

VIRGINIA:

At a recessed meeting of the Board of Supervisors of the County of Northampton, Virginia, held in the former circuit courtroom, 16404 Courthouse Road, Eastville, Virginia, on the 26th day of April, 2010, at 5:00 p.m.

Present:

Laurence J. Trala, Chairman

Willie C. Randall, Vice Chairman

Richard Tankard

H. Spencer Murray

Oliver H. Bennett

Samuel J. Long, Jr.

The meeting was called to order by the Chairman.

County Officials' Reports:

(A) Ms. Katherine H. Nunez, County Administrator, referenced her earlier April 8, 2010 memorandum to the Board detailing staff's efforts to provide a balanced FY 2011 budget for the Board's consideration.

The Northampton County School Board was present and in session.

Dr. Rick Bowmaster, Superintendent, and Ms. Brooke Thomas, Director of Finance, answered questions from the Board with regard to that agency's FY 2011 proposed budget. Various line items were discussed including technology lease, technology contractual, property liability, and vehicle equipment & supplies.

Mr. Tankard shared a powerpoint presentation as follows:

School Budget Ideas and Suggestions

Richard Tankard

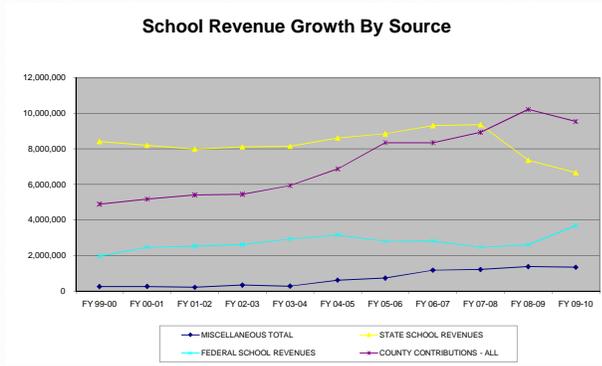
Fiscal Challenge

- Beginning with school year, the Board of Supervisors communicated to Dr. Bowmaster the decline in County citizen's ability to pay due to economic recession and increased unemployment.
- At that time, and on numerous occasions, both school administration and School Board were encouraged to find ways to consolidate redundant County/School functions. (examples: facilities mgmt., purchasing, payroll, fiscal management)
- BOS and CA communicated that level funding would be unlikely and it was prudent to prepare a budget with 5% and 10% reductions in local funding.

Historical Perspective

- Last year saw the first reduction in local funding in more than a decade.
- The trend in local funding over the last decade is overwhelmingly positive for the school system.
- 2 years ago, saw the first time in more than a decade that local funding provided more to the school system than the Commonwealth.

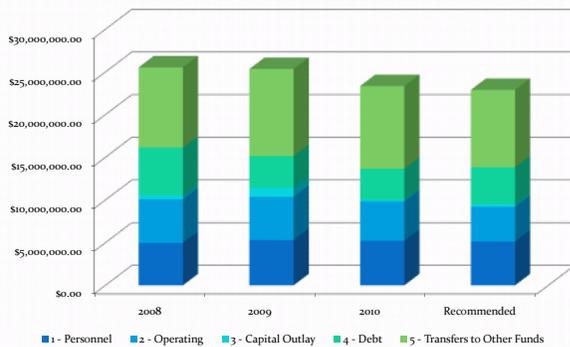
Ten Year Perspective



County Cutbacks

- The economic recession has taken the most severe toll on Commonwealth revenues ever.
- The County Administration has instituted numerous cost cutting measures as well as instituted employee furloughs.

Total General Fund Expenditures



Fiscal Good News

- LCI change has meant increased revenues for local schools: \$496,997 in additional SOQ funding.
- A relaxation of VRS requirements has freed up \$494,243. That is not shown as revenue, but it has a positive effect on the balance sheet.
- In the proposed school budget, none of these revenues or savings are passed along to the County.

Federal funding changes

- Overall loss of \$751,436.
- But projected revenues of \$2,920,543 are still well above the historical average of \$2.7 million.

Superintendent's proposal

- The budget presented to us asks for level local funding.
- The overall budget would decline by 1/2%.
- If a 5% reduction in local funding was instituted, the overall budget would decline by 2.81%.
- If a 10% reduction in local funding was instituted, the overall budget would decline by 5.17%.

Superintendants 5% cut

• Reduct. Mat. & Supp	• \$10,000
• HS Phys. Ed teacher	• \$42,000
• Media Ctr. Assistant	• \$31,361
• Reduce retiree sick leave	• \$35,820
• Increase Driver's Ed. Fee	• \$8,000
• Elim. All Mid Level Athl.	• \$16,500
• Reduce HS summer sch.	• \$5,000
• Delay school bus lease	• \$60,423
• Eliminate Resource Off.	• 50,000
• Eliminate tech. lease	• \$127,000
• Elim. Late bus runs	• \$20,000
Total	• \$406,104

Another proposal

• Eliminate tech lease.	• \$127,000
• Elim. both media specs.	• \$57,526
• Tech. contract services	• \$63,406
• Transp. Op. salary, FICA	• \$94,636
• Transp. Med. Insurance	• \$75,600
• Division insurance	• \$65,500
• Division mat. & supp.	• \$38,000
• Elim. Retiree health	• \$66,500
• total	• \$615,200 or 7.5%

Can we find 2.5% more?

- What about the \$75,600 already placed in budget for bus driver health plan? (new this year?)
- With Broadband soon to be accessible, do we need to pay Verizon \$300,000?
- Adjust ADM to 1700?
- Other ideas?

Mr. Tankard did note that since hearing the School Board's comments this evening, some of his suggestions no longer applied.

Mr. Murray read the following comments:

Northampton County 2011 Budget

Comments on the School Proposed Budget

H. Spencer Murray, Supervisor, District #4

April 26, 2010

Mr. Chairman and fellow Supervisors, School Board members, Dr. Bowmaster and citizens of Northampton:

My comments will take a few minutes, however since we are talking about more than half of our county budget, I beg some indulgence.

First, I believe some history may be instructive.

In 2008 the School Board requested a carry over from 2007 of an extra \$250,000 that resulted from the March 31 ADM being better than projected. The school system ended 2008 with \$227,377 of the \$250,000 but the BOS allowed those funds to be carried over to FY 09. At the end of FY09, the school finance director and the school auditor found \$377,317 unspent. The BOS allowed that amount to be added to the \$227,377 for a total of \$604,694 for capital improvements. I hope the school administration is well along on completion of construction plans to replace the HS cafeteria wall this summer.

Last year this BOS authorized a one-time budget increase of \$144,887 for additional installation expenses associated with the permanent modular classrooms at the elementary schools and the one year lease of the modular classrooms at the HS. When the \$1.2 million dollar replacement of the HS back wall was completed and 14 classrooms returned to use, the modular classrooms at the HS were released.

These modular classrooms were needed because the Middle School was closed. Since then, the county has assumed all costs associated with the Machipongo Middle School facility. Throughout all this needed funding I have been supportive and the record will show that I motioned many of these approvals, so any notion that I am not fully supportive of the school system is totally inaccurate.

During the budget process last year the school administration stated that the reductions requested by the BOS would eliminate some nursing staff and aides. Letters from the school administration were sent home with the students to parents and the public was warned of impending doom. The school administration was thankful when the BOS took an additional \$75,000 from the county

general fund, our savings account, to restore funding for those staff.

This action reduced the BOS local share reduction to \$348,530, or 4.1%, less than the \$377,317 unspent in FY09 and not discovered until the books were to be closed. It seems to me that true “level funding” should begin at least \$377,317 less than last year’s funds that were not spent and the school administration did not know it had.

During this past year, through the projected end of April, this BOS has approved budget aments that on a net basis increase the school operating fund by \$602, 948. While these funds are targeted, they clearly represent additional resources to the school administration.

In the school administration proposed budget for 2011, there are a series of “cuts” offered to get the proposed county funding at the same level as last year. The “cuts” and restructuring proposed by the school administration do not appear to me to be actual cuts, but needed sound management moves like “reducing one elementary teacher through attrition due to lower enrollment.” Why wouldn’t the school administration do that? Wouldn’t it be mismanagement if they didn’t?

Stimulus funds that end in June 10 have been fully replaced by the increased funding in state basic aid, SOQ payments almost to the penny. This is not true for Accomac and many other counties which are making drastic cuts to avoid massive tax increases. It is not true for the 17,000 teachers being fired in New York, hundreds in North Carolina and all over the country

I hear from many of my constituents without prompting from the school administration. Most want excellent schools but many also want level tax bills, especially those on fixed incomes and who have recently lost a job or a business. I also hear from county employees who have taken unpaid furloughs and increased contributions to medical insurance. All true cuts in a budget hurt someone.

I respectfully ask that the school administration sharpen its’ pencil and go at your proposed budget again.

Where you reduce expenses is the sole decision of the school board and school administration. This BOS should not have to make choices between instruction and athletics, other programs or whatever. That is why we have a school board and a school superintendent.

It is the job of this BOS to find every dollar possible to fund schools and all other critical services while being sensitive to our taxpaying citizens. I pledge to do just that when I receive another proposed school budget.

I ask these comments to be included in the official record.

Respectfully,

H. Spencer Murray

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Mr. Randall said that as a result of his recent Town Hall District One meeting, he believed that the public supported a level-funded school board budget. He also said that past use of agricultural-forestal districts took money from the County's revenue coffers. He noted that even with level funding, cuts would have to be made in some areas of the school budget because goods and services have increased over the past year.

Mr. Tankard said that in the past, he advocated several items including (1) allowing any budget surpluses be applied to the school's capital fund; and (2) implementing a bus replacement schedule.

School Board Member Richard Drury said that the County's quality education is at great risk if additional cuts were made, resulting in what he called "a serious catastrophe".

Mr. Murray asked the School Board to go back and "take another quick look" at its proposed budget to see if any fine-tuning can be done.

School Board Member Richard Bland said that he has seen the school system decline over the past eleven years and has gone from being a top priority to a "back burner" one.

School Board Member Patrick Hand said that the School Board was asking for what it needed in order to have a basic quality education in the County and that if taxes needed to be raised, that would be the right choice.

At approximately 7:00 p.m., the Chairman called a brief recess and the School Board left the meeting. Mr. Long left the meeting at this time as well.

When the Chairman reconvened the meeting, the County Administrator continued discussions relative to the April 8th memorandum to the Board.

With regard to proposed funding for STAR Transit, the County Administrator noted that

Accomack County had cut funding to that agency and that Northampton County was proposing to follow suit in accordance with the 50-50 funding ratio. Several Board members stated their concern with possible loss of this service if the funding is so severely cut and requested that the County Administrator leave funding for this agency at its requested level.

The Board continued its discussions relative to the proposed School Board budget request. Several Board members noted that a 5.07% reduction could be achieved by eliminating approximately \$377,000 from the local contribution, which represents the FY 09 excess revenues over expenditures as determined by the audit for that year as well as correction in the amount of the bus lease. There was lengthy discussion concerning the merits of achieving a true “base line” figure on which to base the local contribution relative to “level” funding. It was the consensus of the Board to instruct the County Administrator and Director of Finance to negotiate a base line figure with the School Board as outlined above. Computations based on this conversation are set out below:

FISCAL YEAR 2010 LOCAL CONTRIBUTION	\$8,122,081
Remove the bus lease “estimate”	<u>-\$363,200</u>
	\$7,758,881
Excess Revenue over Expenditures for FY09	<u>-\$377,317</u>
	\$7,381,564
Add back in the new bus lease payments (actual)	<u>+\$329,000</u>
	\$7,710,564
Reduction	\$411,517
	5.07%

Mr. Trala suggested the appointment of Mr. Randall and Mr. Murray to meet with the school and staff to work on this matter but both declined in favor of having Ms. Nunez and Ms. Miller serve in this capacity.

Tabled Items:

It was the consensus of the Board to continue to table action on the following two resolutions.

(B) Resolution to Create an Economic Development Advisory Committee

(C) Resolution to Create a Finance Advisory Committee

In another matter, Ms. Nunez presented a clarifying resolution required by legal counsel prior to a refinancing request from the hospital. The resolution clarifies the terms of the IDA members and is set forth below. Motion was made by Mr. Murray, seconded by Mr. Bennett, that the following resolution be adopted. All members were present with the exception of Mr. Long and voted "yes." The motion was unanimously passed. Said resolution as adopted is set forth below:

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE
COUNTY OF NORTHAMPTON, VIRGINIA CLARIFYING
THE TERMS OF THE DIRECTORS OF THE INDUSTRIAL
DEVELOPMENT AUTHORITY

WHEREAS, the Board of Supervisors of the County of Northampton, Virginia (the "Board") desires to clarify, and to the extent necessary amend, the terms of the current Directors of the Joint Industrial Development Authority of Northampton County and Towns (the "IDA").

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF NORTHAMPTON, VIRGINIA:

1. Terms of IDA Directors. The Board hereby clarifies, and to the extent necessary amends, the terms of the current Directors of the IDA as follows:
 - a. Mr. Tom Potts was appointed for a term expiring March 31, 2012;
 - b. Mr. John Burdiss was appointed for a term expiring March 31, 2012;

- c. Ms. Sharon Bailey was appointed for a term expiring March 31, 2013;
- d. Mr. Charlie Dickinson was appointed for a term expiring March 31, 2013;
- e. Mr. Steven Warren was appointed to fill the unexpired term of Mr. Harrison Wehner for a term expiring March 31, 2010;
- f. Mr. Mark Bundy was appointed for a term expiring March 31, 2010; and
- g. Mr. William Hughes was appointed to fill the unexpired term of Mr. Michael Loring for a term expiring March 31, 2011.

2. Effective Date; Prior Resolutions; Further Action. This Resolution shall take effect immediately. To the extent that this Resolution conflicts with any prior resolutions of the Board, any such prior resolutions are hereby repealed. To the extent necessary, the Board requests that the Town Council of the Town of Cape Charles take action to clarify the term of its appointee to the IDA.

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Closed Session

Motion was made by Mr. Bennett, seconded by Mr. Murray, that the Board enter Closed Session in accordance with Section 2.2-3711 of the Code of Virginia of 1950, as amended:

(A) Paragraph 1: Discussion or consideration of employment, assignment, appointment, promotion, performance, demotion, salaries, disciplining, or resignation of specific public officers, appointees or employees of any public body.

Appointments to Boards/Commissions

All members were present with the exception of Mr. Long and voted “yes.” The motion was unanimously passed.

After Closed Session, the Chairman reconvened the meeting and said that the Board had entered the closed session for that purpose as set out in paragraph 1 of Section 2.1-3711 of the Code of Virginia of 1950, as amended. Upon being polled individually, each Board member confirmed that this was the only matter of discussion during the closed session.

Recess:

Motion was made by Mr. Murray, seconded by Mr. Bennett, that the meeting be recessed to 5:00 p.m. on Monday, May 3, 2010, in the former circuit courtroom, 16404 Courthouse Road, Eastville, Virginia, in order to continue discussions relative to the FY 2011 budget. All members were present with the exception of Mr. Long and voted “yes.” The motion was unanimously passed.

The meeting was recessed.

_____CHAIRMAN

_____ COUNTY ADMINISTRATOR