

BOARD OF SUPERVISORS MEETING
FY 2017 BUDGET WORK SESSION

April 12, 2016

A meeting of the Campbell County Board of Supervisors extended from April 5, 2016 convened at 4:00 p.m. on the 12th day of April, 2016 in the Multi-Use Room of the Walter J. Haberer Building, Rustburg, Virginia. The members present were:

Eric R. Zehr, Chairman, Presiding	Rustburg Election District
James A. Borland	Spring Hill Election District
Stanley I. Goldsmith	Altavista Election District
Bob Good	Sunburst Election District
Eddie Gunter, Jr.	Concord Election District
J. D. Puckett	Brookneal Election District
Mike P. Rousseau	Timberlake Election District

Chairman Zehr called the meeting to order at 4:00 p.m. and announced this was a work session on the Fiscal Year 2017 Budget. The Board would review the budget and establish a tax rate to be advertised for the May 3rd public hearing. Administrator Rogers would provide an overview of the budget, and each Board member would have an opportunity to express their views on the budget.

Using a PowerPoint presentation, Administrator Rogers first summarized the current FY 2016 budget which was based on revenues of \$68,347,802 and expenditures of \$70,729,514 for a difference of \$2,381,712. Last year, the budget was balanced by using turnover and hiring free savings (\$665,000) which reduced expenditures to \$70,064,515, and utilizing \$1,716,712 of the Fund Balance to increase revenues to \$70,064,514.

For the FY 2017 budget, local revenues were expected to increase by nearly \$800,000, the majority of which were in local sales tax due to improving retail sales (\$350,000), and machinery & tools tax based on an increase in taxable values (\$270,365). Total revenues were up approximately \$1.1 million, most of which were in general property taxes, other local taxes, permits, fees & licenses, charges for services, and recovered costs. Administrator Rogers noted a decrease in Miscellaneous Revenue of \$184,692. State revenues were expected to go up about \$668,000 for shared expenses of Constitutional Offices, Social Services and items such as ABC profits, and federal revenues were expected to decrease by nearly \$350,000. The total revenues from local, state and federal funds totaled \$69,460,463.

Administrator Rogers next showed the changes in expenditures from the FY 2016 budget to the FY 2017 budget by category, and noted what percent the category represented in the General Fund Budget. For instance, General Government represented 6.9% of the budget and included the Board of Supervisors, Non-Departmental, County Administration, Public Information, Legal Services, Commissioner of the Revenue, Business Auditor, Treasurer, Real Estate Office, Management Services, Human Resources, Information Technology, Central Purchasing, Communication Services and Organizational Memberships. Expenditures for this category were decreased by \$437,473. One of the largest decreases noted was in Non-Departmental, down \$283,922 because a salary increase was not built into the FY 2017 budget. The majority of the changes in departments were due to health insurance changes and the two (2%) percent salary increases during FY 2016.

Judicial Administration which included all the court-related offices went up by \$22,663, and represented 2.4% of the budget. Most of those increases were related to last year's salary increase.

Public Safety included the Sheriff's Department, E-911 System, Fire and Rescue Squads, Forestry, EMS Services, Blue Ridge Regional Jail, Probation Office, Juvenile Detention, Building Inspections, Animal Control, Magistrate and Public Safety and represented 19.6% of the budget. Expenditures in this category increased by \$69,258 to include the cost of the audits for the volunteer agencies, off-duty deputies (offset by increase in revenue), additional costs in EMS Services, salary and health insurance changes.

Public Works represented 2.7% of the budget and was projected to increase by \$93,134 due to additional buildings, properties and park areas that have been added to the department's responsibilities such as the new Timbrook Library.

Health & Welfare included the Health Department, Horizon Behavioral Health, Social Services, Public Assistance, Tax Relief for the Elderly, Central Virginia Area Agency on Aging, RSVP Volunteer Program, Comprehensive Services Act, Youth, Adult & Community Services, CASA, Legal Aid and CVCC and represented 15.4% of the budget. This category was projected to increase by \$226,599. Horizon Behavioral Health requested a \$5,000 increase due to decreases in Medicaid reimbursement, and the majority of the rest of the increase was due to mandated costs in the Comprehensive Services Act. There was a \$40,000 reduction in the Volunteer Program due to staffing changes, and a decrease of \$5,000 to the Teen Parent Grant as those services were expected to be covered through the Healthy Families program.

Parks/Recreation & Cultural included Recreation, Historic Landmarks, Library Administration and the Literacy Program and represented 2.6% of the budget. Costs in this category were expected to be fairly level with the overall costs decreasing by \$25,065.

Representing another 1.9% of the General Fund budget was Community Development which included Planning/Zoning, Economic Development, CCUSA, Environmental Management, Storm Water and Cooperative Extension. Costs in this category would decrease by \$46,492. The County Administrator recommended budget recommended a \$50,000 reduction in Economic Development for regional economic development activities. While regional economic development was important, it was one of the recommendations made in order to balance this year's budget. Also recommended was to reduce support to the Town of Altavista and the Town of Brookneal by \$25,000 each. Historically the Towns were provided assistance of more than \$50,000 each for the provision of utilities and park services to County citizens. CCUSA was up by more than \$20,000 for the Leesville Road water line.

Looking at the Non-Departmental category, Administrator Rogers noted \$450,000 was budgeted for turn-over savings. As the Board would recall, the two percent salary increase in FY 2016 was paid from \$665,000 realized from the hiring freeze and turn-over savings. This year the estimate was lower because 4.5 positions were eliminated for a personnel savings of \$170,000. Staff wanted to be sure any savings was not counted twice.

Transfers & Debt Service represented 42% and included the transfers to Schools, the Capital improvement Plan, Solid Waste Fund and Health Insurance Fund. Administrator Rogers was recommending funding to the schools be reduced by \$542,013, and the transfer to the Solid Waste Fund be reduced by \$17,103 for a total decrease in transfers of \$559,121. Total debt services decreased by \$162,554, mostly due to the refunding of the loans.

In summary, total expenditures for the FY 2017 Budget came to \$69,460,463 by reducing the transfer to schools by \$542,013, reducing and/or reorganizing staffing by a total of 8.5 positions (includes additional reductions in Real Estate and Commissioner of the Revenue), reducing funding to each of the Towns in the amount of \$25,000 each, reducing regional economic development funds by \$50,000, and include no funding for raises.

As additional considerations to the budget, Administrator Rogers noted adding another career public safety crew would require \$312,000 and adding a 2% raise for seven (7) months (effective December) would require \$135,000. The General Fund Unassigned Fund Balance should be, per the County's financial policies, between \$12 million and \$18 million; the General Fund Unassigned Fund Balance was presently \$13,950,000. Employees may see a premium increase for health insurance in January 2017. The proposed budget did not include any plans to address the School Division's Capital Improvement Plan (CIP) proposal.

The Board thanked Administrator Rogers, Management Services and staff for the hard work on the draft budget and the presentation of a balanced budget. Chairman Zehr, Supervisor Borland and Supervisor Gunter attended the budget meetings with the department heads and appreciated staff's thorough review of the County's budget expenditures.

Chairman Zehr called for comments from the Board on the proposed FY 2017 budget. Listed below is a summary of those comments.

- Supervisor Goldsmith supported reducing the size of government, but not to the extent that it began to impact services. He had several concerns, (1) sufficient salaries, particularly for the Schools and the Sheriff's Department; and (2) the reduction of funds for regional economic development activities because the County needed to remain competitive to attract business which ultimately lowered taxes.
- Supervisor Puckett recommended the Board review the County's Mission Statement that explained the goals and ideals of the County citizens. When the Board voted to not consolidate schools, he supported that motion and encouraged the Board to formulate a plan to move forward with renovating the schools. Supervisor Puckett also encouraged the Board to support funding to the Town of Brookneal for at least two more years in order to pay for them to finish paying for infrastructure costs. He supported a two percent salary increase for County employees.
- Supervisor Gunter pointed out that if the Schools' budget was reduced by \$542,000, they would lose another \$342,000 from the State for the two (2) percent increase. He too supported a two percent salary increase for all employees to prevent the County from losing employees to other localities. Supervisor Gunter did not believe the County received enough revenue to support services noting the proposed reduction in funding for economic development, the need for additional EMS services, and to prepare for future needs for fire services. He encouraged the Board to look for other sources of revenue to operate the County.
- Supervisor Rousseau agreed that additional EMS services were needed in the County, particularly in the Timberlake area. The Timberlake and Sunburst Districts were the most populated areas of the County and were currently the most underserved. Mrs. Fairchild, Director of Public Safety, indicated more than 350 calls were received per month in the Timberlake/Sunburst area, and the average response time from Rustburg was 25 minutes. Another contributing factor was the Brookville-Timberlake Fire Department was ceasing its 1st Responder Unit operations. He encouraged the Board to find an additional \$312,000 in the budget to fund an additional Career EMS Unit. It has been discussed the basement of the new Timbrook Library could be used to house the unit.
- Chairman Zehr was pleased to see a balanced budget, but he too was concerned about the reductions that had to be made to get to that point. At the same time, he did not want to utilize monies from the General Fund again to increase the budget as this would only compound revenue issues in the future.
- Supervisor Good questioned the amount the County should have in the Unassigned General Fund Balance. Administrator Rogers indicated \$14 to \$16 million would be preferred to help buy down borrowing costs or pay for smaller projects as the Board moved forward with the Schools CIP. Supervisor Good was encouraged by the increase in revenues and wanted to continue to grow development by reducing regulation. He indicated his three priorities at home were also his priorities for the County's budget - Protect (Public Safety, Sheriff's Department), Provide (to cultivate an environment so people can take care of themselves), and Prepare (to prepare our citizens, especially the younger people, to be prepared for a prosperous life). Supervisor Good indicated he still had a number of questions and would like to review the budget more closely to determine what priorities may be shifted.
- Supervisor Borland commented that employees received a two (2) percent raise in the FY 2016 budget from savings realized from the hiring freeze. 2016 also marked the first time that Social Security recipients did not receive a cost of living increase because cost of living did not increase in 2015. The County's insurance costs rose by 11 percent, and the County was covering those costs until December 2016 when health care costs were expected to increase again. Supervisor Borland supported salary increases for all the Constitutional Offices and Social Services by matching state funding in the amount of \$35,000. This could be accomplished by utilizing the funding for one vacant IT position. He would also support salary increases to County and School employees, but he did not know of funding sources available for those increases.

Over the last eight years, the Schools have had to deal with decreasing state and federal funding, and the County bridged that gap by increasing the local transfer by over \$7 million. To accomplish this, personal property and real estate taxes were raised by large amounts. Supervisor Borland indicated citizens were paying hundreds more per year than they were, and it was increasingly difficult for older citizens. He suggested several areas where the Schools could lower its expenditures in order to provide for a salary increase for teachers such as reconsidering the Early College/Dual Enrollment programs, restructuring salary scales for administrative positions, and reconsidering the number of Resource Officers needed. For example, the Superintendent earns \$169,000 per year which was greater than larger school districts, and there were 14 principals earning an average of \$98,000 each. As for the Early College/Dual Enrollment, the program costs more than \$400,000, but only benefitted a few students.

Supervisor Borland also spoke to growing needs for fire and rescue services noting the closures of the Brookneal and Rustburg Rescue Squads, and suggested private donations may be sought to bridge the gap. Supervisor Borland indicated the County had taken many steps to lower expenditures such as restructuring debt and eliminating County positions in order to provide a fiscally responsible, balanced budget without raising taxes.

Following individual comments by the Board, a discussion ensued on the feasibility of implementing hard billing for ambulance services to increase revenues. The billing company currently sends out three collection notices; then it was turned over to the Staff Attorney who also sent out a collection letter. No further action was taken. If the Board decided to outsource hard billing, it would be an option to increase revenues to fund another EMS unit in the Timberlake area, but Administrator Rogers cautioned the Board the company sourced to provide the service could be very aggressive in its collection efforts.

There was a suggestion by Supervisor Goldsmith to consider long-range planning to address the growing EMS needs and potentially future fire protection needs. He also suggested the Board consider a modest tax increase on a regular basis to avoid the situation a few years ago of having to implement a large tax increase due to the economic downturn and reduced state and federal funding.

While the Board recognized its limitations regarding how it allocates the School transfer, several Board members appreciated Supervisor Borland's observations on areas the Schools may find savings, particularly in the areas of the School Resource Officers and the Early College/Dual Enrollment Program. Supervisor Good pointed out the County had stepped up and increased its funding to Schools over the last five or so years to offset the decrease in state and federal dollars, but at the same time school population had decreased. Supervisor Rousseau added the Early College/Dual Enrollment program that cost about \$400,000 only served 80 students, and 10 percent of those typically drop out. He was not sure the citizens would approve of tax dollars being used to fund college educations. Supervisor Borland indicated he pointed out areas of the School Board's budget for possible savings should the Board adopt a balanced budget with \$542,000 less in funding for Schools.

In answer to a question by Supervisor Puckett, the carryovers from the Schools would be approximately \$750,000. Supervisor Puckett suggested these funds be earmarked toward future capital needs of the Schools. The School Board had presented a Capital Improvement Program based on the decision by the Board to not consolidate schools. Following a discussion of the carryover funds, there was a consensus by the Board members to apply any carryover funding to the Schools Capital Improvement Program.

A discussion ensued on the need for additional EMS support in the Timberlake/Sunburst area and the cost of \$312,000 needed to support an additional crew. Administrator Rogers indicated hard billing could be an avenue to increase revenues. There was approximately \$685,000 in outstanding invoices. Other options could be to decrease the transfer to the Capital Improvement Plan or use funding from the General Fund.

Supervisor Goldsmith expressed concerns about the decrease in the budget for regional economic development activities, the reductions to the Towns and the lack of salary increases, particularly for the Sheriff's Department. Administrator Rogers indicated the Administrator

recommended budget reduced the funding for regional activities by \$50,000, but left \$20,000 to continue efforts in that area. As far as salaries, the Board could accept the State supported salary increase for Constitutional Offices. This would cost \$35,000 to extend a 2% increase to employees in the Sheriff's Office, Treasurer's Office, Clerk of Court, Commissioner of the Revenue's Office, Commonwealth's Attorney and Social Services effective December 2016 and could be funded from the Turnover Savings.

Supervisor Borland offered a motion to maintain the current real estate tax rate.

On motion of Supervisor Borland, it was resolved the Board of Supervisors authorizes staff to advertise the FY 2017 budget maintaining the current real estate tax rate of 52 cents per \$100 of assessed value and a personal property tax rate of \$4.45 per \$100 of assessed value for the public hearing on May 3, 2016.

Supervisor Puckett asked the Board to consider reinstating part or all of the \$25,000 funding to the Town of Brookneal. Supervisor Gunter was concerned the motion would lock the Board in before they had heard from the citizens at the public hearing. He wanted to know the impact of the proposed reduction to the Schools budget.

No action was taken on the motion.

On motion of Supervisor Good, the meeting was adjourned at 6:18 p.m. to Thursday, April 14, 2016 at 4:00 p.m. to continue a discussion of the Fiscal Year 2017 Budget.

The vote was: Aye: Goldsmith, Good, Gunter, Puckett, Zehr
Nay: Borland, Rousseau
Absent: None

ERIC R. ZEHR, CHAIRMAN

Approved: _____

BOARD OF SUPERVISORS MEETING
FY 2017 BUDGET WORK SESSION

April 14, 2016

A meeting of the Campbell County Board of Supervisors extended from April 12, 2016 convened at 4:00 p.m. on the 14th day of April, 2016 in the Multi-Use Room of the Walter J. Haberer Building, Rustburg, Virginia. The members present were:

Eric R. Zehr, Chairman, Presiding	Rustburg Election District
James A. Borland	Spring Hill Election District
Stanley I. Goldsmith	Altavista Election District
Bob Good	Sunburst Election District
Eddie Gunter, Jr.	Concord Election District
J. D. Puckett	Brookneal Election District
Mike P. Rousseau	Timberlake Election District

Chairman Zehr called the meeting to order at 4:00 p.m. and announced this was a continuation of the discussion on the Fiscal Year 2017 Budget. The meeting ended with the following motion by Supervisor Borland to advertise the FY 2017 Budget with no change in the real estate or personal property taxes.

On motion of Supervisor Borland, it was resolved the Board of Supervisors authorizes staff to advertise the FY 2017 budget maintaining the current real estate tax rate of 52 cents per \$100 of assessed value and a personal property tax rate of \$4.45 per \$100 of assessed value for the public hearing on May 3, 2016.

Supervisor Borland commented the Board may want to consider additional information before proceeding with a vote on his motion.

Administrator Rogers presented information related to three topics of discussion at the April 12th work session.

Additional Career EMS Unit

An additional career EMS Unit to be housed at the Timbrook Library would cost approximately \$312,000. There were several options to fund the unit, namely, reduce the transfer to the Capital Improvement Plan (CIP) by \$250,000 and increase billing rates for ambulance service to generate an additional \$65,000. At some time the Board would want to replace those funds in the CIP to avoid adding to the deficit. After reviewing revenue projections since the April 12th meeting, staff increased revenue projections by \$150,000. The combination of increased billing rates and increased revenue projections would fund an additional EMS career unit that could start on January 1st.

Salary Increases for Constitutional Offices and Social Services

Should the Board accept the State funding for a two (2) percent salary increase for the Constitutional Offices and Social Services, it would cost \$35,000 to receive the State share of \$68,000. This could be funded through Turnover Savings.

Funding Support for Town of Brookneal

As discussed at the last meeting, funding for the Town of Brookneal was reduced by \$25,000. As an option, staff prepared recommended changes to building and zoning permit fees designed to simplify the fee calculation, save time in the review process and increase revenues by approximately \$23,000. The fees were last updated in 2002, and the proposed amendments would keep the County in line with regional costs.

Paul Harvey, Director of Community Development, answered several questions regarding the proposed changes and indicated it would impact more on the commercial side than the residential side. The permit process would be more streamlined which would benefit staff and those applying for the permit. Mr. Harvey gave an example of the recent hotel built on

Route 29. The builder paid \$29,000 for the permit; under the proposed new fee structure, the permit would cost \$31,000.

Supervisor Puckett encouraged the Board to support reinstating funding to the Town of Brookneal for \$23,000 for at least two more years to satisfy a contract for the survey of the sewer lines. The Town was not sure what the aging infrastructure costs may be. He pointed out the Town residents were paying the 52 cents in real estate along with a town tax of 17 cents for a total of 69 cents per \$100 on real estate.

Supervisor Borland supported a revision of the building and zoning permit fees to generate an extra \$23,000 to support the Town of Brookneal.

Reduction to School Funding
Reduction to Economic Development

Supervisor Gunter asked the Board to also look at the proposed reduction in the School transfer of \$542,000. The deficit may cause the Schools to lose more than \$300,000 in matching state funds to implement a two percent salary increase. Supervisor Gunter pointed out the reductions to School funding since 2010 and the change in the composite index indicates the County should be able to pay more toward education. Supervisor Borland indicated that it would be up to the Schools how they wanted to distribute its funding, but he previously pointed out several ways the Schools could reduce its budget.

Supervisor Gunter also asked the Board to look again at the proposed reduction to Economic Development for regional activities. He contended the County did not have enough revenue to support services. Chairman Zehr responded citizens tell him they were paying enough.

Supervisor Puckett interjected that a number of citizens have expressed to him the need for a meals tax in the County to support the schools. He recommended the Board approve a meals tax referendum for the ballot in November to support the School's CIP.

Supervisor Goldsmith also supported a meals tax. While he supported a balanced budget, he proposed advertising a three cent increase in the real estate tax rate to support County services, especially EMS services, the Towns of Altavista and Brookneal, and build a strong tax base to be prepared for the future. He offered the following substitute motion:

On substitute motion of Supervisor Goldsmith, it was resolved the Board of Supervisors authorizes staff to advertise the FY 2017 budget with the real estate tax rate of 55 cents per \$100 of assessed value and a personal property tax rate of \$4.45 per \$100 of assessed value for the public hearing on May 3, 2016.

Supervisor Rousseau commented when it came to penny pinching, he would prefer it be the government side rather than the taxpayers side. In his first year on the Board, the County was able to reduce the tax rate by one cent. Since then, revenues had increased in the past two years. Some of the items discussed at the work session would raise revenues, not in the traditional sense of additional real estate taxes, but by fees. He was not a fan of increasing the cost of government, but because it contained some things that he believed to be vitally important, he could live with it. It would restore most of the funding to the Town of Brookneal, place EMS service in the Timberlake and Sunburst areas, provide compensation for some public employees, all without raising taxes. As far as the meals tax, voters had twice voted it down.

Supervisor Good added he campaigned during the last election on fiscal responsibility and before tax increases were considered, the Board would look at spending first. It was a clear choice during the last election between those campaigning to require government to live within its means and others who campaigned to raise revenues for the Schools and other reasons. He was encouraged by the increased revenues and wanted to continue to cultivate that by reducing regulations and restrictions to encourage growth and development. To run government efficiently, no budget should be a sacred cow, including the Schools' budget. Local funding for the Schools had increased by more than \$7 million, and at the same time the student population had decreased by nearly 1,000 students. However, the number of positions in the Schools had

not decreased at all. There were approximately 1,000 students at Brookville High School, so it would be like closing one entire school without any staff reductions.

Supervisor Borland agreed the County needed to operate on a balanced budget, and his constituents had asked him to not raise taxes again. He contended again that he supported the Early College/Dual Enrollment programs, but did not believe tax dollars should go toward those programs. He supported the balanced budget that would not raise real estate taxes.

In answer to a question by Supervisor Puckett, the average home was valued at \$100,000. A three-cent increase in the real estate tax rate would cost an additional \$30 per year.

A vote was taken on the substitute motion:

The vote was: Aye: Goldsmith, Gunter, Puckett
Nay: Borland, Good, Rousseau, Zehr
Absent: None

A vote was taken on the original motion to not advertise an increase in the real estate or personal property taxes.

The vote was: Aye: Borland, Good, Rousseau, Zehr
Nay: Goldsmith, Gunter, Puckett
Absent: None

The Board discussed further amendments to the budget to be advertised for the May 3, 2016 public hearing. These would include having an additional EMS crew to serve the Timberlake/Sunburst Districts effective January 1, 2017, reinstate most of the funding for the Town of Brookneal and accept state funding to provide salary increases for the staff in the five Constitutional Offices and Social Services. Administrator Rogers commented he would like to revisit salary increases for the remainder of County employees in the fall to see if there was anything that could be done. These amendments would not include a change to hard billing to collect past due fees for EMS service. A motion was offered by Supervisor Borland:

On motion of Supervisor Borland, it was resolved the Board of Supervisors authorizes staff to advertise the following amendments to the FY 2017 Budget for the public hearing on May 3, 2016:

- Adjust expenditures as deemed appropriate;
- Adjust revenues as deemed appropriate;
- Increase expenditures to hire six (6) additional EMT Technicians;
- Approve a two (2%) percent salary increase effective December 1, 2016 for staff for the five Constitutional Offices and Social Services Department;
- Reinstate \$23,000 in funding for general support for the Town of Brookneal;
- Advertise an increase in billing rates for EMS service;
- Advertise increases and changes to building and zoning permit fees

Supervisor Good commented for the record that he would not like to raise any taxes or fees, but would support an increase in user fees to fund beneficial services and needs.

The vote was: Aye: Borland, Goldsmith, Good, Gunter, Puckett, Rousseau, Zehr
Nay: None
Absent: None

On motion of Supervisor Puckett, the meeting was adjourned at 5:12 p.m.

ERIC R. ZEHR, CHAIRMAN

Approved: _____