

BOARD OF SUPERVISORS MEETING

January 15, 2019

A meeting of the Campbell County Board of Supervisors extended from January 3, 2019 convened at 6:00 p.m. on the 15th day of January 2019 in the Multi-Use Room of the Walter J. Haberer Building, Rustburg, Virginia. The members present were:

Eddie Gunter, Jr., Chairman, Presiding	Concord Election District
James A. Borland	Spring Hill Election District
Bob Good	Sunburst Election District
Jon R. Hardie	Rustburg Election District
Susan R. Hogg	Timberlake Election District
A. Dale Moore	Altavista Election District
Charlie A. Watts II	Brookneal Election District

Also present were:

Frank J. Rogers, County Administrator
Clifton M. Tweedy, Deputy County Administrator
Kristin B. Wright, Staff Attorney
Catherine H. Moore, Clerk to the Board

Chairman Gunter called the meeting to order at 6:00 p.m. and announced this was a work session to receive revenue information from staff.

// FY 2020 BUDGET

Administrator Rogers first thanked staff for their work in compiling the revenue projections noting it was still early in the process, local revenues were still coming in and the six-month year-to-date revenues were not yet available. In addition, this was a reassessment year, and the Board of Equalization had not completed its hearings. Staff would revise revenue projections as information became available. Administrator Rogers reviewed key dates on the budget calendar noting the upcoming public forum, staff budget review meetings, the budget public hearing and the date for final adoption on May 14th.

Administrator Rogers described the methodology staff used to project revenues that should be more in line with actual revenues received. This was a reassessment year and per State Code, the County would advertise the equalized rate as well as the rate the Board authorized for funding the budget (if different from the equalized rate). A spreadsheet showing the last five years of revenue receipts from all categories was provided.

Administrator Rogers reviewed the sources of local revenues noting revenues continued to trend upward. While the revenues were positive, it should be weighed against the priorities of the Board that would require significant investment. Some of those initiatives would include School Capital Needs, Countywide Broadband and Waste Disposal. The presentation would not

include state and federal revenues as that information was still premature and did not vary greatly. The primary source of local revenues was from general property taxes, and the FY 2020 projection based on the current tax rate of \$0.52 per \$100 was more than \$42 million, up from the adopted FY 2019 budget of \$39,845,372. This was a \$3 million increase in revenue, of which \$1.3 million was attributed to the reassessment values.

There was a slight increase in Other Local Taxes of a little more than \$100,000. Administrator Rogers commented staff was taking a conservative approach in projecting sales tax revenue as it was difficult to predict. In addition to a 1% sales tax, Other Local Taxes includes a percentage of the meals tax from the Towns, the transient occupancy tax, consumer utility taxes, BPOL taxes, recordation taxes and the vehicle license fee.

The revenue in Permits, Fees & Licenses is derived from construction projects and was dependent on the number of projects in the County. The projected revenue was slightly down, but may be adjusted after talking with the Community Development Department on known future projects. Staff projected a slight decrease in Fines, Forfeitures which included court fines, jail admission fees and revenue from investments.

More than \$300,000 in increased revenue was projected for Charges for Service that includes a number of miscellaneous fees and pass through funds such as for Off-Duty Deputy Fees. The upward trend was largely attributed to EMS billing which was predicted to reach a plateau as there were only so many calls current EMS workers could answer. Miscellaneous Revenue was relatively flat and includes sales of surplus items, gifts & donations, sale of school buses, proceeds from the Leesville Road waterline and vending machine commissions.

Recovered Costs includes the biosolid reimbursement (which has been very little for several years) and School Fund Resource Officers. That projection increased by a little more than \$327,000 due to funds included in the County budget for additional School Resource Officers.

In summary, the total local revenue growth was projected at \$58,974,638 which was \$3.7 million more than the adopted FY 2019 budget that reflected natural growth and reassessment. Should the Board adopt the equalized rate of \$0.49/\$100, the excess revenue would be a little more than \$2.5 million. If the current rate of \$0.52 was adopted, the excess revenues would be more than \$3.7 million. Administrator Rogers outlined several major expenditures for the Board to consider as it worked through the budget process including a \$100,000 transfer to CIP, \$1 million in local funds for a State adopted 3% raise for teachers, \$450,000 in local costs for a 2% raise for deputies and locally funded state employees, \$1,750,000 for debt service should a \$65 million School CIP project be approved, \$850,000 for future landfill planning, \$500,000 for a broadband expansion project, and \$80,000 to re-open a trash convenience site. Even with the excess revenues, there would not be enough to fund everything.

Administrator Rogers explained the Joint Committee had been discussing a building and renovation project for the Schools, and this would be discussed by both Boards at a joint meeting in February. He strongly encouraged setting aside funds for future landfill planning so the Board would not be limited in exercising any options available. Bedford County just approved a \$3

million broadband project, and setting aside \$500,000 for a broadband project over five (5) years would be close to the funds needed. In addition, staff was researching grant opportunities for the broadband project.

There were several questions and comments by the Board members.

- Reassessment - Supervisor Watts questioned the impact of the reassessment hearings by the Board of Equalization. Administrator Rogers predicted the conclusion of the hearings would not move the real estate values significantly.
- Retreat - To the question about the scheduling of a retreat, staff advised the retreat has been scheduled for January 31st at the Red Hill Convention and Event Center at 12 noon.
- School CIP - There was discussion regarding the School CIP project and the estimated \$65 million to fund that project. The County's Financial Advisor would be presenting information at the Joint Meeting with the School Board on February 19th to look at various options for borrowing and repayment of borrowed funds. Supervisor Good added \$65 million would not accomplish all the Schools would like to do which was to build a new Rustburg Middle, maintain William Campbell and make necessary system repairs. That number was based on the Schools adopted CIP with inflation and was a baseline for the project. To borrow \$65 million would cost the County \$1.7 million per year in debt service.
- Landfill Planning – Administrator Rogers explained there were three prongs to the landfill issue. The County gave its landfill capacity to the Regional Services Authority and the region paid the County back over time by charging commercial haulers \$10 more than the actual costs. The County and the City of Lynchburg receive a proportionate share of that \$10 as the only two localities that brought landfill capacity to the relationship. The County receives approximately \$838,000 in payment from the commercial haulers. The County pays approximately \$600,000 annually in tipping fees to dispose of the trash from the convenience centers. In addition, the County pays around \$400,000 for a contract to haul the waste from the convenience centers to the landfill. The County would not receive the payment from the Regional Authority if another waste disposal option was in place, and the tipping fee may increase depending on the location of the waste disposal site.

There was a comment regarding a proposal by County Waste to build a transfer facility in Appomattox County in the community of Spout Spring. Administrator Rogers indicated if that facility was built, the revenue from commercial haulers would decline and the County would no longer receive its proportionate share. Conversely, the space in the Regional Authority landfill may not fill up as quickly extending the life of the current landfill. A landfill being built in Cumberland County may impact the revenue stream. Setting aside funds equal to the amount of revenue received each year would go a long way to plan for future landfill costs and allow the Board the latitude to consider all options.

Supervisor Borland suggested as an alternative the Board delay setting aside those funds in order to balance the budget, particularly if the equalized rate was considered for adoption. When the funds were needed for landfill costs, the Board could increase revenue at that time. Administrator Rogers suggested the Board not push those costs too far back as landfill options were very expensive. Supervisor Hardie thought it was wise to plan for known expenses and not be faced with hard decisions down the road.

- Broadband – Supervisor Borland commented on budgeting \$500,000 towards implementing a broadband project in the FY 2020 budget. He believed the request may be premature until the Board receives information on the location of the underserved areas, the costs and service areas of a tower, how many towers would be needed and how many people would be served by the plan. He would like the Board to move carefully in that direction. Administrator Rogers recalled the last study suggested the costs would be about \$2.5 to \$3 million, and it would be at the Board's discretion to set aside those funds. At some point, the Board may want to pursue someone to design a network which would require funding. Staff was researching grant opportunities and that would be part of the funding analysis.

Supervisor Hogg believed broadband was a necessary piece of an economic development package. Administrator Rogers agreed it was a strong statement to make and it enhanced quality of life. Supervisor Hardie added it was the number one issue conveyed at the September 18, 2018 meeting and very important to those citizens on the south side of the County as well as to the businesses in the County.

Chairman Gunter noted the County's population and growth had been relatively stagnant and adding broadband may be a way to grow the County. Supervisor Hardie agreed that broadband would be a resource that could grow both business and residential development.

- Tax Rate – Supervisor Borland suggested the Board consider the equalized tax rate (\$0.49/\$100) to lower the impact of additional taxation on those on fixed incomes and the elderly. He would not be in favor of keeping the current \$0.52/\$100 tax rate as it would increase real estate taxes 6 to 7 percent on average each year. The Board should consider what services were essential.

Supervisor Good agreed pointing out that revenues would increase \$2.5 million over last year with the equalized rate. Revenues had increased over the last couple of years, and it was reasonable to assume the trend would continue. He believed the Board could make prudent decisions to fund budgetary needs without increasing taxes. Supervisor Good added that along with the upward trend in revenues, the County would also benefit from additional funds as the costs of debt service declined. He clarified a comment he made at a recent Joint Board/School Board meeting that if the School Board was willing to make a tough decision like close William Campbell to save more than \$1 million a year, he would support a meals tax if the Board was willing to give back some of the meals tax increase through a reduction in real estate taxes. Part of the philosophy of a meals tax is that the taxes were collected from not just citizens, but people passing through the

County. If that was the case, Supervisor Good would support giving the citizens some relief on their taxes.

- Health Care Costs – Supervisor Good generally spoke to future increases in health care costs. He suggested staff consider the option of a raise rather than the County funding the difference in health care costs. Administrator Rogers thanked Supervisor Good for that feedback and reminded the Board the County was self-funded which required keeping a certain amount in the self-insurance pool.
- Meals Tax Referendum – In answer to a question by the Board, the meals tax referendum would be on the ballot April 9th and would be the only item on the ballot. If passed, the County may receive \$1.6 million based on a 4% levy. The earliest effective date would be January 2020 which would provide six (6) months of additional revenue for FY 2020.

Chairman Gunter believed the meals tax would provide more flexibility and allow the Board to consider a reduction in taxes elsewhere in the budget. He confirmed the County could not advocate for a meals tax. Administrator Rogers added this would not include individuals associated with the County or Schools.

- Proposed State Salary Increases – the State has proposed a 3% salary increase for school employees and State employees which would cost \$1 million as the local match. There was some discussion at the State level to pursue a 5% raise. Supervisor Borland commented the local match would be a priority of the School Board budget and not the County's. Last year the School Board did a good job of finding the necessary funding for the local match.

For Supervisor Moore's benefit, Administrator Rogers explained how the State provides funding based on the Standards of Quality (SOQ) measures. He was not aware of another school division that operated only with the SOQ provisions, but typically was supplemented by the locality. When the State reimburses the locality for the salary increases, it was calculated only on the SOQ positions. The costs of the raises would be approximately \$1 million whether it was a locally funded transfer to the schools, or if it was encumbered upon the School Board to meet it. Administrator Rogers added it was the same in State supported constitutional offices where the County funds certain positions locally. It was also not known how much funding would be received from the State.

Chairman Gunter wanted to make sure the County supported the Schools to keep quality teachers and keep a good school system.

// A budget public forum has been scheduled for February 5th at 7 p.m. to receive public comment on budget priorities. A joint meeting with the School Board would be held at 6 p.m. on February 19th.

// DEMOGRAPHIC DATA

Administrator Rogers provided the Board with some demographic data related to median household income, owner occupied housing and school funding as requested at the work session in October 2018.

// ADJOURNMENT

On motion of Supervisor Borland, it was resolved the meeting was adjourned at 7:20 p.m. until 12 noon on January 31, 2019 at the Red Hill Convention and Event Center, Brookneal, Virginia, for a Board planning retreat.

EDDIE GUNTER, CHAIRMAN

Approved: _____