

March 17, 2015

At the special meeting of the Board of Supervisors of Prince Edward County, held at the Prince Edward County Career Technical Center, 1419 Zion Hill Road, Farmville, thereof, on Tuesday, the 17th day of March, 2015; at 5:30 p.m., there were present:

Board of Supervisors

Howard F. Simpson, Chairman
Pattie Cooper-Jones, Vice Chairman
Calvin L. Gray
Robert M. Jones
Charles W. McKay
C. Robert Timmons, Jr.
Jerry R. Townsend
Jim R. Wilck

School Board

Russell L. Dove, Chairman
Sherry Honeycutt
Susan Southall Lawman
Linda L. Leatherwood
Thomas M. Tillerson
Beulah M. Womack

Absent: Dr. Timothy W. Corbett, Sr.; Dr. Lawrence C. Varner

Also present: Wade Bartlett, County Administrator; Dr. K. David Smith, Superintendent; and Cindy Wahrman, Division Director of Finance.

Chairman Simpson called the special meeting to order as a joint meeting with the Prince Edward County School Board.

Chairman Dove called the School Board meeting to order.

The Pledge to the Flag was recited and Supervisor Gray led the invocation and blessing of the food.

Chairman Simpson announced there must be a change in the Board of Supervisors meeting date scheduled for April 28, 2015; after some discussion, he announced the Tuesday, April 28, 2015 meeting at 7:00 p.m. will be changed to Thursday, April 30, at 7:00 p.m.

Dr. K. David Smith, Superintendent, stated there were two items of discussion on the agenda, the first being the Prince Edward County Public School budget proposal for FY 2015-2016, and second, a presentation by Honeywell and an opportunity for question and answers about the renovation project.

Ms. Cindy Wahrman, Division Director of Finance, stated the Board has been busy working on goals and the development of the FY15-16 Budget. She presented a summary of the changes over the past six years.

Ms. Wahrman stated that prior to the winter break, the schools and departments were asked to go through their budgets and list their needs for the following fiscal year. The following list represents the requests for the FY15-16 school year. She added only one item (the transportation purchase of three replacement buses) is currently in the budget.

2015-2016 Budget Goals

Two-tier teacher salary schedule	33,000 *
Transportation – purchase of 3 replacement buses	300,000
Transportation – fourth camera on all school buses	12,180 *
Transportation – GPS system on all school vehicles	24,000 *
Career Technical Center – greenhouse replacement	18,000 *
Elementary kindergarten classroom aides (9)	270,000 *

2015-2015 Requests

Maintenance	5,231 *
Technology – webpage design service	18,500 *

2014-2015 Unfunded Items

Middle School Bookkeeper	44,260 *
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*Not currently included in the 2015-2016 proposed budget development

Ms. Wahrman reviewed the 2015-2016 Conference Proposed Budget; she stated the current budget is based on 2,135 ADM and there is a proposed ADM of 2,035 for the 2015-2016 school year, which is based on declining enrollment.

Ms. Wahrman then outlined the Preliminary 2015-2016 Budget Projections based on the 2,035 ADM:

A. Preliminary Funding Reductions:

State Funds	(481,808)	
		(481,808)

B. Net Preliminary Funding Increases / Reductions

C. Preliminary Expenditure Increases

Salary Increase 1.5% for all employees	277,211
Health Insurance Premium Increase, 0% increase	<u>0</u>
Total Preliminary Expenditure Increase	277,211

D. Preliminary Expenditure Reductions

Virginia Retirement System, projected .44% rate decrease	(51,861)
Debt Service	<u>(10,049)</u>
Total Preliminary Expenditure Reductions	(61,910)

E. Net Preliminary Expenditure Increases / Reductions 215,301

F. Net Preliminary Revenue Shortfall (\$697,109)

Chairman Simpson questioned the source of the proposed 1.5% salary increase. Ms. Wahrman stated \$111,330 will be coming from State revenues to help offset that 1.5% increase.

Mr. Bartlett asked the effective date of the salary increase. Ms. Wahrman stated it would be for the full 2015-2016 fiscal year, from July 1 for 12-month employees and August 1 for teachers and the rest of the staff.

Chairman Simpson then asked if it would be only 1.5%. Ms. Wahrman stated the \$277,211 would be a 1.5% increase for every employee starting with their contract; there would be no other numbers. She stated she is working to show the decrease in revenues, the increase in expenditures, and then she will present the School Division's reductions to have level funding from the county. She said this will show how all employees will get the 1.5% increase. Chairman Simpson asked if the school employees received an increase last year; Ms. Wahrman stated they received a 2% increase.

Chairman Simpson then asked if the County employees received an increase last year. Mr. Bartlett stated they did not.

Ms. Wahrman discussed the Proposed Priority Reduction List for the FY2015-2016 Budget to accommodate the \$697,109.

Proposed Priority Reduction List – 2015-2016 Budget

Two elementary school teachers	136,280
Two middle school teachers	136,280
One high school teacher	68,140
Two special education teachers, division wide	136,280
Two special education instructional aides, division wide	60,000
Special Education purchase services – Vision	30,000
Jail expenditure reductions	22,082
Early Reading Specialist	20,288
Materials Division Wide	57,759
<u>Unemployment insurance</u>	<u>30,000</u>
Total Proposed Priority Reduction List	697,109
Net Preliminary Revenue Shortfall	\$0
Capital Improvement Request	\$300,000
Purchase three replacement buses	

Ms. Wahrman stated several special education/instructional aide positions were not filled and those funds will be used to help balance the budget for next year; no one will lose their job, it has been through attrition. She said that years ago, a division teacher was on staff, and that teacher went to surrounding counties and served those students for vision services. When that teacher left, that position was unfilled. Prince Edward County Schools became the responsible division for paying the bill that the company gives for Prince Edward County and all surrounding counties; the other counties reimbursed Prince Edward County. The surrounding counties will now pay their bill to the company directly, which will show reduced expenditures of \$30,000. Dr. Smith explained the calculation on that item will have a small impact on the per pupil expenditure calculation because it is a reduction in expenditures for Prince Edward County Schools. He stated this arrangement that has been in place for a few years, which was a transitional plan; this arrangement artificially inflated Prince Edward County’s per pupil expenditures. This way the other counties carry their own. This doesn’t speak to the revenue side; it is a wash there, but in calculations of expenditures, this helps clean up that calculation. Mr. Bartlett stated it artificially increased that cost approximately \$15 per student.

Ms. Wahrman stated as the enrollment has been declining, the materials and supply budgets have not been decreased. The students have been receiving the materials and supplies needed. It has been

determined that cuts to Materials can be made division-wide by \$57,759. This will be the first reduction in the Materials and Supplies budget since there has been a reduction in the student population.

Ms. Wahrman stated with those reductions set forth, Prince Edward County Schools are at a zero-balance and have cut \$697,109 from the budget for next year. She added that three replacement buses have been added, not with the regular school budget but as a Capital Improvement request.

Ms. Wahrman stated the preliminary revenue 2015-2016 budget is \$24,363,148, plus the budget for Capital Improvement for the three replacement buses.

Ms. Wahrman stated the food service fund stands alone; that department is self-supporting without local appropriations for quite some time. The 1.5% salary increase is also included for the Food Service Supervisor and the Food Service cafeteria staff.

Mr. Bartlett said a 2% salary increase was given last year at a cost of approximately \$369,000. He said no additional funds were given from the Board of Supervisors. Ms. Wahrman stated the last time the Board gave a salary increase which helped with health insurance and the Early Reading Specialist was in 2013-2014, and cost \$240,000. She said that in 2012-2013, a 6% salary increase was given to offset the 5% VRS.

Mrs. Womack expressed concern regarding the need to take teaching assistants out of the budget. She said the kindergarten students are expected to work on the first grade level; all 17 children in the class are not on the same level. She requested consideration of teaching assistants for the classrooms; if the children in kindergarten are promoted to first grade and they are behind, they cannot catch up.

Dr. Smith stated the bus fleet is getting into a condition where it's getting difficult to be assured the buses are able to be on the road every day. The mechanics and transportation staff do a wonderful job; this past year, two buses were pulled from the spare lineup and put back on regular routes. Two needed remanufactured diesel engines; one was \$21,000. Repair costs on older buses are high. He said this is a serious need in terms of the safety of the children. He stated other localities have turned to leasing buses; he then reviewed information about leasing buses from one company as an example. He said this may be one way of extending the funds to get the bus fleet on a bit more solid ground.

Supervisor Gray asked what other bus companies were contacted. Dr. Smith said a competitive proposal has not been done; this was just to get an idea of costs. He added that the transportation

department asked that the schools continue to use the Thomas body buses instead of switching to another brand name like Blue Bird or International. Their concern is with parts inventory and known difficulties with Blue Bird buses in the past. Dr. Smith said other dealers that handle Thomas body buses can be contacted for further information. Supervisor Gray asked for information from other companies for competitive price information.

Supervisor Jones asked if the leased buses come with the optional equipment; Dr. Smith stated options may be specified which in turn cost more for the lease. He said it is a lease-purchase. Discussion followed.

Supervisor Timmons stated that last year, he asked how many teachers were anticipated to retire and could be replaced with new teachers at a lower salary, and at that time there may have been six or seven. The actual number was 20-21. He requested the same information for this year. If there is a \$15,000 cost differential between the new teacher salary and the one that is retiring, there's a \$300,000 savings that would be realized in the budget. Supervisor Timmons asked if that \$300,000 could be used to offset the additional teachers in K-3, or to offset the cost of requested buses. Dr. Smith said that if it is known that every position would be replaced with an entry-level teacher, that could be planned. Dr. Smith said that sometimes the best candidate is an experienced teacher. The best candidate from the applicant pool is sought out as the first criteria. Supervisor Timmons asked for the historical data on that savings realized over the past few years, and asked where that money typically goes.

Ms. Wahrman said that there are times when the funding level is reduced on the caboose bill because of declining enrollment or something the state has to do, that is where those funds are used to offset that revenue not received. Supervisor Timmons stated the budget is based upon those reduced numbers, and that number could be or should be used for these items. He asked for that information by the next meeting to include the last five years. He said that if there can be a potential savings identified, it may be helpful to the County's budget.

Supervisor Wilck stated that over the last five years, Prince Edward County student numbers have decreased by 455; 100 just this year. He questioned why students are leaving and what can be done to stop it. Dr. Smith said a lot of families are leaving the area to go to the Tidewater area or out of state, and there are not as many coming in. Supervisor Wilck stated he has noticed out-of-county buses picked up students

living in Prince Edward County to take them to other counties. He said people don't leave because they dislike the English teacher, it's something more than that and discipline seems to be the thing that comes up most. Supervisor Wilck said that isn't something that the Board of Supervisors can do anything about, it has to come from within the school. He offered to make telephone calls to the families that left to find out their reasons, and stated the decline began about five years ago.

Dr. Smith said the decline in enrollment began about ten years ago.

Chairman Dove said he would provide numbers for the past ten years. Supervisor Wilck stated the year with the highest ADM was 2003-2004 with 2,744 students. Prior to that, in 1992 it was 2,575 and rose to 2,744 and then began to decline.

Dr. Smith said homeschooling is increasing everywhere and one reason parents look at private schools is due to the SOL testing. Supervisor Wilck stated he is most concerned about the buses coming to Prince Edward County's border from other counties to pick up students. Discussion followed.

Supervisor Timmons then asked for clarification of the Sample Bus Lease information. Discussion followed.

In Re: Honeywell - Energy Performance Contracting and School Renovation

Representatives from Honeywell presented an Energy Performance Contracting update, reviewed the Technical Energy Audit Process and Capital Improvement Scope, and an example of a Honeywell finance option.

Following the presentation, Supervisor Timmons asked how long it would take if the County would secure financing for the project. Mr. Bartlett stated to go out for a bank qualified loan, it would take approximately one month.

Supervisor Timmons then asked the Honeywell representative the length of time to secure financing through Honeywell. Discussion followed.

Dr. Smith thanked Mr. [Donald] McClelland and the students for fixing the wonderful meal.

On motion of Supervisor McKay, and seconded by Supervisor Gray, and adopted by the following vote:

Aye:	Howard M. Campbell	Nay:	None
	Pattie Cooper-Jones		
	Robert M. Jones		
	Charles W. McKay		
	Howard F. Simpson		
	C. Robert Timmons, Jr.		
	Jerry R. Townsend		
	Jim R. Wilck		

the meeting was recessed at 6:49 p.m. until Tuesday, March 24, 2015 at 3:00 p.m. for a budget work session and presentation of the County Administrator's budget.