

March 24, 2015

At the special meeting of the Board of Supervisors of Prince Edward County, held at the Court House, thereof, on Tuesday, the 24<sup>th</sup> day of March, 2015, at 3:00 p.m., there were present:

Pattie Cooper-Jones

Calvin L. Gray

Charles W. McKay

Howard F. Simpson

C. Robert Timmons, Jr.

Jerry R. Townsend

Jim R. Wilck

Absent: Robert M. Jones

Also present: Wade Bartlett, County Administrator; and Sarah Elam Puckett, Assistant County Administrator.

Chairman Simpson called the meeting to order as a reconvened meeting.

In Re: Appointment – Citizen Volunteer Vacancy

Mrs. Sarah Elam Puckett, Assistant County Administrator, stated Dr. Raymond Dowdy has notified members of the Board of Supervisors and the Director of Social Services that he will be resigning from the Social Services Board effective the end of April, 2015.

Mrs. Puckett stated in order to fill the vacancy immediately, it will need to be advertised for Citizen Volunteers and the Board could fill the position at the May 12, 2015 Board meeting. The Board could wait and advertise it with other vacancies to be made at the June Board meeting.

Following some discussion, Supervisor Cooper-Jones made a motion, seconded by Supervisor Gray, to advertise the citizen volunteer vacancy for appointment at the June 2015 Board meeting; the motion carried:

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

In Re: Upcoming Meetings & Events

Mrs. Puckett distributed an updated Meetings and Events calendar and pointed out several meeting dates that were changed.

Mrs. Puckett stated the County received a letter from Congressman Hurt regarding the Elected Officials' Appreciation Breakfast to be held on Wednesday, April 1, at 8:00 a.m. She said she will take RSVPs to report to the Congressman's office.

Mrs. Puckett then said she received a telephone call from Mr. Kevin Wright, VDOT Residency Administrator, requesting the Board members to contact him directly via his cell phone or his main office number, and not to contact the Hampden-Sydney area headquarters. Mrs. Puckett stated the Board members may also contact her or Mr. Bartlett with their VDOT concerns and they will be passed along to Mr. Wright in a timely manner.

In Re: Update on Honeywell Project

Mr. Bartlett stated the Virginia Public School Authority offers a spring and fall bond issuance. The deadline for application is April 10 [2015] and the applicant had to know the maximum amount of the project. From previous discussions, the County was to receive the information prior to that date, but Honeywell informed the County that it will not be received until May [2015]. Mr. Bartlett stated the project may be started with interim bridge financing until the application period again in the fall.

Supervisor Wilck stated the Town of Farmville and Buckingham County received grant funding of \$200,000 for their police departments and asked if Prince Edward County received funding. Mr. Bartlett stated the grant funds are from the AG's office; due to personnel changes in the Sheriff's office, the deadline to apply slipped by. There may be another round coming up.

Chairman Simpson said he was questioned regarding grants available for security measures and if the County has a grant writer. Mr. Bartlett stated the first step is discovering how much is needed for the project; the Sheriff completed his review and will meet with two vendors in the near future for prices for the required specifications. He said the Security Committee will review the information and report to the full Board of Supervisors. Mr. Bartlett said the cost could be in the tens of thousands of dollars. He added there may be funding from the State. Mr. Bartlett said security and access management decisions will impact all citizens of the county regarding access to the Courthouse. Discussion followed.

In Re: Presentation of County Administrator's Budget

Mr. Wade Bartlett, County Administrator, reviewed the budget documents, the process for the budget approval, and then presented the Draft FY16 County Budget to the Board of Supervisors:

**INTRODUCTION**

*I am pleased to present to the Board of Supervisors my recommended budget for Prince Edward County for Fiscal Year 2016 (FY16). I look forward to the feedback and questions the Board will have as you consider my recommendations and make adjustments as you move through the budget process, eventually agreeing on a final budget. The development of the budget is the single most important function the County staff completes during any year. The budget is the County's chief decision-making document detailing both the revenue generation decisions of the Board and the allocation of those resources. I could not have presented the budget today without the help of the Constitutional Officers, Department Directors and my staff in the County Administrator's office. I would like to thank each of them for their assistance.*

*The budget initially approved by the Board of Supervisors for FY15 served as the starting point for the development of the FY16 budget. In developing the FY16 budget I maintained the spending reductions recommended by the Finance Committee and approved by the Board of Supervisors during last year's budget development process. Before developing the FY16 budget I had to understand the current financial position of the County and project how that position may change during the course of the current fiscal year. In other words, what will Prince Edward's FY16 financial starting point be on July 1, 2016?*

**FORECAST OF FY15 BUDGET RESULTS**

*Enclosure (1) is a chart of projected fund balances at the end of FY15 for our major budgetary funds. When totaling the funds together I predict the fund balance will increase by \$545,368 to \$11,002,244. Of that amount \$346,122 is contained in the School Cafeteria Fund and can only be used for costs associated with the operations of the cafeteria. An additional \$2,088,902 is found in the landfill construction fund which has historically been*

used to pay cash for the opening and closing of landfill cells. There is no mandatory requirement to pay such costs in cash, thus those funds are available for use at the discretion of the Board of Supervisors. It is predicted the Forfeited Asset Fund will contain \$51,632 at the end of FY15. Assuming the cash in those three funds cannot be used, the unrestricted cash balance for Prince Edward County at the end of FY15 is predicted to be \$8,515,588. The last two fiscal years in the County's cash has decreased almost 42% from the end of June until it hit its low point which was either in September or October. Assuming cash needs will follow the same pattern the County's cash balance will drop to about \$4.9 million sometime in September or October. This is a good but not overly large amount and would allow the County to withstand any unforeseen emergency or provide the ability to respond to any opportunity that may appear.

It had been forecast the County's fund balance would actually decrease in FY15. That would have indeed been the case except for one item – we did not have to open a new cell at the landfill. That expense is estimated to cost at least \$1.2 million. We will have to open a new cell in the near future with its associated expense. I will discuss that later in this document.

The General Fund is our primary source of revenue and supports the majority of all County operations. The General Fund will end FY15 with an increase in the fund balance of \$623,842 and end with a cash reserve of \$7,730,108. The result is much better than anticipated. The initial budget adopted for FY15 called for a draw from fund balance of \$90,190. During the course of the fiscal year the Board approved two additional appropriations totaling \$291,000 which increased the anticipated draw from the fund balance to a total of \$381,191. The first appropriation was \$81,000 and represented the reappropriation of funds that the Volunteer Fire Departments had not spent in FY14. The second appropriation for \$210,000 was made to allow the purchase of a new garbage truck. This has been accomplished at a cost of only \$146,000.

After deducting the revenue we will receive from the sale of land to VDOT, revenues in the General Fund will be approximately \$550,247 greater than originally budgeted. Almost \$120,000 of that amount is the result of receiving grant funds that were not in the original budget. Subtracting those funds means the ongoing revenues were about \$430,000 greater than budgeted. While a large number, it only represents a 2% increase over the budgeted amounts.

General Property taxes are estimated to generate \$147,000 more than contained in the budget. Personal Property Tax (\$52,000), Public Service Corporation taxes (\$57,000) and interest charges on late payments (\$23,000) account for most of this amount. The local portion of the Sales Tax is expected to generate \$93,000 more than budgeted while Permits/Licenses and Recovered Costs will be \$41,000 and \$68,000 more respectively.

Expenditures in the General Fund are forecast to be \$455,000 less than budgeted. The largest expenditure savings can primarily be found in Jail Costs (\$195,000), Planning Department (\$126,000), Refuse (\$40,000), Comprehensive Services (\$40,000) and the Building Official Department (\$30,000). Almost every department in the County is projected to under-expend its budget. I want to commend all County employees and Constitutional Officers and their employees for the hard work necessary to achieve such a positive outcome.

*Another major revenue source is the Landfill Construction Fund. Revenues from customers of the landfill who are located outside Prince Edward County are placed in this fund and accumulated and then used to pay for the closure and construction of new landfill cells. The balance in this fund will increase by \$304,516 to \$2,088,902, the reason for the increase as mentioned earlier was not having to open a new landfill cell as originally thought.*

*Water and Sewer fund balances will decrease a total of \$323,000 primarily due to debt payments.*

*For FY16, after deducting the transfers between funds and including the preliminary school budget of \$24,663,148, the budget for all funds is \$42,498,260. The budget is balanced but requires a draw from the General Fund balance of \$708,352. That amount is \$163,000 greater than the projected fund balance increase for FY15. In other words most of this draw from the fund balance is paid for from savings in FY15.*

*The reassessment of real estate has resulted in a decrease in the assessed values of almost 8%. To equalize the real estate tax rate I am recommending a real estate tax rate of \$0.51. Because of the tax increase last year, the reassessment this year and comments from several members of the Board, I did not entertain any tax increases to offset the deficit. I am recommending all other tax rates remain the same. Using this creates a real estate tax levy of \$7,502,401 as compared to \$7,491,126 for FY15. A difference of only \$11,275 or 0.15%. In summary, there is no tax increase in the County Administrator's budget. What I am recommending is an adjustment in the tax rate to equalize the value caused by the decrease in assessed values.*

*I am not recommending the cost of opening a new cell at the landfill be included in the FY16 budget. We will conduct a topographic survey of the landfill in November 2015. That survey could indicate the need to build a new landfill cell toward the end of FY16. If that is the case we will amend the budget.. Even if we can hold off another year we have to build a new cell in FY17 at a cost of at least \$1.2 million. Knowing that we should not rely on the cash contained and generated in the Landfill Construction Fund to cover day to day operating expenses in the rest of the County's funds.*

*After adjusting for the non-cash expense of depreciation, to balance the water and sewer funds required the transfer from the General Fund of \$236,560 to the water fund and \$89,170 to the sewer fund.*

*The total anticipated decrease of the General Fund balance for FY15 is \$708,352 while the Landfill Construction Fund balance will see an increase of \$297,000.*

*Enclosure (2) is a chart that shows the anticipated revenues, expenses and projected fund balances of the various funds at the end of FY16.*

### **FACTORS SHAPING THE FY16 PROPOSED BUDGET**

*The dominant factor in developing the FY16 budget was how to solve a beginning budget deficit of more than \$750,000 in the General Fund and about \$320,000 in the Water/Sewer Funds. The positive cash flow in the Landfill Construction Fund of slightly more than*

*\$300,000 offsets the deficit in the Water/Sewer Funds. But the long-term forecast of revenues and expenses in the Landfill Construction Fund anticipate the use of the entire cash balance by approximately 2023. As we all will recall, the current budget was balanced by the use of a transfer of \$664,286 from the IDA fund and a draw from the fund balance of the General Fund of \$90,190. The sale of land to VDOT allowed the transfer from the IDA; a like event has not happened and is not expected to happen in FY16. All things being equal the FY16 General Fund budget started with a \$754,476 deficit. As described above revenues exceeding budgeted amounts and expenditures being less than budgeted covered a large part of that deficit in the current Fiscal Year. But such positive results cannot be counted on to happen again.*

*The overriding theme of the FY16 proposed budget is level funding of expenses and slow growth in revenues. With very few exceptions all expenses have been held at level funding. This includes the schools, charitable donations and County departments. The County's health insurance premiums will decrease 5.2% saving about \$25,000 in the General Fund, \$9,000 in Social Services and \$3,000 for Piedmont Court Services. Our Workers Comp modification rate is decreasing from 1.11 to 0.75; this will decrease our premiums by \$11,000.*

*I am recommending a 3% pay increase for all County employees effective September 1, 2015. That date is the same date the state proposes to implement the increase they approved. This will cost the County \$127,605 for the 10 months in FY16 that it is effective and will be an annual increase of \$153,126.*

*The regional jail continues to be a driving factor and will remain so for the foreseeable future. While improvement has been made at the jail in regard to revenues these have been largely offset by increased expenditures. New federal and state mandates have increased expenditures, while the age of the buildings and HVAC systems are to the point that maintenance costs are rising. Both of these factors are largely offsetting the increased revenues. But one positive factor is that the County's ratio of prisoners in the facility is decreasing. This is decreasing Prince Edward County's share of the expenses. The FY16 budget contains \$1,255,736 for the regional jail. This is a decrease of \$129,264 or 9.3% from the initial FY15 budgeted amount.*

*The state and local economies are improving but at a very slow rate. The unemployment rate for Prince Edward County at the end of January 2015 was 7.1% as compared to 8.7% in January 2014. Construction appears to be steady with 10 building permits issued for single family dwellings from November 2014 – February 2015. The Commissioner of Revenue informed me she mailed 472 more personal property tax application forms this year than last. This is an indication the County will see an increase in personal property tax collections in FY16. The Commissioner still has much work to accomplish before a more definitive estimate of revenues from personal property can be made. Therefore the initial budget assumes collections from Personal Property will increase but only slightly for FY16. Luck Stone continues to move forward with the development of its quarry, but I did not include any anticipated revenue from this project in the FY16 budget. Finally, Longwood continues to see growth in its student population which will pump additional money into Prince Edward County's economy.*

*Revenues from General Property taxes are projected to increase \$212,759 or almost 2% when compared to the same amount in last year's initial budget. Revenues from other local*

taxes are estimated to increase \$118,068 or 3% when compared to FY15 initial estimates. These increases are considered the normal growth in local revenues from the construction of new buildings and the increase in the local workforce. The proposed 3% salary increase for employees of Constitutional Offices will provide the County slightly more than an additional \$63,000 from the Compensation Board. Totaling all of the revenue increases and decreases shows that the beginning of FY16, General Fund revenues are \$537,000 greater than the beginning FY15 revenues. As long as the economy does not fall back into recession and we continue to control spending growth there is a good possibility that we can grow our way out of the current deficit we are experiencing.

There are a number of outside factors that may still impact the FY16 budget. Final decisions and implementing instructions regarding the Commonwealth's budget have not been received. Thus, there is still uncertainty regarding the final disposition of State and Federal funding at the local level, but we must proceed with the information we have at hand. I have attempted to budget in a conservative manner. Positive news on any of the factors mentioned earlier will either decrease costs or increase revenues to the County.

#### **FY16 BUDGET DEVELOPMENT STRATEGIES**

While our revenues are not growing we still must invest in various capital investments. Enclosure (3) lists the capital / one-time purchases contained in the various funds, these total \$283,000. Most of the Constitutional officers requested a pay increase of 5% for their employees. I am recommending a 3% pay increase for all County employees. That figure was derived by adding the Cost of Living increases given the last two years to recipients of Social Security. County employees did not receive any raise last year.

Retirements and other personnel changes resulted in several offices seeing their personnel budgets decline. These include the Treasurer, the Commissioner of Revenue, and the Registrar.

With the election of a new Commonwealth's Attorney, I made the assumption the new office holder would be paid \$125,000. Assuming the Commonwealth does provide a 2% salary increase that amount could be reduced to as low as \$121,513. But as usual I wanted to be conservative in my calculations and provide the Board some flexibility.

Most outside agencies have been recommended to receive level funding. The one exception is the reduction of the amount provided to Crossroads by \$10,000. This is recommended in order to stay revenue neutral after Crossroads decided to no longer pay real estate taxes.

The personnel costs in the Sheriff's office will increase but that is the result of transferring the position and related funding of the School Resource Officer in the High School to the Sheriff's budget and the hiring of the School Resource Officer in the Middle School to be partially paid by a grant.

With the changes in the Biosolids program where the waste is now treated and classified as Class A, that position is being eliminated. While the expense is being eliminated, so too are most of the revenues. The end result will be a neutral impact to the budget.

*Finally, I am recommending the operation of the home user part of the Cannery be contracted to the same organization operating the commercial operations. Enclosure (4) is the proposal I received from Virginia Food Works. I am recommending the County accept this proposal. This change in operation will provide the opportunity for more efficient operation of the Cannery and the potential for operational cost savings.*

*The proposed budget includes a transfer of \$8,317,182 to the schools. This is the same amount contained in the current FY15 budget. It is less than the amount requested by the Schools because the schools did not reduce their request to reflect the transfer of funds to pay for the school resource officer at the High School.*

**Conclusion**

*I look forward to our future work sessions and realize the Board may make changes to the proposed budget. That is understandable and expected. Thank you for the opportunity to present this budget for the citizens of Prince Edward County.*

Supervisor Wilck questioned the practice of paying for prisoners from Cumberland. Mr. Bartlett stated there are usually only a few at any time, usually no more than two. The Court where a prisoner is tried and convicted determines which County is charged. That is a decision made by the Commonwealth Attorneys of the Counties involved.

Mr. Bartlett reviewed the Capital One-Time Expenditures for FY16 from the General Fund:

<b>DEPARTMENT</b>	<b>AMOUNT</b>	<b>DESCRIPTION</b>
Sheriff	8,000	Dispatch FF&E
	108,000	Vehicles
Court House	15,000	Circuit Court Clerk Renovations
	20,000	Front Walk
	5,000	Various Maintenance Items
	6,000	Replace carpet
	54,000	Security upgrades
General Properties	40,000	¾ Ton Truck
Sandy River Reservoir	5,000	Fishing Pier Repairs
Various	22,000	ADP Equipment

Supervisor Gray mentioned several other facilities in the County require work. Mr. Bartlett stated the Worsham Clerk’s Office needs to be repainted this year, as well as the Debtor’s Prison. He said a new

roof is needed on the Courthouse and two new sheds are needed at the Worsham and Prospect convenience sites this year, along with compactor bins. These projects will be completed this fiscal year.

Chairman Simpson suggested a dumpster level with the ground for citizens to more easily unload limbs and other natural debris. Mr. Bartlett stated the sites are not large enough to allow for that, but they may be able to build a ramp at the Rice and Prospect sites. Discussion followed.

Mr. Bartlett stated a proposal has been received from Virginia Food Works for Comprehensive Cannery Management for both the commercial and the home-user clients. He reviewed the proposal and its potential benefits to the County and its users.

Supervisor Wilck asked if the Cannery should remain open. Mr. Bartlett stated it is a decision the Board needs to make; he added the Tobacco Indemnification and Community Revitalization Commission has provided \$350,000 over the last few years for the Cannery operations and if it is closed, that money may need to be returned.

Supervisor Wilck asked if the facility could be sold to a commercial enterprise. Mr. Bartlett said it is possible, but the current operator knows the revenues and it would not be profitable now. However, the revenues have quadrupled. He said it may not ever pay for itself but many government operations do not. He added if the Virginia Food Works operates the Cannery for both home users and commercial operations, there would be several cost saving measures and they could provide a more efficient operation. He recommended accepting this proposal as electricity costs, fuel costs, and staffing costs will be reduced and it would offer a more efficient operation.

Mr. Bartlett then discussed the Distribution of Equalized Tax Rates, recommending a tax rate of \$0.51 due to the reduction in assessments. He said 62% of the residential parcels will pay less tax with the equalized rate.

Mr. Bartlett then reviewed the PowerPoint presentation to highlight several key points in the proposed budget.

Mr. Bartlett closed his presentation by stating the time to complete the budget process will seem shorter this year as the General Assembly passed their budget; the School Budget must be complete by April 30 and the County Budget needs to be complete at the same time.

Supervisor Cooper-Jones stated the County's web site was commended at the Supervisor's Training Program she attended; the County had the best budget on their web site. She stated Mike Chandler said Prince Edward County does a fantastic job with the content on the web site and it goes above and beyond the State requirements for transparency. Mr. Bartlett stated County staff members Magi Van Eps and Karin Everhart do all the work on the web site and are to be commended.

Supervisor Timmons called a Finance Committee meeting to be held on March 26 at 3:00 p.m.

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

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

the meeting was recessed at 4:13 p.m. until 5:00 p.m. on Thursday, March 26, 2015 for the Joint Meeting with the Town Council in the Farmville Emergency Operations Center, 116 North Main Street, Second Floor, Farmville, VA.