ahead and permit them to start.

Ms. McCann then noted that staff had level funded departmental budgets for years now and more cuts were getting difficult make.

Introduced: A/V in Board Room

Mr. Robert McSwain of Dutch Creek suggested that an addition to the budget should be a new sound system in the Board room and the Board discussed their consensus to keep the Board meetings in the

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current room. Mr. Bruguere added that he would like some better screens for the public and Board to see. Mr. Carter noted that staff was currently working on getting quotes for an improved sound system in the room.

IV. Adjournment

At 4:35 pm, Mr. Hale moved to adjourn the meeting and Ms. Brennan seconded the motion. There being no further discussion, Supervisors voted unanimously by voice vote to approve the motion and the meeting adjourned.