

**Buckingham County
Board of Supervisors
March 16, 2011
Budget Work Session**

At a Budget Work Session for the Board of Supervisors held on Wednesday, March 16, 2011 at 7:00 p.m. in the Agricultural Center Auditorium the following members were present: E.A. "Bill" Talbert, Chairman; I. Monroe Snoddy; Joe N. Chambers, Jr.; Dr. Brian D. Bates; Danny R. Allen; and John D. Kitchen, Jr. F.D. "Danny" LeSueur was absent. Also present were Rebecca S. Carter, County Administrator; Karl Carter, Asst. County Administrator; and E.M. Wright, Jr., County Attorney.

Re: Quorum Present

Chairman Talbert certified there was a quorum-six members present. The meeting could continue.

Talbert: Before we go any further with the invocation and pledge, this is a work session for the Board. I am so glad to see all of you here. So yall listen, attentive ears, you'll find out how your board, seven...well there's only six of us here tonight, but anyway, work. We won't be having any comments tonight from the public at all for the simple reason, we will have a public hearing and once we get this work session over and if we have to carry it over to another meeting we will and then it's got to be a public hearing and that's when all of you will have a time to say whatever. But I do appreciate you coming. It means a whole lot to me and I know the other Board because it shows that you are interested in what this budget is all about. We do appreciate it so much you coming.

Let us stand for prayer. As we pray tonight, let's not forget Japan. It terrible what's going on over there and when you say your private prayers, don't forget them because they are going to need every bit of the prayers that they can we can give them.

Re: Call to Order, Invocation, and Pledge of Allegiance

Chairman Talbert called the meeting to order. Chairman Talbert gave the invocation and the Pledge of Allegiance was said by all who were in attendance.

Re: 2011/12 Budget Worksession

Chairman Talbert turned the meeting over to Asst. County Administrator Karl Carter.

Mr. Carter: Do you want me to go through the book page by page or do you want me to summarize it.

It was the consensus to summarize.

First of all I would like to thank all the people who showed up tonight, especially the school superintendent, Dr. Blair and Dr. D for helping us out with the school budget; the constitutional officers that helped with us with the budget because at these times it's hard to get the state numbers to give to us so we can have something to work with. What I have prepared for you tonight is the recommended 2011/12 Budget. The new recommended budget does not include any increased tax rates or fees. It does have in there an increase in the health insurance for the employees of 4.2% in the upcoming year. The last three years we've had a 3.4%; 6.7%; and this year a 4.2% increase in health insurance. Once again the county employees will be taking home less pay. Also the retirement costs have increased by 2%. Total budget is \$41,756,761. This number includes a beginning year balance of \$5.3 million. In that beginning year balance is the \$681,000 we reserved from property sales to be used for economic development. In the \$5.3 million, you subtract out the \$681,000 you are down to \$4,618,615. The way I got to that number was, in the audit report with the auditors met with you they talked about us having \$7 million in cash left at the end of the year; I just want to remind you that we spent some money this year on capital projects. Including the County Administration/Social Services/Health Department Complex, and we have given some money to the schools of about \$700,000 to help with their carryovers. Also the main thing with that number is to remember that people talk about running the county like a business, that number is very seasonal to us, we don't get state income coming in every month so we have three peak months, June is one with first half of real estate taxes due, December is the second half. So on those months, our balance is a lot higher than it is for the normal months of the year; also April with county stickers. So on the other nine months we don't have an increase, it's usually a decrease and those months build it up.

Once again for this year as we have for the past three years, we have asked departments to reduce their budgets and keep their expense increases to a minimum. I asked that when you consider this budget tonight that you look at reserve for contingency because you need to keep in mind that is not just for increases in expenses, it's for declines in revenues as well. We all know that fuel costs are going up, our solid waste trucks could be hit hard with that by the end of this fiscal year with the fuel so we need to keep that reserve for contingency in mind to make sure we have enough money at the end of the year to help compensate departments that might fall short.

Once again this year we are going to be reserving funds for the new debt service for the new school for the projects going on down on Rt. 20. This will be the biggest debt service in the history of the county. We are talking about \$25 million. We got some numbers today that I handed out to the Board members. If you want to look at that sheet. That is including the \$10

million money that is interest free and basing the other \$15 million on literary loans. If you look at that debt service schedule, those peak payments could be \$1.6 million. That \$1.6 million we know we are going to have coming on in the next year or two for the project on Rt. 20.

Total government increases from government expenditures, excluding schools, social services and the water and sewer; is about \$143,000. That includes the increase in health insurance of about \$12,000, \$53,000 associated with retirement costs; \$25,000 for purchase of new county vehicle; \$10,000 for the purchase of a shed for the recreation department tractor. I remind you that with the county vehicle, we've gone about four years so it's come time to purchase one. We were on a schedule but we've gotten off of it due to the shortfalls from the state.

The total General Fund Revenue is expected to increase by \$1.2 million. The majority of this increase is \$1 million of public service tax from the new power plant and Colonial Pipeline. That's one of those things we've been very conservative on and have been waiting to see when we get it to make sure of the actual number.

That is my summary of it. Is there something that you guys would like to look at in particular?

I will also stress that the debt service we found out today will be in addition to the current debt service, not the total debt service. I think the existing debt service for the middle school is about \$900,000 right now. So that will make it about \$2.5 debt service for the school.

Well, since everyone is here, we'll talk about the school. What I have put in the proposal this year for the schools is where we usually give the schools about \$6.2 million per year for operating costs, including debt service, what I did this year for the budget is I worked on it and left the schools out all together. Then I came back at the end and tried to see how much money we had left to give to the schools without exhausting our ending year balance. The number that we came up with was \$690,053. I put that in the budget as a one time appropriation so that they can do some restructuring and figure out how they would like to move forward. That money is listed under, not in the school operation section but a line below it under their debt service reserve. That would put the total for the county contributing to the school system, not including the new debt service, \$6.9 million. If you add the new debt service coming on you will be above \$8 million.

Chambers: With the \$690,000 they are still going to be short.

Talbert: Since this is a controversy, Karl, do you want to go back through and come back to that. We need to settle this school, whether the Board wants to stick with that or raise it. What's your pleasure, Board? At one time it was \$1.7 million and we have 6 something here. Can we meet somewhere that each one of us can work with, the school can work with and we can work with? There's one thing we have to do is educate our children and the only way you can do is with what you see sitting out here tonight. I hope we don't have to do anything to make us lose any of our teachers because I have a whole lot of faith in them. Administration there and teachers too. I think just about everybody sitting up here went through this school

system down here whether we made our way through or didn't. I know I had to go...I don't talk about it much and you don't have to put this in the paper or radio either, but no, if I had it to do all over again I would do it. I had to leave school in the eighth grade and make a living at home. Daddy was blind, mama didn't drive and mama couldn't work, and I made the living at home when I was 16 years old up until I was married then we worked something out so I could take care of them at home because then they didn't have social services and all that they have today. I'm going to do all I can to support the school system but I went to EC Glass for three years, which was a hardship on me, three years, three nights a week, that will make a hardship for anybody, so I got equal to a high school grade. But like I said if I had it all to do over again. School is very important to our children. My son went through this school and did good for himself. And some of these up here.

Mr. Carter: Mr. Chambers said they were short. That was their request. We are not cutting them as to what they requested. In the last three years, with the states cut's, we've been level funding most everybody. This will be about an 11% increase then what they get now.

Chambers: So this is what their request, \$690,000, is that what you are saying?

Mr. Carter: No, their request is for \$1.7.

Kitchen: If they send us a total number that they can live with, how do we go about that...at the public hearing?

Mrs. Carter: No, what you all plan to do for the school board needs to be advertised for the public hearing so people will know what to speak about. When you adopt it for public hearing it needs to have in there what you expect to give the school.

Kitchen: So we need to put a figure in there for them tonight.

Mrs. Carter: Yes, sir.

Kitchen: So they don't have to come before us with revised figures before then right?

Mrs. Carter: If I can address, when we look at the state revenue and federal revenue increases and decreases for the school, and you back out any of that revenue that they are not getting again out of operations that was used for capital projects, the difference in what the school is actually getting from the state and federal government is actually \$525,209 less. Plus we know that you need the VRS and we know that you need the health insurance. Now we've found that this is to pay 100% of the employee's health insurance. Our employees have to pick up their difference every year so maybe we can look at that. I know we'd all rather pick up a little of our health insurance then to see people lose their jobs all together. I think the other difference is...to explain it more...is that the school in the present year used about \$700,000 of previous year's money to pay reoccurring costs. That starts the shovel in the ground. You are starting to dig a hole. Then some other carryover money was also used for some reoccurring costs. So they need

that again. In defense of the school system, I think they used this money to prevent asking the county for more money for the past two years. So what we found now is, they are not only are requesting what the federal and state government has cut them, but also how those monies were spent. So actually the previous year, the school had over \$700,000 left over to pay in advance for bills for the year they are in now plus about a \$300,000 carryover. So we go from having about a million dollar surplus to needing \$1.7 million. What Karl has done and I've reviewed is, any money....we have to present to you a balanced budget. We have presented to you a balanced budget. Expenditures within Revenues. It is extremely important to Buckingham County that we can budget almost \$2 million more for the school with debt service and almost \$700,000 in operation and still balance within our revenues. That says a lot for Buckingham County. To go any further decisions will have to be made through tax increase or lower your balance. The County in a couple years will be in the same boat the school has put themselves in now by trying to operate with what they have and keep things going and spending it all down.

Kitchen: What you are saying now then Becky is if we appropriate any more money for the schools, it's going to have to come from ending year balance to balance the budget?

Mrs. Carter: You will have to vote to lower your balance below but you will have remember that next year you will need that money again plus the jobs money will go away next year about \$500,000. That's going to go away so in a couple years you will not have a balance because not every year everyone's going to pay their taxes. The state is also cutting a lot of local revenue that we get from the state. For example, we got about \$60,000 in lieu of taxes from correctional centers; we are not going to get that this year. There's a lot of other reductions that we are seeing also.

Kitchen: To be honest with you, we might have different money from the state because the Richmond paper said that they have a 17% increase in their revenue. That looks pretty good, you know. You are talking about a \$60-70 billion budget, 11% is a right good little chunk of money. That was the headlines in the Richmond paper.

Mr. Carter: We will have to wait and see what we get first.

Kitchen: I know that. It looks good anyway. It looks good on paper.

Mrs. Carter: That's why we ask you to consider holding a public hearing and approve a budget based on contingent upon state, federal and local revenues. People may not pay their taxes and like this year, the state may pull out money in the middle of the year. We've seen that happen with our constitutional officers.

Kitchen: Let me say this, I can't speak for the rest of the Board, going through the budget book, the only thing I see that needs to be changed is the school budget. I don't see anything else, there is one thing in there that I don't like and that's \$15,000 for that CRC. If you threw that out, I'd go buy you a cold beer. As far as I'm concerned, and I can't speak for the rest of the Board,

Mrs. Carter: As Mr. Carter has told you all, aside from the school, everybody's budget, social services, extension service, sheriff's department, every other department we only have a \$140,000 increase and most of that is Virginia Retirement and health insurance with all the county employees picking up their portion of the increase. I think that pretty good.

Talbert: I think this Board has a responsibility...they are one of the biggest employers in this county and if you drop 15 or 20 teachers. You are going to drop the economy in this county. You can make figures say whatever you want them to say. I know when we first started with this water plant it is \$5 million then we decided to go \$6 million and now three years later we are going to build an almost \$11 million. Of course we got \$5 million from stimulus money. That's going to help you but with the same token, if the \$690,000 is not going to be enough for them, I think it's the responsibility of this board to make it to where they can operate and we don't know what's going to happen. Those people in the tsunami thought they were going to live to the next day and they didn't. We don't know what's going to happen. That's not for us to decide, but if we can make it a little bit more to help them along, I am willing to go with it. I'm not saying a \$1.7 million.

Kitchen: I'm willing to go along with...I've been doing some figuring...I think \$800,000 total, that's about \$120,000 more than what is being recommended, I think that will give them something to work with and bring something back to us.

Mrs. Carter: You've got a tough decision.

Bates: You going to take that from ending year balance?

Kitchen: Yeah.

Bates: I can live with that. So that total appropriation will total \$800,000, John?

Kitchen: Yeah, \$800,000.

Supervisor Kitchen moved, Supervisor Bates and Allen seconded and was unanimously carried by the Board to increase the recommended \$690,053 budget increase to \$800,000 and take the additional \$109,947 from the ending year balance.

Talbert: That got you a little bit more. You will have a chance to speak at the public hearing.

Kitchen: Unless somebody has a question on the rest of it, I don't except for that one thing, I make a motion that we adopt it for public hearing.

Supervisor Kitchen moved, Supervisors Bates and Chambers seconded to adopt the recommended budget with the change from the schools for advertisement for public hearing.

Supervisor Bates moved, Supervisor Kitchen seconded and was unanimously carried by the Board to adopt the following tax rates: Real Estate \$0.44; Public Service Corporation \$0.44; Personal Property \$4.05; Machinery and Tools \$2.90; Merchant's Capital \$1.00; and Air Craft \$0.55.

Re: Bids for Bleachers for the New Ball Field at Gene Dixon Park

The Recreation Department would like to purchase four sets of bleachers for the new ball field at Gene Dixon Memorial Park. The following bids were received:

BSN Sports:	\$8,088.00
Park and Recreation:	\$8,190.64
BigDog Warehouse Inc.	\$8,738.86

Supervisor Kitchen moved, Supervisors Bates and Allen seconded and was unanimously carried by the Board to accept the low bid of \$8,088 from BSN Sports for bleachers at Gene Dixon Memorial Park's new ball field.

Re: Update FY11 School Budget

The school board approved the following revisions to the FY11 School Budget on March 9, 2011:

- Changes in the amounts that we are projected to receive from the federal and state governments
- Additional funds projected to be received for FAPT aides
- Additional donations received
- No changes in previously approved local allocations

As discussed last Thursday, we are currently paying Mr. Eddie Chernault, clerk of the works, from our construction/lottery fund. This is really part of the elementary renovation project and should be paid from the interim/permanent financing for that project. To assist you, we will continue to pay him; however, we do need an appropriation from the county for this. We have paid him \$9,513.56 and project that we pay him \$2,935.61 monthly or \$8, 8-6.83 between now and June 30, 2011. A similar amount will be needed for FY12 for approximately nine months at the rate of \$2,935.61 per month.

Supervisor Bates moved, Supervisor Chambers seconded and was unanimously carried by the Board to approve the FY11 school budget revisions listed above.

Supervisor Kitchen moved, Supervisor Bates seconded and was unanimously carried by the Board to approve an appropriation as listed above for the payment of the Clerk of the Works.

Re: Consider payment of school renovation invoice in the amount of \$851,343.28

Supervisor Bates moved, Supervisor Snoddy seconded and was unanimously carried by the Board to approve the payment of \$851,343.28 to Blair Construction for the Elementary school project.

Talbert: Before we recess tonight, again thank you all for coming. I wish we would have this every meeting because this is your county and we are the only governing body and we have to listen to what's said and what the county wants and what the county can do.

There being no further business to discuss, Chairman Talbert recessed the meeting to reconvene on March 22, 2011 at 7:00 p.m. for the Redistricting public hearing.

ATTEST:

Rebecca S. Carter
County Administrator

E.A. "Bill" Talbert
Chairman