

February 26, 2010

At the regular meeting of the Board of Supervisors of Prince Edward County, held at the Court House, thereof, on Friday the 26<sup>th</sup> day of February, 2010; at 9:00 a.m., there were present:

Howard M. Campbell

William G. Fore, Jr.

Don C. Gantt, Jr.

Robert M. Jones

Charles W. McKay

Howard F. Simpson

Jim R. Wilck

Mattie P. Wiley

Also present: Wade Bartlett, County Administrator; Sarah Puckett, Assistant County Administrator; and Russell Dove, Prince Edward County School Board Chairman.

Chairman Fore called the special meeting to order at 9:00 a.m.

In Re: Prince Edward County School Board

Mr. Russell Dove, Chairman of the Prince Edward County School Board, reviewed the Professional Personnel Absences and Leaves policy, highlighting the following changes:

- Maximum of sixty leave days allowed for transfer to the school system for all employees

**Special Leave Payout for Retirees who make notification on or before April 2, 2010:**

- Employees with 25 years plus as of June 30, 2009 and retire under VRS will receive 100% of their per diem for all unused sick and vacation leave earned as of June 30, 2009. The payout will be made in annual installments not to exceed five installments.
- If the employee with 25 years plus as of June 30, 2009 does not indicate his/her intent to retire by April 2, 2010, they are eligible to receive 50% of the amount owed as of June 30, 2009, and all accumulation after June 30, 2009 will fall under the new policy. The limit on the maximum number of days will apply and the payout will be made in annual installments not to exceed five.

**New Leave Payout Effective April 5, 2010**

Employees who retire under the VRS and with the below number of years in Prince Edward:

<b>Years of Service</b>	<b>Percent* or dollar amount</b>	<b>Maximum Days</b>	<b>Dollar</b>
10-14	25 percent or \$35	110	\$ 3,850
15-19	25 percent or \$45	120	\$ 5,400
20-24	30 percent or \$55	130	\$ 7,150
25-29	30 percent or \$65	140	\$ 9,100
30-34	35 percent or \$75	150	\$11,250
35 plus	35 percent or \$100	150	\$15,000

\*Whichever is the lesser of the two amounts.

- Employees with less than 10 years in Prince Edward are not eligible for any leave pay-out upon retirement or otherwise.

Mr. Dove then requested of the Board of Supervisors a carry-over from the FY 09 School Budget of \$377,413 for the Athletic Complex, the Middle School and the Career Technology Center roofs, and other Technology needs.

Discussion followed.

Mr. Bartlett recommended the Board take this issue under advisement and not make a decision immediately, to allow the Board to review the County-wide budget including the schools.

Further discussion followed.

Chairman Fore said it would be premature to answer the request; he said a decision will be made as soon as possible.

In Re: Review of County Strategic Plan

Mr. Bartlett said a letter has been received from Gerald Spates, Farmville Town Manager, requesting a meeting with the Board of Supervisors, with no specific agenda of an informational nature, for the Town and the County to announce activities going on in the Town and the County, and to discuss items that are of concern to both entities to better understand impacts that the other locality is feeling.

Chairman Fore asked for comments on the 2009-2010 County Strategic Plan.

Mr. Bartlett said the “Shared Vision” does give the staff direction in planning and in what recommendations are made.

Chairman Fore led discussion of each item.

A change was suggested to the “Public Library System” to read “The town and county will continue to cooperate on a public library system for residents. The library and its future branches will serve as locations for expanded arts, educational and cultural opportunities.”

A change will also be included in “Responsible Economic Growth” in support of agri-business.

Chairman Fore then led a review of the Priorities for Action. Sarah Puckett said that in light of the current funding issues, the Board may wish to consider deciding which items are priorities for FY11. She said the Transportation issue would be difficult because even Revenue Sharing will not be available next year. Discussion followed.

Suggested changes were to revise:

- 1) *I. Community Development, D. Library* to read “maintain communication with Town” because the construction is complete.
- 2) *IV. Technology, D. Identify FY 09 funding balances that can be used immediately* as it is complete.

Supervisor Wilck volunteered to be the Board of Supervisors’ liaison to Longwood University if it would be appropriate. Chairman Fore asked Mr. Bartlett to contact Longwood University and Hampden-Sydney College regarding establishment of such a position.

#### In Re: FY 11 County Budget

Mr. Bartlett reviewed his letter to the Board of Supervisors, as follows:

The Fiscal Year 2011 (FY11) budget process will be the most challenging budget any of us have ever experienced. The reduction in revenues at both the state and local level mean we will have less revenue on which to build our County budget. The revenues we receive from the state will be reduced hundreds of thousands of dollars. The amount of revenues projected is lower than those received in 2005. But since 2005 we have had pay increases, cost increases in health insurance and retirement and additional state mandates that have increased the cost to operate. These mandates have driven up the cost of operations and cannot be reduced.

The following is a partial list of funding reductions contained in the Budget proposal submitted to the General Assembly by Governor Kaine:

Treasurer	\$ 53,552
Commissioner of Revenue	\$ 39,362
Clerk of Circuit Court	\$ 52,694
Commonwealth's Attorney	\$ 85,330
Sheriff	\$252,355
Registrar/Electoral Board	\$ 5,008
Litter Control Grant	\$ 6,000
<u>Social Services</u>	<u>\$ 8,585</u>
Total	\$502,886

In addition to these proposed reductions I have been notified to expect a rate increase of approximately 16% for our Health insurance premiums. This would result in an increase in cost of approximately \$80,000. Add that amount to the reductions listed above and our revenue reductions/cost increases would be almost \$600,000.

Both the General Assembly and Governor McDonnell have stated the increase in taxes requested by former Governor Kaine will not be passed. These tax increases produced additional revenues of almost \$1 billion annually or \$2 billion for the biennium. If those taxes are not increased that means the budget must be reduced by the same amount. Governor Kaine stated he had to reduce the biennium budget by \$4 billion. If you add an additional \$2 billion in reductions then the amounts listed above could increase by 50% or another \$251,443.

Both the House and Senate have reported their own Budget bills. Both houses have made considerable changes to the budget introduced by Governor Kaine. At this time no detailed report on the impact to each local government is available. There has been much talk that the House and Senate budgets restore various funds to local governments, specifically for Sheriff's and Commonwealth Attorneys. The House version contains no mention of furlough days while the Senate bill contains three furlough days in each of the fiscal years.

But a closer look at the bills reveals new reductions not contained previously and a raid on the communication tax which provides Prince Edward with over \$300,000 in revenue. The bottom line is the amount of revenue available to the state has not increased significantly. Thus, if the state restores funding in one area it must reduce it in another. The end result will probably mean localities will not be much better off than the amounts listed in Governor Kaine's budget.

Those are not the only reductions. There are several more but I do not know at this time what the impact on Prince Edward County will be. There will be reductions in funding for (1) Victim Witness, (2) Biosolids, (3) Regional Jail, (4) Police Training Academy, (5) State mobile home titling tax, (6) Juvenile Detention, (7) Schools to name a few. There could well be additional state funding reductions which at this time are not known in detail.

#### FY OVERVIEW

More information regarding specific funding reductions from the Commonwealth will become available as we move through the budget schedule. We must begin our budget process before that information is available. But there is no doubt revenues will be reduced. We have only three courses of action to counteract a reduction in revenue: (1) Reduce Expenditures, (2) Increase Revenues or (3) A combination of the two.

Enclosure (1) provides a review of our revenue picture for FY10 and a comparison with actual revenues received in FY09. The forecast for local revenues in FY10 are approximately \$940,000 less than the amount collected in FY09. There are three primary reasons for that reduction: (1) a decrease of almost \$400,000 received from the sale of land for delinquent taxes, (2) a decrease of almost \$265,000 in total property tax collections and (3) a reduction of almost \$168,000 from the local sales tax. That said, there is some good news. My forecast the collection of local revenues will exceed the budgeted amount by almost \$253,000. The main reason is the collection of almost \$400,000 more in personal property tax than budgeted.

Enclosure (2) provides a forecast of expected expenditures in FY10. Once again there is good news to report. Presently I expect we will under expend the budget by \$543,124. The end result predicts the decrease in the fund balance of \$367,747 which is much less than the amount (\$670,106) contained in the original budget.

#### FY11 BUDGET

My preliminary review of local revenues for FY11 reveals they will be very close to the amount contained in my forecast for FY10 – approximately \$14,900,000. That amount coupled with the state revenue reductions and insurance cost increase would yield a budget shortfall of almost \$950,000.

But what does that mean to our budget. First we must look at the expenditure amounts that are fixed. Our Debt payments in FY11 will be about \$830,000. We must pay such items as electrical, phone, gasoline, CSA, Social Services, courts, jail costs, refuse, and various state and federal mandated services. An estimate of those mandatory costs to include debt payments is approximately \$6 million. That leaves a discretionary budget of approximately \$14 million of which over one half is the local funding to the schools.

Over the last several years the Constitutional Officers and Department Directors have taken steps to reduce expenses. We have eliminated various contracts (janitorial, HVAC, etc.) and county staff is now providing those services. We have used in-house employees for maintaining the county administration vehicle fleet, painting, and etc. Where possible we are using part-time employees. All offices have decreased expenses such as postage and office expenses and reduced the money spent on training. To absorb previous budget reductions we have made reductions and are running a very cost efficient operation. We can still do a little more belt tightening but we cannot tighten enough to absorb this amount of reduction.

Using an across the board reduction process to absorb the revenue reduction would require a decrease of approximately 7% for each department. With the reductions we have taken previously Department directors and Constitutional Officers have

informed me that reductions of that magnitude could only be realized with reductions in personnel costs. Reducing personnel costs will have a direct impact on the level of service we will be able to provide our citizens.

Before I commence building the County's budget I am asking you for broad guidance. Basically, I am asking are there any items that are off the table, be that expenditure reductions or revenue increases. What do you consider to be the "core services" which should be protected at all costs if in fact they exist?"

Mr. Bartlett recommended the education funding be level-funded because of the upcoming state budget cuts. He said he would reduce it by the amount that their debt service will be reduced, because that is going to a specific item. Further discussion followed.

The Board directed Mr. Bartlett not to reduce local funding to the Schools in FY11, and to look at a combination of both expenditure reductions and revenue increases in working on the budget.

#### In Re: STEPS Ball Fields

Chairman Fore said the Board had a vision that the YMCA would be the umbrella under which all of the County recreation programs would operate, and which would include the Town. Because of that vision, the County made a sizeable commitment to the YMCA by giving the land and funding them with tax dollars. As time has progressed, the YMCA has grown tremendously and is doing a great job. Now it has come about that the PEFYA has stated they are running out of volunteers to operate their recreation programs; simultaneously, STEPS, Inc. is in a financial situation and must sell the athletic fields. STEPS, Inc. has approached the County to purchase the property. Chairman Fore asked the Board to consider the purchase of the parcel from STEPS, Inc., and turn the use of it over to the YMCA. Chairman Fore said it is an opportunity to expand the recreation program under the umbrella of the YMCA, and for the YMCA to grow. He added it doesn't add to the financial support that the County gives the YMCA, but it does add to the financial cost to the County to own and operate that field.

Discussion followed on contacting the Town of Farmville to partner with the County on this purchase. Supervisor Gantt said he saw this as an opportunity to work with the Town; Supervisor Wilck

said partnering with the Town would also minimize the impact on the County budget. Supervisor Simpson asked when the purchase would have to be paid; Mr. Bartlett said it would depend on how the financing is structured.

Chairman Fore said PEFYA has first opportunity to purchase this property, and asked the Board to consider the option to purchase the property for action on March 9, 2010. He said he and Mr. Bartlett will approach the Town of Farmville regarding partnering with the Town.

On motion of Supervisor Simpson and adopted by the following vote:

Aye:	Howard M. Campbell	Nay: None
	William G. Fore, Jr.	
	Don C. Gantt, Jr.	
	Robert M. Jones	
	Charles W. McKay	
	Howard F. Simpson	
	Jim R. Wilck	
	Mattie P. Wiley	

the meeting was adjourned at 12:30 p.m.