

BOARD OF SUPERVISORS MEETING

February 28, 2023

A work session of the Campbell County Board of Supervisors was held on the 28th day of February, 2023 in the Multi-Use Room of the Walter J. Haberer Building, Rustburg, Virginia. The members present were:

Matt W. Cline, Chairman, Presiding	Concord Election District
Kenneth R. Brown	Spring Hill Election District
Justin A. Carwile	Timberlake Election District
Jon R. Hardie	Rustburg Election District
A. Dale Moore	Altavista Election District
Steve W. Shockley	Sunburst Election District
Charlie A. Watts II	Brookneal Election District

Also present were:

Frank J. Rogers, County Administrator
Clifton M. Tweedy, Deputy County Administrator
Dr. Robert Johnson, Superintendent of Schools
F. E. "Tripp" Isenhour, III, County Attorney
Catherine H. Moore, Clerk

Chairman Cline called the meeting to order at 6:00 p.m. and offered a motion to enter into a closed meeting.

// CLOSED MEETING

On motion of Chairman Cline, it was resolved the Board of Supervisors enters into a closed meeting at 6:00 p.m. in accordance with Section 2.2-3711(A)(6) of the Code of Virginia to discuss or consider the investment of public funds where competition or bargaining is involved, where, if made public initially, the financial interest of the governmental unit would be adversely affected; and/or Section 2.2-3711(A)(29) of the Code of Virginia to discuss the award of a public contract involving the expenditure of public funds, including interviews of bidders or offerors, and to discuss the terms or scope of such contract, where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the public body; specifically, to consider the receipt of an unsolicited proposal received under the Public-Private Education Facilities and Infrastructure Act of 2002, Va. Code § 56-575.1 et seq.

The vote was: Aye: Carwile, Cline, Hardie, Moore, Shockley, Watts
Nay: None
Absent: Brown

Supervisor Brown arrived to the meeting at 6:04 p.m.

// The Campbell County Board of Supervisors entered into a closed meeting on this 28th day of February, 2023 at 6:00 p.m. in accordance with Section 2.2-3711(A)(6) of the Code of Virginia to discuss or consider the investment of public funds where competition or bargaining is involved, where, if made public initially, the financial interest of the governmental unit would be adversely affected; and/or Section 2.2-3711(A)(29) of the Code of Virginia to discuss the award of a public contract involving the expenditure of public funds, including interviews of bidders or offerors, and to discuss the terms or scope of such contract, where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the public body; specifically, to consider the receipt of an unsolicited proposal received under the Public-Private Education Facilities and Infrastructure Act of 2002, Va. Code § 56-575.1 et seq.

// On motion of Supervisor Hardie, it was resolved the meeting return to open session at 6:45 p.m.

The vote was: Aye: Brown, Carwile, Cline, Hardie, Moore, Shockley, Watts
Nay: None

Absent: None

// On motion of Supervisor Hardie, the following resolution was adopted:

CERTIFICATE OF CLOSED MEETING

WHEREAS, the Campbell County Board of Supervisors had convened a closed meeting on the 28th day of February, 2023 pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and

WHEREAS, §2.2-3711 of the Code of Virginia requires a certification by the Campbell County Board of Supervisors that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED that the Campbell County Board of Supervisors hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Campbell County Board of Supervisors.

The roll call vote was: Aye: Brown
 Aye: Carwile
 Aye: Cline
 Aye: Hardie
 Aye: Moore
 Aye: Shockley
 Aye: Watts
 Nay: None
Absent During Meeting: None
Absent During Vote: None

// PREVIEW FY 2024 SCHOOL DIVISION BUDGET REQUEST

Dr. Robert Johnson indicated the School Board adopted its budget at their meeting on February 27, 2023. It was built on a five (5%) percent salary increase as proposed in the Governor's budget. The House and Senate were discussing a seven (7%) percent raise, and should that pass, the School Board would have to amend its budget.

Dr. Johnson indicated the School Board's budget requests an additional \$750,000 in local funds. The major costs in the budget included a 5% increase (\$3.5 million), 10% health insurance increase (\$840,000), liability insurance increase (\$74,000), increases for fuel and utilities (\$203,000). The Governor also included a 1% retention bonus which would cost \$471,000. Dr. Johnson also spoke to the error by the State on how grocery taxes were distributed. This has left a gap in the Schools budget. The State was promising to make each school district whole for 2023, but he was unsure if they would for 2024. If that was the case, it would be a \$1.1 million deficit. It had been at least three years since the Schools had asked for an increase.

The Board and Administrator Rogers congratulated Dr. Johnson on his retirement effective June 30, 2023.

// OVERVIEW OF FY 2024 PROPOSED BUDGET

Administrator Rogers first thanked Clif Tweedy, Paul Harvey, Ronna Johnson-Davis and Jennifer Schmidt who worked with him to put the FY 2024 Budget together. Once the Board has agreed upon the tax rates to be advertised, a public hearing would be advertised for the March 28th meeting. Adoption of the budget was planned for the April 4th meeting. The schedule was expedited to accommodate the timeline for twice a year tax billing.

The FY 2024 Proposed Budget was built to continue the culture of reducing the tax burden on the citizens of Campbell County. The tax reductions since FY 2016 including the reductions included in the proposed budget represented more than \$10 million in taxes that had

not been collected or utilized for constituent services. The Board has adopted a Meals Tax that provides a revenue stream for Debt Service. In addition, the 2019 General Reassessment raised values around 6%; the Board kept the rate stable to utilize that growth to fund budgetary priorities.

Administrator Rogers provided an overview of the budget proposal. He advised the Board that, while the equalized rate had been calculated to be 39.4 cents, to fully fund items such as pre-funding for future landfill solutions, additional funds for utility expansions, increased support for schools, park facility improvements, development of Seneca Commerce Park, renovations to Brookville and a new EMS crew would necessitate a rate of 49.9 cents. However, in light of the increase in reassessment values, staff recognized it was particularly important to the Board to set rates as low as reasonably possible to meet the County's existing and near term needs. The proposed budget recommended:

- Reducing the real estate tax rate from 52 cents to 45.5 cents which would reduce revenues by \$3.7 million. The equalized rate was 39.4 cents
- Reducing the personal property tax rate 20 cents and assessing only 80% of the value. This would result in a tax reduction of nearly \$627,000.
- Reducing the Business and Professional Occupational License (BPOL) rates by 5% which would reduce revenues by \$125,000.

The County's revenue has continued to show growth across a number of revenue lines. The proposed budget projects a total increase in revenues of \$6,092,668 after tax rate reductions for a proposed budget of \$91,693,217. This represented a 7.1% increase over the adopted FY 2023 Budget. The majority of the increase was from real estate and personal property taxes. Administrator Rogers interjected that since FY 2016 when he came to the County, there had been ongoing efforts to reduce costs in an effort to become more efficient and effective such as the recent merger of Recreation and Library services.

The proposed budget represents an increase in expenditures of \$6,092,668. Key expenditure increases driving the spending include:

- No new personnel requested for FY 2023-24.
- An additional \$1,365,000 for Debt Service to fund the anticipated improvements and expansion of Brookville High School.
- \$822,174 increase in the General Fund transfer to the Capital Improvement Plan to provide funds for County vehicles, Public Safety apparatus, County facility maintenance, County IT Infrastructure and some funds for Park development.
- An additional \$177,234 to the Solid Waste Fund to cover increases for tipping fees, hauling costs and fuel subsidies.
- Increases to the County's cost for adult detention, juvenile detention and youth receiving state mandated services through the Children's Services Act (CSA);
- \$1,357,778 for an across-the-board 7% increase to all full-time County positions

Staff did not recommend adding another EMS crew in this budget at a savings of \$578,000 nor moving the part-time Fire Marshal position to full-time as requested by Public Safety. This was done in an effort to keep the real estate tax rate as low as possible. Part-time requests in the Treasurer's Office and Sheriff's Department were not recommended as well. An additional \$8,000 in funding was recommended in order to open the Brookneal Library one additional day per week.

Chairman Cline thanked staff for the proposed budget. In response to questions regarding compensation lines, Administrator Rogers explained the lines show a 5% increase and additional funding was included in the Non-Departmental budget should a 7% increase be approved by the General Assembly. Compensation lines may also include career ladder steps relative to training and the individual work plan. In the Legal Services line, the position of Staff Attorney was not filled. Additional duties were assigned to the County Attorney and on March 1st the County has a new Paralegal/Administrative Assistant starting to support the legal work of the County, County Administration and plan for future retirements.

There were several questions and comments regarding the Tax Relief for the Elderly. Staff would be bringing back a supplemental appropriation to reflect the relief in the budget.

Calvin Massie, Commissioner of the Revenue, provided an update on the thresholds to qualify for tax relief. There was a consensus of the Board to advertise an update to the current thresholds particularly in light of the recent general reassessment.

The discussion turned to the proposed tax rates. Supervisor Hardie complimented staff on the proposed budget commenting it was a large body of work put together in a short period of time. He added the rate of 45.5 cents on real estate represents a restraint on real estate in light of the increased assessment values, and the reduction in the personal property tax would be impactful to many constituents. Setting the real estate tax lower may have a negative impact on the future of the County or cause a future Board to have to consider tax increases or a reduction in services.

Supervisor Brown indicated he had spent a great deal of time reviewing the proposed budget. While he would like to lower the real estate tax rate to the equalized rate, he knew that going below 45.5 may hinder the County's ability to meet future needs.

Chairman Cline added he had spent time talking with citizens, and many wanted to see a larger reduction in personal property taxes. Personal property taxes affected more people than the real estate tax. He appreciated staff including a 20 cent reduction in the personal property tax rate in the proposed budget. This was probably the largest seen in recent times. As to the real estate tax rate, he believed 45.5 was higher than it needed to be and he believed there were some adjustments that could be made such as Debt Service to reduce the rate by another penny, maybe a penny and a half. He agreed with Supervisor Brown that it would be ideal to lower the rate to the equalized rate, but the mandated costs alone would make that unfeasible. He would like to see the rate at 44 cents.

Supervisor Shockley raised the point that you could not raise a rate after it was advertised. He too would like to see the rate set at 44 cents, but he was more concerned that the Board would have to come back in a couple of years and raise taxes if revenues decreased due to a downward turn in the economy, inflation and/or recession. This did not necessarily mean he wanted the rate higher, but he wanted the rate high enough to handle worst case scenarios. If that did not come to pass, the Board could consider a reduction in rates in the future.

Supervisor Brown commented that his constituents had been very pleased with the decreases in the personal property tax rate. He too would like to see a rate of 44, but did not want to have to come back and raise taxes in a year or two.

Supervisor Shockley was pleased at the success of the Board to meet all of the County's expenses while whittling away at the tax rates. By lowering the tax rates in real estate, personal property and BPOL, the tax savings benefitted more citizens than just pushing the real estate tax rate lower.

Supervisor Moore agreed and he would recommend accepting the proposed budget as is. He thought it was a good budget and that staff had put in a lot of time to lower the rate as much as possible. Supervisor Brown also appreciated staff's work on the budget. Administrator Rogers appreciated those remarks and tried to balance the Board's desire for a lower tax rate with its desire to provide services.

Supervisor Watts asked Administrator Rogers if he was comfortable with the proposed rate of 45.5 three years from now. Administrator Rogers responded "no." Administrator Rogers was reluctant to suggest 45.5 may carry the County more than three years out. He hoped it would not be necessary to increase rates, but it meant the County would be relying on meals, sales and personal property taxes continuing to increase to offset the debt plan. The Board had to weigh how to best utilize the increase in real estate values to invest in the County to be better prepared for the future. He predicted the next reassessment would be relatively flat.

Supervisor Watts was very impressed with the tax cuts proposed in the budget and had concerns if the rates were lowered any more. He would support advertising the budget as presented. If we find a surplus next year, we could consider tax reductions at that time.

Supervisor Carwile concurred with everyone's comments on the preparation of the budget and thought the budget was fiscally conservative. He thought it was bad timing that the

reassessment occurred during an inflationary period. As to the salary increases, he appreciated the General Assembly looking at salaries, but believed 7% was abnormally large compared to private industry. He was hopeful the County would continue to see economic growth. He would have liked to see a lower rate, but was comfortable with the proposed rate of 45.5.

// TAX RATES AND AUTHORIZE BUDGET ADVERTISEMENT

The following motion was offered to advertise the tax rates for a public hearing on March 28th.

On motion of Supervisor Hardie, it was resolved the Board of Supervisors authorizes staff to advertise a public hearing on the Fiscal Year 2024 Budget as presented including a reduction in the real estate tax rate from \$0.52 to \$0.455 per \$100 of assessed value, reducing the current personal property tax rate of \$4.31 to \$4.11 per \$100 of assessed value and reduces the Business and Professional Occupational License (BPOL) rates by 5%.

The vote was: Aye: Brown, Carwile, Cline, Hardie, Moore, Shockley, Watts
Nay: None
Absent: None

// ADJOURNMENT

On motion of Supervisor Brown, the meeting was adjourned at 8:14 p.m.

The vote was: Aye: Brown, Carwile, Cline, Hardie, Moore, Shockley, Watts
Nay: None
Absent: None

MATT W. CLINE, CHAIRMAN

Approved: _____