

BOARD OF SUPERVISORS MEETING

April 9, 2019
FY 2020 Budget Work Session

A meeting of the Campbell County Board of Supervisors convened at 6:00 p.m. on the 9th day of April 2019 in the Board of Supervisors Meeting 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
Dr. Robert Johnson, Superintendent of Schools
Tyler Carraway, Director of Management Services
Ronna Johnson-Davis, Management Services
Catherine H. Moore, Clerk to the Board

Chairman Gunter called the meeting to order at 6:00 p.m.

Review of County FY 2020 Budget Request

Administrator Rogers thanked the Budget Committee and staff for the hard work that had gone into preparation of the budget and brought to the Board's attention a revised layout to have a document that was more easily understood. The proposed FY 2020 budget projected a total increase in revenues of \$4,266,767 for a proposed budget of \$77,549,145. Of the \$4,266,767 in total revenue growth, local revenues were anticipated to increase \$3,804,077, state revenues by approximately \$463,581 and a slight decrease in federal revenues of \$890. Of the local revenue growth, \$1,270,846 was the result of the recent reassessment. The majority of the increase in local revenues was attributed to property taxes with modest increases in other local taxes, Charges for Services, and Recovered Costs.

Throughout the months leading up to the development of the budget, Board members had identified a number of budgetary concerns. These included, but were not limited to:

- funding for schools and school capital needs
- continued emphasis on economic development
- a desire to see broadband access expanded
- a renewed interest in financially supporting Red Hill and Avoca as tourism attractions
- a desire to see a County Fair and community events in Rustburg
- a concern over trash and debris along roadways
- a request to see the Hodges trash collection site re-opened
- a desire to minimize tax burdens
- a need to address long term landfill planning.

The proposed budget was balanced within projected revenues without any proposed tax or fee increases and relied on revenues projected from the existing tax rate structure and recently completed county-wide general reassessment. The proposed budget addressed many of the Board concerns and the priorities heard at the public forum (Historic Courthouse upkeep, reopen Hodges trash collection site and litter). The key provisions of the budget included:

- more than \$2.2 million for debt service payments to fund School and capital needs
- an additional \$850,000 to enable the School Division to proceed with a 5% salary increase for staff and 4% salary increase for administrators
- level funding in the amount of \$382,399 for on-going school maintenance needs
- a 3% salary increase for County employees including Sheriff's deputies and constitutional officers (\$475,000)

- \$125,000 to economic development site enhancements to include broadband efforts
- \$25,750 in level funding for small business development initiatives
- \$2,500 each for Patrick Henry's Red Hill and Avoca in recognition of their value as tourism attractions that benefit the County
- Funding for a grant writer position using the \$50,000 the County presently contributes as a member of the Lynchburg Regional Business Alliance and redirecting those funds to compensate a grant writer who would be tasked with identifying and securing grant opportunities to advance Board priorities such as the broadband initiative
- Part-time funding in Public Works to fund additional trash pick-up efforts
- \$47,038 in Solid Waste to re-open the Hodges trash collection site
- \$15,000 to volunteer rescue squads to assist with vehicle maintenance costs, and
- A transfer of \$1.1 million to the Solid Waste Fund of which \$100,799 would be dedicated to future landfill planning.

Administrator Rogers indicated the budget was based on current tax rates and not the equalized rate due to the reassessment growth. He next reviewed the changes in expenditures from the FY 2019 budget noting the majority of changes were related to the proposed salary increase, addition of a grant writer position, additional legal costs, increase in software contracts, an additional part-time Fire Marshal, litter services and additional support for Timbrook Park. The budget reflects the additional school resource officers and an EMS crew in Altavista. Approximately 20 percent of the General Fund expenditures were related to Public Safety. Administrator Rogers also explained the increase shown for Other Welfare Services (\$364,268) was not additional dollars, but a change in how the elderly and disabled tax relief was calculated and shown in the budget.

Review of Schools FY 2020 Budget Request

Dr. Robert Johnson, Superintendent of Schools, indicated the local funding for the FY 2020 Schools budget reflected an additional \$850,000 from last year for the five (5%) percent State approved teacher raises. The additional State funding for raises would only cover Standards of Quality (SOQ) approved positions. It costs approximately \$560,000 per one (1%) percent of salary increase. Compensation was the School Board's primary objective and several lines were adjusted as low as possible in order to bring the dollars needed to \$850,000. Other than the increase for compensation, the budget was relatively the same as last year with no increases in VRS, health insurance or positions. State funding was projected to increase from \$49,272,318 in the FY 2019 adopted budget to FY 2020 budget of \$51,696,218, an increase of a little more than \$2.4 million; Federal funding increased by approximately \$511,732 to a total of \$5,206,035.

Chairman Gunter asked how the County would rank as far as teacher salaries with the proposed increase. Dr. Johnson indicated it would depend on what the other localities provided this year in teacher compensation. There had not been a lot of progress over the past several years in compensation, and he suggested the best strategy was to provide a modest cost-of-living increase and dedicate some funds to restructure the scale. At the entry level the County ranked 7th among the surrounding localities; at 5 years, the County ranked 5th; at 10 years, the County ranked 4th and at 25 years, the County ranked 6th.

Supervisor Hogg asked if the Schools were still struggling to hire the hard to fill areas of math and science. Dr. Johnson said they were still struggling, but Campbell County was not the only one struggling to fill those positions. There was a teacher shortage across the country, but Campbell County was fortunate to be near several colleges and universities that had teacher preparation programs.

In answer to Supervisor Hogg's next question on the shape of the bus fleet, Dr. Johnson advised there were two (2) buses in the proposed budget and they were in good shape. They had been purchasing buses when funds were available from unfilled bus driver positions and fuel savings. The most critical need was hiring bus drivers.

Supervisor Moore asked what was the annual turnover rate for employees. Dr. Johnson estimated less than ten (10%) percent. In answer to a question by Supervisor Good, Dr. Johnson advised the proposed budget was built on an estimated 7,612 students which was close to the current enrollment.

Chairman Gunter called for a five minute recess at 7:00 p.m. before a discussion of the proposed budget.

Supervisor Hardie requested clarification of two increases: (1) nearly \$500,000 in the Public Safety budget for Fire & EMS apparatus (to replace 90 breathing units to be in line with national standards), and (2) increase from \$10,000 to \$100,000 in Brookneal Airport Authority (reflects an additional \$80,000 in outside revenue toward brush clearing and runway safety projects requiring a \$20,000 local match),

Supervisor Good shared information from the Virginia Department of Education reporting the 2018 Required Local Effort and Required Local Match for fiscal years 2018 and 2019. This was a ranking of all cities and counties in Virginia measuring the degree to which each school division met or surpassed its required local expenditure in support of the Standards of Quality (SOQ). In FY 2018 Campbell County provided \$13,730,508 above Required Local Effort or 107.86 percent, the highest among the localities of Amherst (77%), Appomattox (38%), Charlotte (15%), Bedford (102%), and Pittsylvania (23%). Only Nelson County was higher at 113%. The City of Lynchburg was at 110%. Supervisor Good believed this report showed that Campbell County was doing a good job funding its schools and how the monies were allocated was up to the School Board. Based on the additional State revenues the Schools would receive and in light of the Board's budget priorities, Supervisor Good suggested the County meet them half way on the requested budget increase by funding half of \$850,000 or \$425,000. He would support advertising a tax rate of \$0.49 cents which was the equalized rate and use the County's natural growth of more than \$3.8 million to support the budget.

Commenting on the report, Dr. Johnson confirmed it was data provided by the Virginia Department of Education. He added no school in Virginia could fund their school with the minimum funding for SOQ's. The State funding for Campbell County was based on its composite index which was the formula by which school divisions were funded. There were basically three items that determined a locality's ability to pay – true value of property, adjusted gross income of residents and taxable retail sales. The higher those values determined a locality's ability to pay. Campbell County's composite index was .27 which meant the State would fund more than 70% indicating Campbell's ability to pay was lower than surrounding localities. Therefore it took fewer dollars to inflate the percentage. He contended a better comparison would be the per pupil expenditures. Looking at those numbers, Campbell County was 10th from the bottom out of 120 school divisions.

There were additional comments regarding the report from the Department of Education and Board members held different views on the meaning and interpretation of the report. Chairman Gunter pointed out the State did not fund everything, only the minimum to meet Standards of Quality.

Supervisor Hardie indicated he would not be in favor of the equalized rate, but would be in favor of maintaining current tax rates. When he first moved to Campbell County in 1995, the tax rate was \$0.54, and the current rate of \$0.52 was reasonable. However, he suggested a 5% across the board reduction in the BPOL rates to support businesses in the County. The BPOL tax was assessed on businesses with gross receipts of over \$100,000.

Supervisor Good would not support maintaining the current real estate rate which resulted in a County-wide increase in real estate values of 6% or \$1.3 million in increased local revenues. How much would a 5% reduction in the BPOL tax help the citizens? Supervisor Hardie indicated he was looking at ways to grow the County. Supervisor Watts added he would also like to see a 5 cent reduction in the personal property tax rate which would help citizens who did not own real estate.

Administrator Rogers recognized the Board's intent to relieve the County citizens of tax burdens, but reminded them of the goals the Board had discussed to expand utilities, enhance economic development, the School Capital Improvement Plan, expanding broadband, ongoing Public Safety priorities and future landfill planning. He questioned the expectation of the Board to accomplish those objectives if the County's capacity to address those objectives was reduced. He agreed the real estate values were up 6% from the last reassessment four (4) years ago, but reminded the Board the real estate values from the prior reassessment was relatively flat. The 6% growth in real estate values was over a period of eight (8) years. Should the Board adjust revenues, he would need input on where to adjust expenditures.

There was discussion on ways to balance revenue reductions against expenditures. Supervisor Good suggested a reduction of \$1.3 million in revenues could be achieved by reducing the amount to be set aside for debt service payments and provide \$425,000 in additional funding for School salary increases. Administrator Rogers indicated that was a way to balance

the budget, but reminded the Board that reducing the monies for debt service payments would change the timeline to get started on School capital projects.

Supervisor Borland added he would also support the equalized real estate tax rate of \$0.49 so the citizens would not have to pay additional taxes year after year. Following a tax increase in 2012, the County had seen excess revenue each year. About four (4) years ago he advocated lowering the rate, and the rate was lowered by one cent. Since that time, the County had enjoyed more revenue than was needed. He suggested County funding not be provided to fund private foundations such as Avoca and Red Hill. While the reassessment eight (8) years ago was relatively flat, the County's revenues had continued to increase due to economic development.

Administrator Rogers interjected news from the election held that day on a meals tax, that the meals tax referendum did pass. It would take at least six (6) months to get the program up and running with the revenue stream beginning in January 2020. A public hearing would be required along with adoption of an ordinance.

Chairman Gunter commented the Board had heard from constituents on the need for broadband in the County. Additionally, there were students that could not do their homework due to the lack of internet service. If the County followed the Bedford County model, developing a broadband network could cost upwards of \$3 million. Funding for broadband was not included in the proposed budget. Also the Board heard recently from the Director of Public Safety on the challenges to keep the radio system functional, and the Board has been discussing a priority list for School improvement projects. The County could not keep kicking those projects down the road, and the County needed to position itself to be able to address those issues. The citizens were depending on the Board to provide the services. He would not support a \$0.49 real estate tax rate.

Supervisor Hogg agreed with Chairman Gunter recognizing that Rustburg Middle School just turned 100 years old, and she was also concerned about the radio system. In answer to a question by Supervisor Moore on the radio system, Administrator Rogers commented Mrs. Fairchild briefed the Board recently on the radio system so there would be no surprises. Staff had initiated preliminary conversations on replacing the radio equipment. Replacement of the equipment could cost more than \$3 million. If the County decided to join the regional system, that cost was estimated at \$1.2 million with an ongoing maintenance cost. The cost of a replacement stand-alone system had not yet been determined. Administrator Rogers reminded the Board in the prior meeting with the County financial advisors, \$5 million was included in the financing strategy for County projects.

Supervisor Hardie offered a motion for advertisement of the budget to maintain the current real estate tax rate, lower the personal property tax rate by five (5) cents and reducing the BPOL tax rates by five (5%) percent in each category.

On motion of Supervisor Hardie, it was resolved the Board of Supervisors authorizes staff to advertise a public hearing on the FY 2020 Budget to include a real estate tax rate of \$0.52 per \$100 of assessed value, a personal property tax rate at \$4.40 per \$100 of assessed value, and a five (5%) percent reduction in each category of the Business, Professional and Occupational License (BPOL) tax.

Administrator Rogers indicated the adjustments would lower BPOL taxes by approximately \$108,000, and personal property taxes by approximately \$168,000. Because the reassessment would generate more than one (1%) percent, the State Code requires the budget be advertised for 30 days. Therefore, the public hearing would be moved from the May 7th meeting to May 14th. He also asked the Board if they wished to consider an ordinance on the meals tax in order to include those revenues in the budget. The consensus was not to consider an ordinance on the meals tax at this time.

Supervisor Good offered a substitute motion:

On substitute motion of Supervisor Good, it was resolved the Board of Supervisors authorizes staff to advertise a public hearing on the FY 2020 Budget to include a real estate tax rate of \$0.49 per \$100 of assessed value (the equalized rate), a personal property tax rate at \$4.40 per \$100 of assessed value, and a five (5%) percent reduction in each category of the Business, Professional and Occupational License (BPOL) tax, increase the Schools budget by \$425,000 for salary increases and \$900,000 for debt service.

The vote on the substitute motion:

The vote was: Aye: Borland, Good, Moore
Nay: Gunter, Hardie, Hogg, Watts
Absent: None

Because the substitute motion failed, a vote was taken on the original motion.

The vote was: Aye: Gunter, Hardie, Hogg, Watts
Nay: Borland, Good, Moore
Absent: None

// On motion of Supervisor Borland, the meeting was adjourned at 8:09 p.m.

The vote was: Aye: Borland, Goldsmith, Good, Gunter, Hardie, Hogg, Watts
Nay: None
Absent: None

EDDIE GUNTER, CHAIRMAN

Approved: _____