

AGENDA

Board of Supervisors
County of Prince George, Virginia
Budget Work Session February 6, 2018
6:00 pm Board of Supervisors Meeting Room

CALL TO ORDER

Roll Call

General Overview

Fund Balance Update

Fund Balance Policy

Revenue Discussion:

Real Estate Assessment

Land Use Rate

Personal Property – Assessed Value

Utility Fees

Expenditure Discussion:

Personnel

- New Position Requests from Department Heads
- ECC 2 Dispatcher Positions added after FY2018 budget adoption
- SAFER Grant Positions
- Real Estate Assessor Position Request for FY18
- Career Development Plan – Existing and Possible Expansion

Salary Study – Update

Health Insurance – Update

Building and Grounds Maintenance

Debt Service Schedule

Borrowing – Spring/Summer 2018

Capital Improvement Projects (CIP) – 2019 & Beyond

School Funding – Discussion of MOU & School Construction

Real Estate Tax Rate

Other Matters

ADJOURNMENT

Board meeting format: Closed Meeting at 6:00 p.m., followed by a Business Meeting at 7:00 p.m. with Public Hearings being heard at 7:30 p.m. Visit Prince George County website for information www.princegeorgecountyva.gov.

MINUTES
Board of Supervisors
County of Prince George, Virginia

Budget Work Session
February 6, 2018
6:00 p.m.
County Administration Bldg. Boardroom, Third Floor
6602 Courts Drive, Prince George, Virginia

MEETING CONVENED. A budget work session of the Board of Supervisors of the County of Prince George, Virginia, was called to order at 6:00 p.m. on Tuesday, February 6, 2018 in the Boardroom, County Administration Building, Third Floor, 6602 Courts Drive, Prince George, Virginia by Chairman Alan R. Carmichael for a work session to discuss the budget.

ATTENDANCE. The following members responded to Roll Call:

| | |
|---------------------------------|---------|
| Alan R. Carmichael, Chairman | Present |
| Donald R. Hunter, Vice-Chairman | Present |
| Floyd M. Brown, Jr. | Present |
| Marlene J. Waymack | Present |
| T. J. Webb | Present |

County Staff present was: Percy C. Ashcraft, County Administrator and Jeff Stoke, Deputy County Administrator; Lori Robertson, Accounting Supervisor; Nancy Shaffer, Human Resources Director, Shel Douglas, Social Services Director, Police Chief Keith Early, Rod Compton, Real Estates Assessor; and Dickie Thompson, Interim County Engineer;

WORK SESSION

Chairman Carmichael welcomed the school members in attendance. He then asked if items pertaining to school could be presented first.

Mr. Ashcraft opened the meeting stating the operating budget is a tremendous challenge and that he was not looking for any decisions from the board on the budget.

As per request by Chairman Carmichael, Mr. Ashcraft started the work session with education matters on the agenda.

Ms. Drewry gave an update on current debt. Reminder that two cents of real estate taxes are allocated for fire apparatus replacements and another borrowing will need to occur in Spring of 2020. Review of Stormwater projects, residents pay \$36 annually and commercial/industrial pay \$180/\$240/\$300 annually (depending on acres) and another borrowing will need to occur in Spring 2020.

Ms. Drewry reviewed interfund loans from Utilities. There is a school loan and a county loan and that these repayments are just a cash transfer between funds, interest on the loan is an expenditure. Final repayment for both loans will be made on July 1, 2022.

Ms. Drewry addressed our existing Debt payment schedule with a note that there is some debt dropping off in FY19. Reviewed upcoming Spring 2018 debt issuance. Approved projects for approximately \$1 million (police vehicles/garage fuel tank & canopy project/voting equipment/Southpoint study/CDCC software). Other projects for consideration total \$8.2 million (public safety radio project/courthouse basement buildout/central wellness center code compliance upgrades).

Ms. Sherry Cleveland, Pierce Group, health insurance consultant, presented an overview of the Anthem insurance renewal process and estimated increases. Some options to reduce the estimated increase were reviewed. The adoption of the Essential Pharmacy Formulary strategy as a method to control increasing costs is under consideration. Chairman Robertson received consensus of the Board to ask staff to move towards the Essential Pharmacy Formulary review and calculations during budget development. Staff will rework the budget numbers for this assumption.

Ms. Drewry reviewed the staff positions within the proposed FY18 budget. Proposed new positions are Case Manager for Social Services and Pretrial Officer for Community Corrections. The part time Pretrial Officer is proposed to be eliminated. Newly funded position already in the position control chart is Planner I for Community Development. Funding will be removed for the Project Management Specialist in County Administration. There is one proposed reclassification from Human Resources Specialist to Human Resources Supervisor. There are two recommended title changes: Program Manager to replace Program Coordinator (Community Corrections) and Eligibility Worker to replace Eligibility Intake Worker (Social Services).

Chief Keith Early requested one new patrol officer and one ECC officer for FY18 that are not included in the proposed budget. A presentation was passed out to the Board and Administration. There was a request for future officers in future fiscal years after FY18.

Mr. Drewry stated that Career Development programs in the Police Department (continuation) and the Fire/EMS Department (new) are included in the proposed budget.

Mr. Brad Owens presented a draft of the proposed Career Development program policy for the Fire/EMS Department. A copy was distributed to the Board.

Ms. Drewry reviewed the history of pay increases for County staff since 2011. She presented the budgetary impact of a 1% salary raise for County staff which is \$162,561 (only \$143,757 from general fund).

Ms. Drewry explained that the state has not provided official guidance at this time on the state pay increase since the governor veto stage continues at this time.

Ms. Drewry reviewed significant County expenditures already proposed in the FY18 budget: Vehicle lift and alignment machine in the garage, High density roller shelving in

the Clerk of Court, several Information Technology projects and upgrades, Laserfiche upgrade for Social Services, and four (4) replacement vehicles.

Ms. Susan Fierro, Commonwealth's Attorney, presented a request for office renovations not included in the current proposed budget. An estimate of \$35,000 includes an office renovation, bullet resistance paneling, office furniture, carpet and a card reader for security access.

Ms. Drewry reviewed a proposed reduction in expenditures of \$277,487 to Riverside Regional Jail and the Crater Youth Care. Both are due to less Prince George County citizen usage.

These projects combined total to \$9.2 million, but no tax increase would be needed according to consultant. Reviewed Debt Capacity Policies. Spring debt issuance for all projects (\$9.2 million) would result in interest payment of \$345,000 in FY19.

Ms. Drewry presented the projects that could possibly be proposed by County Administrator: police vehicles/Route 156 and Food Lion water system utility projects/County building entrance improvements/new Walton elementary school/new Beazley elementary school/ Fire and Crew building entrance upgrades/ self contained breathing apparatus/real estate assessment software replacement/police boat/Scott Park concession. Projects with no schools total \$7.8 million, with 1 school \$36.9 million and with 2 schools \$66 million.

Mr. Carmichael reiterated to the board that no decisions are needed tonight and that board members should take the information with them to review.

Ted Cole reviewed the Debt issuance scenario's slide. Mr. Cole stated that in all the scenario's the county should hold debt service to \$7.2 million – do not want to lose these funds from capital debt capacity. Scenarios of doing one school in FY19: Scenario 3A the county would be a couple years out of the 10 year Debt Compliance Policy – not a major concern. Policy decisions are not black or white. If policy variances are done with a conscience effort and discussions are had then exceptions are made – should not be a major impact on bond rating. Scenario 3B more years out of 10 year compliance and more interest being paid over life of loan. Scenario 3C is using some of your future debt capacity. Reviewed doing both schools in FY19 and also doing one school in FY19 and one school in FY21.

Mr. Cole stated that the interest is projected higher than current rates in all the scenario's so that there some cushion. Projected interest at 5% where rates are currently at 4%. There is no projection in the scenarios for construction cost increases. The sooner a tax increase is implemented the sooner you have your tax/debt payment funds available.

Mr. Brown asked if there would be any penalty for paying off debt early. Mr. Cole stated with schools there usually is not after the 10 year mark in repayment of loan. Ms. Drewry also pointed out in one of the scenarios the impact of the type of loan has \$25 million more in interest which equates to building another elementary school.

Mr. Ashcraft requested Ms. Drewry review the current MOS with the board, the FY19 transfer per MOU will be 43.19%. It was pointed out that the tax increases discussed/presented by Mr. Cole are with those funds being dedicated to CIP school construction debt. If the county goes with the current MOU all the presented tax increases would essentially have to be doubled. Reference made that there has been some discussion between county and school board to review language of current MOU. Mr. Carmichael said that is was self-explanatory, but asked if board members had any questions in reference to the MOU – no questions.

Ms. Drewry then reviewed the Health Insurance and that the county and schools have been combined and are self-insured. This means that we assume the risk as the employer if there is a deficit or we bank the surplus – it does not go to the provider (ie. Cigna/Anthem). In bad claim years we have had to cover the deficit, as in 2015 \$400,000 was needed. Ms. Drewry stated that both boards need to make decisions along with staff on what should be done going forward with health fund, whether separation or joined. Ms. Drewry also addressed the situation with Pierce Group who was both County and School health insurance consultant. She stated that Pierce Group parted with us per an email notification from them and that we did not fire them.

Chairman Carmichael asked School Board Chairman Cox if he would like to make any comments. Mr. Cox stated that the boards should revisit the MOU and school projects need to be evaluated. Mr. Cox wants health insurance meeting with both County and School consultants attending. Health insurance should be the same across the board as we are ALL county employees. Currently county and schools have some differences in health offerings and H.S.A contributions. Mr. Carmichael stated that we do not want to pull away from the school for health insurance as there are strength in numbers when getting pricing for health insurance. Mr. Brown asked when there is surplus money from Health Insurance does this money stay in the health fund and Ms. Drewry informed him that it does. Ms. Waymack asked if the school has a consultant and Ms. Drewry informed her that they do, it is Pierce Group.

Mr. Compton presented information in reference to Real Estate revenue. Real Estate assessments are mandated by Virginia and are based on value and not on economic needs of county budget. Prince George County is recovering stronger and are market leader in Tri-Cities with 40% increase in sales volume over last 4 years. Commercial sectors are decreasing slightly. Branchester Lakes has a median 4% increase and a county wide median 2% increase. Assessment change is 1.2%. County has had an increase of sales of properties and a decrease of foreclosures. Mr. Compton reviewed the land use program agricultural/horticulture/forest/openspace and that standards are set by the department of forestry. To be in the land use program participants must be up to date on taxes being paid.

Ms. Drewry reviewed Personal Property revenue is projected to be flat. The loss of Ace Hardware (company is consolidating locations to Pennsylvania) is affecting Personal Property revenues due to Business Furniture & Fixtures.

Utilities information was presented. Reference made to previous study which stated an annual rate increase was needed to keep pace with increasing operating and capital maintenance costs. Proposal of 5% water and 7.5% sewer increases. Mr. Ashcraft discussed some expansion utility upgrades that are in projects needed.

Review of expenses. There are several personnel requests and reclassifications. Reminder that two communication officers added in FY18 were done with contingency funds and that these costs have to be added to our based salary for FY19. Board had approved safer grant and that the local match has to be added to our budget. The Assessor has request wanted for FY18, but there is no budget impact expected. There are current career developments in place for Police, Fire/Ems and Utilities. With expansion of career development requests for CDCC, ECC, Animal Control and Social Services would result in \$32,000 increase to budget. Salary study was done but evaluation is not expected back until later, therefore a placeholder for amount will be put into budget.

Building maintenance reviews are underway. There are some significant expenses being projected for the following: Roof snow guards, gutters, cleaning and painting of Admin Building. Courthouse exterior and interior issues. Department of Social Services HVAC and roof repairs. Sidewalks from Admin Building to Police Department. Mr. Hunter state that the items being presented on buildings have been a long time coming.

Mr. Ashcraft reiterated that a potential Real Estate tax increase would be due to the needs for school construction and general county operations (health insurance/salary study/personnel requests/building maintenance)

Ms. Drewry presented a Fund Balance update. County is currently at \$24,972,020 / 25.88%. Our county policy is 12.5%. Have to take into account known and potential commitments. Known reserved items of \$2.4 million and potential commitments of \$4.5 million. Potentials are: School has \$2.8 million not expended that might be requested for carryover. Rt. 10 Fire Station \$1.5 million. RSAF grant match of \$123,000. SCBA grant \$140,000. Total could be \$6.9 million which takes balance to 16.5%. There is also CSA increase which is unknown.

Mr. Webb addressed his concerns with our fund balance percentage and future needs. Especially in regards to utilities and nees for businesses which in turn helps tax rates for citizens.

Ms. Drewry reviewed key dates of upcoming Budget Work Sesssion:

- Wednesday, March 7th – 6:00 pm
- Wednesday, March 14th – 6:00 pm
- Tuesday, March 20th – 6:00 pm
- Tuesday, April 3rd – 6:00 pm

Mr. Carmichael told Board members to review the information and that Mr. Ashcraft and Ms. Drewry are always available to assist.

Mr. Hunter stated that there needed to be a meeting with both County and School boards to discuss MOU. Mr. Ashcraft said negotiations would be done and would have to be agreed upon by BOTH boards. Mr. Carmichael said he and Mr. Hunter had met with school no comments/commitments were made by them as not all board was present. Mr. Carmichael said any meetings requested by school would not be honored until after County Budget is presented by County Administrator and Finance Director.

ADJOURNMENT. The Board agreed by consensus to adjourn at 8:09 p.m.

[Draft Minutes prepared February 21, 2018 for consideration on February 27, 2018; adopted by unanimous vote.]

William A. Robertson, Jr.
Chairman, Board of Supervisors

Percy C. Ashcraft
County Administrator