

March 19, 2014

Virginia:

AT A CONTINUED MEETING of the Nelson County Board of Supervisors at 4:00 p.m. in the Board of Supervisors Room located on the fourth floor of the Nelson County Courthouse.

Present: Allen M. Hale, East 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: Thomas D. Harvey, North District Supervisor

I. Call to Order

Ms. Brennan called the meeting to order at 4:07 pm, with four Supervisors present to establish a quorum and Mr. Harvey being absent.

II. FY14-15 Budget Work Session

Staff presented the following budget summary for discussion:

BUDGET SUMMARY

Revenue Category	FY14 Budget as Amended	FY15 Proposed	Increase/ Decrease	% Change
General Property Taxes	\$ 22,425,173.00	\$ 23,137,302.00	\$ 712,129.00	3.2%
Other Local Revenue	\$ 5,338,420.00	\$ 5,515,946.00	\$ 177,526.00	3.3%
State Revenue	\$ 3,764,778.00	\$ 3,466,573.00	\$ (298,205.00)	-7.9%
Federal Revenue	\$ 963,696.00	\$ 533,030.00	\$ (430,666.00)	-44.7%
Non-Revenue Receipts	\$ 900,000.00	\$ -	\$ (900,000.00)	-100.0%
Transfers (in)	\$ 350,000.00	\$ -	\$ (350,000.00)	-100.0%
Year Ending Balance (carryover)	\$ 2,875,502.00	\$ 2,176,345.00	\$ (699,157.00)	-24.3%
	\$ 36,617,569.00	\$ 34,829,196.00	\$ (1,788,373.00)	-4.9%

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Expenditure Category	FY14 Budget as Amended	FY15 Proposed	Increase/ Decrease	% Change
Government Administration	\$ 1,779,434.00	\$ 1,719,963.00	\$ (59,471.00)	-3.3%
Judicial Administration	\$ 775,376.00	\$ 776,684.00	\$ 1,308.00	0.2%
Public Safety	\$ 4,806,094.00	\$ 4,789,226.00	\$ (16,868.00)	-0.4%
Public Works	\$ 2,083,129.00	\$ 1,968,796.00	\$ (114,333.00)	-5.5%
Recreation & Community Dev.	\$ 652,529.00	\$ 655,830.00	\$ 3,301.00	0.5%
Agencies & Non-Departmental	\$ 2,704,762.00	\$ 2,066,503.00	\$ (638,259.00)	-23.6%
Capital Outlay	\$ 2,499,025.00	\$ 1,597,924.00	\$ (901,101.00)	-36.1%
Refunds	\$ 30,000.00	\$ 30,000.00	\$ -	0.0%
Transfers (out)	\$ 20,057,504.00	\$ 19,932,942.00	\$ (124,562.00)	-0.6%
Contingency	\$ 1,229,716.00	\$ 1,291,328.00	\$ 61,612.00	5.0%
	\$ 36,617,569.00	\$ 34,829,196.00	\$ (1,788,373.00)	-4.9%

Mr. Carter noted that the budget summary showed the big picture of the budget details and the chart was grouped by the Auditor of Public Accounts categories.

Mr. Carter then noted that the budget presented was balanced, and the agencies and the schools were level funded. He noted that the presented budget did include a 3% salary increase for County employees and the requests from departments had been incorporated which used the nonrecurring contingency funds.

Mr. Carter then noted that it was critically important for the Board to start with consideration of the Real Estate tax rate, since that would dictate where they went from there. He noted that the budget was based on the premise that the Board would equalize revenues, which would take a \$.14 increase in the tax rate. Given that, the budget contained a non-recurring contingency amount of \$379,280 and a recurring contingency of \$912,048 for a total of \$1,291,328 in uncommitted funds. Ms. McCann then noted that the nonrecurring contingency funds were funds that came forward from previous fiscal years and did not recur.

Staff then discussed the following reassessment impact sheet:

PROJECTED REASSESSMENT IMPACT UPDATE

Total 2014 RE Taxes (Based on \$.60 Tax Rate)& <u>\$2,971,170,100 Estimated Value</u>	\$17,827,021	≈	\$297,117	Value of 1 penny in Tax Rate	
(1) Land Use Adjustment (Based on \$.60 Tax Rate)	-\$3,194,933	—		Estimated Value of Deferred Land Use = \$532,488,780	
Est. E&D Adjustment (0.4933% of \$19,067,418)	-\$87,941	—		Used an Average % of E&D Relief to Total RE Taxes	
(2) Adjustment for Increasing LU Values to Equalize Taxes Paid	N/A	—	28.2%	Decrease in Deferred Land Use Values	

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Total Adjusted 2014 RE Taxes (Based on \$.60 Tax Rate)	<u>\$14,544,147</u>	≈	\$242,402	Value of 1 penny in Tax Rate	
<i>*Adjusted for 94.9% Collection Rate</i>	<i>\$13,802,395.72</i>	≈	<i>\$230,040</i>	<i>Value of 1 penny in Tax Rate</i>	
<i>2014 (FY15) RE Tax Revenue (Assumed FY14 Projected Amount Less Delinquent)</i>	<i>\$17,121,552</i>	—	<i>\$0.74</i>	<i>Equivalent Tax Rate</i>	
<i>2014 Reduction in RE Tax Revenue</i>	<u><i>\$3,319,156</i></u>	—	<i>\$0.14</i>	<i>Equivalent Tax Rate</i>	
	<i>\$13,802,396</i>	—	<i>\$0.60</i>	<i>Current Tax Rate</i>	
FY14 Projection for First Half 2014 RE Tax (assuming 2008 values)	<i>\$8,114,970</i>				
Estimated FH2014 Collection by June 30 at current tax rate (reduced values)	<u><i>\$6,639,403</i></u>				
<i>FY14 Budget Shortfall at current tax rate</i>	<i>\$1,475,567</i>				
2013 Value of Penny @94% collection rate	\$276,446				
2013 Value of Penny @94.9% collection rate	\$279,093				

Staff reiterated that the presented budget was based on the premise that the Board would equalize the Real Estate tax rate. Ms. McCann noted that in order to keep revenues the same and reserve the contingencies, the tax rate would have to be increased by \$.14. She added that the value of a penny was \$230,040. She noted that the Board could get \$.04 from the recurring contingency; however, they would not have funds for the schools etc. She added that doing this would also impact the non recurring contingency as well. She noted essentially, that if they chose to reduce the increase from \$.14 cents, they would have to find the funds elsewhere through cuts etc.

Mr. Carter reiterated that the challenge was what to do with the tax rate. He advised the Board that they could increase the Personal Property tax rate by \$1 and this would bring in \$1.3 million. He noted that they would have to account for PPTRA and he noted that this % kept going down because the value of vehicles was going up. Ms. McCann added that this was currently at 46% and that the state used a fixed amount of approximately \$1.7 million that was returned to the County that did not go as far as it used to.

Mr. Carter noted that staff needed their input on other revenues or a direction to go in. He then noted that another option would be to go to gross receipts on the business license fees or implement a household trash fee. He added that there were not too many revenue options and these could make things more difficult for them with the public.

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Mr. Carter noted that the salary increases for the Schools ranged from 3% to almost 12% depending on the position. He noted that they would get over \$500,000 in new money from the state that they could use at their discretion. He noted that where they showed a shortfall was in the federal Title program funding and other programs. He added the shortfall mainly was in the carryover from previous years and did not represent a true shortfall. He added that they would not know for sure what they would be getting until October. Mr. Bruguere and Mr. Saunders both agreed that the schools needed to be level funded.

Ms. McCann then emphasized that the \$.14 increase was not a true tax increase because of the decrease in values and this needed to be emphasized during the process. She added that there would be some that would pay more and some that would pay less.

Mr. Hale added that they needed to focus on making clear the comparison between values between years. Ms. McCann noted that the old values were \$3,649,229,910 before land use and the land use deferred value was approximately \$686,000,000. She noted that the new values were estimated at \$2,971,170,100 and the deferred land use value was now \$532,488,780. Staff then noted with land use, the values that taxes were paid on stayed constant and the deferred amount changed. It was noted that the Commissioner of Revenue had the ability to adjust these values, which she had done a few years previously.

In response to questions regarding the reduction in values, Ms. McCann noted that the 18% reduction was based on the numbers given to staff before the Assessors hearings; however, their changes were less than 1%. She added that the reduction in values was 18.6%.

Ms. McCann reiterated that a \$.14 increase was needed to bring in the same amount of revenue, which was an approximate rate increase of 22%. Mr. Hale noted that in order to trim this back, cuts would have to be made and there would be an impact to the recurring contingency. Ms. McCann noted that the nonrecurring contingency was from unexpended funds from the current year and the County would come up short in the current year if the Board reduced the \$.14. She added that doing this would also wipe out most of the FY15 nonrecurring contingency because they would not have it to carry forward. She added that if they did not do the \$.14 increase, the June 2014 tax collection revenues would be affected.

Mr. Carter noted that Staff would certainly answer any questions about the budget; however the primary issue was setting the tax rate. He noted that the Commissioner of Revenue wanted to know the rate by April 18th. She noted that the Board would have to advertise for public hearing for one week and then hold the public hearing; which would put them close to the 18th. She added that by law the tax tickets had to be received ten days before the due date.

Ms. McCann then advised that the capital outlay was funded with nonrecurring contingency and would be affected by a reduction from the .14 increase. She added that staff had incorporated many of the items presented at the retreat in this area of the budget. She noted that the Board had been given a listing that showed the items included in the proposed budget that were funded by nonrecurring carryover.

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Ms. McCann then noted that the Board could advertise a higher rate and then reduce it. She noted that the \$.14 rate increase did not incorporate any Board of Equalization changes that may occur. She added that the Commissioner of Revenue had thirty-five (35) new Land Use applications that had not been incorporated and the numbers presented were an estimate. Mr. Carter added that the Board of Equalization had only had twenty people come to their hearings and he did not foresee this would change much. In response to questions, it was noted that the Land Use committee looked at the new applications and then spot-checked others and looked at ones that there had been complaints about. It was noted that they just validated what was stated in the application.

Mr. Bruguere then suggested that those who received additional funding for part time help this year would have to tow the line next year and that some agencies needed to be looked at again. Mr. Carter added that reducing the \$.14 increase may mean that the plans for the Courthouse would have to be deferred until some point in the future.

Mr. Bruguere noted that he thought that the Schools should look at cutting their budget. Mr. Carter noted that he would provide them with the school budget summary which was pretty insightful. Ms. McCann added that they were asking for \$799,000 in additional funding from the County this year and have incorporated a raise of 4% plus a step for non teachers and 2% plus a step for teachers.

Mr. Hale noted that they were in fact getting around \$501,000 in new state revenue and if that was subtracted then they could say they would get the same as before. Ms. McCann noted that their budget was based on the Governor's proposed budget and if the Senate budget passed, they would get \$50,000 more. Ms. McCann noted that Ms. Irvin had noted that an overall raise of 1% would cost \$178,000.

Ms. McCann then noted that there was a slight debt reduction for the year and she would provide them with the full debt schedule.

Mr. Hale then noted he would recommend advertising a rate increase of \$.12 for the public hearing and Ms. McCann advised that this would reduce funding by \$460,080 and she would have to look at what the impact to the contingencies would be.

Members then agreed by consensus to meet again on Monday March 24th at 5pm and Ms. McCann noted she would have some more numbers by then.

Supervisors then asked if staff could provide a comparison of what people would pay if personal property taxes were raised by \$1.00. Mr. Hale suggested he would not have a problem with increasing the Personal Property tax by the same percentage as the Real Estate tax. Mr. Carter then noted that the Personal Property tax rate had not changed in twenty (20) years. Mr. Saunders noted he liked the idea of that and thought it might be an easier increase to implement.

Mr. Bruguere and Mr. Hale then indicated that they did not think the County should give raises. Supervisors and staff then briefly discussed that County employees have a forty hour

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work week with an hour paid lunch and that it was a historical policy and had always been that way. Staff noted that there were many County employees who got a paid lunch hour that were not able to take it and that worked beyond their forty hour work week.

III. Other Business

A. Cancellation of IFB #2014-NCBRTPHI, Blue Ridge (Crozet) Tunnel Rehabilitation & Trail Project – Phase I (R2014-20)

Mr. Carter noted that the lowest bid received on the project exceeded available funding by close to over \$400,000. He noted that he had contacted VDOT and they concurred with the bid cancellation. He added that the Code of Virginia authorized it and the resolution stated why – the bids were higher than funding. He added that Woolpert was very aware that Phase I needed to be reshaped and better detailed to be within available funding and then rebid.

Mr. Carter noted that Woolpert had put together a unit cost sheet for bids and were looking at these comparatively to what was bid and they would relook at the inputs. He noted that there may be some additions or deletions within the specifications such as work on the inside of the tunnel, the trail base etc. with the mission being to get the cost estimate down.

Mr. Saunders suggested that the next pre-bid meeting be in a better location where people could be heard. Mr. Carter agreed and advised that he has noted to Woolpert the County's concerns regarding the drawings and that the County did not expect to be billed for the additional work that would be done on the specifications and drawings.

Mr. Carter advised that he was unsure of the timeline to rebid the project and that the County could potentially have excess funds transferred from the Blue Ridge Railway Trail project that was finishing up.

Ms. Brennan then inquired if the Tunnel Foundation would be able to raise more money and Mr. Hale noted that he was doubtful they could raise hundreds of thousands of dollars for this; however, they could work on specifications and come up with something. He added that he would like for Woolpert to be timelier and he thought they owed the County an obligation to meet with them and explain where it went wrong and to listen to the ideas they have. Mr. Saunders noted for example his ideas on the base material and Mr. Hale's ideas on the conduit. He added that before they came back with new specifications, they needed to say how they could get the estimate to \$750,000 before just doing it. He added that he thought they needed to resolve the drainage issues before going into the tunnel. Mr. Hale then noted that he would like to see this happen soon and that a phone conference or sending Mr. Detmer would not be acceptable. Mr. Carter confirmed that he had related to Woolpert that they would need to come and meet with the County in person.

Mr. Hale then moved to approve resolution **R2014-20** Cancellation of Bids for IFB#2014-NCBRTPHI, Blue Ridge Crozet Tunnel Rehabilitation & Trail Project – Phase I.

Mr. Bruguiere seconded the motion and there being no further discussion, Supervisors voted unanimously (4-0) by roll call vote to approve the motion and the following resolution was adopted:

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**RESOLUTION R2014-20
NELSON COUNTY BOARD OF SUPERVISORS
CANCELLATION OF BIDS FOR IFB #2014-NCBRTPHI
BLUE RIDGE (CROZET) TUNNEL REHABILITATION & TRAIL PROJECT –
PHASE I**

WHEREAS, sealed bids were taken for the project IFB #2014-NCBRTPHI, Blue Ridge (Crozet) Tunnel Rehabilitation & Trail Project – Phase I on Thursday, March 6, 2014, and

WHEREAS, all bids received exceed available funding, and

WHEREAS, § 2.2-4319 of the Code of Virginia states that “an Invitation to Bid, a Request for Proposal, any other solicitation, or any and all bids or proposals, may be canceled or rejected. The reasons for cancellation or rejection shall be made part of the contract file.”

NOW THEREFORE BE IT RESOLVED, by the Nelson County Board of Supervisors that pursuant to § 2.2-4319 of the Code of Virginia, the invitation for bid, IFB #2014-NCBRTPHI, Blue Ridge (Crozet) Tunnel Rehabilitation & Trail Project is hereby canceled because all bids received exceed available funding.

BE IT FURTHER RESOLVED, that in accordance with State Code, Staff is hereby directed to make this resolution a part of the project’s contract file.

Mr. Carter then noted that VDOT had related that the bids they were getting for their projects had been exceeding estimates in their offices.

IV. Adjourn and Continue

At 5:29 pm, Mr. Hale moved to adjourn and continue the meeting until 5pm on Monday March 24th in the old Board of Supervisors room and Mr. Saunders seconded the meeting. There being no further discussion, Supervisors voted unanimously by voice vote to approve the motion and the meeting adjourned.