

April 15, 2014

Virginia:

AT A CONTINUED MEETING of the Nelson County Board of Supervisors at 4:00 p.m. in the General District Courtroom located on the third floor of the Nelson County Courthouse.

Present: Allen M. Hale, East District Supervisor
Thomas D. Harvey, North District Supervisor
Thomas H. Bruguere, Jr. West District Supervisor
Constance Brennan, Central District Supervisor - Chair
Larry D. Saunders, South District Supervisor – Vice Chair
Stephen A. Carter, County Administrator
Candice W. McGarry, Administrative Assistant/Deputy Clerk
Debra K. McCann, Director of Finance and Human Resources

Absent: None

I. Call to Order

Ms. Brennan called the meeting to order at 4:07 pm, with all Supervisors present to establish a quorum.

I. FY14-15 Budget Work Session

Ms. McCann noted that with the advertised tax rates of \$.72 for Real Estate and \$3.50 for Personal Property the FY15 non-recurring contingency balance was \$494,300 and the recurring contingency balance would be \$1,142,088.

Mr. Carter suggested that the Board could look at this, discuss it, and move forward. He added that currently the agencies and schools had been level funded and overall he did not think they would find much to cut from the departments. He noted that there were some Part Time positions in the budget and the salary increase, and otherwise there were capital items in the non-departmental department that utilized non-recurring funds.

Mr. Bruguere then clarified that the recurring contingency represented the current revenues over expenditures.

Mr. Hale then noted that he would like to work within a real estate increase of \$.10 and the proposed increase of \$.55 in the personal property tax rate. He added that the Board needed to settle on these rates so they would know what level of revenue they were working with. Ms. McCann noted that combination of rates would be equivalent to a \$.13 increase in total and would not equalize the revenues to current levels, and that an equivalent of \$.14 would be needed to do that.

April 15, 2014

Mr. Hale then reiterated that the Board should not include a 3% increase in salaries. He noted that this was not a reflection on the work being done; however he felt strongly that this should not be included in the budget and Mr. Bruguere agreed.

Mr. Saunders inquired as to whether or not the Mobile Home Tax would also increase and Mr. Carter noted that it would and the draft resolution mistakenly did not reflect that it would be the same as the Real Estate tax rate. He added that mobile homes were classified as Personal Property but were taxed at the Real Estate tax rate.

Mr. Harvey noted that he thought the Board should go through the budget first and then decide on the revenue numbers and Ms. Brennan agreed. Mr. Harvey then noted that if the Board were to level fund the schools, there was no reason to go through their budget.

Mr. Saunders noted that he did not think it would be fair for school employees to get a raise if County staff was not going to get an increase. He added that there ought to be some way for the Board to stipulate this as he thought it should be equal and that the Board should have some control over their spending.

Staff noted that the Governor was recommending a 2% salary increase for teachers in his budget and this may also apply to Constitutional Officers. Ms. McCann noted that Constitutional Officers were paid over and above their State Compensation Board salaries; so it would be likely that their actual salaries would not increase.

Mr. Hale suggested that the Board say that they were strongly opposed to pay raises and that the schools should follow suit. Mr. Carter noted that the Board could approve the schools budget categorically or appropriate the funds every quarter. He added that he does not really recommend that; but rather the Board could send them a memo saying that there was an expectation of no salary increases.

Ms. Brennan noted that she supported the school system; however she was not sure she would approve of them giving a salary increase when the County employees were not getting one. She reiterated that she did not want to get into their budget process. Supervisors then discussed that the schools would spend any funds given to them on what they wanted. They then looked briefly at the schools discretionary funding request and Ms. Brennan noted that if all of these were not funded, it would eliminate close to \$600,000. Ms. Brennan then queried the Board regarding level funding the schools. Mr. Saunders noted that if they were given the funds, their staff would get a salary increase and the County's would not. Ms. Brennan and Mr. Harvey both indicated that they would like to talk with the School Board and that they should pick a date to have a joint meeting. Mr. Saunders and Mr. Hale indicated that they thought they should be level funded so that they would not have the means to provide the undesired salary increase. Mr. Harvey noted he had questions regarding their budget such as their unemployment insurance costs. Mr. Saunders agreed that an increase in their unemployment insurance of \$15,000 seemed inflated. Staff then explained that if a County employee was terminated, then the County contested the unemployment claim and usually won. Ms.

April 15, 2014

McCann noted that the unemployment benefits were paid by a person's employers over the past several years and each employer paid a share of it.

Supervisors then began discussing the levels of tax rates to be considered and staff noted that in considering this, the Board should look forward to future years and whether or not they wanted to have tax increases in subsequent years. Mr. Carter noted that he did not think the State's biennial numbers would change much and Ms. McCann noted that the capital list would not affect the amount of operating funds retained.

Supervisors then considered that the courthouse project was looming and Mr. Harvey noted he would not recommend going from a \$.12 increase to a \$.10 increase. Mr. Hale agreed that they had expensive projects to fund down the road; however he reiterated he would not be in favor of a compensation increase and Mr. Harvey agreed.

Staff noted that a 1% salary increase was \$179,000 for schools and 1% was \$45,000 for the County. Mr. Carter noted that comparatively, the school staff was better paid than the County's for comparable positions.

Ms. McCann then noted the merit pay system used by the Service Authority to which Mr. Hale noted that they were a public utility dependent on revenues for services they provided and not by taxpayers. Ms. McCann noted that the Service Authority was being supplemented by the County and Mr. Carter added that if they raised their rates and then gave a salary increase it was the same thing. He noted that comparatively with other county agencies, the Schools personnel were more highly compensated.

Mr. Harvey stated that there would be a tax increase for the disadvantaged whose values did not change that much. Mr. Carter reiterated that if the Board looked at land use, they could lower tax rates. Mr. Harvey and Mr. Hale both noted that just because a person's land was in land use did not mean they had the ability to pay full value. Mr. Harvey noted for example, he would not be able to afford to pay the taxes on the whole value of his acreage. Mr. Bruguiere then noted that in some counties in southwest Virginia, they were making people have a forestry management plan to be in land use or in a conservation district; however if they had open land, they did not have to have a plan.

Mr. Saunders then readdressed the subject of pay raises, and noted that he believed in providing raises for employees whenever possible. He added that he knew that the majority of County employees were underpaid for the work done; however they had taxpayers to answer to and they had been elected to be good stewards of their money.

Ms. Brennan then asked if Mr. Saunders wanted to reduce the school funding more and he suggested they be level funded with them noting the expectation that raises would not be given.

April 15, 2014

Ms. McCann then reported that not including the mandatory VRS raise, that really was not a raise, over the past five (5) years; County employees had gotten a 4% raise while the CPI had increase 9% over the same five (5) year period.

Mr. Carter then suggested that the Board would have to work their way from how much revenue to keep or work their way back to the revenues needed from the expenditure side. He noted that if they kept \$.10 on the real estate tax and \$.50 on the personal property tax, they would have a small margin to work with. He then noted that if a primary focus was to pay for the work on the rest of the courthouse, the debt service would come into play and a loan of \$5 million would cost approximately \$375,000 annually.

Mr. Saunders then questioned whether or not the Board wanted to be so limited that they had to raise taxes the next year and he noted that he preferred not to do that.

Ms. McCann added that next year, the Board may not be able to level fund schools and she questioned whether or not they would be positioned well if they did a \$.10 increase in the real estate tax; when the County typically did not have a lot of growth in other revenues. Mr. Carter added that they could not count on values increasing with the next reassessment.

Mr. Carter noted that if the Board kept a \$.12 real estate tax increase and let the \$.55 increase in personal property tax go, then the new recurring revenue would be \$452,000 and the non-recurring would be \$149,000. He noted that the Board would still have some ability in FY15; however they would not have any ability after that.

Ms. McCann reported that the Board's tendency was to spend approximately \$100,000 of contingency funds per year. Mr. Bruguere noted that he would like to keep only around \$150,000 in contingency for things that came up.

Mr. Carter then advised that they would not have the funds to provide for the EMS vehicles if they did not give themselves more financial ability.

In response to questions, Ms. McCann noted that the Courthouse fund contained \$720,000; however after paying out for the Jefferson Building exterior, replacing the three doors on the courthouse, and doing some upgrades to the new School Superintendent's space, the balance would be around \$664,000. It was noted that the \$50,000 for the courthouse architectural and engineering study should come out of there as well. Mr. Carter added that they could leave this in the general fund and use existing courthouse funds for this cost.

Mr. Hale then queried the Board regarding doing a \$.55 increase in personal property tax rates and Mr. Carter noted that this was equivalent to a \$.03 cent increase in the real estate tax rate.

April 15, 2014

Mr. Bruguere suggested that the Board implement a real estate tax increase now and possibly increase the personal property tax rates in future years. Mr. Saunders noted he thought that the personal property tax rate should be increased and he would rather do it in one year than raise more taxes in subsequent years. Mr. Hale noted that if they went with the proposed personal property tax rate, then it boiled down to the difference between the \$.10 and the \$.12 increase in the real estate tax. He added that this would not be making a commitment on how any extra funds would be spent.

Mr. Saunders noted he did not think a \$.55 increase in the personal property tax and a \$.12 increase in real estate tax was too far out of line and he reiterated that he thought they should level fund the schools and Ms. Brennan agreed.

Staff then recommended that the Board look through the departmental general fund expenditures and ask questions regarding larger changes. Supervisors then reviewed the following expenditures:

Reassessment:

Ms. Brennan questioned whether or not the County was setting too much money aside for reassessment at \$100,000 per year and Ms. McCann noted that these funds were set aside and invested until paid out. Staff added that the previous reassessment had cost around \$267,000.

Mr. Carter noted that the increases in the Finance Department was due to inclusion of a part time position, the Public Safety department included converting part time dispatchers to full time and the Treasurer had some increase in postage and credit card fees.

EMS Council:

Mr. Carter noted that the EMS Council request had been reduced by the amount for training and supplies and the volunteer stipend. Mr. Carter noted it was cut since the agencies could use four for life and fire fund money for these things. Mr. Harvey then noted that the squads were trying to cut costs by buying things in bulk such as fuzees etc. Staff then noted that \$7,500 of the requested amount was not part of the EMS Council budget and was submitted by Curtis Sheets and Ms. McCann noted that therefore only the funding for training and supplies had been cut from the EMS Council's request.

Ms. McCann then noted that Dr. Just wanted to do more training with the squads than in the past and Mr. Harvey noted that he thought that was his call since they operated under his license.

Mr. Harvey noted that he would like to add \$10,000 back to the EMS Council budget and \$5,000 back to Paid EMS for training. Supervisors agreed by consensus to add these funds back.

April 15, 2014

Building Inspections:

Mr. Carter noted that the County will opt out of providing a local VSMP program and those expenses related to that had been removed from this department.

Animal Control:

Staff and Supervisors discussed this budget and Mr. Carter noted that staff had left in the acoustic pads and kennel doors that had been requested and that the requested Shelter improvements were recommended to be removed from the capital outlay budget. Supervisors agreed by consensus with this.

Motor Pool:

Staff noted that the Sheriff was expecting a large pool of asset forfeiture money and he had said he would buy vehicles with this. Ms. McCann then noted that there were no new vehicles in the motor pool budget and the remaining budgeted funds were for insurance, supplies, repairs, and fuel.

Recreation:

Mr. Carter noted that he would like to see a County football program; however the Recreation Department could not seem to field more than one team as it competed with soccer in the fall. Mr. Harvey noted that the County being geographically large contributed to this as well.

Refunds:

Ms. McCann noted that this line was where tax refunds such as those the Board approved for the Commissioner of Revenue came from and it was a wash.

Transfer for Piney River Debt & Operations:

Ms. McCann noted that the Service Authority was not charging the up-charges for their services related to the Piney River III system anymore.

Transfer to Broadband Fund (operations):

Ms. McCann noted that she had not yet worked up the revenue side of the Broadband budget and this number could get better when that budget was prepared. She noted that when the Board and staff discussed Revenues keeping pace with Expenditures, this counted the \$123,000 transfer from the General Fund. Mr. Carter added that this may be adjusted back since AT&T had paid their first lump sum amount of \$37,000 for the Rockfish tower and would soon be paying on Martin's Store. He noted that staff was also in talks with a regional provider about leasing dark fiber. Ms. McCann noted that

April 15, 2014

there was funding for capital in the non-departmental section of the budget for Broadband that entailed funding for generators and alarms at the Rockfish and Martin's Store towers and paving at Martin's Store. She noted that \$7,500 was for the tower alarms and that \$4,500 had to do with alarms for public safety towers. She added that staff would like to incorporate these costs into the radio project in the current year. She then explained that these items were not included in the Broadband budget because the towers were owned by the County. Staff explained that the County had a contractual obligation that the towers could not be down but for so long so the generators were needed. Following brief discussion, Supervisors agreed that it was cleaner to keep these items in the General Fund budget rather than moving them to the Broadband budget.

Supervisors then turned their attention to establishing the 2014 tax rates.

A. Establishment of 2014 Tax Rates (**R2014-24**)

Mr. Hale moved to approve resolution **R2014-24**, Establishment of Tax Rates as follows: Real Property Tax: \$.71, Tangible Personal Property \$3.45, Machinery & Tools Tax \$1.25 and Mobile Home Tax \$.71.

He noted that the proposed real property tax would represent an 18% increase. Staff then noted that one penny of Real Estate tax rate was equivalent to \$230,000 and 18% on the Personal Property tax rate did not equate to 18% on the Real Estate tax rate.

Ms. McCann then noted that based on the book finalized by the Commissioner of Revenue, the equalized rate was closer to \$.15 to be whole on the Real Estate tax revenues.

Mr. Carter noted that this proposed rate would roughly reduce revenues by \$66,000 and the recurring revenue contingency would go to \$673,000. Mr. Harvey noted it would take about \$300,000 off the table.

There was no second and Mr. Hale inquired as to how the revenue generated from this proposal compared to the current revenue and Ms. McCann noted it would be \$161,000 less than the budget as presented using \$.14 as an equalized tax rate. She added it would not provide more revenue than what the County would receive in FY14.

There being no further discussion, Supervisors voted (2-3) by roll call vote to not approve the motion, with Mr. Hale and Mr. Bruguieri voting yes and Ms. Brennan, Mr. Harvey, and Mr. Saunders voting No.

Mr. Harvey then moved to approve resolution **R2014-24** Establishment of Tax Rates as follows: Real Property Tax: \$.72, Tangible Personal Property \$3.45, Machinery & Tools Tax \$1.25 and Mobile Home Tax \$.72.

Ms. McCann noted that this combination would be close to generating the revenues of the advertised rates.

April 15, 2014

Mr. Hale seconded the motion and there being no further discussion, Supervisors voted unanimously (5-0) by roll call vote to approve the motion and the following resolution was adopted:

**RESOLUTION R2014-24
NELSON COUNTY BOARD OF SUPERVISORS
ESTABLISHMENT OF TAX RATES**

RESOLVED, by the Nelson County Board of Supervisors, pursuant to and in accordance with Section 58.1-3001 of the Code of Virginia, 1950, that the tax rate of levy applicable to all property subject to local taxation, inclusive of public service corporation property, shall remain as currently effective until otherwise re-established by said Board of Supervisors and is levied per \$100 of assessed value as follows:

Real Property Tax	\$0.72
Tangible Personal Property	\$3.45
Machinery & Tools Tax	\$1.25
Mobile Home Tax	\$0.72

B. Establishment of 2014 Personal Property Tax Relief (**R2014-25**)

Ms. McCann noted that at \$3.45 for Tangible Personal Property, a 39% Personal Property Tax Relief percentage would be a good bet.

Mr. Harvey then moved to approve resolution **R2014-25**, 2014 Personal Property Tax Relief using a relief percentage of 39% and Mr. Saunders seconded the motion.

There being no further discussion, Supervisors voted unanimously (5-0) by roll call vote to approve the motion and the following resolution was adopted:

**RESOLUTION R2014-25
NELSON COUNTY BOARD OF SUPERVISORS
2014 PERSONAL PROPERTY TAX RELIEF**

WHEREAS, the Personal Property Tax Relief Act of 1998, Va. Code § 58.1-3524 has been substantially modified by the enactment of Chapter 1 of the Acts of Assembly, 2004 Special Session I (Senate Bill 5005), and the provisions of Item 503 of Chapter 951 of the 2005 Acts of Assembly; and

WHEREAS, the Nelson County Board of Supervisors has adopted an Ordinance for Implementation of the Personal Property Tax Relief Act, Chapter 11, Article X, of the County Code of Nelson County, which specifies that the rate for allocation of relief among taxpayers be established annually by resolution as part of the adopted budget for the County.

April 15, 2014

NOW THEREFORE BE IT RESOLVED that the Nelson County Board of Supervisors does hereby authorize tax year 2014 personal property tax relief rates for qualifying vehicles as follows:

- Qualified vehicles with an assessed value of \$1,000 or less will be eligible for 100% tax relief;
- Qualified vehicles with an assessed value of \$1,001 to \$20,000 will be eligible for 39% tax relief;
- Qualified vehicles with an assessed value of \$20,001 or more shall be eligible to receive 39% tax relief only on the first \$20,000 of assessed value; and
- All other vehicles which do not meet the definition of “qualifying” (business use vehicle, farm use vehicle, motor homes, etc.) will not be eligible for any form of tax relief under this program.

BE IT FINALLY RESOLVED that the personal property tax relief rates for qualifying vehicles hereby established shall be effective January 1, 2014 through December 31, 2014.

C. FY14-15 General Fund Budget

The FY14-15 General Fund Budget discussion was included with discussion of the previous agenda items.

II. Other Business (As May Be Presented)

Supervisors and staff briefly discussed the implication of the state budget impasse, which was noted could affect the schools more so than the County.

III. Adjourn and Continue until _____, 2014 at _____ in the General District Courtroom of the Courthouse in Lovingston for the Conduct of an FY15 Budget Work Session.

Supervisors discussed dates for a continued meeting with Supervisors noting their desire to meet with the School Board. Ms. Brennan indicated that she would be out of town until May 3rd and the Board agreed by consensus to have staff try to schedule the School Board to meet with them at their continued meeting on May 6th.

At 6:00 pm, Mr. Hale moved to adjourn and continue the meeting until 4:00 pm on May 6th in the General District Courtroom for the conduct of an FY15 budget work session and possible joint meeting with the School Board. There was no second and Supervisors voted unanimously by voice vote to approve the motion and the meeting adjourned.