

VIRGINIA:

At a recessed meeting of the Board of Supervisors of the County of Northampton, Virginia, held in Conference Room #2 of the former Northampton Middle School, 7247 Young Street, Machipongo, Virginia, on the 28th day of March, 2011, at 5:00 p.m.

Present:

Willie C. Randall, Chairman	Samuel J. Long, Jr., Vice Chairman
H. Spencer Murray	Oliver H. Bennett
Richard Tankard	Laurence J. Trala

The meeting was called to order by the Chairman.

County Official's Report:

Prior to discussion on the FY 12 County Budget, Ms. Katherine H. Nunez, County Administrator, asked if the Board wished to change its proposed joint meeting with the Northampton County School Board, scheduled for April 7th, due to a conflict of the School Board Chairman. The Board agreed to meet with the School Board on Monday, April 11th, commencing at 7:00 p.m., in conference room #2 of the former Northampton Middle School, 7247 Young Street, Machipongo, Virginia, for discussion of the FY 2012 school board budget.

Ms. Nunez also announced that Mr. Gary Fisher of Powhatan County has accepted the part-time position of interim Building Official for Northampton County, effective April 1st.

The Board briefly discussed Redistricting Options 5 and 5B and it was the consensus of the Board to discuss this matter more fully at its March 30th joint meeting with the Northampton County Planning Commission. The County Administrator cautioned the Board about the very tight time frames necessary in order to accommodate the November elections for supervisors and

indicated that the public hearing date for the redistricting option previously selected (5B), has been scheduled for the Board's work session of Monday, April 25th.

(2) Ms. Nunez and Ms. Glenda Bradley, Director of Finance, discussed with the Board the preliminary draft FY 2012 Budget as it relates to revenues. Ms. Nunez's memo to the Board is set out below:

TO: Board of Supervisors
FROM: Katie H. Nunez, County Administrator
DATE: March 24, 2011
RE: Discussion of Preliminary Draft FY2012 Budget

I want to take this opportunity to provide an overview of the budget to date as Finance Director Glenda Miller and I work to develop a draft budget for your consideration.

As you are aware, the last three annual budgets have been extremely difficult to develop as the national, state and local economies have been hard hit which has significantly impacted our local revenues. In particular, the trend over these past budget years has been a continual shift of expenses from the federal and state level to the local level, thus resulting in a decrease of local aid.

Our review of our current year budget does provide signs of positive movement of our revenues. While we are not expecting a rapid increase in the revenue stream, we feel that there are signs of rebound locally, especially in the areas of solid waste and building renovation permits.

The biggest challenge for our revenue projections is the impact of the state budget on the local aid, especially for education and the Constitutional Officers. In addition, the state budget process for the upcoming fiscal year has been eagerly anticipated by our county to see if the state would include the funding for the additional reimbursement on the Regional Jail Construction Costs that has been owed to us but remained unpaid through the current fiscal year budget, a condition that severely impacted our budget development last year.

Below are the items of importance in reviewing the recently passed state budget and our projections on locally derived revenue for your consideration:

State Budget Items

- 1) Regional Jail Construction Costs – Additional Reimbursement: This item **is** funded in the budget. The county will receive \$3,116,112 which will reside in the Debt Fund and will be used to offset our debt obligations.

- 2) Continuation of “Flexible” Reductions in Aid to Localities (shown in the Non-Categorical Section – “Account # 42710”): For Fiscal Year 2009 & 2010, the state imposed reductions in aid of \$50 million for each year (approximately \$192,000 impact annually to us over the last two years). Each locality was provided the choice of imposing the reductions directly to the local departments (Constitutional officers, registrar, social services, etc) or to make a payment directly to the state or some combination of the two. We chose to make a payment directly to the state by funding this as a line item in our budget. With the inclusion of this program in the state budget for Fiscal Year 2011 & 2012 at an increased level of \$60 million of reduction in aid, we will be required to include this within our budget process. For FY2011, we budgeted \$226,391 and for FY2012, we are budgeting \$224,927 that we will pay to the state under this program.
- 3) Funding for Constitutional Officers & Employees (shown in Shared Expenses Section – “Account #42725 thru 42900”): This continues to decrease as the state moves the responsibility for some of the Constitutional Offices onto the localities, especially for the Treasurer and Commissioner of Revenue where we are paying the bulk of the support personnel. We are anticipating a reduction of this revenue by approximately \$57,000. This reduction reflects the full shift of the cost of premiums for the VA RISK general liability insurance and surety bond coverage to the locality, the declining contribution from the state towards retirement contributions, and no funding for the increase of pay for sheriff’s deputies when they transition to a new pay grade after a full year of service. In addition, the state did not provide any funding for any type of COLA or pay increase for any Constitutional Office or any other quasi-state employee, such as Social Service employees or Voter Registrar.

The state has indicated that there is a dedicated pool of funds that will be apportioned out based upon prison population. They have assumed no increase state-wide in the prison population; therefore, the per diem rate would remain at \$4 per day for local responsible inmates and \$12 per day for state responsible inmates.

- 4) Line of Duty Act: This was first introduced in last year’s state budget with an effective date of shifting the funding of this program to the localities, effective July 1, 2011. This Act states that local governments will pay all benefits for professional and volunteer public safety officers (deputies, corrections officers, animal control, EMS – full-time, part-time, and volunteers) who are killed or permanently injured in the line of duty. The FY12 state budget contains language that now allows one more year (or until July 1, 2012) for a locality to opt out or remain in the state plan administered by the Department of Accounts and VRS but the funding obligation becoming effective for this upcoming budget year was not delayed. This is a cost impact of \$23,712 for this upcoming budget year and is projected to increase by 4 times this amount within the next 3 years through the state administered plan.

Please note that the language does not clarify responsibilities for volunteer departments that are not under the control or custody of the local government entity

as to who is financially responsible for covering this new obligation but only stipulates that the volunteers of these types of units are a covered group under the Act.

5) OTHER POINTS OF CONCERN/NOTE CONTAINED IN THE STATE BUDGET

- During the 2011 General Assembly session, a bill was filed that would have frozen all BPOL legislation in place at the local level as of January 1, 2011. This bill was not passed; however, the state has commissioned a Study of BPOL with an effective date for completion of the report of November 1, 2013.
- The state has created a Tourism Development Revolving Micro Loan Fund, effective July 1, 2011.
- The state budget has increased the funding for the Enterprise Zone program by \$2.5 million, increasing the total spending to \$15.7 million.
- The state budget increases funding for planning district commissions to help restore previous reductions.
- The state budget contains funding to continue the Local Composite Index hold harmless provision for the FY12 budget – this is an item that we do not qualify for as our LCI went down in the re-benchmarking 2 years ago. Please note that over 4 years ago, our LCI skyrocketed and we requested the state to provide a hold harmless provision that would have assisted 11 communities, including ours, but our request was denied.
- The state budget provides language to allow for carryover of unexpended state education funds from FY11 to FY12 as well as for FY12 to FY13.
- The state budget provides \$700,000 in grant funds for local governments that have qualifying purchase of development rights (PDR) programs.

COUNTY REVENUES

1. Local Revenue Discussion: Glenda will review our draft revenue estimates in greater detail during the meeting. Overall, we are anticipating an increase in our revenue stream of \$158,670 from the adopted FY11 budget. Enclosed is a summary and detailed report of revenues for your review.
2. We would like to discuss with the Board the consideration of adoption of a new fee: Admissions Tax. I have provided a copy of the Code Section detailing Admissions Tax. Our preliminary analysis of the imposition of such a tax could generate \$50,000 - \$100,000. The Board would have to conduct a public hearing to adopt an ordinance imposing such a fee.
3. We would like to discuss with the Board the BPOL (Business, Professional, and Occupational License) program. We currently require only the licensing of a business at an annual cost of \$30; there are parameters in the Code in which a business is required to obtain said license and some types of businesses are exempt, such as farming operations. The BPOL legislative authority in the Code allows for an expanded program that would

require a business entity to report its gross revenue and be charged a percentage tax of its gross revenue. As you may recall, the Board eliminated the Merchant's Capital Tax in 2008 at which time that was providing \$93,000 in revenue for the county and opted to replace this business tax with the limited BPOL program which had been projected to bring in about \$30,000. However, this revenue projection has not been met and we are projecting this program to generate about \$17,000 in FY12 (this is contained within the Business License Tax Account #40400 under Other Local Tax Section; this account also includes revenue of \$30,700 from Verizon). Please note that the annual license cost of \$30 is the maximum allowed by Code.

4. Bayshore Concrete has submitted a request (enclosed) that the Board consider reducing the Machinery & Tools tax rate for the FY12 budget. We would like to review this request with the Board at the meeting.

OTHER

The School Board will be submitting their budget on Friday, April 1, 2011. This will be distributed to the Board in preparation for our joint meeting with the School Board on Thursday, April 7, 2011 @ 5:00 p.m.

I will have a full draft budget for the Board's consideration as part of your agenda on Tuesday, April 12, 2011.

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Mr. Murray left the meeting at 6:15 p.m.

(3) Ms. Nunez presented a second memorandum detailing progress to date on the possible relocation of the Emergency Medical Services' Office to the former Middle School Building. Said memorandum is set out below:

TO: Board of Supervisors
FROM: Katie H. Nunez, County Administrator
DATE: March 25, 2011
RE: EMS Building Project

Over the last 5 months, I have engaged staff (EMS Director Hollye Carpenter, Clerk of the Works Jim Chapman, Public Works Director Mike Thornes & members of his staff, and the Building Department) to assist in a feasibility study to determine cost and issues associated with the proposal to relocate the EMS Department from their existing location on Route 13 to the

former Middle School. I have utilized the services of DJG, Inc. to assist in this review. The location at the former Middle School and re-use of a portion of the Middle School building is our recommendation for this project since it retains the EMS Department in a central location between the other volunteer EMS stations and will now allow for supplemental coverage through the newly purchased County ambulance.

We examined two potential locations in the facility as well as examining a design/build option. The two areas that we examined were: 1) the front wing of the building, stretching from the former guidance counselors' office to the bathrooms at the end of the hall and included the placement of a garage in the courtyard area. The pros of this location is it places an active department in the front of the building and will encourage use of this section of the building through training activities, meetings associated with the functions of this department as well as the daily activities of the department. The cons were the costs involved to bring this section of the building to a "stand-alone building" for purposes of electricity, plumbing and power generator capacity as well as the placement of a garage in the courtyard and its travel path past an existing school building (the Tech Center). The cost estimate for this approach is \$1,408,711. 2) The side wing of the building from the auditorium to the hallway doors separating the wing of the building currently occupied by County Administration. The pros of this location is a more compact configuration of the EMS Department and allows future growth for conversion of two additional classrooms for training & testing requirements for EMS personnel at a nominal cost, as compared to the first area studied. A garage would be located on this east side of the building between the auditorium and the former library space and provides better direct access to Young Street without impacting the Tech Center. The cons are the upgrades to the sewer and water line to accommodate a 24/7 operation and the overall cost of the project which is estimated at \$1,260,166. However, the group met and revised elements of the proposed project (such as reducing the size of the garage from 4 bays to 3 bays, the type of heating & cooling system being proposed and to defer the conversion of two classrooms into the EMS Training Facility) which brought the cost estimate to \$1,036,437.

A design/build option brought the cost-estimate to \$725,000; however, the estimate did not include bonding costs, design costs, permitting costs, inspection costs, materials testing, or some of the required improvements to the access roads in – we estimate those costs at an additional \$200,000 to \$250,000.

I believe our study has determined that a re-use of a portion of the Middle School property is feasible and that a budget for this project of relocating and establishing our EMS Department with a garage at this location is \$1,000,000. I am requesting the Board to vote to authorize the County Administrator to move the EMS Department to the side wing on the former Middle School property and to authorize the establishment of a capital budget of \$1,000,000.

There are funds remaining in our existing capital funding from our County complex projects and Solid Waste projects to cover the cost of the EMS project.

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Ms. Hollye Carpenter, EMS Director, was present and indicated that “this [move] is required, regardless of what Riverside does.”

Following discussion by the Board, motion was made by Mr. Long, seconded by Mr. Tankard, that the Board authorize the County Administrator to proceed with an RFP for the design work for this project (including the four-bay garage option) and authorize the establishment of a \$1.2 million budget for said purpose. All members were present with the exception of Mr. Murray and voted “yes.” The motion was unanimously passed. The Board asked that the RFP not be released until at least the end of April when a decision on Riverside’s Certificate of Public Need application may have been received.

Recess:

Motion was made by Mr. Trala, seconded by Mr. Long, that the meeting be recessed until 7:00 p.m., Wednesday, March 30, 2011, in conference room #2 of the former Northampton Middle School, 7247 Young Street, Machipongo, Virginia, in order to conduct the annual joint meeting with the Northampton County Planning Commission, further discussion relative to redistricting options, and such other business as may come before the Board. All members were present with the exception of Mr. Murray and voted “yes.” The motion was unanimously passed.

The meeting was recessed.

_____CHAIRMAN

_____ COUNTY ADMINISTRATOR