

VIRGINIA:

At a recessed meeting of the Board of Supervisors of the County of Northampton, Virginia, held in the Board Chambers of the County Administration Building, 16404 Courthouse Road, Eastville, Virginia, on the 22nd day of April, 2013, at 5:00 p.m.

Present:

Willie C. Randall, Chairman	Laurence J. Trala, Vice Chairman
Richard L. Hubbard	Larry LeMond
Oliver H. Bennett	

The meeting was called to order by the Chairman.

County Administrator's Report:

The County Administrator shared with the Board the following memorandum:

MEMORANDUM

TO: Board of Supervisors
FROM: Katie H. Nunez, County Administrator
DATE: April 19, 2013
RE: Continued Discussion of Draft FY2014 Budget

Finance Director Leslie Lewis and I have been working on the FY2014 budget based upon our review of the budget last month with the Board. The state has finalized their budget and we have now included all of the updated state revenues within the budget. While we are continuing the final review of this document, we believe that this budget is meeting the Board's objectives contained within their Strategic Plan as well as comments expressed at last month's review of the draft budget. This budget is not seeking any tax increase; the equalization of the tax rate has been amended with the completion of the Agricultural Forestal Districts and Preservation Easements report with their updated assessments that has impacted the new equalized rate to a rate of 68¢, instead of the 70¢ reported at the April 3, 2013 Board meeting.

1. **Equalized Tax Rate & FY14 Estimated Tax Billing as of 4/18/2013:** Enclosed is the revised Equalized Tax Rate which has been updated to include the corrected valuations for Land Use (AFD's and Preservation Easements). The change to this number has reduced the equalized tax rate to \$.6795 or 68¢. Based upon this information, we have

now completed our spreadsheet that details all of the real estate tax categories which is enclosed.

Following discussion by the Board, motion was made by Mr. LeMond, seconded by Mr. Bennett, that an equalized real estate tax rate of \$0.68 be advertised with no additional tax rate increase. All members were present and voted "yes." The motion was unanimously passed.

2. **Compensation Board & Constitutional Officers:** While the Compensation Board has not provided final budget figures for the Constitutional Officers, we have implemented their estimates of March 8, 2013 into this document, including the 3% Cost of Living Allowance effective August 1, 2013 (both as a revenue and expenditure). Please note that the Governor included clarifying language in his budget amendments that confirm that the 3% COLA for Constitutional Officers and State Sponsored employees (Social Services, Voter Registrar) is required and offset by increased revenue from the state to each locality.
3. **Health Care Act –Impact on Part-Time Employees:** While the rules and regulations governing the extension of health care benefits to part-time employees are still being clarified, we have taken steps to amend work schedules to bring us under the threshold of 30 hours per week. We have also conducted an analysis over the last 6 months to see if any part-time employee worked more than the 30 hour schedule (as a result of providing coverage for another employee) and there were instances where that threshold was crossed but never exceeded the 40 hour per week benchmark. While we do not believe that this would require the offering of health insurance to those particular part-time employees, we have been conservative in our budget development and have included a line-item within the contingency fund that would cover this obligation if the federal rules should be deemed to include any of our part-time employees.
4. **Debt Service Fund:** As you will recall, the County received \$3,444,581 from the state in FY12 which was placed within the Debt Service Fund in reserve and we have used \$758,461 in FY12 and estimating that we will use \$845,002 in FY13, which will leave a balance of \$1,841,118. Based upon our new debt schedule, we are recommending a funding plan to utilize 1/8th of the reserve annually over the next 8 years to stabilize the contribution from the general fund into the debt service fund to meet our debt obligations. This will commit us to include \$230,140 from the reserve. We have included the updated debt schedule for review and discussion.

It was the consensus of the Board to proceed as outlined by staff.

5. **School Debt Service Fund:** In the FY2013 budget, the Board articulated a desire to begin a school capital reserve fund that would be funded as we retired school debt and redirect those "debt service payments" to a capital reserve. In FY2012, our school debt service payments (principal and interest) were \$1,328,087; in FY2013, these payments were \$1,075,858, thus the difference between FY13 and FY12 of \$252,229 was placed in a school capital reserve account.

In the FY14 budget, the school debt payments are \$406,450, thus indicating that we would make a contribution of \$921,637 (FY12 school debt contribution minus FY14 school debt contribution) into the school capital reserve account. We have continued this policy within the proposed budget.

It was the consensus of the Board to proceed as outlined by staff.

6. **County Fines:** In Fiscal Year 2012, we initiated a funding plan to increase the Sheriff's deputies by 2, utilizing traffic fines as a funding source. At that time, the base revenue we were receiving from traffic fines was \$205,000. The cost per officer is \$51,125 so fine money would need to increase over and above the base number to cover the cost of each new officer. This indicates that we need to collect a minimum of \$307,249 to continue the base revenue contribution to the general fund of \$205,000 and to cover the cost of the 2 additional deputy positions. We have continued with this funding plan within the FY2014 budget. Lastly, we have communicated to the Sheriff that if the county fines revenue should exceed the base plus the cost of the 2 officers, that the excess would be appropriated to the Sheriff to provide funding for salary adjustments or other funding needs within his department. Does the Board wish to continue with this funding plan?

The Board concurred with the plan of action as outlined by staff.

7. **Outside Agencies:** We are still verifying the outside Regional Agencies that are jointly funded between Accomack and Northampton County regarding compliance with all agreements; at this time, we are still using the amount requested from these regional agencies within this budget document.

In terms of the Fire Departments, we have increased the annual contribution from \$25,000 to \$30,000 for all of the companies. We did not recommend a contribution to the Cape Charles Fire Company for the purchase of a pumper truck.

Cape Charles had submitted multiple requests for contributions from the County (fireworks, beach replacement, pier replacement, library expansion, library contribution); we have recommended only the continuation of the library contribution at \$20,000.

The Small Business Development Center had requested \$2,000; we have recommended to level fund them at \$1,000.

Tourism Funding: Per your local ordinance, the Transient Occupancy Tax revenue is to be divided in 3 ways: 45% of the total is for a contribution to the ES Tourism Commission; 15% to the County's Tourism Infrastructure Grant Program; and 40% for General Fund Revenue. We are estimating a total of \$255,000 in Transient Occupancy Tax for FY14 and it is divided in compliance with our local ordinance as follows:

1. \$114,750 as a contribution to the ES Tourism Commission

2. \$38,250 in the NC Tourism Infrastructure Grant Program (found in the “Other Economic Development” budget as a line item)
 3. \$102,000 General Fund revenue – used as general revenue to balance the FY14 budget.
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Mr. Hubbard stated that he would like the Board to write a letter to its legislative representatives in order to have transient occupancy tax levied at the state-owned Kiptopeke State Park. Ms. Nunez reminded the Board that this request was currently on the County’s legislative agenda.

Mr. Bennett asked what the Board was doing to help everyday citizens and the elderly. He stated that he would like to see something, particularly in the area of drainage. He also asked to receive listings from appropriate agencies, like the Area Agency on Aging and the Department of Social Services, with regard to programs they have in place to assist the elderly community.

Mr. Trala stated that he continued to question Northampton County’s contribution (in excess of Accomack County’s contribution) to the Tourism Commission. Ms. Nunez reminded the Board that its ordinance dictated the funding level provided and should the Board wish to change that level, it must amend its ordinance.

With these items as well as reductions or alterations that were made to the department requested budgets and that are reflected in the column titled “2014 County Admin. Rec.”, this brings us to a budget that has a current surplus of \$167,716. However, there are some items that have not been included in the budget that the Board may wish to do so. Please see the attached tracking chart to show the impact of each of the items listed below on the General Fund surplus.

- A. School Contribution:** In our review of the school budget, there are two items that we want to call attention to relative to the County Contribution. The budget document (page 49) indicates a county contribution request of \$7,800,019.37

According to the School Handout of April 3, 2013 titled “2013-2014 School Board’s Budget Proposal Summary”, they noted one adjustment to this county contribution request that would reduce it by \$2,194.64 based upon new lease estimates for bus lease costs. This would bring the requested contribution to \$7,797,824.73

The second item that we want to call attention to is an expenditure line item called “Sick Leave Payout” on page 49 of the School Budget (copy enclosed). Upon our request, Brook Thomas provided the Board an update of the Summary of Potential Sick Leave Liability dated April 3, 2013 and an updated Summary of Current & Anticipated Usage of CIP/CarryForward Funds Report (which was provided to you at the Joint Meeting with the School Board; also enclosed again for your review). These two updated documents indicate that a direct contribution through the budget is not needed in FY2014 since there are sufficient funds in the Sick Leave Payout Fund to

cover any potential retirements that are owed this payout through Fiscal Year 2018. We would recommend that the School Contribution be reduced from the corrected amount of \$7,797,824.73 by \$100,373 to a new School Contribution of \$7,697,451.73

Please note that we are still reviewing and verifying the School's Capital Fund usage and requests for capital funds within their FY14 budget, including a requested transfer from the School Operating Fund to the School Capital Fund.

It was the consensus of the Board to proceed as outlined by staff.

- B. Cost of Living Allowances (COLA) for County Staff:** If the Board wishes to implement a similar Cost of Living Allowance for the county staff, the cost to do so is \$66,900. For your consideration, my office conducted a quick survey of organizations on the Eastern Shore to see what has been the trend for the last 2 years as well as those agencies' intentions for the upcoming budget year relative to pay increases and these results are enclosed.

It was the consensus of the Board to proceed as outlined.

- C. Public Service Authority – Southern Node Project:** If the Board is desirous of making a contribution for a southern commercial wastewater project, then I would recommend a contribution of \$130,000 (\$35,000 would represent the annual debt service contribution based upon the recommendation from the PSA for a cost share split between the General Fund for 25% of the project and the creation of a Special Tax District that would pay for 75% of the project; the remaining funds of \$95,000 would be an advance of the project cost to engage engineers to bring this project to construction).

While Mr. LeMond suggested a 50%-50% split, it was the consensus of the Board to proceed to the budget public hearing as outlined, noting that changes to the funding strategy could be made at the time of the separate public hearing, which is required to establish the special tax district. Mr. Bennett indicated that he would like additional discussion relative to this item in the future.

- D. Emergency Management:** As this responsibility continues to increase to maintain compliance with the federal and state regulations, I am recommending that we implement a stipend for the personnel that have been assigned to fill management roles in Emergency Management in addition to their full-time jobs with the County (Emergency Management Coordinator, Deputy Coordinator(s)). I would recommend a stipend pool of \$10,000 that would be distributed among the Emergency Management leadership positions.

It was the consensus of the Board to proceed as outlined. Mr. Bennett indicated that he would like additional discussion relative to this item in the future.

E. Sheriff's Deputies: One of the issues that has been noted is the increased usage of compensatory time for law enforcement personnel in the absence of available funding for overtime pay. As a result of this, while the Sheriff has done an excellent job in ensuring that the compensatory time is used as quickly as possible after being earned so that it is not a financial liability of the County's, it has resulted in vacation accruals for law enforcement personnel to accumulate to the point that the vacation accruals are unable to be used annually by these personnel. I would recommend that the remaining funds of \$63,383 would be included in the Sheriff's budget for overtime pay.

It was the consensus of the Board to proceed as outlined. Mr. Bennett indicated that he would like additional discussion relative to this item in the future.

The Board also asked staff to propose an increase in the solid waste tipping fee from \$63.00 to \$65.00 effective July 1, 2013.

Mr. LeMond and other members of the Board thanked Ms. Nunez and Ms. Lewis for their outstanding work in crafting a balanced budget with no tax increase.

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Recess:

Motion was made by Mr. Trala, seconded by Mr. Hubbard, that the meeting be recessed until 5:00 p.m., Monday, April 29, 2013 in the Board Room of the County Administration Building, 16404 Courthouse Road, Eastville, Virginia, to conduct a meeting of the stakeholders with regard to a stand-alone emergency room in Northampton County. All members were present and voted "yes." The motion was unanimously passed.

The meeting was recessed.

_____CHAIRMAN

_____ COUNTY ADMINISTRATOR