

March 24, 2014

Virginia:

AT A CONTINUED MEETING of the Nelson County Board of Supervisors at 5:00 p.m. in the Board of Supervisors Room located on the fourth floor of the Nelson County Courthouse.

Present: Thomas D. Harvey, North District Supervisor
Allen M. Hale, East District Supervisor
Thomas H. Bruguire, 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 5:00 pm, with all Supervisors present to establish a quorum. Mr. Hale then indicated the need for a closed session and Supervisors agreed to add this to the agenda.

Introduced: Closed Session for Legal Advice Regarding Probable Future Litigation

Mr. Hale then moved that the Nelson County Board of Supervisors convene in closed session to discuss the following as permitted by Virginia Code § 2.2-3711(A) (7): Consultation with legal counsel employed or retained by a public body regarding probable future litigation. Mr. Bruguire seconded the motion and there being no further discussion, Supervisors voted unanimously (5-0) by roll call vote to approve the motion.

Supervisors conducted the closed session with three Supervisors participating and Mr. Harvey and Ms. Brennan removing themselves from the meeting.

Upon the conclusion of the closed meeting, Mr. Hale moved to reconvene in open session and Mr. Bruguire seconded the motion. There being no further discussion, Supervisors voted unanimously (5-0) by roll call vote to approve the motion and the meeting resumed in open session.

Upon reconvening in open session, Mr. Hale moved that the Nelson County Board of Supervisors certify that, in the closed session just concluded, nothing was discussed except the matter or matters (1) specifically identified in the motion to convene in closed session and (2) lawfully permitted to be discussed under the provisions of the Virginia Freedom of Information act cited in that motion. Mr. Bruguire seconded the motion and there being no further discussion, Supervisors voted unanimously (3-0-2) by roll call vote to approve the motion with Mr. Harvey and Ms. Brennan abstaining.

II. FY14-15 Budget Work Session

Mr. Carter noted that at the end of the last meeting, Supervisors and staff discussed the possibility of implementing a Real Estate tax increase and a Personal Property tax increase. He noted that Ms. McCann had worked up some scenarios for their consideration.

Ms. McCann noted the following that was presented in three scenarios:

Scenario 1 - \$.13 Cent Real Estate Tax Increase

Ms. McCann noted that this level of increase would not require a reduction to the capital expenditures presented and would allow for a non recurring contingency of \$264,260.00. She added that the revenue adjustment would be a decrease of \$230,040.00, leaving a recurring contingency balance of \$682,008.00.

Scenario 2 - \$.12 Cent Real Estate Tax Increase

Ms. McCann noted that this level of increase would not require a reduction to the capital expenditures presented and would allow for a non recurring contingency of \$149,240.00. She added that the revenue adjustment would be a decrease of \$460,080.00, leaving a recurring contingency balance of \$451,968.00.

Scenario 3 - \$.10 Cent Real Estate Tax Increase

Ms. McCann noted that this level of increase would require a reduction of \$80,800.00 to the capital expenditures presented and would allow for a non recurring contingency of \$0.00. She added that the revenue adjustment would be a decrease of \$920,160.00, leaving a recurring contingency balance of negative \$8,112.00; meaning a reduction in expenditures of this amount would be required to bring the balance back to zero.

Mr. Carter reiterated that the capital expenditures presented used nonrecurring money and were included in the budget. He added that Supervisors could look at the departmental summary sheet to look for any larger increases; however he noted that most of the increases were due to requests made at the retreat.

Ms. McCann reiterated that cutting nonrecurring capital items would not help them with recurring funding. She then reminded the Board that a 3% salary increase was included in the budget department labeled non-departmental. She noted that this level was selected based on the Schools doing 2% plus a step. She noted that she had not checked around with other localities yet to see what they had proposed.

Ms. McCann then reviewed the following sheet depicting the impact of a change in the Personal Property tax rates:

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Impact of Change in PP Tax Rate

Vehicle Value	\$900	\$10,000	\$15,000	\$25,000	\$30,000
Current Tax Rate <u>\$ 2.95</u>	\$26.55	\$295.00	\$442.50	\$737.50	\$885.00
Tax Relief 46%	<u>\$26.55</u>	<u>\$135.70</u>	<u>\$203.55</u>	<u>\$271.40</u>	<u>\$271.40</u>
Tax Owed	\$0.00	\$159.30	\$238.95	\$466.10	\$613.60
Tax Rate <u>\$3.45</u> (50 cent increase)	\$31.05	\$345.00	\$517.50	\$862.50	\$1,035.00
Tax Relief estimated 39%	<u>\$31.05</u>	<u>\$134.55</u>	<u>\$201.83</u>	<u>\$269.10</u>	<u>\$269.10</u>
Tax Owed	\$0.00	\$210.45	\$315.68	\$593.40	\$765.90
Increase over current	\$0.00	\$51.15	\$76.73	\$127.30	\$152.30
Tax Rate <u>\$3.50</u> (55 cent increase)	\$31.50	\$350.00	\$525.00	\$875.00	\$1,050.00
Tax Relief estimated 39%	<u>\$31.50</u>	<u>\$136.50</u>	<u>\$204.75</u>	<u>\$273.00</u>	<u>\$273.00</u>
Tax Owed	\$0.00	\$213.50	\$320.25	\$602.00	\$777.00
Increase over current	\$0.00	\$54.20	\$81.30	\$135.90	\$163.40
Tax Rate <u>\$3.95</u> (1 dollar increase)	\$35.55	\$395.00	\$592.50	\$987.50	\$1,185.00
Tax Relief estimated 34%	<u>\$35.55</u>	<u>\$134.30</u>	<u>\$201.45</u>	<u>\$268.60</u>	<u>\$268.60</u>
Tax Owed	\$0.00	\$260.70	\$391.05	\$718.90	\$916.40
Increase over current	\$0.00	\$101.40	\$152.10	\$252.80	\$302.80

\$3.45 is 16.9% increase

\$3.50 is 18.6% increase

\$3.95 is 33.9% increase

Adjustment at \$3.45 rate	\$671,832	2.9	Pennies Reduction to RE rate
Adjustment at \$3.50 rate	\$739,413	3.2	Pennies Reduction to RE rate
Adjustment at \$3.95 rate	\$1,347,639	5.9	Pennies Reduction to RE rate

Note:

Tax relief on \$1,000 or less value is 100%.

Maximum relief is based on \$20,000 value only.

2013 Tax Rates:	PP	RE	LU
Charlottesville	\$4.20	\$0.950	No
Albemarle	\$4.28	\$0.766	Yes
Fluvanna	\$4.15	\$0.795	Yes
Greene	\$5.00	\$0.720	Yes
Louisa	\$1.90	\$0.650	Yes
Amherst	\$3.25	\$0.540	Yes
Campbell	\$4.45	\$0.530	Yes
Appomattox	\$4.60	\$0.575	Yes
Lynchburg	\$3.80	\$1.110	Yes
Buckingham	\$4.05	\$0.440	No

Ms. McCann noted the effect in terms of equating the additional Personal Property tax revenue to pennies of the Real Estate tax rate and then noted the listing of other Personal Property and Real Estate tax rates of surrounding Counties. Mr. Carter added that the current Personal Property tax rate was put in at \$2.95 in 1989 and would equate to \$5.85 in today's money. He then noted that in 1998, the Real Estate tax rate was \$.67 or \$.72, in 2008 it was \$.55 and now it was \$.60. Supervisors then noted that they would like to see the history of these taxes so that they could answer questions about this if they came up. Mr. Carter noted that one year; the Board did a \$.05 increase for the school construction projects as part of a formula developed with Roland Kooch.

Ms. McCann then noted that the collection rate was 94.9% for Real Estate taxes and has picked up from the previously used 94%. She added that the projections for the current year would likely exceed the budget by approximately \$396,000. Ms. McCann then confirmed that delinquent tax funds were not included in the revenue equalizing amount.

Mr. Harvey then inquired about the level of carryover that would be had and Ms. McCann noted there would be some; however it depended on what was done with the tax rate. She added that staff had assumed that the contingency from this year would roll over to next year if the Board equalized revenues with a \$.14 tax increase. Mr. Bruguere confirmed that the non recurring contingency was extra money used to fund the capital items.

Mr. Hale then noted that he did not think that the Board was considering a \$.14 cent increase and that there was some sentiment for a \$.10 cent increase. He added that the majority of the Board was not in favor of a 3% salary increase and there had been no mention of cutting expenditures yet.

Mr. Harvey then inquired if other localities were using a lower % of value in valuing their personal property and Mr. Carter noted it was possible; however the tax guide used by Staff to report this did not provide that information.

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Mr. Saunders noted that he thought the Board should see where they wanted to go with advertising the tax rates and then they could go through and make some cuts. Mr. Bruguere noted he was not in favor of advertising an increase in Personal Property taxes; however he was in favor of making cuts.

Mr. Hale noted he thought they should have an increase in Personal Property taxes that was in line with the percentage increase in Real Estate taxes. Mr. Saunders agreed and noted that it had been many years since the County has had an increase in Personal Property taxes. Ms. Brennan noted she would not object to going to the \$3.45 Personal Property tax rate.

Mr. Carter suggested that the Board advertise higher rates for public hearing and they could then lower them down.

Ms. Brennan suggested that they advertise \$.72 cents for the Real Estate tax- a \$.12 cent increase and \$3.50 for the Personal Property tax. Mr. Carter noted that this would give them an equivalent \$.15 increase in the Real Estate tax rate and then they could reduce it.

Mr. Harvey noted that he felt comfortable that Staff always underestimated revenues and overestimated expenditures. Ms. McCann and Mr. Carter both noted that they preferred to be conservative and would rather not come up short. Mr. Harvey noted that he wanted to see all of the money on the table. Mr. Carter noted that he could tell the Board what they have and that they could use some of the fund balance to offset the increase. Ms. McCann reiterated that there would not be as much or any carryover from the June tax collection if they did not equalize the Real Estate tax rate.

Supervisors then agreed by consensus to advertise a Personal Property tax rate of \$3.50 and a Real Estate tax rate of \$.72, a \$.12 increase. Supervisors and Staff discussed having the public hearing on April 10th since the Commissioner of Revenue needed the rates by April 18th. She added that the Board was not required to adopt a rate the night of the Public Hearing or to wait.

Supervisors noted that they wanted to work on the budget and potentially have it ready by the 10th.

Mr. Carter noted that the State would be giving the Schools over \$500,000 in new money and Mr. Hale added that the State may also be giving teachers a raise. Mr. Carter noted that this raise would only be on SOQ positions and the Schools currently had more teachers than what was required. Ms. McCann reiterated that a flat 1% raise with no step was \$178,000 for the Schools. She added that the salary scales were linked to teacher salaries and it was the steps that created discrepancies.

Mr. Harvey noted that they could fund the Schools at a level that they would be responsible and Mr. Saunders agreed. Ms. Brennan noted that the County could appropriate the money by category if they wanted to control where the funds were spent.

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Mr. Saunders moved to advertise a Real Estate tax increase of \$.12 (\$.72) and a Personal Property tax rate of \$3.50. Mr. Harvey seconded the motion and there being no further discussion, Supervisors voted unanimously (5-0) by roll call vote to approve the motion.

Ms. McCann noted that the rates would be advertised once and they would have to wait seven days before the public hearing could be held and they could then approve the rates on the same day or not. She noted that if they had the public hearing on the 10th, they would have time to meet and work on the budget thereafter.

Supervisors agreed by consensus to work on the budget on the 8th, hold the public hearing on the tax rates on the 10th and then to pencil in the 15th for another work session if needed.

Mr. Hale noted he thought there was a sentiment against including a 3% raise for staff which would cost \$135,000 or half a penny. He added that he thought there were other things the money would be needed for. Mr. Carter then asked the Board to give the raise more thought.

Mr. Harvey added that he thought the no raise standard should be set across the board with the Service Authority and the Schools etc. Mr. Hale then reminded him that the Service Authority had a merit system, not an across the board raise system which made them different in his mind. Ms. McCann noted that this was still a raise and Mr. Carter added that Staff had previously recommended that the County move to a merit system and the Board was reluctant to implement it.

III. Other Business (As May Be Presented)

There was no other business considered by the Board.

IV. Adjourn and Continue

At 6:23 pm, Mr. Hale moved to adjourn and Mr. Harvey seconded the motion. There being no further discussion, Supervisors voted unanimously by voice vote to approve the motion and the meeting adjourned.