

A WORK SESSION OF THE BOARD OF SUPERVISORS WAS HELD ON THE 2ND DAY OF APRIL IN THE YEAR OF OUR LORD NINETEEN HUNDRED NINETY-EIGHT IN THE BOARDROOM OF THE COUNTY ADMINISTRATION BUILDING AT 6:05 P.M.

IN RE: ROLL CALL

Mr. Lipscomb called the meeting to order at 6:05 p.m. and asked the clerk to call the roll.

James H. Burrell	Absent
Mark A. Hennaman	Present
Frederick G. Bahr	Present
Rebecca M. Ringley	Present
Julian T. Lipscomb	Present

IN RE: FY 98-99 BUDGET EXPENDITURES

Mr. Emerson handed out a list of expenditures to the Board. He stated the School Board submitted their adopted budget and have requested an additional \$125,385 in funding to give all staff members and para professionals a total salary increase of 5 percent. In the adoption of their budget the schools funded an overall 8 percent salary increase to the para professionals and a 3.6 percent salary increase for other staff members. The Board had requested information on local area school salaries and turnover, etc. and Ms. Carmichael collected this information (which was handed out to the Board). It lists what other school systems are doing as far as their salaries for teachers are concerned. The entry level salary will not change much from what the School Board has it at now.

Mr. Emerson went over the recommended expenditures for the FY 98-99 budget which totals \$27,889,203 (with the \$5,800,000 for schools shown on both sides). The tax rates will not change. All of the departments/agencies requests were cut (with the exception of the school budget). Mr. Emerson recommended \$5,800,000 for local school funding (an increase of \$339,898) which creates an increase of 6.2 percent. Over the last thirteen years the change in local contributions has increased 149 percent while the increase in the student population has been 49 percent. Local funding has outpaced enrollment. The schools do have unfunded mandates which have increased over the years as well as debt service from increased school facilities. There was some discussion on when the state started giving amounts for teachers salaries.

IN RE: NEW POSITIONS

The new positions to be funded are: accounting clerk in the Treasurer's Office, creation of the Information Systems position, additional Social Services worker (funded by the state), Family Preservation Coordinator (federal grant), part-time wastewater treatment plant operator for the Rt. 155 facility, going from part-time to full time is an animal control officer (part of the agreement with the Sheriff's Office in transferring that operation to that office), and a Public Works secretary going from part-time to full-time. Positions that were not funded: Director of Parks and Recreation (the Parks & Recreation plan has not completed the review process and has not been adopted by the Board of Supervisors and an operational agreement has not been worked out with the schools and private recreational organizations, the space issue, research process of setting up this type of program, and the position was requested without support staff); and a Social Services eligibility worker was not funded because the state would not provide for this position.

IN RE: CAPITAL REQUESTS

Items funded are: AS400 Mainframe, Office of Information Services, network hardware and software, turn out gear for the Fire Department, airport tank removal and new tank, credit card pump for the airport, engine room demolition at the Airport, and water fund tank maintenance program. Capital requests that were not funded: Emergency Services vehicle, Wastewater Treatment vehicle, Moores printing system, GIS Arc Info upgrade (anticipate 100 percent grant funding from Chesapeake Bay Local Assistance Dept.), Fire Department heavy rescue truck for Company Two, Sheriff's Dept. in car video system, and Treasurer's Office request for video camera system. The heavy duty fire truck has not been researched, the study is not completed, and we just finished paying for a fire truck for Company Two.

Regarding the Fire Department, funds have been included for insuring three old Sheriff's vehicles - Mr. Emerson recommended a car go to each Fire Department which would leave one car to send to the school system and hold one car back for the part-time wastewater treatment plant operator in the event it becomes a full-time position. The vehicles would stay titled to the county and remain under the county's insurance. The departments will have to maintain the vehicles.

The airport will have a credit card gas pump and a vending machine has been purchased that will dispense oil in quarts. This will possibly eliminate the need for having personnel at the airport to pump gas and oil. The rent money for the hangers is mailed directly to the Treasurer's Office. We currently do not give out radio information and can get an automated weather system for \$40,000 of which the state will pay \$32,000. We are currently spending \$22,000 in salaries. Also, the Board may consider letting someone run a maintenance shop there and lease out space. There are outdoor telephones and vending machines, but access is needed to the hangars for restrooms. Perhaps a port-a-potty could be used. Mr. Lipscomb said someone might want to lease space for a flight school and/or rental of aircraft.

Funding for reassessment is \$75,000 - we have to go out for proposals on this. It will be a biennial project which will occur again in FY 2000. We are getting off a six year cycle and onto a four year cycle.

Confinement of prisoners has been budgeted at \$50,000 for the last two years. New Kent currently receives a \$100,000 credit against costs in the agreement with Henrico County. Additional costs for the past two years (over \$100,000) have been \$6,150 and \$16,165 respectively. This year incarceration costs have gone up due to long term guests. The Sheriff thinks we may need to increase this amount.

CVHPA and Salvation Army - this is the first year the budget has monies for these two agencies. CVHPA was funded at their request of \$1,443 and \$3,000 for the Salvation Army (they requested \$10,000). Mr. Emerson said the CVHPA does health care planning and with the potential for Del Webb coming into the county, he felt they would be useful.

Historic Commission request for funds to do survey - Mr. Emerson did not recommend funding this year as the grant to do the survey is available every year. He thought it should be delayed until the county's comprehensive plan was updated and done with it.

Reserve Contingency - There is \$245,509 as a buffer for revenue shortfall and unexpected expenditures. Anything left over at the end of the fiscal year will go back into the fund balance and can be spent on capital expenditures (like radios and sewer lines).

Salaries for this year reflect a 2 percent cost of living increase for county employees and an average 3.67 percent increase effective December 1 for constitutional officers and their employees. County employees

will be eligible for a 0-3 percent step merit increase based upon their performance review effective on their anniversary date.

RE: REVENUES

Mr. Emerson stated the IDA is considering an economic development study. Mr. Emerson is waiting upon a proposal from Virginia Tech on this study. The Board may also want to consider creating an economic development office. Mr. Emerson handed out copies of the Revenues to the Board. Revenues have increased \$846,030 over the last year for total local discretionary revenues of \$10,976,713. Real estate has been forecasted at 95 percent. Personal property has been forecasted at 93 percent. Real estate has been performing strongly this year and collections are up. Personal property is not performing as well and with the Governor's proposal on personal property tax, he did not recommend the number be raised. Business licenses, sales tax, and investments have shown strong growth, which Mr. Emerson attributed to a growing commercial base and strong fund balance. The state provided revenues are coming in as forecasted earlier. They are not funding the Commissioner of Revenue and Treasurer's offices as strongly as they once did. Mr. Emerson went over the projected revenues from the racetrack. The real estate projections have increased \$297,534. The public service corporations are decreasing because a reassessment hasn't been done. Personal property is forecasted to go up \$211,809. Mobile homes are going down to \$15,000. Airplanes are going down also. Machinery and tools were reduced due to an adjustment by the Commissioner of Revenue during the year. Penalties and interest increased \$10,000. Sales tax has had good growth due to the grocery stores and the increased commercial base around Bottoms Bridge. Consumer utility tax numbers are provided by the utilities corporations and are going up \$4,000. Business licenses - provided by the Commissioner of Revenue - are performing strongly this year and have been pushed up \$380,000. Motor vehicle license has been pushed up another \$10,000. Bank stock taxes went down (this is based on the number of branches and depositors). Recordation taxes has been increased \$10,000. The proposed Del Webb project was discussed. Animal licenses are projected the same as last year. Permits and fees are projected at the same rate. Fines and forfeitures went up \$12,000. Investments went up \$70,000. Local discretionary revenue rose \$846,030. All the other estimates are state numbers.

In the future the accounting standards manual will be brought to the Board which will list the fund balance policy that sets up 15 percent of the expenditures and anything above and beyond would go into the capital items fund. The communications study was discussed.

Mr. Emerson handed out the Robinson, Farmer, Cox report to the Board on the enterprise fund. Water fund balance - This is healthy now (about a half million dollars) and they are not proposing any rate increases. The county will be taking over the facility on Rt. 33 this year and Rt. 155 as it grows. The county is setting a sewer rate. There will be two new customers on the Rt. 155 system - Legends Clubhouse and VDOT.

Mr. Emerson went over the budget calendar - advertising the budget in the Tidewater Review on April 8 and 15 with the public hearing set for April 22 and adoption of the budget on April 30.

Ms. Shelley Carmichael handed out copies of a draft budget brochure including tax rates, graphs, and generally explaining the budget. These will be mailed to the citizens and copies will be left at the library and administration building.

Mr. Lipscomb asked if there was any way they could stipulate the extra money going to the schools be used to bring first year teachers up to the state average. Mr. Emerson responded he thought they could do it categorically, but it's not that definitive. Mr. Hennaman said they could provide them with the Board's

strongest suggestion on where monies could be used. Mr. Hennaman asked if it was Mr. Emerson's understanding (from Dr. Geiger's letter), the School Board, if they received the additional \$125,385, then all other staff members would be able to get to a 5 percent increase? Mr. Emerson said that was his understanding. Mr. Hennaman asked if the teachers at the top level would be included? Mr. Emerson said he thought it was 5 percent for everybody. Mr. Hennaman asked if the 5 percent also included the administrators and principals? Mr. Emerson said, from the letter, he would think so. Mr. Hennaman said he had no problem funding the school division where the problems were, but was not interested in funding a 5 percent increase for the superintendent or administrators. Mr. Lipscomb said he would like them to take the money and bring the first year to seven year teachers up to state average and then give out a percentage. Ms. Ringley said she hadn't heard anything about the administrative salaries except for the secretary's pay. She had heard their salaries were not equitable if a study was done comparing them to other localities as the teacher's salaries were. The proposed salary increase for teachers and what would happen to the salary scales were discussed. Mr. Hennaman said the Board thinks some improvements need to be made to the teachers and para professionals salaries, but this should not be an issue they have to discuss. Mr. Lipscomb asked if Mark, who is the School Board liaison, would set up a meeting with the School Board chair and Mr. Geiger? It was decided Mr. Hennaman and Mr. Lipscomb would attend the meeting.

Ms. Ringley said she wasn't sure it was the Board's place to discuss this. The School Board has \$72,000 in a reserve fund and she understood this Board has a reserve fund for emergencies for the school system or any other department. She thought it was fiscally irresponsible and duplicating a reserve. She felt the money should be directed towards salaries or other programs. This reserve fund the schools have has been a flow through fund. They are not budgeting in their lines properly and aren't using the budget as a tool.

Ms. Ringley was concerned that as the taxing authority of the county, the Board was ultimately responsible for the expenditures. Ms. Ringley said she was asked how long it would take the Board to release money for emergencies to the schools - if needed? Mr. Emerson said he has a contingency in his budget and he could respond almost immediately with the chairman's approval - or go before the Board if there was time. Ms. Ringley said she still feels the School Board should not have a reserve fund - this is the first year they have had it - how have they operated in the past? Did any other department in the county have a reserve fund? Mr. Emerson said no. She asked what happened to the surplus in every other department. Mr. Emerson said it returns to the fund balance. She then asked what happens to the school's surplus. Mr. Emerson said they aggressively spend it down. Mr. Emerson told Mrs. Ringley the county administration stops line item transfers somewhere in the March/April time frame and unless there is an emergency, they don't allow the departments to spend down the surplus. Ms. Ringley said she felt there was no need for the School Board to have a reserve fund when the county had one for emergencies. Mr. Hennaman said there seemed to be an inability of either the School Board or the superintendent or both to make the differentiation between what is an emergency expenditure and what is an unanticipated expenditure due to normal increases. Most budgets allow a little breathing room. When the Board of Supervisors came down on the School Board last year for having such grossly padded line items, they then reeled these things in and called it a reserve fund for emergencies. He hoped there would be a little breathing room in each line item for unanticipated expenses. He agreed with Ms. Ringley that if the \$72,000 is there to anticipate an additional car or learning materials for a disabled student that wasn't expected, then he would think it would be something of a rare occurrence that is unanticipated.

Mr. Hennaman stated that an extra \$132,000 can go to the schools for salaries and if they could agree to do without their \$72,000, then he'd like to see the money go towards a new bus. Mr. Lipscomb said they were going to buy new buses last year, but only got one. Mr. Emerson reminded the Board they had agreed at the School Board budget presentation meeting to allow any excess money to go into a capital fund for the schools to make this type of purchase. Mr. Emerson stated Dr. Geiger had told him he thought the excess funds would total \$130,000 at the end of this year, and they are talking about

purchasing trailers, technology, and textbooks. Discussion followed about the cost of trailers and buses. Mr. Hennaman stated the monies that went into the capital fund should not be requested in subsequent years. Mr. Emerson said once you appropriate, that should be what it costs to run the school system - you shouldn't have a large amount left at the end of the year. Ms. Ringley still felt the School Board should not have a reserve fund. Mr. Hennaman said a reserve fund for the School Board was technically illegal and if money is tucked away in a reserve fund, then at what expense is that to other programs? It's hard to understand all the complaints that come throughout the year for supplies that aren't being purchased and are needed - teachers say they are buying materials out of their own pocket - why isn't the money being directed towards purchasing these materials? Ms. Ringley said how it is being used bothers her. They started out with \$72,000, added \$200,000 +/- from ADM, and floated in some more for salary differential for vacant positions, and then approve \$280,000 in expenditures - this is not a reserve account, it's a miscellaneous income account.

Mr. Hennaman asked what the Board wanted him to discuss with the School Board at the meeting he was setting up. It was the consensus of the Board to give additional monies (\$132,000) for salary increases. The Board had differing views on whether the increases should be across the board or for the first seven years to bring those years up to state average. Mr. Emerson suggest the Board send an emissary to the School Board with a message of "this is what we are going to do, this is what we would like you to spend it on." Let this message be public.

Mr. Emerson said that's all they can do - ultimately it's the School Board's decision. Mr. Hennaman said he was uncomfortable with the idea of directing the percentage of certain salary levels to the School Board. Ms. Ringley said if the School Board were to take the 3.6 percent for staff other than the para-professionals, add to it the \$132,000, and add the \$72,000 it would increase by over 2 percent. The Board agreed this suggestion should be presented to the School Board. Ms. Ringley said this would show the Board's support of the schools.

Mr. Hennaman asked, with the additional \$132,000, what is the local revenue funding for the schools? Mr. Emerson said 52.8 percent - or an increase of 6.2 percent in local funding to the schools.

The Board decided to advertise the budget in the Tidewater Review on April 8 and 15 as well as prepare an informational brochure for the public. The public hearing for the budget will be on April 22 at 6:00 p.m. and adoption of the budget will be April 30 at 6:00 p.m.

Mr. Bahr made a motion to adjourn.

James H. Burrell	Absent
Mark A. Hennaman	Aye
Frederick G. Bahr	Aye
Rebecca M. Ringley	Aye
Julian T. Lipscomb	Aye

The meeting was adjourned at 7:59 p.m.