

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 3rd day of May, 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.

Closed Session

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

(A) Paragraph 3: Discussion or consideration of the condition, acquisition, or use of real property for public purpose, or of the disposition of publicly held property.

District Four Solid Waste Collection Site

(B) Paragraph 5: Discussion concerning a prospective business or industry or the expansion of an existing business or industry where no previous announcement has been made of the business' or industry's interest in locating or expanding its facilities in the community.

(C) Paragraph 7: Consultation with legal counsel and briefings by staff members, consultants, or attorneys pertaining to actual or probable litigation, and consultation with legal counsel employed or retained by the Board of Supervisors regarding specific legal matters requiring the provision of legal advice by counsel.

All members were present 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 those purposes as set out in paragraphs 3, 5, and 7 of Section 2.1-3711 of the Code of Virginia of 1950, as amended. Upon being polled individually, each Board member confirmed that these were the only matters of discussion during the closed session.

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.

Ms. Nunez shared with the Board her staff's efforts this past week to have discussions with the School staff relative to surpluses achieved during the last two fiscal years in the school system. Dr. Rick Bowmaster, Superintendent, and Ms. Brooke Thomas, Director of Finance, discussed with the Board items which the surplus funds would have been spent on such as laboratory supplies and field trips.

Mr. Murray read the following comments:

Northampton County 2011 Budget
Comments at Budget Work Session
May 3, 2010
H. Spencer Murray, Supervisor, District #4

Mr. Chairman and fellow Supervisors:

Today I received calls from two constituents pleading with me to keep taxes as low as possible. They reminded me that there is no increase in Social Security this year, savings accounts are yielding almost no interest and that although the stock market is rebounding, a large number of retirees lost value in their pension fund during this economic turndown.

They reminded me that even a \$100-\$200 increase in their taxes may mean the car that won't pass inspection will not be fixed, the home repairs will not be made, medicines skipped and vacations cancelled. Their voices need to be heard in our deliberations tonight.

Last week I urged this BOS to ask the School Board and School Administration to take another look at their request for level funding. I asked that they recalculate last year's spending by subtracting \$377,317 unspent funds which this BOS allowed them to add to the Capital Investment Plan (CIP). Also I asked that they correct the bus lease estimate by \$34,200 making a total adjustment to last year's base spending of \$411,517 or 5.07%. If level funding is to be requested, it should be from that base. I hope the School Board and Administration have made progress in this effort and will report on it tonight.

I would like to offer a couple more thoughts on the School Budget proposed for 2011.

The 2010 budget shows a \$300,000 expense for Technology Contractual Services which is proposed to be increased by \$63,406.79 in the proposed 2011 school budget. I believe this expense is for Verizon high speed lines to support on-line testing of SOLs. In addition there is a 2011 proposed increase of \$127,000 for a Technology Equipment Lease. The School Board has stated they were uncertain when Broadband would be available and that the DOE was encouraging school districts to adopt on-line testing as soon as possible. They may be a desirable goal, but given our economic stress, I question whether or not we have to incur an annual technology testing expense of \$409,406.70 for a decreasing student population of 1675 students.

This morning I called the DOE Assistant Superintendent for Student Assessment and School Improvement, Ms. Shelley Loving-Ryder in Richmond. Ms. Ryder was out of state, however I had an extended conversation with Ms. Lolita Hall in the Assessments Section which reports to Ms. Loving-Ryder. She assured me that there is no mandated schedule for on-line SOL testing and that although paper testing will slowly become the exception, in her opinion, it will always be available, especially to small school districts.

Mr. Chairman, Northampton is a small school district. Even larger districts with 50,000 or more students are phasing in on-line testing and waiting for broadband connectivity. I hope the school administration will review this again.

Secondly, Mr. Chairman, I feel obligated to point out that the School Board is recommending on page 9 of their proposed budget a \$2,696 or 2.6% increase for the Superintendent and a \$3,558 or 6.4% increase for Admin Services staff.

County employees have taken salary cuts through mandatory furloughs, including the County Administrator, who forfeited over \$4,000 in salary in the current budget year. This BOS took a 50% cut in compensation this year. I am not trying to micro-manage the school budget. I am simply asking the questions I feel obligated to ask before I vote to send the County budget to public hearing.

I do not relish taking money out of anyone's pocket, but that is precisely what a tax increase does. I hope this BOS will continue this 2011 budget discussion until we can all feel that all the citizens have been considered.

Thank you, Mr. Chairman. I request my comments be entered into the official record.

H. Spencer Murray

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Mr. Tankard indicated that he would like to present some background material and distributed a Summary of Auditors' Results from the FY 09 County Audit detailing material weaknesses found in the School's financial statement preparation, capital assets and accounting software areas.

Mr. Bennett said that everyone makes mistakes but that we must move forward.

Mr. Long asked if there was a way to achieve consensus from the school board and administration relative to the continued use of separate computer software program between the school system and county government; perhaps the school system could be a module on the county's system. Members of the school board indicated that they would have to go back and discuss this among themselves. Mr. Long said that he was interested in seeing a continuation of the recent positive steps.

Ms. Brook Thomas, Director of Finance for the School System, indicated that there was no reconciliation in FY 09 between the school's books and the county's books but that the two systems are reconciled now on a monthly basis.

Mr. Tankard read the following comments:

I am disappointed that both the School Administration and School Board failed to rise to the challenge of economic recession and falling local revenue.

- No progress was made in phasing out duplicate services such as accounting, payroll, facilities management and purchasing.
- No attempt was made to have school benefits mirror County benefits.

Instead, it appears from my review of the proposed School Board budget that redundancy will continue and controllable expenses will grow instead of shrink.

Some examples: 1) Health coverage will be extended to a group of part-time employees—bus drivers. 2) An expensive new lease agreement for classroom technology will be initiated. (as opposed to maintaining a present system). 3) Salaries for School Superintendent and assistant would be increased. 4) Eight federally funded positions would be moved to the general operating fund. 5) A huge outlay for testing would be expanded. 6) A huge outlay for internet service would be expanded even though ES Broadband will soon be on-line and could supply the service more cheaply.

To the School Board: Bottom line, these are not the decisions of people committed to finding ways to save taxpayer money, rather they are the decisions of people who have found it easier to be rubber stamps for a school administration that has time and again demonstrated fiscal ineptitude. School Board, I know it is easier to kick the can down the road to us, and make us the bad guys. But do you really have faith that school administration knows what it is doing when it comes to spending a dollar?

3 May 2010
 Richard Tankard
 Dist. #6

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With reference to earlier discussions concerning achieving a true “baseline” figure on which to base the local school contribution, the County Administrator detailed the following computations:

Jail Debt	(\$794,768)
“Surplus” as of 4/8/10 memo	<u>+ 332,340</u>
	(\$462,428)
Finalization of AFDs & Preservation Easements	<u>+ 66,968</u>
	(\$395,460)
Restoration of STAR Transit Funding Request @ 4/26/10 meeting	<u>+ 32,776</u>
	(\$428,236)
Cert. of Comp. Board Budget As of 5/1/2010	<u>+ 44,351.29</u>
1.6 cents =	(\$383,884.71) deficit @ 5/3/10

(one cent is equivalent to \$244,921)

It was noted that a total of 3.3 cents tax increase would be required to restore the requested school funding of \$814,088; a total of five cents' increase would also fund the jail deficit.

FY 10 Local School Contribution	\$8,122,081
FY 10 bus lease	- 363,200
FY 11 bus lease	+ 329,000

5% reduction = \$7,699,937

10% reduction = \$7,311,993

Mr. Long asked if the Board could consider funding the school request with a tax increase but taking the jail deficit out of the unrestricted general fund balance. With this idea in mind, the County Administrator prepared the following calculations:

“Surplus” at 4/8/10	\$ 332,340
Finalization of AFDs	<u>+ 66,968</u>
	\$ 399,308
Restoration of STAR Transit funding	<u>- 32,776</u>
	\$ 366,532
Increase of Comp Bd funding @ 5/1/2010	<u>+ 44,351</u>
	\$ 410,883

\$814,088

- 410,883

\$403,205 = remaining to be funded by tax increase of 1.6 cents.

Mr. Randall distributed a listing of tax rates of comparably-sized counties, noting that “five cents is not a lot of money”. He said that he felt that the public would support a tax increase if it was ear-marked for the schools.

Mr. Long noted that given the extenuating economic circumstances in the County, he would recommend:

- (1) using unrestricted general fund balance to cover the jail deficit, recognizing that this

significant expenditure would cause that fund to fall below the 8% threshold as set by Board policy, in anticipation of the state's repayment of its obligation; and

(2) using other funding sources, such as a tax increase, for the requested school funding;

and

(3) that a maximum tax rate increase of two cents be advertised for public hearing.

The County Administrator noted that staff was continuing its internal analysis of the other tax rates and would present further information at the regular May meeting.

Mr. Randall asked the School Board to provide additional information at the next meeting relative to the technology contractual line item as referenced earlier.

Recess:

Motion was made by Mr. Murray, seconded by Mr. Bennett, that the meeting be recessed to 8:00 a.m. on Wednesday, May 5, 2010, at the Aqua Restaurant, 5 Marina Village Circle, Cape Charles, Virginia, in order to participate in the Chamber of Commerce's State of the Commonwealth, County & Towns Breakfast. All members were present and voted "yes." The motion was unanimously passed.

The meeting was recessed.

_____CHAIRMAN

_____ COUNTY ADMINISTRATOR