

April 12, 2018

Virginia:

AT A CONTINUED MEETING of the Nelson County Board of Supervisors at 4:30 p.m. in the Bridge Room located on the fourth floor of the Nelson County Courthouse, in Lovingston Virginia.

Present: Thomas D. Harvey, North District Supervisor
Jesse N. Rutherford, East District Supervisor
Ernie Q. Reed, Central District Supervisor
Thomas H. Bruguire, Jr. West 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

Mr. Bruguire called the meeting to order at 4:30 PM with all Supervisors present to establish a quorum.

II. FY18-19 Budget Work Session

Mr. Reed noted that he had two (2) items that he wished to revisit; JABA Funding and Ernie revisit JABA funding and the Sturt Park property:

JABA Funding:

FY19 Request \$105,410 FY19 Increase \$7,410 (7.6%) FY19 Budget \$98,000 (Level Funded)

Mr. Reed noted that JABA was currently level funded in the FY19 budget and in speaking to Marta Keene, the Executive Director, the funding increase was for expanding food delivery program to Schuyler and Gladstone. He added that this provided more services than just food such as socialization and it would serve that community in a lot of ways and it was underserved now.

Mr. Rutherford noted that Schuyler use to have senior meals and in talking with others about it, it was brought up that Albemarle County people would attend and supposed that perhaps Albemarle would split some of those costs.

Mr. Reed noted that Ms. Keene had implied that they would start with meal delivery and then would like to provide congregate meals.

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Mr. Rutherford noted that Schuyler Baptist church could now serve food there and he had discussed that with Danny Harris, the new JABA outreach person in Nelson.

Supervisors and staff discussed whether or not Gladstone seniors were meeting for meals and it was noted as uncertain. Mr. Carter noted that there was still a question regarding the range hood and he advised that they could not fry at that location. He noted that the Gladstone Senior Center was now meeting at the Rescue Squad building. Mr. Carter noted that the budget still included funds for meals for Gladstone and Rockfish and that Schuyler requested that their funding be stopped. Ms. McCann noted that the Schuyler meals amount was \$5,500. She added that Rockfish had related to her that they did not want JABA to provide them services.

Supervisors then discussed if County funds were being used to deliver the meals, and Mr. Reed noted that volunteers did the meal delivery to those who were homebound and could not get out.

Mr. Reed then suggested that an additional \$3,500 would be appropriate and that Albemarle participate. Mr. Carter advised that Albemarle had a huge outlay for JABA already and Mr. Rutherford added that the meals would be once per month. Mr. Harvey added that JAUNT brought people to Lovington also.

Mr. Carter then noted it was probable that Gladstone seniors would want the meal money again since they have transitioned from the YMCA to the Rescue Squad. He noted this was \$8,200.

Supervisors then agreed by consensus to fund an additional \$3,500 for JABA.

Sturt Park Property:

Mr. Reed noted that Doug Coleman was reviewing the forestry report and they would be having a steering committee meeting to discuss it. He noted that there were areas that should be cut and those revenues would go back into the project. Staff noted having received a similar report from State Forester Martha Warring that would be distributed. Mr. Bruguere suggested that the Board have a report from the Steering Committee and Ms. Warring at their May Board meeting.

Mr. Reed reported that there was a kiosk on site and some clearing had been done. Mr. Saunders then noted that Pete Rose would be a good person to have on the Steering Committee, if he was not already since he had previously managed that area.

Nelson County Service Authority Piney River 3 Grant:

Ms. McCann noted that the grant application for the Piney River issue required that the Board show in its budget an additional \$40,000; showing that it would go towards the capital project if necessary. She added it would be coming out of the General Fund. Staff further explained that the application reviewer had questioned the County's commitment to providing the \$40,000 if necessary. Mr. Carter noted it would likely be less; however the bottom line was that the application would come through as a grant for

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\$150,000 or the County would get a consent order requiring the issue be fixed. Mr. Carter noted the County would have to proceed and would bid it out. He noted that the solution would be located at the water treatment plant and would address the disinfectant byproduct issue. He added that the Service Authority would benefit from it as well.

Mr. Carter then reported that he and Ms. McCann had met with them that day to discuss the system in Arrington at the Old Middle School. Mr. Carter explained that DEQ had provided funding to fix a contamination issue in that area and the County had gotten \$459,000 to extend the water line from the Old Middle School to serve the truck stop and trailers across Route 29. He noted that the elevated tower at the Old Middle School was installed in 1958 and had issues that needed fixing. He advised that the Service Authority had gotten quotes for \$200,000 plus to replace it and he recommended replacing it with a 5,000 gallon tank on the ground with pumps. Mr. Carter noted that the Service Authority would have to do a preliminary engineering report and he advised them to go ahead. He further noted that their agreement required the Service Authority to maintain the water tank and they did not want to pay for it. He noted that he had advised them to do the PER and get an idea of the costs and then go from there. He added those costs were likely to be \$80,000 to \$100,000.

Mr. Saunders suggested eliminating the tank by hooking into the Colleen system and it was noted that would be about 2.8 miles. Mr. Harvey added that had been looked at before and it was not feasible.

Mr. Carter advised that Dominion had provided an agreement for NCSA to provide them with water that included a \$500,000 connection fee and \$0.10625 per gallon. He noted that they could net \$2 Million or more and he suggested to Mr. Kreiger that they also ask Dominion to pay for raw water costs to the Resort. Mr. Saunders advised that they could have easily gotten \$0.15 per gallon.

Mr. Harvey advised that the Authority would need legal help in being able to accept that kind of connection fee when they did not currently have a bulk water rate. Ms. McCann then noted that the County paid the Authority for water and sewer at a bulk rate per 1,000 gallons used. Mr. Bruguiere then wondered if Hickman's Store could provide water from there.

Mr. Harvey noted that the Board of Supervisors' job is political and the Service Authority Board's job is to run a business.

Mr. Saunders then noted that the Service Authority could recoup whatever water Dominion used in twenty-eight (28) minutes and selling Dominion water was a good deal for both sides. Mr. Harvey added that they could then take care of smaller projects they had planned and perhaps mitigate a future rate increase. Mr. Bruguiere advised that they may as well get everything they could out of Dominion since the pipeline was coming. Mr. Carter noted that they also had debt service that would be retiring that would potentially keep them from having to raise rates.

Ms. McCann then overviewed the other fund budgets as follows:

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Overview of FY19 Other Fund Budgets

Debt Service Fund

Debt service expenditures relative to the General Fund total \$1,052,788. The Fiscal Year 2018-2019 budget includes debt service and trustee fees for the following:

- 1) Courthouse Judicial Center (15 Yr. Refinancing, May 2013)
- 2) Radio Project
- 3) Existing Courthouse Renovation (Phase 2)

Debt service expenditures relative to the School Fund total \$2,101,743, a reduction from the current year due to the payoff of the VRS Early Retirement Incentive debt in the current fiscal year. The Fiscal Year 2018-2019 budget includes debt service payments and trustee fees related to the following:

- 1) Rockfish River Elementary (Literary Loan refinanced 5/13)
- 2) NCHS Renovations/ New Middle School (Lease Revenue refinanced in FY12 & VPSA)

All debt is supported by a transfer from the General Fund in the amount of \$3,154,531. County debt reflects an overall increase of \$3,128. School debt reflects an overall decrease of \$81,513 (payoff of Early Retirement Incentive debt).

Ms. McCann noted that the Courthouse Judicial Center debt would be paid off in 2027 and the Existing Courthouse Renovation debt would be paid off in 2030. She added that in FY19, the last payment would be made on the Rockfish River Elementary debt and those funds of about \$263,000 per year would be available in FY20. Ms. McCann then noted that the NCHS/Renovations/New Middle School debt would be paid off in 2023 and 2027 respectively.

Mr. Rutherford then asked what the cycle was for school renovations and Mr. Harvey advised that the schools were not renovated on a regular schedule and only the High School had been renovated in the last round. Mr. Carter added that routine maintenance at the schools had been done and ADA requirements had been addressed.

Capital Fund

Expenditures reflect funding in the amount of \$300,500 that was allocated in Fiscal Year 2011-2012 (remains unspent) as a Capital Reserve for the School Division (TRE). The budget also reflects an unallocated Capital Reserve in the amount of \$404,751.

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Ms. McCann noted that no revenue was anticipated in Fiscal Year 2018-2019 and the budget was based solely upon existing fund balance. She noted that the FY11-12 allocation was related to remedying the vapor barrier issue at Tye River Elementary.

Mr. Carter then advised that these fund monies sit in the general fund as part of the fund balance and that a separate line in the capital fund had been created related to the schools. Mr. Harvey questioned if they were taking monies left from the schools and putting into a capital improvement fund. He added that their timing was off such that they needed to be on a cycle where they can line up work to be done and start it the day the kids get out of school.

Ms. McCann then noted that the Board appropriates these funds and there was no money designated to the schools in this fund. She noted that the Schools could spend monies left over from this year; which would be the balance of the \$400,000. Mr. Carter advised that they had expended some of those funds to date, they still had additional Alpha wing costs, and would use the remaining funds to buy buses per Ms. Irvin. Mr. Carter noted that if the funds were not in their budget, the money could not be spent. He added that typically there would be a transfer from the General Fund to the Schools for buses.

Supervisors then agreed by consensus to advise the School Board that they could retain the remaining \$300,000 capital money balance from FY18; however it could not be used for school buses. They added that the intent was for it to be used for capital improvements. Ms. McCann advised that the County may not be able to do anything if they spend the funds this year; however if they did not spend it, it would have to be re-appropriated in FY19.

School Funding:

Mr. Harvey stated he would like for them to show that something could be done on transportation such as rearranging the fleet etc. He then noted he had no problem with their budget growing by half a million again and it was growing by \$1.5 million with extra state money. Ms. McCann confirmed that their new revenues were \$1.1 Million.

Ms. McCann then reviewed the following three (3) options related to proposed local funding using the Governor's budget numbers:

Proposed Local Funding to Schools (Governor's Budget)					
FT19 Increased Revenues	\$ 1,118,327	FY19 Increased Revenues	\$ 1,118,327	FY19 Increased Revenues	\$ 1,118,327
Proposed Budgetary increase	\$ 300,000	Proposed Budgetary increase	\$ 500,000	Proposed Budgetary increase	\$ 700,000
Reduction	\$ 818,327	Reduction	\$ 618,327	Reduction	\$ 418,327
Reduction for SROs included in GF	\$ 207,132	Reduction for SROs included in GF	\$ 207,132	Reduction for SROs included in GF	\$ 207,132
Total Reduction to Schools	\$ 1,025,459	Total Reduction to Schools	\$ 825,459	Total Reduction to Schools	\$ 625,459
Total Local Allocation to Schools	\$ 14,645,428	Total Local Allocation to Schools	\$ 14,845,428	Total Local Allocation to Schools	\$ 15,045,428
Total School Budget FY18	\$26,924,717	Total School Budget FY18	\$26,924,717	Total School Budget FY18	\$26,924,717
Total School Budget Request FY19	\$27,960,414	Total School Budget Request FY19	\$27,960,414	Total School Budget Request FY19	\$27,960,414
Reduction Proposed	-\$1,025,459	Reduction Proposed	-\$825,459	Reduction Proposed	-\$625,459
Revised School Budget FY19	\$26,934,955	Revised School Budget FY19	\$27,134,955	Revised School Budget FY19	\$27,334,955
FY19 Budgetary Increase	\$10,238	FY19 Budgetary Increase	\$210,238	FY19 Budgetary Increase	\$410,238
School Board Proposed Savings	\$335,555	School Board Proposed Savings	\$335,555	School Board Proposed Savings	\$335,555
Funding Available for new expenditures	\$345,793	Funding Available for new expenditures	\$545,793	Funding Available for new expenditures	\$745,793
SRO Funding moved to General Fund	\$207,132	SRO Funding moved to General Fund	\$207,132	SRO Funding moved to General Fund	\$207,132
Total New Expenditure Funding*	\$552,925	Total New Expenditure Funding*	\$752,925	Total New Expenditure Funding*	\$952,925
*Includes SRO funding in General Fund					
Recurring Contingency gained	\$818,327	Recurring Contingency gained	\$618,327	Recurring Contingency gained	\$418,327

She noted that in the first example, the Schools would retain \$300,000 in local funding and the County would retain \$818,327 for recurring contingency. She added that in that example, the Schools would have funding of \$345,795 available for new expenditures.

Ms. McCann noted that in the second example, the Schools would retain \$500,000 in local funding and the County would retain \$618,327 for recurring contingency. She added that in that example, the Schools would have funding of \$545,795 available for new expenditures.

Ms. McCann noted that in the third example, the Schools would retain \$700,000 in local funding and the County would retain \$418,327 for recurring contingency. She added that in that example, the Schools would have funding of \$745,795 available for new expenditures.

Ms. McCann then noted that in looking at why the 2% raise was so much higher in their FY19 proposed budget from FY18, Ms. Irvin had discovered an error in the Group Life Insurance calculation for FY19 and the revised 2% raise cost was \$419,872 not the \$592,000 shown in their budget.

Ms. McCann noted having prepared other similar scenarios based upon the House and Senate versions of the budget and those would provide the Schools with more funds.

Supervisors and staff discussed waiting to see what happened with the state budget. Supervisors agreed to go with the Governor's budget to be on the safe side and supposed that the Schools could retain more funds if the House or Senate provided more money.

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Mr. Carter advised that the Board could simply take a position on how much of the funding could be retained or not and he added that local funding would be reduced as they could not take State funds.

Mr. Bruguere suggested that local funding for the schools be reduced by a flat \$1 Million dollars and Mr. Rutherford and Mr. Saunders agreed.

There being no further discussion, Supervisors agreed by consensus to reduce local funding to Schools by \$1 Million dollars.

Piney River Water/Sewer Enterprise Fund

In FY19, operational expenditures reflect an overall decrease of \$8,857, primarily due to cost incurred in the current year for engineering services which will not recur in FY19 (evaluation to determine operational and structural alternatives to resolve disinfectant byproduct issue). Water and sewer service expense is reduced by \$1,000 and legal service is also reduced by \$400. Operational expense increases include telecommunications, electrical services, and maintenance supplies for overall increases of \$2,543. Capital Improvement expense of \$40,000 is allocated for system improvements for correcting the disinfectant byproduct issue. Debt service expense is reduced by \$6,307 which is the amount of the annual debt service reserve requirement. Currently we have \$63,072 on reserve which is equal to one year of debt service payments which satisfies the loan requirements. The non-operational expenditures (Capital and Debt) are expected to increase overall by \$33,693. In total, the change in the budget is an increase of \$24,836 primarily due to the anticipated mandated capital improvements.

Receipts for water and sewer fees are projected to be approximately \$127,000—consistent with current year anticipated revenues. Although only two new connections (1 water/ 1 sewer) is anticipated in Fiscal Year 2017-2018, the budget allows for six new residential water and/or sewer connections in Fiscal Year 2018-2019. Fees for connection and installation are estimated to be \$42,000 (\$12,000 Connection Fees and \$30,000 installation expense). Revenues include a transfer from the General Fund of \$40,000 for operations and an additional \$40,000 transfer for anticipated capital improvements. In Fiscal Year 2018-2019, expenses are anticipated to exceed revenues by \$84,172. This shortfall is covered by a transfer from the General Fund and \$4,172 in anticipated fund balance at year end.

Ms. McCann noted that the debt payoff was a little over \$1 Million with a term ending date of 2047. Whether or not early payoff would be allowed was briefly discussed with staff noting that they thought it could be done. It was noted this debt was different than other debt financed through a pooled bond offering.

Mr. Harvey reiterated that they needed to get a line run from Lane Ford Bridge around to Roseland Rescue to make a loop. Mr. Carter noted this was a five (5) mile stretch and may cost \$50 per foot with all of the rock etc. in the area.

Mr. Saunders noted he thought the County should work towards paying that debt off and it was noted that it would cost approximately \$350,000 per year if done over three (3) years. Mr. Carter suggested that it

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could come out of the \$1.7 Million non-recurring contingency unless the Board said otherwise. He noted they had the ability for that but did not have any recurring contingency.

Supervisors then agreed by consensus to pay off the Piney River debt in three (3) years and it was noted that the County would still have to pay the regular annual payment of \$65,000; which would be freed up once the debt was retired and the County was no longer making that payment. Staff noted they would have to consult with Rural Development on how that would be processed.

Mr. Carter reiterated that this debt could be paid off early; however pooled debt could not.

Broadband Project Fund

This budget will be presented to the Broadband Authority at a later date.

III. Other Business (As May Be Presented)

Introduced: Dogs Running at Large Ordinance

The subject of the dogs running at large ordinance was briefly discussed with Mr. Harvey noting he thought they could designate areas of the County it would apply to like they did in Wintergreen.

Mr. Carter then noted the two categories in the Code regarding dangerous and vicious dogs with dangerous dogs being dogs that had bitten and vicious dogs being dogs that had killed or maimed. He added that staff was following up on the toddler who had been bitten in Lovingston.

Introduced: Budget Public Hearing Dates

Supervisors and staff discussed when to have the public hearing on the budget noting they did not want to have it at a regular meeting. May 10th was noted to be the Thursday following the regular Board of Supervisors meeting in May and would fit within the timeframe for them to adopt the budget at their regular June meeting. Supervisors noted that date suited everyone's schedules.

Mr. Reed then moved to hold the public hearing on the budget on May 10th at 7pm and Mr. Rutherford seconded the motion. There being no further discussion, Supervisors voted unanimously (5-0) by roll call vote to approve the motion.

IV. Adjourn and Continue until April __, 2018 at ___pm, For the Conduct of a Budget Work Session to be Held in the Bridge Conference Room of the Courthouse in Lovingston.

At 6:00 PM, Mr. Harvey moved to adjourn and Mr. Rutherford seconded the motion. There being no further discussion, Supervisors voted unanimously by voice vote to approve the motion and the meeting adjourned.