

February 22, 2023

At the special meeting of the Board of Supervisors of Prince Edward County, held at the Court House, thereof, on Tuesday, the 22<sup>nd</sup> day of February, 2023; at 5:30 p.m., there were present:

Pattie Cooper-Jones  
J. David Emert  
Llew W. Gilliam, Jr.  
Victor “Bill” Jenkins  
E. Harrison Jones  
Odessa H. Pride  
Jerry R. Townsend  
Cannon Watson

Also present: Douglas P. Stanley, County Administrator; Crystal Baker, Finance Manager; and Jimmy Sanderson, Davenport and Co.

Chairman Gilliam called the special meeting to order.

Chairman Gilliam offered the invocation and led the Pledge of Allegiance.

In Re: Prince Edward County Capital Improvement Financing Update

Mr. Douglas Stanley, County Administrator, introduced Jimmy Sanderson, Davenport and Company, to present information on the County’s financial standing and to review the projects the County is undertaking. Mr. Stanley said this year, the County has two projects: the Elementary School renovation and the Sandy River Reservoir Project. He said the if we have the State facilities, it will help generate revenue to offset some of the debt and help get the Sandy River Reservoir project off the ground and will require a County subsidy. Mr. Stanley said he is still working on the sales tax issue; he said the [House] bills are dead but the concept is still being pushed. That could help with the School project; the County is negotiating with DGS (water contract) and with Prince Edward County Infrastructure (PPEA Agreement), but we have to make some assumptions at this time to present a financial status of the County.

Mr. Sanderson reviewed the “Affordability Analysis” presentation; he reviewed the existing debt service and the estimated school debt service. Mr. Sanderson stated that the County currently has \$250,000 budgeted in the Capital Improvement Plan (CIP) contribution and about \$200,000 in meals tax revenue. He stated that moving forward, the County will need approximately an equivalent increase of 5.5 cent or equivalent on the tax rate; a one cent tax increase

would equal approximately \$175,000 in revenue. He said a 6.7 cent increase in the tax rate would cover the school debt for 20 years. He then reviewed the options over 20-25-30 years, comparing the outcomes.

Mr. Sanderson said County finance policies in place that relate to the debt obligations and how much debt will be taken out; these were put in place by prior Board members and are guideposts for the current Board. One is how much debt to total assessed value is outstanding; there is a policy of three percent (3%) which is very low. The County currently has very limited debt. This will add to it but it is well within the scenarios under any scenarios that we finance, either 20, 25, or 30 years. He said another controlling function is the ratio of debt service to expenditures, or how much of the total budget on the expenditure side is made up of debt service. He said Prince Edward County has a policy of 12% with the County currently at less than five percent (5%).

Mr. Stanley said the potential to levy a one percent (1%) sales tax would not include a tax on groceries. He stated that the language in the State Code, if the County was authorized to hold a referendum, could be in place for 20 years. If that is an option, it would determine the length of the borrowing, and the tax could be in place 20 years which would give five years, in theory, on a 25-year borrowing, that the sales tax would not be available and leave the County five years without debt coverage.

Mr. Sanderson said the Sandy River Reservoir Project will produce revenue that will offset contributions from the County. He said a 30-year amortization, with level debt from the very beginning, will allow the County to pay this down very quickly. He said at a \$41 million contribution, the County would be about \$2.5 million in annual debt service; with over \$380,000 already in the budget for it, the County would need to come up with \$2,120,000 which would add an estimated 12 cents (\$0.12) on the real estate tax rate. He stated an application has been submitted to the Virginia Resources Authority (VRA), which is a state issuer on local government projects such as this; there are several financing programs that they have the County could go through. He suggested not locking in the total costs right away, but to do a "Bond Anticipation Note" which would require interest-only payments for five years. After five years, the County would take the debt out long-term, which would allow the County to see how the project went and who was purchasing water. If more users sign up than are anticipated, the County could amortize that debt and pay it back more quickly without overburdening the County's contribution to the debt service.

Mr. Sanderson discussed debt vs. assessed value. He said typically utility debt is not included in these types of calculations, but the County is supporting it. He stated that over 20 years, to cover it completely would add 17.5 pennies on the tax rate, at 25 years, it would be 16.5 pennies on the tax rate, and at 30 years, it would add 16 pennies

on the tax rate. Mr. Sanderson then reviewed the smaller obligation of the County for their part of debt; he said at \$21 million, the County's estimated annual debt service is about \$1.1 million to \$1.5 million.

Mr. Sanderson said the combined \$71 million Affordability Analysis [for the projects] is less than 12 pennies for a duration of 20 years, nine (9) pennies at 25 years, and about eight (8) [pennies] for 30 years. He stated the goal is to continue conversations with VRA; they are being very helpful in finding which programs are best suited for the County.

Mr. Stanley said that last year, the Board made the decision to put \$250,000 in the budget for debt service to be put toward the Elementary School project. He said the Board adopted the Meals Tax with a projected revenue of \$200,000. He added that \$450,000 makes a dent into the anticipated debt service. Mr. Stanley said the County is going to a four-year re-assessment cycle which will be completed by December 31, 2024 and will go into effect in 2025. He said in the last reassessment that went into effect January 1, 2021, there was an eight-cent (\$0.08) difference between the current and equalized tax rates.

Chairman Gilliam stated that when he and Supervisor Jones were on a Zoom meeting, examples were presented of Hanover, VA; he said they are looking at a \$350 million budget and their rate is at \$0.81, and projected a 10% increase, average, and they will not have to change their tax rate because they changed it years ago to have money to operate with and to do things they need to do. They put the rate \$0.04 higher and have funding coming in every year to do projects. He asked if that is the right thing to do.

Mr. Stanley said those localities are reassessing and leaving the rate [where it is].

Mr. Sanderson agreed and said those localities didn't change their tax rate for about 20 years, but their assessed values increased. The average tax that someone would pay on a \$100,000 home kept going up. The value of one penny went up. Discussion followed.

#### In Re: Proposed Budget Goals

Mr. Stanley stated that during the past budget year, the Board did a good job dealing with the operational needs of the community and the school system, and making strides towards putting money aside for the debt service. He said money was in the budget to take care of capital needs. He then asked for guidance on what the Board wants included in the budget process.

Budget goals include:

- Maintain or improve current levels of service

- Stay competitive with staff salaries, address compression
- Continue financial planning process for capital improvement projects including Sandy River Water System, Elementary School Renovation, the Animal Shelter, and Public Safety Radio System Improvements
- Promote economic development – Invest in the Community
- Maintain low real estate tax rates

Mr. Stanley said last year, significant increase in the operational support of the school system. He said a strongly-worded letter was sent requesting visible results for the investment put into the schools. Discussion followed.

Chairman Gilliam stated he agrees with adding those few pennies [to the tax rates] incrementally; he said he would have rather had it build over time than all at once. He said what is in front of the Board with the Sandy River [Reservoir project], if it had been done years ago, it would have cost half of what it will cost now.

Supervisor Jones suggested switching to twice-a-year billing. Supervisor Townsend suggested educating the citizens that they can pay year-round if they desire. Discussion followed regarding additional work for the County offices and the collection of taxes. Mr. Stanley stated the County should start now to prepare for twice-a-year billing in the future.

In Re: Proposed FY 2023-2024 Budget Cost Drivers

Mr. Stanley reviewed budget cost drivers:

- Anticipated Flat revenue
- A few personnel priorities - IT Director FT, Salary Increases
- State School Shortfall/Salary Increases
- CIP items
- Public Safety Pressures
  - Volunteer Fire Departments - Increased insurance costs
  - Sheriff Department Budget

In Re: Staff Direction

Mr. Stanley discussed the following:

- Departments were not asked to use zero based budgeting this year, however they were asked to justify each additional expense for the proposed budget. Requests for increases will go through the justification during meetings with the Board.
- Department heads/Constitutional officers were asked to include a 5% across-the-board COLA increase. Any merit raises for employees that would be considered after the review of the anticipated revenue. Any additional requests for funding and/or staffing must be made separately and such requests will be reviewed and prioritized for funding by the Board.
- Positions that were approved and started mid-year could be funded full-year
- Any additional increase requests will be prioritized

In Re: Budget Personnel Costs

Mr. Stanley then reviewed the following Personnel costs:

- Health Insurance Increase - 5% Included
- 5% Salary Increase Proposed Initially - Need to look at COLA + STEP -Impact of State increases - GA looking at bumping to 7%
- Some departments will ask for merit increase for specific employees

Supervisor Emert asked if any counties have full-time vehicle maintenance departments. Mr. Stanley said that Prince Edward County uses just about every vendor in town; discussion on vehicle repair followed.

Supervisor Jones mentioned the letter that the Board sent to the School Administration and asked if the funding is the only say the Board of Supervisors has over Prince Edward County Schools. He said the citizens want to see improvement at the Schools, not necessarily renovations. He questioned the options the Board has for motivation and when will be the proper time for that discussion.

Mr. Stanley said the next meeting with the School Board will be a Joint Finance meeting on Wednesday, March 8 [2023]. He said that in a few weeks, the Superintendent will be in front of the Board to present the Prince Edward County School budget, and it is fair to request information on improvement for the \$800,000 provided for additional operating funding in the FY23 budget which was to help improve salaries, hire positions and other improvements in the school system. Some discussion followed.

Mr. Stanley said the Joint Finance Committee members can carry that message to the Schools' Finance Committee, that it is up to the Schools to present results.

Supervisor Cooper-Jones stated the Schools previously requested funding for additional teachers and another counselor and none of those positions were filled. She said they come to the Board with proposals for what is needed, and then the funds go unused.

Supervisor Emert said the Board of Supervisors gets the comments that the Board hasn't done certain things, but it is up to the School Board to require their maintenance department [to do something]. He said if the Schools need something, then they should go to the Board of Supervisors. He said part of the water problem in the [school] buildings should have been caught a long time ago, brought to their staff and said "This has to be fixed today." He said it is the School Board's responsibility to have their people to look into it, and if [the employees] can't do it, they can come to the Board of Supervisors for assistance. Supervisor Emert said the Board of Supervisors takes the heat a lot of the time for these things but has no authority to do them.

Mr. Stanley suggested that each Board member go to their respective School Board member and have that conversation with them. Discussion followed.

In Re: School Carry-Over and Additional Appropriations

The County received a request from Prince Edward County Public Schools requesting an appropriation in the amount of \$180,955.11 to the school operating budget. These funds are federal reimbursement grants. There is no local match required for this appropriation.

FY22 BUDGET SUPPLEMENTS

Rev/Exp	Fund	Dept	Object	Description	Debit	Credit
3 (Rev)	250	33020	0002	Carry Over Title I		\$48,843.13
3 (Rev)	250	33020	0003	Carry Over Title II – Part A		\$1,192.07
3 (Rev)	250	33020	0014	Carry Over Title IV – Part A		\$13,002.62
3 (Rev)	250	33020	0015	Carry Over Title V – Part A		\$26,966.90
3 (Rev)	250	33020	0023	Carry Over Title I – Neglected & Delinquent		\$3,535.69
3 (Rev)	250	33020	0030	Carry Over C&T (Perkins Grnt)		\$6,335.09
3 (Rev)	250	33020	0030	Career & Tech (Perkins Grnt)		\$3,805.83
3 (Rev)	250	33020	0046	SIG – Middle Sch Reg Grnt		\$77,273.78
4 (Exp)	250	61000	0001	Instruction	\$180,955.11	

The County received a request from Prince Edward County Public Schools requesting an appropriation in the amount of \$350,000.00 to the CARES Act budget. These funds are federal reimbursement grants. There is no local match required for this appropriation.

FY22 BUDGET SUPPLEMENTS

Rev/Exp	Fund	Dept	Object	Description	Debit	Credit
3 (Rev)	250	33020	0103	CARES – ESSER II		\$200,00.00
3 (Rev)	250	33020	0107	CARES – Unfinished Learning		\$50,000.00
3 (Rev)	250	33020	0106	CARES – Before & After School		\$100,000.00
4 (Exp)	250	61000	0001	Instruction	\$350,000.00	

Supervisor Cooper-Jones made a motion, seconded by Supervisor Emert, to appropriate the budget supplements as presented; the motion carried:

Aye: Pattie Cooper-Jones  
 J. David Emert  
 Llew W. Gilliam, Jr.  
 Victor “Bill” Jenkins  
 E. Harrison Jones  
 Odessa H. Pride  
 Jerry R. Townsend  
 Cannon Watson

Nay: None

In Re: Budget Schedule

Mr. Stanley presented an updated Budget Schedule and reminded the Board there is a Joint Finance Committee Meeting on March 8 at 1:00 p.m. in the School Board Office.

Following some discussion, the Board set the VDOT Six-Year Plan meeting for March 7 at 5:30 p.m.

Mr. Stanley said Supervisor Jenkins had questioned the street-naming policy. He reported that to rename a road, all residents of that road must request the change. He said the majority of the Board must then agree on the change. The residents of the road are responsible for all costs to change the road name.

Mr. Stanley said that Meadowview Lane, off Route 15, has run out of numbers for that road. He said in 2000, the County adopted a new mile marker system; he said every 5.28 feet is a number from 1-1,000 in a mile with even numbers on one side of the street and odd numbers on the other. He said it is done that way for Emergency services purposes to better identify where the property is located. Mr. Stanley stated roads elsewhere in the county had a different numbering system, provided by giving the next number to the next property down the road. He said that when there was a lot in between, problems arose and the numbering of the lots on the road was assigned incorrectly. He said the County will go out to put up new address markers for the entire road and the residents will get a letter explaining what their new address is to all residents of Meadowview Lane. The Post Office will also be provided with a list of the new addresses.

On motion of Supervisor Emert, seconded by Supervisor Townsend, and adopted by the following vote

Aye:	Pattie Cooper-Jones	Nay: None
	J. David Emert	
	Llew W. Gilliam, Jr.	
	Victor "Bill" Jenkins	
	E. Harrison Jones	
	Odessa H. Pride	
	Jerry R. Townsend	
	Cannon Watson	

the meeting was recessed at 9:55 p.m. until Wednesday, March 7, 2023 at 5:30 p.m. for a work session on the VDOT Six-Year Plan.