

March 29, 2016

Virginia:

AT A CONTINUED MEETING of the Nelson County Board of Supervisors at 3:00 p.m. in the General District Courtroom located on the third floor of the Nelson County Courthouse, in Lovingston Virginia.

Present: Constance Brennan, Central District Supervisor
Allen M. Hale, East District Supervisor – Chair
Larry D. Saunders, South District Supervisor
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 – Vice Chair
Thomas H. Bruguere, Jr. West District Supervisor

I. Call to Order

Mr. Hale called the meeting to order at 3:03 PM, with three (3) Supervisors present to establish a quorum and Mr. Harvey and Mr. Bruguere being absent.

II. FY16-17 Budget Work Session

A. Introduction and Overview of FY16-17 General Fund Budget

Mr. Carter noted that staff would overview the work done on the budget to date. He noted that there was not a lot of new money and not a lot of decisions to be made. He added that the “Considerations” sheet would be a major focus of moving the budget towards conclusion. He then noted that the Power Point that Ms. McCann would present would step them through the budget summary document provided to them. It was then noted that they had been provided paper copies of a budget summary, revenue and expenditure spreadsheets, revenue and expenditure detail, and a considerations sheet.

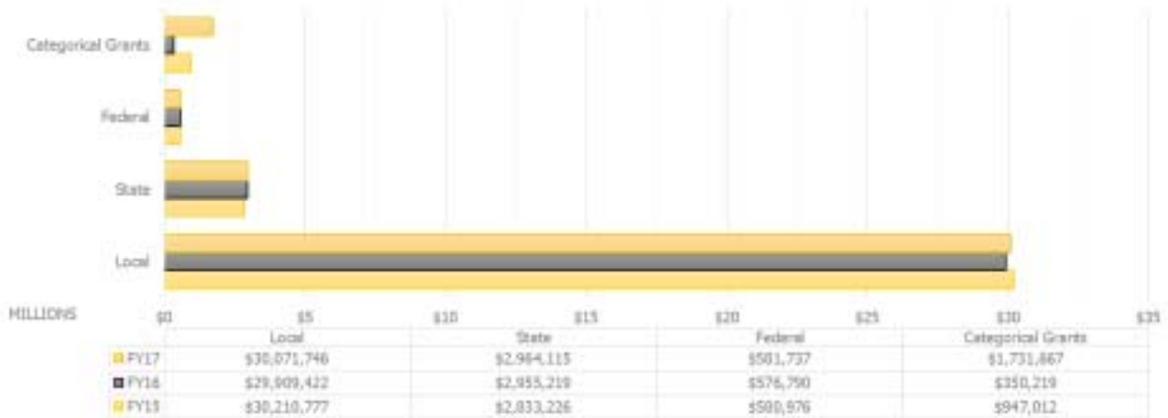
Ms. McCann then presented the following Power Point summary of the General Fund budget:

Nelson County Draft Budget Overview

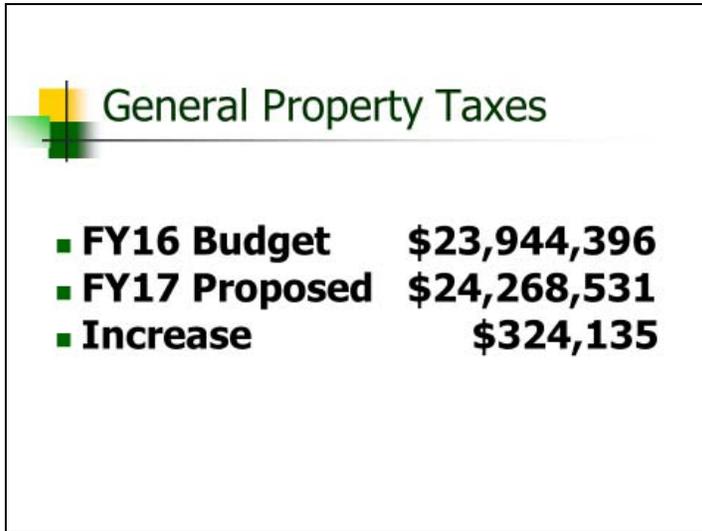
Fiscal Year 2016/2017
July 1, 2016 - June 30, 2017

Revenue Trends

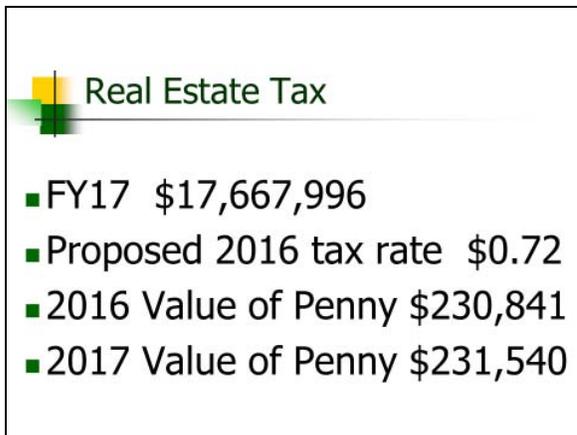
Revenue Summary



Ms. McCann noted that General Fund Revenues were expected to increase by \$164,715. She then noted a graph showing revenue trends over the last three years; noting that FY16-17 local revenues reflected a slight decline, State Revenues showed a slightly upward trend and, Federal Revenues showed a marginal drop and then were increasing next fiscal year.

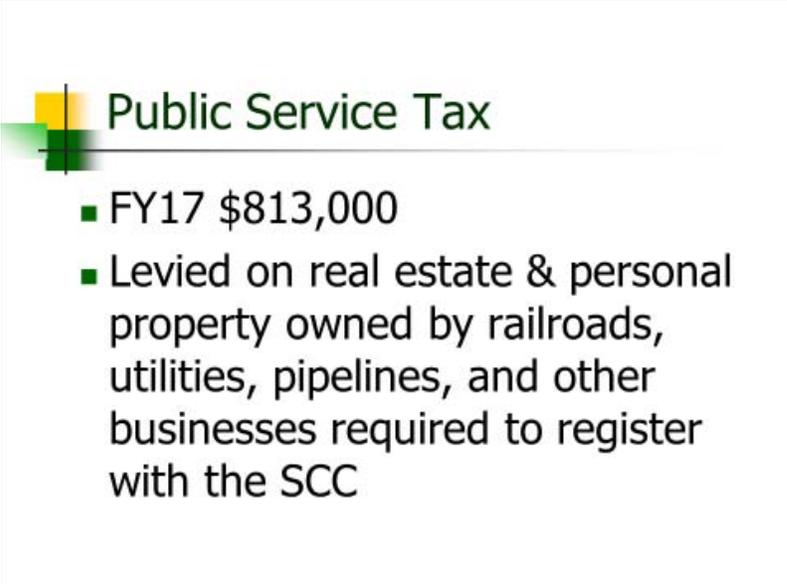


Ms. McCann noted that General Property Taxes would increase by \$324,135 which was 65% of total revenues. She noted this included Real and Personal Property tax, Machinery and Tools tax, and Public Service tax; as well as delinquent tax collections, penalties, and interest.



Ms. McCann noted the following regarding the Real Estate Tax: It is the largest source of revenue for the County and is expected to generate 17.6 million in FY17. This represents a \$159,583 increase over the FY16 budget amount. The FY16 projection assumes the current tax rate of \$0.72 per \$100 assessed value and an average annual growth rate of 0.25%. The Calendar Year 2015 value of taxable real estate after Land Use deferrals and elderly tax

relief is \$2.4 billion (\$2,425,026,155) which generates approximately \$230,417 of estimated collectible real estate tax revenues for each penny of the tax rate. Comparatively, the estimated value of the penny would be \$230,841 for 2016 and \$231,540 for 2017. Additionally, FY16 and FY17 delinquent tax collections reflect a slight decline and anticipated leveling attributed to consistent collection efforts maintained by the Treasurer. Since the initial utilization of legal services to process delinquent collections in 2004, the back log of delinquent tax accounts have been processed and current delinquencies are being handled on a regular basis.

A graphic titled "Public Service Tax" with a decorative yellow and green square icon to the left. Below the title is a horizontal line, and then a bulleted list of two items.

Public Service Tax

- FY17 \$813,000
- Levied on real estate & personal property owned by railroads, utilities, pipelines, and other businesses required to register with the SCC

Ms. McCann noted the following related to Public Service tax: It is levied on the real estate and personal property owned by railroads, utilities, pipelines, and other businesses required to register with the State Corporation Commission (SCC). Public Service Corporation assessments are prepared by the Virginia Department of Taxation and the sec. The Department of Taxation conducts an annual statewide sales study of real property to determine current fair market values. A ratio is established comparing the results of the annual sales study to locally assessed values which is then applied to public service values prepared by the SCC. She added that if it is determined that the County is taxing at 100% of FMV, they will use that, however if values are really only 80% then they would apply that percentage. She noted that it was important to make sure that the local % of FMV was as close to 100% so the funds were not lost. She added that the County's FMV percentage has been right at 100% for the last few years. She noted that it had been as low as 60%, which was a product of how often reassessment was done and also market trends. She then noted that Public Service tax is expected to generate \$813,000 in FY17 which reflected an increase of \$43,000 over the FY16 budget amount.



Personal Property Tax

- FY17 State tax relief \$1.7 million
- FY17 Collections \$3,744,505
- No change in tax rate proposed
- Current rate \$3.45 per \$100 assessed value

Ms. McCann then noted the following related to Personal Property Tax: It is levied on vehicles and other tangible non-real estate property. Qualified vehicles are eligible for a pro rata share of personal property tax relief (PPTR) which the state provides to the county as a fixed payment of \$1.7 million. Personal Property tax collections and the tax relief payment from the state in FY17 are projected to increase by 2.9% from the FY16 budget amount. In addition to the state tax relief payment, collections in FY17 are anticipated to be \$3.7 million. The tax rate for calendar year 2015 is \$3.45 per \$100 of assessed value. The FY17 budget assumes no change in the tax rate.

Ms. McCann added that the Mobile Home Tax was levied on manufactured homes not classified as real estate. She noted that Mobile Homes were assessed as tangible personal property, yet taxed at the real estate property tax rate and the Mobile Home tax was expected to generate \$30,000 in FY17 which was no change from the FY16 budget amount.

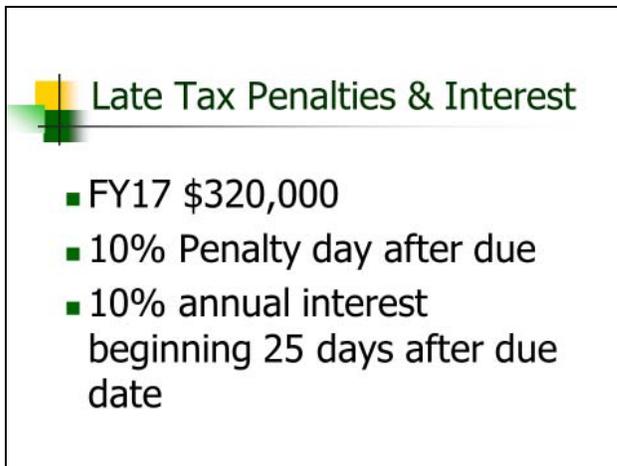


Machinery & Tools Tax

Tax Years	Ratio (%)	Effective Rate per \$100
1 to 5	40	\$0.50
6 to 10	30	\$0.38
11 to 15	20	\$0.25
16 plus	10	\$0.13

Ms. McCann noted the following relative to the Machinery and Tools Tax: It is levied on certain business equipment used in manufacturing and certain other commercial activities. This tax is anticipated to generate \$15,000 in FY17, an increase of \$5,000 over the FY16 budget. Machinery and Tools Tax represents less than 0.1% of overall General Property Taxes. The statutory tax rate is \$1.25 per \$100 assessed value based on original cost. However, an assessment ratio is applied to the value as noted in the slide.

Mr. Carter added that without checking, Nelson had the lowest of these tax rates in the State. Mr. Hale noted that he had always thought the County should do away with this one because it was not uniformly reported. Mr. Carter advised that if they did away with it; these things would become subject to Business Personal Property tax which would be much higher.

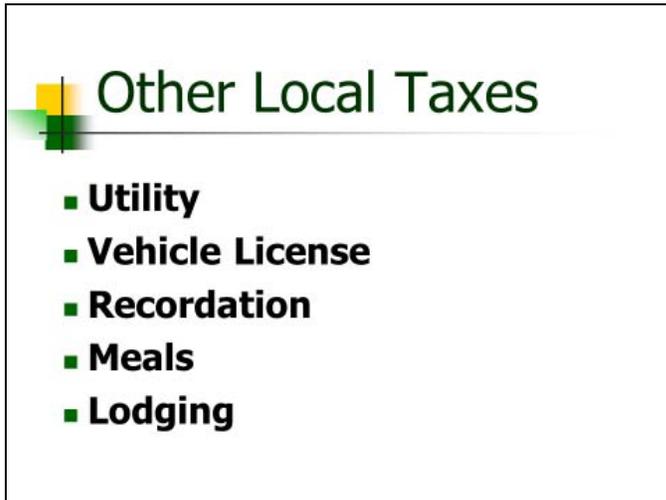


Late Tax Penalties & Interest

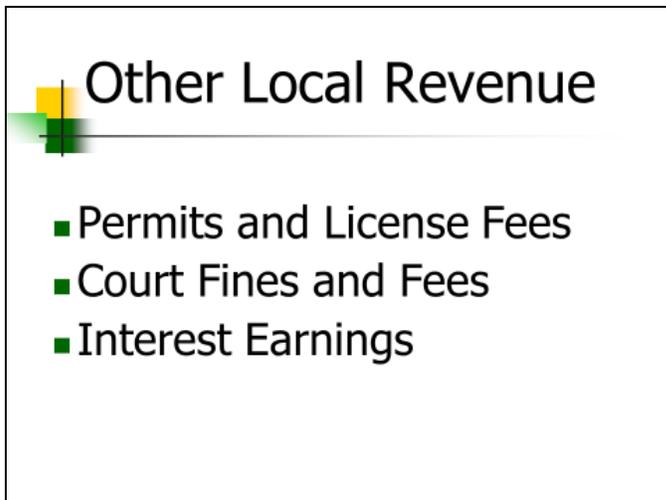
- FY17 \$320,000
- 10% Penalty day after due
- 10% annual interest beginning 25 days after due date

Ms. McCann noted the following related to Late Tax Penalties and Interest: It is anticipated to generate \$320,000 in FY17 which is a decrease of \$35,000 from the FY16 budget. A ten percent penalty is charged the day after the due date and ten percent annual interest is accrued beginning 25 days after the due date. As mentioned previously delinquent real estate tax collections are anticipated to decline in FY16 and FY17 and as such the associated late tax penalties and interest are also reflecting a decline. Delinquent property tax collections are reflected in the budget within each category of tax. Delinquent real estate collections are anticipated to be about \$840,000 in FY17 down from an anticipated \$879,000 in FY16 and \$995,000 realized in FY15. Personal Property delinquent collections are anticipated to be approximately \$400,000. Together delinquent tax collections and associated penalty and interest make up 6.4% of all General Property Taxes.

Ms. McCann added that these revenues were in a decline in FY16 & 17 due to the fact that the Treasurer's office was keeping up with the flow of delinquent properties. Mr. Carter added that the current delinquencies were more recent and within the last three years and this was flattening out. He also noted that DMV stops had been highly effective in bringing delinquent accounts up to date.



Ms. McCann noted that compared to the current year budget as amended (through 2/14), the proposed General Fund budget reflected a decrease of approximately \$1.4 million or about 4%. She noted that this decrease was primarily due to the near completion of a communications project addressing narrow banding radio requirements (-1,088,021) and that progress on the Blue Ridge Tunnel project was also a factor in the overall budget reduction. (-334,505)



Ms. McCann noted the following related to Other Local Revenue: In addition to property taxes, local revenue generally includes other local taxes (utility, vehicle license, recordation, meals, and lodging), permits and license fees, court fines and fees, interest earnings, and various recovered costs. Other local revenue is expected to generate over \$5.8 million in FY17 which is an increase of \$148,112 over the FY16 budget amount.



Other Local Revenue

	FY16 to FY17	Changes
Recordation Tax		\$10,000
Landfill Tipping Fees		\$10,000
Meals Tax		\$56,500
Utility/Consumption Tax		\$11,000
Treasurer Fees (Admin/DMV)		\$10,000
Recovered Costs-JAUNT		\$14,214
EMS Revenue Recovery		\$35,000

Ms. McCann noted the more significant changes in other local revenue which is a total increase of \$148,000. Ms. Brennan questioned the recovered costs and Ms. McCann noted that this represented Wintergreen JAUNT funds and did not affect the budget; however it did help JAUNT match federal dollars.

Ms. McCann then added that the most significant impact to local revenue was relative to the 2014 real estate reassessment of property values where the reassessed real estate values reflected an 18.6% reduction from previous values and as a result, tax rates were adjusted. She noted that the real estate tax rate for calendar year 2014 increased from \$0.60 per \$100 in value to \$0.72.

Ms McCann also noted that the personal property tax rate for 2014 changed from \$2.95 per \$100 in value to \$3.45– an increase of 50 cents. She noted that these combined tax rate adjustments yielded just over \$200,000 in excess of revenue that would have been generated with an equalized real estate tax rate of \$0.74. She explained that an equalized real estate tax rate was the rate required to generate the same amount of real estate tax revenue in FY15 as is anticipated in FY14.



State Revenue

■ Non-Categorical Aid	\$645,000
■ Categorical Aid	\$815,678
■ Shared Expenses	\$1,423,026

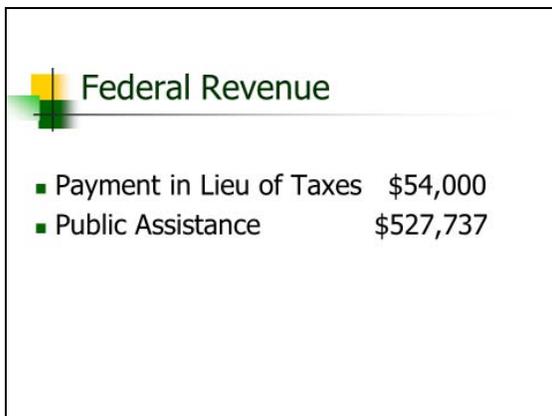
Ms. McCann noted the following relative to State Revenue: State revenues, excluding non-recurring grants, are anticipated to increase by \$6,617 in FY17 from the FY16 budget amount. State revenues include non-categorical aid from motor vehicle carrier's tax, mobile home titling tax, deeds tax, and communications sales tax. Non-categorical aid is anticipated to generate \$645,000 in FY17 which is a no change from FY16.

Categorical state aid primarily provides for at risk youth programs (CSA) and public assistance and welfare programs administered by the local Department of Social Services. Changes in funding for these programs is the most significant factor contributing to the overall increase expected in state revenues. The County expects to receive \$815,678 in categorical state aid in FY17 which is an increase of \$6,600.

The largest source of state funding relates to state shared expenses. State shared expenses represent the State's share of activities that are considered to be a shared state and local responsibility. Shared responsibilities include Constitutional Offices and the Registrar/Electoral Board. Constitutional Offices include the Sheriff, Commonwealth Attorney, Commissioner of Revenue, Treasurer, and Clerk of the Circuit Court. State shared expenses are expected to be \$1.4 million which is subject to change pending receipt of finalized amounts from the state Compensation Board.

Ms. McCann noted that State revenue made up 9.9% of the total General Fund budget in FY15 as compared to 10.8% in FY14. She noted that next year's budget reflected an overall decrease of \$298 thousand primarily due to utilization of grant funds for phase 1 construction of the Crozet Tunnel Project in the current year reducing the amount of grant funds to be carried forward into FY15.

She then advised that staff had just gotten some state numbers and would be re-looking at these.

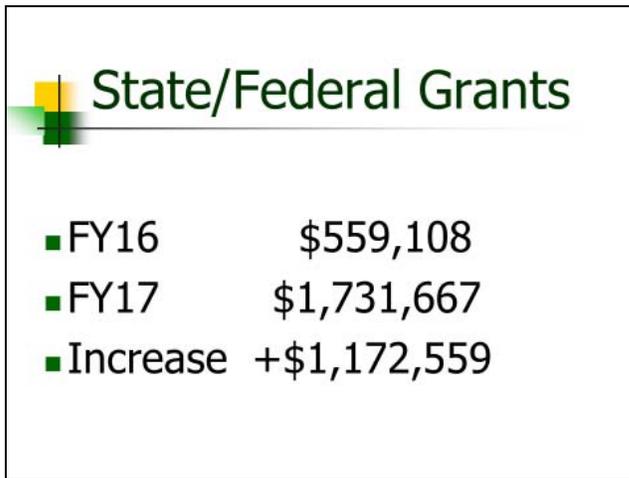


Federal Revenue	
■ Payment in Lieu of Taxes	\$54,000
■ Public Assistance	\$527,737

Ms. McCann noted the following related to Federal revenue: Excluding non-recurring grants, is expected to provide \$581,737 in FY17. This is a \$6,600 or 1.2% increase over the

FY16 budget amount. Federal funding includes payment in lieu of taxes and public assistance and welfare. Payments in lieu of taxes have historically been received for forest land located in Nelson County. These funds must be approved during the federal budget process. Federal funds are also received for public assistance and welfare programs and are the largest source of ongoing federal funding. Public assistance funds account for the overall increase in federal revenue.

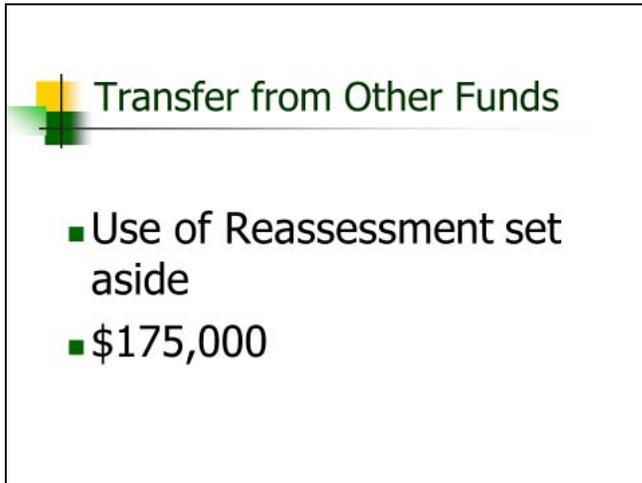
Ms. McCann noted that Federal revenue makes up 1.5% of the total General Fund budget.



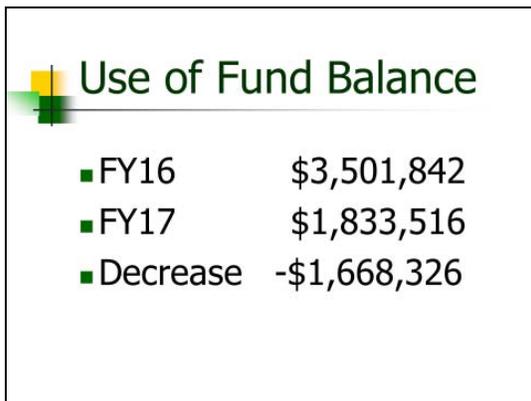
A table titled "State/Federal Grants" with a decorative graphic of overlapping yellow and green squares to the left. The table lists the following data:

State/Federal Grants	
■ FY16	\$559,108
■ FY17	\$1,731,667
■ Increase	+\$1,172,559

Ms. McCann noted the following related to State/Federal Grants: In FY17, the county expects to receive \$1,731,667 in non-recurring grants from state and federal sources. This reflects an increase of \$1,172,589 from FY16. Grant awards for the Crozet Tunnel restoration project is the primary factor contributing to this increase. Grants are generally not budgeted until they are awarded. Some grants may be awarded mid-year and amended into the budget at the time of award. Mr. Carter added that the County was waiting for Commonwealth Transportation Board funds from the State for the Tunnel this year.



Ms. McCann noted the following related to Transfer from Other Funds: The County conducts a reassessment of real property values every four years. The cost of conducting the reassessment impacts two fiscal years. In the two fiscal years that there is no reassessment expense, the county sets aside funding to assist with upcoming reassessment expense. The budget proposes to utilize \$175,000 from the set aside for reassessment expenditures that will be incurred in FY17. She noted that these funds were drawn down during reassessment and the total cost was to be determined. She advised that the County would have approximately \$227,000 next Fiscal Year.



Ms. McCann noted the following related to the Use of Fund Balance: The FY17 proposed budget anticipates the use of \$1.8 million in fund balance which is a decrease of about \$1.6 million from the FY16 budget. This decrease is primarily attributed to a one time use of \$1.4 million for the courthouse renovation project in FY16. Of the anticipated \$1.8 million, about \$1.6 million is carryover from FY16 resulting from \$71,000 in unexpended funds for maintenance building repair (Callohill), \$325,000 in unexpended school funds from fuel savings and \$1.2 million in unexpended contingency funding. Ms. McCann noted that the School savings would be used to cover costs related to the School's Office of Civil Rights violations.

March 29, 2016

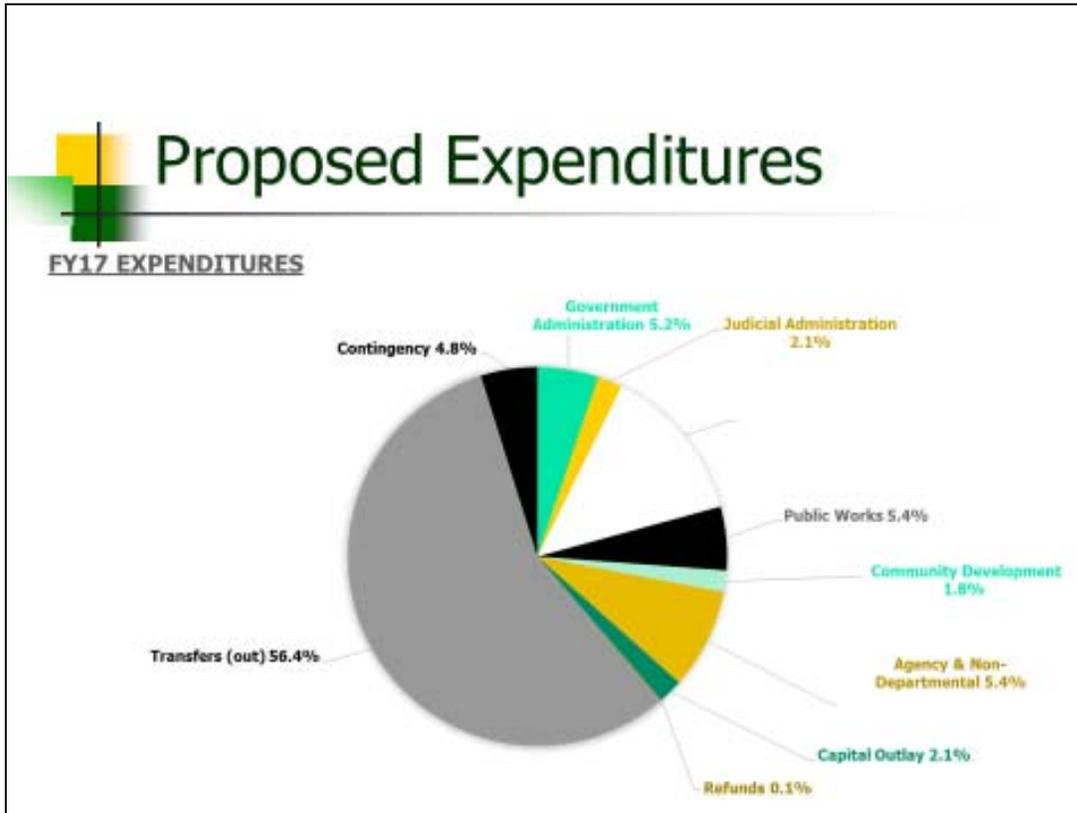
The County also expects to use about \$214,000 for debt related to the existing courthouse renovation project. The use of fund balance to cover the debt is only anticipated for the upcoming year as savings from paid off debt will provide for the new debt in FY18. Mr. Carter advised that this was part of the initial funding strategy approved by the Board.

Ms. Brennan asked if staff had a chart showing the debt decline and Mr. Carter noted they did not; however a list has been provided of debt coming off. He added that it was also listed in the County's audit report.



General Fund Revenues

■ Local	\$30,071,746
■ State	\$ 2,964,115
■ Federal	\$ 581,737
■ State/Federal Grants	\$ 1,731,667
■ Transfer from other funds	\$ 175,000
■ Year Ending Balance	<u>\$ 1,833,516</u>
■ Total	\$37,357,781



Ms. McCann noted that overall, recommended expenditures in FY17 are increasing by \$164,715 or 0.4%. Total recommended expenditures for FY17 is \$37.35 million as compared to the current FY16 budget of \$37.2 million. The graph below reflects the allocation of FY17 expenditures between the various categories of expense. Transfers is by far the largest category of expense which includes funding for the School Division, Social Services, and Debt Service.

- ### Government Administration
- Board of Supervisors
 - County Administration
 - County Attorney
 - Commissioner of Revenue
 - Treasurer

- 
- Government Administration**
- Finance & Human Resources
 - Technology
 - Land Use Panel
 - Board of Elections
 - Registrar
 - Reassessment



Government Administration

FY16 Budget	FY17 Proposed	Increase
\$1,729,833	\$1,942,848	+\$213,015

Ms. McCann noted the following related to Government Administration: Government Administration includes the Board of Supervisors and the following departmental operations: 1)County Administration 2)County Attorney 3)Commissioner of Revenue 4)Treasurer 5) Finance & Human Resources 6)Technology 7)Land Use Panel 8)Board of Elections and 9)Registrar. Because 2018 is a reassessment year, the cost to conduct the reassessment is anticipated to be an impact in FY17 and is also included in government administration expenditures. Overall, governmental administration expenditures are recommended at \$1.94 million which reflects an increase of \$213,000 from the FY16 current budget. This increase is primarily attributed to anticipated reassessment expense of \$227,000 and the replacement of the primary network server. While health insurance premiums increased by 9.2%, retirement contributions decreased offsetting most of the health insurance increase. Other decreases resulted from change in personnel in the Treasurer and Commissioner of Revenue offices. The Electoral Board budget also reflects a reduction of \$16,864 due to the impact of primary elections in FY16 that are not currently anticipated in FY17.

- 
- Judicial Administration**
- General District Court
 - J&D Court
 - Court Services Unit
 - Circuit Court & Clerk
 - Commonwealth Attorney



Judicial Administration

FY16 Budget	FY17 Proposed	Decrease
\$810,162	\$785,611	-\$24,551

Ms. McCann noted the following related to Judicial Administration: It includes operational expense for General District Court, J&D District Court, Court Services Unit, Circuit Court, and the Commonwealth Attorney. Judicial Administration expenditures for FY17 are recommended at \$786,000 which is a decrease of \$24,551 over the FY16 budget. The decreases are primarily attributable to personnel and benefit changes (changes in health plan selection) within the Circuit Court Clerk and Commonwealth Attorney budgets.

-  **Public Safety**
- Sheriff
 - Public Safety
 - Emergency Services Council
 - E911 Program
 - Forest Fire Service

-  **Public Safety**
- Paid EMS
 - Regional Jail
 - Building Inspections
 - Animal Control
 - Medical Examiner

 **Public Safety**

FY16 Budget	FY17 Proposed	Decrease
\$5,115,027	\$5,022,435	-\$92,592

Ms. McCann noted the following related to Public Safety: It includes operational expense for the Sheriff, Public Safety (Emergency Services), Emergency Services Council, E911 Program, Forest Fire Service, Paid EMS, Regional Jail, Building Inspections, Animal

Control, and Medical Examiner. Public Safety expenditures for FY17 are recommended at just over \$5 million which is an overall decrease of \$92,592 from the FY16 budget. The E911 Program reflects a decrease of \$54,969 which is attributable to the recording system upgrade completed in FY16 which is not a recurring cost in FY17. Reimbursements to the EMS Council and direct fuel purchases for emergency agencies reflect a decrease for fuel and heating expense of \$33,422. The Sheriff's Department budget reflects an overall reduction of \$38,870 which is primarily due to \$33,047 in non-recurring grants and other expense within the Sheriffs FY16 budget. Departments that reflected increases included Building Inspections, Animal Control and the Regional Jail. Increases in Building Inspections and Animal Control are reflective of new positions which required only partial funding in FY16 since the positions were filled mid-year.

Public Works		
FY16 Budget	FY17 Proposed	Decrease
\$2,100,138	\$2,029,306	-\$70,832

Ms. McCann noted the following related to Public Works: It includes operation expense for Waste Management, Building and Grounds, and the Motor Pool. Public Works expenditure for FY17 are recommended at just over \$2 million which is a \$70,832 decrease from FY16. Although the Waste Management budget reflects an increase of \$15,062 primarily due to tipping fees (anticipated solid waste of 900 tons per month), other departments reflect decreases. The decreases reflect lower gasoline prices and a reduction in the number of vehicles purchased. The proposed budget reflects purchase of 2 police vehicles. In FY16 an additional vehicle was purchased for the Building Inspections department.

Ms. McCann added that there were some requested vehicles on the “considerations” list.

Recreation & Community Development		
FY16 Budget	FY17 Proposed	Decrease
\$681,370	\$679,159	-\$2,211

Ms. McCann noted the following related to Recreation and Community Development: It includes operation expense for Recreation, Planning, and Tourism/Economic Development. The overall budget for FY17 reflects a reduction of \$2,211. The Planning Department budget reflects funding (grant/match) in the amount of \$16,000 for continued work on the Rockfish Area Plan. The Community Development budget reflects a decrease of \$11,047 which is primarily due to a non-recurring grant within the FY16 budget.

Agencies & Non-Departmental		
FY16 Budget	FY17 Proposed	Increase
\$1,887,011	\$3,198,353	\$1,311,342

Ms. McCann noted that Agencies and other Non-Departmental expense increased by approximately \$1.3 million. Most agencies were level funded and no new agencies received funding. Piedmont Virginia Community College contribution is increased by \$27,005 relative to site work for the college's proposed Technology Center. Non-Departmental funding includes \$150,000 allocated for pay adjustments based on outcome of pay study. The majority of the increase is attributable to the Crozet Tunnel project (\$1,149,466) which is a grant funded project.



Capital Outlay

FY16 Budget	FY17 Proposed	Decrease
\$933,792	\$782,000	- \$151,792



Capital Outlay

E911 Equipment	\$346,000
Callohill Bldg. Renovation	\$71,000
Emergency Services Vehicles	\$320,000
AS400 Server Replacement	\$45,000
Total Capital Outlay	\$782,000

Ms. McCann noted the following related to Capital Outlay: Expenditures in FY17 are expected to decrease by \$151,792 from the FY16 budget. The following capital expense is proposed for FY17. She added that the AS400 Server runs the County's financial systems used by the Commissioner's Office, the Treasurer's Office, and the Finance Department.



Refunds

FY16 Budget	FY17 Proposed	Increase
\$30,000	\$30,000	No Change

Ms. McCann noted that revenue refunds were anticipated to remain at \$30,000 in FY17.



Transfers

Fund Category	Change
Reassessment Fund	-\$100,000
Debt Service (new CH Debt)	\$214,116
Broadband (planning study FY16)	-\$50,000
CDBG (Grant Match in FY16)	-\$100,000
Courthouse Project (only in FY16)	-\$1,426,225
VPA (Social Services roof in FY16)	-\$20,000
School Operations (Level)	\$0
School Capital	-13,889
Overall Decrease	\$1,495,998

Ms. McCann noted the following related to Transfers: This category of expenditure reflects funds moved to various other accounting funds and is by far the largest category of expenditures. Transfers are proposed for the 1) Debt Service Fund 2) Broadband Fund 3) VPA (Social Services) Fund 4) Piney River Water/Sewer and the 5) School Fund. Overall Transfer Expenditures in FY17 are proposed at just over \$21 million which is a decrease of approximately \$1.5 million from FY16.

Reassessment Fund

Since expenditures will be incurred for the 2018 reassessment, no new funds will be set aside in FY17.

March 29, 2016

Broadband Fund

In FY16, \$100,000 was transferred to the Broadband Fund to support operations and an additional \$50,000 for preparation of a county broadband strategic plan. In FY17, the transfer for operations continues in the amount of \$100,000.

Community Development Block Grant Fund

In FY16, the county received a block grant for expansion of the Broadband Network which included a local match of \$100,000. This is not a recurring need in FY17, and therefore no transfer to the CDBG Fund is included in the proposed budget.

Courthouse Project Fund

Funds were transferred to the project fund in FY16. At this time, there is no transfer anticipated for the project in FY17.

Ms. McCann added that the decrease in the Courthouse project was due to money put into the project last year that would not be recurring

VPA (Social Services) Fund

In FY16, an additional appropriation of \$20,000 was approved for roof replacement on the Social Services facility. This is a non-recurring expense and as such the transfer to Social Services is reduced by this amount. Social Services requested level funding at this time.

Debt Service Fund

The transfer to the Debt Service Fund is proposed to increase in FY17 by \$214,116. This is attributed to the debt related to the current courthouse renovation. The budget proposes use of fund balance to cover the debt in FY17 until the savings from paid off debt will provide for the new debt in FY18.

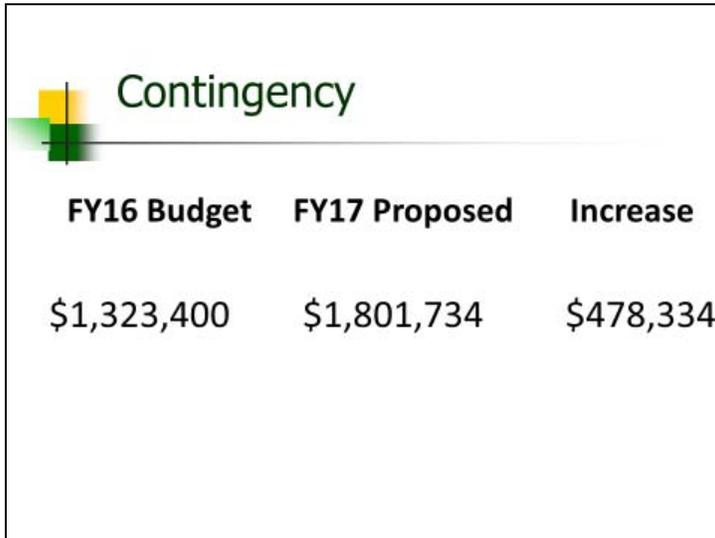
Ms. McCann added that the Piney River payment was an enterprise fund and the County had to account for all expenses relative to this system. She added that there was some debt associated with it and that the County paid the Service Authority to operate the system.

School Fund

The School Division is currently funded at the same level as FY16 such that the Board of Supervisors may consider this during the budget process. The School Division requested \$755,371 in new funding for operations and an increase of \$95,000 for the purchase of an additional school bus (3 buses overall requested). The proposed budget also includes a transfer of \$325,000 for addressing civil rights infractions. The budget provides this funding from FY16 carryover anticipated from fuel savings.

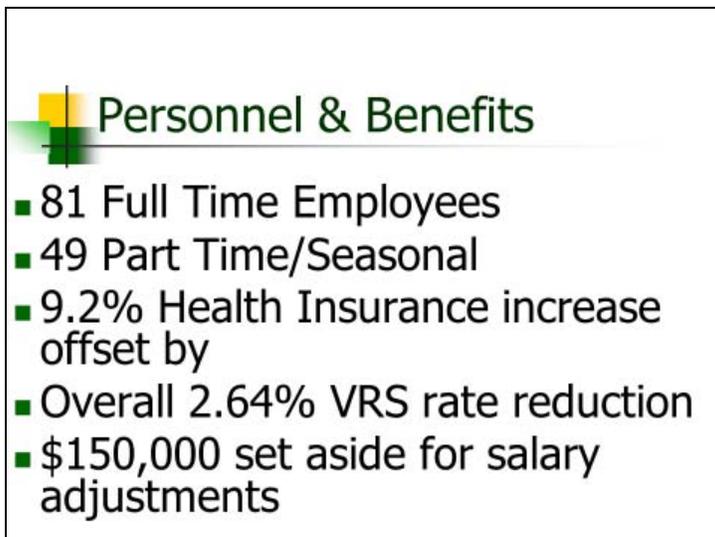
Ms. McCann noted that a significant portion, about 48%, of the total general fund budget was allocated to schools. She noted that Operational funding for Schools (including the nursing program) was proposed at approximately \$14.4 million (\$14,171,107 operations, \$215,000 nursing, \$190,000 buses & \$58,221 TRES roof). She noted that also funded was

\$190,000 for the purchase of buses and \$58,221 for membrane roof replacement at Tye River Elementary. Additionally, she noted that overall funding to schools reflected a 0.5% decrease over the current year and that in addition to this support, the county funded \$2.2 million for school related debt (\$2,213,521).



FY16 Budget	FY17 Proposed	Increase
\$1,323,400	\$1,801,734	\$478,334

Ms. McCann noted the Contingency was comprised of recurring and nonrecurring amounts: for FY17 these were \$1,139,334 and \$662,400 respectively. Mr. Carter added that these funds could be used for things on the “considerations” list when the Board reviewed the expenditure side of the budget.

- 
- 81 Full Time Employees
 - 49 Part Time/Seasonal
 - 9.2% Health Insurance increase offset by
 - Overall 2.64% VRS rate reduction
 - \$150,000 set aside for salary adjustments

March 29, 2016

Ms. McCann noted that Nelson County has 42 full time and 12 part time employees in Constitutional Offices and the Registrar's Office. The County has 39 other full time and 37 part-time/seasonal employees.

She noted that the Sheriff's Office has requested that a part-time clerical position be made full time, the Technology department has requested a full time technology support position to assist with GIS and Broadband, and the Planning Department also has requested a full time Planner position. These requests have not been funded within the proposed budget but are shown as items for consideration.

Nelson County participates in the local Choice health insurance program administered by the state. Overall rates for FY17 will increase by 9.2%. The county contributes 100% of employee only coverage. Additionally, the budget proposes that the premium increase for dependent coverage be proportionally shared between the employee and the county relative to employees who have dual or family coverage. The Key Advantage 250C plan continues to serve as the base plan for calculating the employer contribution amounts and those employees opting for the Key Advantage Expanded plan must "buy up" to cover the additional cost of the expanded plan.

Nelson County also provides retirement and life insurance benefits through the Virginia Retirement System (VRS). Participation and rates are mandated by state regulation. The current FY16 employer contribution rate for retirement is 12.31% of compensation. The rate for FY17 is 9.55%. The current FY16 employer contribution rate for Group Life insurance is 1.19%. The rate for life insurance will increase to 1.31% for FY17. Additionally, the cost for the Virginia Local Disability program remains at 0.6% of compensation for only those employees in the Hybrid Plan. Currently, the county has 7 employees in the hybrid retirement plan. In addition to employer contributions, employees are required to contribute 5% of their compensation to the plan. Savings from the reduction in the retirement rate offset the increase in the Group Life rates as well as the increase in health insurance contributions.

The proposed budget includes \$150,000 to adjust salaries based upon market analysis of county positions. The plan is to complete the analysis as soon as possible, preferably before completion of the budget process. The General Assembly has approved a 2% salary adjustment for Compensation Board employees effective December 1, 2016. This adjustment is expected to provide approximately \$16,000 in additional revenue in FY17.

Additionally, Compensation Board salaries for certain law enforcement positions (at least 3 years of service) will be adjusted by \$80 per full year of service and by \$65 for non-sworn officers up to a maximum of thirty years of service. This adjustment will be made effective January 1, 2017. All Compensation Board salary adjustments are contingent upon FY16 year-end revenue meeting or exceeding the revenue forecast.



Requested New Positions

- Part-time clerical to full- time (Sheriff)
- Full-time Technology Support position (GIS & Broadband)
- Planner position

Staff noted that these positions were not funded in the budget and were on the “considerations” list.



General Fund Expenditures

■ Administration	\$1,942,848
■ Judicial	\$785,611
■ Public Safety	\$5,022,435
■ Public Works	\$2,029,306
■ Rec/Community Dev.	\$679,159
■ Non-Departmental	\$3,198,353
■ Capital Outlay	\$782,000
■ Refunds	\$30,000
■ Transfers	\$21,086,335
■ Contingency	\$1,801,734



FY16 Proposed Expenditures

■ FY16 Budget	\$37,193,066
■ FY17 Proposed	\$37,357,781
■ Increase	\$164,715

Ms. McCann noted that in conclusion, staff could go through the list of “considerations”. She then noted that on the list was a change in how the County handled payment of credit card fees. She noted that when this was first implemented, the County could not pass the credit card fee on to customers and staff was working with the Treasurer to re-look at this. She noted that the Treasurer’s Office used Official Payments for online payments which already charged a fee. She noted that Official Payments now offered a point of sale credit card payment system that allowed a fee to be added to payments, whereas currently, the county paid that fee and it was a cost the County \$27,000. She noted that this expense would be eliminated if the point of sale implementation was approved.

Mr. Hale asked if there were questions from the Board thus far and Mr. Saunders inquired about the \$80 per year in salary increase for the Sheriff’s Department. Ms. McCann noted that the \$80/year would be the amount added to their annual salary next year based on the state revenue targets being met. She added that the Compensation Board would analyze who would get what increase. Mr. Carter noted that according to the current supplement policy, when the State gives more money, the County supplement is reduced and they would have to consider this if it came to pass. Ms. McCann noted that the Sheriff at this point had filled all of the vacant Compensation Board positions and because of changes in personnel they had moved into positions where the Compensation Board salary was closer to what the annual salary was with the supplement.

Ms. McCann also noted that in 2012, the County gave a 5% pay adjustment to make up for the mandatory VRS 5% deduction and the County was required to maintain the 5% local funding of this; so some of them did get a pay increase. She then noted that the policy had been working overall and Mr. Carter noted that he hoped the Board would stick with the policy. He reported that another potential issue was that the Sheriff would be asking that he be granted an additional 5% to cover the VRS deduction, although staff had related to him that the law says it only applied to those employed in 2012 to cover the mandate. He noted

March 29, 2016

that two Constitutional Officers have suggested they should get the 5% now and this may come up on April 12th. He added that doing this would result in a pay increase and would not be an offsetting amount. Ms. McCann noted that those hired into local positions were told up front that they would have the 5% VRS deduction. Mr. Carter advised that staff was having to contend with a lot of maneuvering and they have been firm that this cannot be done

B. Proposed Budget Calendar

Ms. McCann noted that staff needed the Board's direction on meeting with Agencies or Department Heads and noted the following proposed budget schedule:

Fiscal Year 2016-2017 Proposed Budget Calendar

March 29, 2016 (Tuesday, 3 PM Session): Budget Presentation and Overview

April 5, 2016 (Tuesday, 3-5 PM): Budget Work Session

April 12, 2016 (Regular Session, 2 PM): Tax Rate and Personal Property Tax Relief Resolutions

April 14, 2016 (Thursday, 1-5 PM): Departments & Constitutional Officers OR Work Session

April 19, 2016 (Tuesday, 1-5 PM): Agency Presentations OR Work Session

April 26, 2016 (Tuesday, 3-5 PM): Budget Work Session

April 28, 2016 (Thursday, 6 PM): Joint meeting with School Board/Schedule Public Hearing

May 3, 2016 (Tuesday, 3-5 PM): Budget Work Session if needed

May 10, 2016 (Regular Session, 7 PM): Public Hearing at regular meeting??

June 14, 2016 (Regular 2 PM Session): Adopt/Appropriate Fiscal Year 2016-2017 Budget

**Additional Work Sessions may be required to review compensation analysis.

She added that staff had proposed to introduce resolutions setting the 2016 tax rates and the Personal Property Tax Relief percentage at the April 12th Board meeting.

Mr. Saunders inquired as to whether or not the Board would be changing the tax rates and Mr. Hale indicated he did not want to raise taxes and Mr. Saunders concurred.

Staff reiterated that the proposed calendar was to be used as a guide and they may not need all of the dates shown. Ms. McCann pointed out that the Budget public hearing was

March 29, 2016

scheduled to be held during a regular meeting. Mr. Carter added that the Board must set the tax rates at the April 12th meeting or shortly thereafter so that the tax tickets could go out on time. Ms. Brennan indicated that she was concerned with meeting the needs of the County before saying that there would be no tax increase.

Mr. Saunders noted that the Library would need work in next year; however providing them with more space may not be possible right now. Mr. Carter advised that staff had not put together a CIP because anything beyond the Courthouse Renovation project was not in the cards right now unless the Board implemented a tax rate increase. Ms. Brennan then asked if the Board could be provided with the last County CIP, even if it was out of date.

Mr. Saunders then asked why the County paid the Nelson County Community Foundation \$50,000 in addition to the rent. Mr. Carter noted that this was subject to annual appropriation by the Board and there was no legislative requirement to do so.

Ms. McCann then noted that most of the additional funds that the Schools requested was related to implementing their comprehensive pay adjustment and she noted the cost of a 1% raise.

Ms. Brennan then inquired as to the status of the County pay study. Mr. Carter advised that staff was hoping to introduce it during a budget work session but if not, they hoped the board would set aside \$150,000 until it could be considered. He noted that the study was a lot of work and it was almost complete. He noted that the Schools did their own evaluation of their salaries and they showed where they were compared to others in the state. It was noted that staff was looking at how the Schools compared to County positions as one of the data sets and it appeared the County was on the low end compared to them. Mr. Carter noted that from his perspective, the schools were highly competitive already.

Ms. McCann reiterated that the increases for schools were \$755,371 for operations and \$95,000 for 1 school bus. She noted that they had submitted a Capital Improvements Plan and had divided it into priorities. She noted that the priority 1 items totalled \$1,768,500 and the big ticket item was the building envelope at Tye River Elementary School (TRES). It was advised that the County had set aside approximately \$340,000 in funds for the TRES building envelope.

Ms. McCann then referred to the list of "considerations" and clarified that those marked as non-funded were not included in the budget. She then noted in looking at the Building Inspections Department request for four new vehicles, they only had three inspectors and one would be used for Planning and Zoning. She added that the County had sold the vehicle that Mr. Padalino was using; so he no longer had one. She noted that Building Inspections currently had two trucks and a Ford Escape and another Escape had been ordered. She added that the old Escape would be passed along to either Planning and Zoning or the Tourism Department.

March 29, 2016

Mr. Carter then advised the Board to keep in mind that the contingency amounts was what they had to deal with. He added that the recurring contingency amount was a concern as staff did not foresee any major increase in revenues going forward; so he suggested being conservative.

Supervisors and staff discussed possible meeting dates and agreed by consensus to hold the next work session on April 7, 2016 at 4:00 pm in the General District Courtroom unless it was unavailable.

Mr. Carter then suggested that they all get a better handle on agencies and departments and then decide if the Board wants to meet with them. Ms. McCann suggested that they discuss certain ones if they had questions. Ms. McCann then reiterated that departments did not ask for much in their budgets, and Mr. Carter noted that all were very conservative and initial requestes were reviewed and reduced by another \$50,000.

III. Other Business

C. Point of Sale Credit & Debit Card Payments & Fees- Local Revenue Collection (R2016-17)

Having previously discussed the subject Supervisors considered the proposed resolution.

Mr. Saunders moved to approve resolution **R2016-17** Point of Sale Credit and Debit Card Payments and Fees for Local Revenue Collection and Ms. Brennan seconded the motion.

Mr. Hale reiterated the purpose of the resolution was to allow for the County to implement the collection of fees when payments were collected by debit or credit card. Ms. Brennan added that this was approved by the legislature to offset costs to the rest of the taxpayers. Mr. Saunders noted that this was indeed a customary practice.

There being no further discussion, Supervisors voted unanimously (3-0) by roll call vote to approve the motion and the following resolution was adopted:

RESOLUTION R2016-17 NELSON COUNTY BOARD OF SUPERVISORS POINT OF SALE CREDIT AND DEBIT CARD PAYMENTS AND FEES FOR LOCAL REVENUE COLLECTION

WHEREAS, Pursuant to §2.2-614.1(A) of the State Code of Virginia 1950 as amended; the County is authorized to collect revenue by commercially acceptable means, including, but not limited to, checks, credit cards, debit cards, and electronic funds transfers; and

WHEREAS, currently as a convenience to its citizens, the County offers in-office payments by credit and or debit card with the associated convenience fees being paid by the County; and

March 29, 2016

WHEREAS, since the implementation of this convenience, these fees have increased annually and are now projected to be \$27,000 in FY16 and in FY17; and

WHEREAS, §2.2-614.1(B) of the State Code of Virginia 1950 as amended provides that the County may add to any amount due a sum, not to exceed the amount charged to that public body for acceptance of any payment by a means that incurs a charge to that public body or the amount negotiated and agreed to in a contract with that public body, whichever is less;

NOW THEREFORE BE IT RESOLVED, the Nelson County Board of Supervisors does hereby authorize the County to contract with its current vendor, Official Payments, to implement the payment of convenience fees by citizens associated with the collection of local revenues by debit or credit card. Implementation includes:

- Installation of 6 point of sale card swiping machines @ \$120 per machine
- Credit card convenience fees charged to users of 2.8% of the total or a minimum of \$3.95 per transaction
- Debit card convenience fees charged to users of a flat rate of \$3.95 per transaction
- Direct payment of convenience fees paid by users to contracted vendor – Official Payments

BE IT FURTHER RESOLVED, this authorization is effective immediately and is to be implemented as soon as possible.

IV. Adjourn and Continue Until _____, 2016 at _____ in the General District Courtroom for the Conduct of a FY16-17 Budget Work Session.

At 4:27 PM, Mr. Saunders moved to adjourn and continue until April 7, 2016 at 4:00 PM in the Courthouse for the conduct of a FY16-17 Budget Work Session.

Ms. Brennan seconded the motion and Mr. Hale reiterated the date and time and noted it would be held somewhere in the courthouse complex.

There being no further discussion, Supervisors voted unanimously by voice vote to approve the motion and the meeting adjourned.