

VIRGINIA:

At a recessed meeting of the Board of Supervisors of the County of Northampton, Virginia, held at the Board Room of the County Administration Building, 16404 Courthouse Road, Eastville, Virginia, on the 4th day of March, 2015, at 5:30 p.m.

Present:

Richard L. Hubbard, Chairman

Larry LeMond

Laurence J. Trala

Granville F. Hogg, Jr.

Absent:

Oliver H. Bennett, Vice Chairman

The meeting was called to order by the Chairman.

County Administrator's Report:

Prior to the commencement of the discussion, Mrs. Leslie Lewis, Director of Finance, announced that she was tendering her two-week notice, having accepted a position in Maryland.

FY 2016 County Budget

The Chairman recognized the following speakers in the audience from outside agencies who requested funding in the FY 2016 budget:

Mr. Richard Sterrett, representing the Comprehensive Services Act Program

Ms. Diane Musso, representing the Eastern Shore Area Agency on Aging

Mr. Edwin Long, representing the Eastern Shore RC&D Council

Ms. Maureen Lawrence, representing the Eastern Shore SPCA

Mr. Scott Chandler, representing the Eastern Shore Health District

Ms. Kerrie Allison, representing the Eastern Shore Tourism Commission. Mr. Trala

noted that he had a problem with the funding ratio between the two counties. Mr. LeMond agreed, but said that the problem is not with Northampton County, it is with Accomack.

Mr. Jeff Flournoy, representing the Eastern Shore E-911 Commission

Mr. Ken Frisby, representing the Eastville Volunteer Fire Company

Mr. George Bryant, representing the Hampton Roads Small Business Development Center

Ms. Rhonda LeCato, representing Northampton Fire & Rescue

Ms. Carmie Savage, representing Eastern Shore Soil & Water Conservation District, who distributed written comments relative to that office's mission and accomplishments.

Mr. Bruce Simms, representing STAR Transit. It was noted that STAR Transit has applied for additional grant funding to implement a new route in the southern portion of Northampton County. If successful, this grant will require additional local match, which will be brought forward to the Board at later date for consideration.

Ms. Joan Prescott, representing the Tall Ships Initiative and Birding and Wildlife Festival. A written hand-out was provided which illustrated both short- and long-term economic benefits of these tourism initiatives.

Ms. Deborah Pocock, Treasurer of Cape Charles, representing the Town

The following County Department Heads and Constitutional Officers were recognized and spoke in support of their FY 2016 budget requests:

Mr. Mike Thornes, representing Facilities Management, Public Works, Public Utilities and Harbors & Boat Ramps

Mr. David Doughty, Sheriff

Ms. Hollye Carpenter, Director of Emergency Medical Services

Mr. Terry Flynn, General Registrar

Mr. Ronald Rowe, Director of Solid Waste Management & Recycling

Mrs. Anne Sayers, Commissioner of the Revenue

Mr. Richard Sterrett, Director of Social Services. Mr. Sterrett distributed a hand-out entitled, "Local Department of Social Services Profile Report, SFY 2013".

Mrs. Katherine H. Nunez, County Administrator, distributed documents entitled, "Projected FY 16 Tax Revenue", which illustrated the amount of revenue to be generated if the real estate tax rate were raised by one cent (\$197,233) as well as the personal property tax rate (\$7,351). Additionally, she distributed "General Budget Notes for the Board of Supervisors", which explained the eleven funds which are typically included in the Board's budget and comprise the annual budget consideration, and is shown below:

**GENERAL BUDGET NOTES FOR THE BOARD OF SUPERVISORS**

*Prepared by Katie H. Nunez, County Administrator*

*March 4, 2015*

There are 11 funds which are typically part of the Board's budget resolution and comprise the annual budget consideration.

<b>FUND #</b>	<b>NAME OF FUND</b>	<b>NOTES</b>
100	General Fund	<p>The General Fund maintains an Undesignated Fund Balance, viewed as a "Rainy Day" account. The Undesignated Fund Balance is generated as a result of exceeding revenue projections for the fiscal year as well as returning unexpended operating accounts for the fiscal year. If there are funds remaining in the Social Services Fund and the Regional Jail Fund at the close of the fiscal year, then these funds return to the General Fund and become part of the Undesignated Fund Balance. For the close of Fiscal Year 2014, the Undesignated Fund Balance is <b>\$8,038,716</b>.</p> <p><i>Our policy minimum for fund balance is 10% of the Total Expenditures in the General Fund, Social Services Fun,</i></p>

		<i>Jail Fund and the School Operating Fund for the fiscal year or no less than \$4,200,000 as required by our Virginia Resources Authority Bond covenants. The current balance exceeds our policy requirements – the balance is 20.50% of the requirement.</i>
210	Social Services	No balance kept in this fund at the end of the year – it closes to the General Fund.
225	Eastern Shore Regional Jail	No balance kept in this fund at the end of the year – it closes to the General Fund.
310	Capital Reserve Fund	This is accumulating a balance, pursuant to the Board’s vote to create this fund. The balance at the close of FY2015 will be <b>\$1,708,630</b> . In the proposed FY2016 budget, we have included the same annual contribution of \$777,640 to this fund. The Board may want to confirm our proposal.
401	General Debt Service	
490	School Debt Service	
501	Public Utilities Fund	This is an enterprise fund – it must generate sufficient revenue through user fees to meet its expenditure obligations.
710	IDA Operating Fund	This fund is becoming active again due to the re-energized IDA. The IDA serves as a financing conduit and is able to generate some bond fees in that role. These revenues remain with the fund.
910	School Operating Fund	The Board has voted to allow the unspent funds at the close of a fiscal year to be re-allocated to one of several school needs: school sick leave liability account (restricted fund balance) or a transfer to the School Capital Fund (Fund 395)
920	School Federal Grants	This fund maintains balances beyond year-end, equivalent to its grant obligations.
921	School Food Service	This fund may have a fund balance as a result of revenues exceeding expenses but it must be used as revenue to offset future operating costs of this fund.
<b>WHILE THIS FUND IS NOT ADOPTED AS PART OF THE ANNUAL BUDGET, THIS INFORMATION MIGHT BE USEFUL AS WE DISCUSS THE FY2016 PROPOSED BUDGET.</b>		
303	County Capital Projects	This has been incurred and borrowed by the County – the amount remaining in this fund is <b>\$1,019,270</b> and has been dedicated by a prior Board vote for the EMS Renovation project. It is envisioned that the County, thru this project, would resolve our obligation to USDA. If the County wishes to resolve its obligation to USDA by sending them a direct payment of <b>\$599,734.80</b> , then the Board would need to either take this from Undesignated Fund Balance

		<p>contained in Fund 100 or find some other revenue sources such as a tax increase. Such a direct payment consideration cannot be funded from the Bond money since it does not meet the requirements and terms as to why we borrowed the money initially.</p>
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Lastly, a spreadsheet which shows the tracking of Fund Balance, was also distributed.

Supervisor LeMond indicated that he would like the Board to consider instituting a tiered BPOL tax as recommended by the Ad-Hoc Tax Study Committee, believing this would be a fairer system. Mr. Hogg said that he would like to see how the public feels about it. Staff will do the appropriate analysis. Supervisor Hubbard suggested a possible adjustment to the personal property tax rate. Supervisor Hogg questioned if there was any way to assess communications, such as cell phones. Mrs. Nunez responded that this is done on a statewide level and a portion of the tax revenues are returned to the County, which is then used to fund our contribution towards the E-911 Commission. Supervisor Hubbard also asked for a staff analysis if the solid waste tipping fee were raised to \$69.50 per ton to mirror Accomack County's proposed FY 16 rate.

The following memorandum was provided for the Board's consideration:

**MEMORANDUM**

**TO:** Board of Supervisors  
**FROM:** Katie H. Nunez, County Administrator  
**DATE:** February 27, 2015  
**RE:** FY16 Finance Director Level – Budget Recommendations to Date

For the last two weeks, Finance Director Leslie Lewis and I have been working on the proposed FY2016 budget. As you recall from the FY16 proposed revenue presentation at the January 26, 2015 work session and the FY16 Department Requested budget presentation at the February 10, 2015 regular meeting, the starting position of the FY16 budget is at a deficit position.

There have been two occurrences to the bottom line since the February 10, 2015 presentation: my office received the budget request from the Small Business Development Center (SBDC) in the amount of \$2,000 and it appears that the House and Senate have reached agreement to eliminate the “State Aid from Local Government” program as an element of the State Budget where Northampton County would have send \$200,000 to the State from our revenue.

As you will see on the attached Excel Tracking Sheet, these two items are reflected in Rows #3 & 4 and bring the starting deficit to **(\$2,520,887)**. The next three items on this spreadsheet (contained in Rows #5, 6, & 7) are a base recommendation from Leslie & I that need to be addressed with the generation of new revenue to address these items:

- the funding increase request from the School Department (ROW 5);
- the “starting revenue deficit from the January 26, 2015 meeting where we showed that our projected revenue is less than the current year’s operating budget” (ROW 6); and
- the request from the EMS Department to add 3 position in preparation for the hospital move (and as contained in the Ad-Hoc Emergency Care Committee recommendation) (ROW7).

From that point forward on the Tracking Sheet, we have reviewed the departmental requests thoroughly and recommend to address a revenue stream, reduce a line item, or some other correction to a line item. As you will see, we have also included our recommendation as to all Capital Outlay requests and we have taken a position to either recommend or not recommend as well as a method to finance (either as an outright purchase or to lease/finance over three years).

We will review our recommendation in detail with the Board at the Wednesday, March 4, 2015 Board Work Session and receive input and feedback from the Board on our proposal.

We will need to schedule some additional meetings over the next two weeks in order to us to meet our budget calendar. By March 16, 2015, the Board needs to vote to send the FY16 budget to public hearing - this version must contain any tax increase being sought; however, once the Board votes to adopt the FY16 budget following your public hearing on the budget, the Board can vote a lesser tax amount than advertised, if that is their position. I have attached the full budget calendar again for your review.

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With regard to the School Board’s request, Supervisor Trala said that he would like to see the County provide one-half of the requested \$560,000 additional local contribution. It was noted that approximately \$390,000 of the \$560,000 represented personnel costs (\$177,000 to continue the raise provided last year and a new salary increase request representing approximately \$212,906).

Several Board members expressed their desire to delay funding for the three new EMS positions which had been requested. Staff was also requested to analyze the outright purchase of two Sheriff's vehicles rather than the recommended lease-purchase arrangement. It was also noted that there may be a less expensive option for the requested voting booths. Mr. Hogg said that he would like to see some contribution to the Town of Cape Charles for its fireworks and beach projects.

Supervisor Hogg questioned if the Ad-Hoc Tax Study Committee had made any recommendations.

Mr. LeMond said that bringing on the three new EMS positions and acquisition of the Durango vehicle would equate to a one-cent tax increase.

Another budget work session is planned for Thursday, March 12<sup>th</sup> at 5:00 p.m. in the Board Room of the County Administration Building, 16404 Courthouse Road, Eastville, Virginia.

Adjourn

Motion was made by Mr. LeMond, seconded by Mr. Trala, that the meeting be adjourned. All members were present with the exception of Mr. Bennett and voted "yes." The motion was unanimously passed.

The meeting was adjourned.

\_\_\_\_\_CHAIRMAN

\_\_\_\_\_ COUNTY ADMINISTRATOR