

HENRY COUNTY BOARD OF SUPERVISORS MINUTES

April 3, 2012 – 5:00 pm

The Henry County Board of Supervisors met on April 3, 2012, at 5:00 pm in the Fourth Floor Conference Room of the County Administration Building, King's Mountain Road, Collinsville, Virginia. The purpose of the meeting was to present the FY 2012-'13 County Budget. The following Board members were present: Chairman Jim Adams; Vice Chairman Tommy Slaughter; Debra Buchanan, Milton Kendall, H.G. Vaughn, and Joe Bryant.

Staff members present were Benny Summerlin, County Administrator; Tim Hall, Deputy County Administrator; George Lyle, County Attorney; Michelle Via, Administrative Assistant; Darrell Jones, Director of Finance; Richard Stanfield, Assistant Director of Finance; and Susan Reynolds, Director of Human Resources.

Debbie Hall of the Martinsville Bulletin and Kip Wallace of BTW were present. Also present were Sheriff Lane Perry and Lt. Colonel Steve Eanes of the Sheriff's Office and Dawn Lawson and Curtis Millner of the Henry County School Board.

Chairman Adams called the meeting to order and welcomed everyone present. He stated this is a continuation of the Board's March 27 meeting.

PRESENTATION OF COUNTY ADMINISTRATOR'S PROPOSED 2012-2013 BUDGET

Mr. Summerlin gave an overview of the Discussion and Analysis for Fiscal Year 2012-2013 Proposed Operating Budget for the County of Henry and Capital Improvements Plan as outlined below:

The 2012-13 Proposed County Budget is the result of dozens of hours of formal meetings, informal discussions, phone calls, online searches, projections, rumor chasing, number crunching, and praying. We almost resorted to begging and pleading.

So here we are, with all of our efforts laid out before you in more than 200 pages of words, charts, and numbers. Management feels like this is the best budget we could possibly craft, given the parameters with which we have to work.

But we wish we could present you with a different version. We wish we could present you with a budget that includes genuine raises for our employees. They do an incredible job for the taxpayers of this community, yet they find themselves under attack for their retirement plans, their compensation levels, and their good fortune to have a job.

Instead, this will be the fourth consecutive year that our employees have not received a true pay raise. Last year's 3% stipend, graciously endorsed by the Board of Supervisors, isn't recommended this year.

But wait a minute – aren't employees getting a 5% raise? The Virginia General Assembly decreed it, correct?

That's true, but here is where the slight-of-hand comes in. Part of that decree from Richmond for a 5% raise was to mandate the employees to then pay 5% toward their retirement plans. Simple, right? Money in, money out, right?

That's a complete fallacy. While some General Assembly members say these changes are "a wash" when it comes to an employee's pocketbook, our folks will take home less money in the next 12 months than the past 12 months. Why? Because they will pay extra for FICA, Medicare, etc., based on that 5% "raise" that shows up as nothing other than a line on their pay stubs.

In addition, we estimate these changes will cost Henry County an estimated \$143,405 annually in extra payroll expenses for what's being touted as a "money in, money out" plan. That is simply wrong, and it's disingenuous for elected officials to continually say anything different.

The General Assembly is reportedly considering a "phase-in" of the 5% "pay raise and pay retirement" plan, at 1% per year over the next five years. This would obviously reduce the amount required of us annually. The outcome of this proposal most likely will not be known until the General Assembly reconvenes on April 18 to wrap up business for the year.

We wish we could present you with a budget that completely meets our capital needs; we simply cannot do so. Outside agencies currently funded will once again go without any increase in funding levels, and we have other outside agencies that deserve consideration for funding but aren't going to get it.

Each budget should accomplish two things: it should adequately provide for operations in the next 12 months, and it also should take a look down the path and consider the route to be taken in the future. We think we are meeting these benchmarks, but barely. Henry County has lived on the edge so long that we may have forgotten how dangerous it really is.

We cannot do anything to truly affect what the General Assembly does. We cannot do anything to impact real change in the way our federal government operates. All we can do is deal with what's in front of us, take that material, and help provide the best working and living environment in Henry County.

One way we can make a significant impact locally is through the development of the Commonwealth Crossing Business Centre, which is our cover subject for this FY 2013 Budget. While the Patriot Centre continues to flourish, Commonwealth Crossing is our future. We must do all we can to facilitate its preparation and growth.

The CCBC project is moving forward. In February the Board awarded a contract for more than \$13.7 million to Blythe Development of Charlotte, NC for site grading. Construction on the water line to the site is complete, and sewer line construction is more than 90% finished.

One barrier is the issuance of the appropriate permits from our regulatory agencies. Staff is particularly concerned about approvals from the Army Corps of Engineers, and we have reached out to our federal representatives for their assistance.

We have been good stewards of our local money in this project. We secured a grant from the Tobacco Commission to pay the majority of a \$2.8 million water tank. There is \$8,334,200 of local money in the CCBC project, and we've parlayed that money into \$17,410,000 of matching grants. That means we've taken \$1 of local money and turned it into more than \$2 of outside money.

That's a true definition of "money in, money out."

We have a lot to brag about in Henry County. Before we get to the Proposed FY 2012-13 Budget, let's take a look in the rear-view mirror at FY '11-'12.

FY 2011-12 Highlights

- In concert with the Martinsville-Henry County Economic Development Corporation, the past 12 months have seen us add multiple employment opportunities for our citizens. Since the presentation of the FY 2011-12 Budget, we have announced the following economic development projects:
 - ICF international, 539 jobs and \$15 million in capital investment
 - Applied Felts, 40 jobs and \$6 million investment
 - Commonwealth Laminating, 40 jobs and \$16.5 million investment
 - GS Industries, 35 jobs
 - Laminate Technologies, or LamTech, 30 jobs and \$2 million investment
 - GSI/eBay, 61 jobs, \$1.5 million investment.
 - You will note that of those six announcements, two were new companies (ICF, LamTech) and four were local expansions (Applied Felts, Commonwealth Laminating, GS industries, GSI/eBay). That is a great mix of new and existing industries for our locality.
- Lot 2 in the Patriot Centre is ready and open for business. The 25-acre pad provides us with our best available prepared site. Blythe Development, the same company that will grade CCBC, did an exceptional job getting Lot 2 ready.
- We expect RTI International to be in production by the end of the calendar year. The capital investment already exceeds the \$100 million that was promised in the Performance Agreement.
- We worked with our neighbors to create the Southern Virginia Regional Alliance, which gives us another tool in the economic development toolbox.
- The County and the EDC entered into a marketing option contract with Upticon, Inc. for the shell building in the Patriot Centre. Upticon representatives are in frequent contact with management regarding the building.
- Our foray into the world of paid emergency service personnel was successful. Our paid staff answered 2,767 calls in 2011, either on their own or in conjunction with our volunteer squads. As the Board is aware, the proposed FY 2013 Budget includes a recommendation to hire four additional paid personnel. These new positions will be funded by soft-billing revenue.
- The Board disposed of the Irisburg Elementary School and South Martinsville School buildings to entities that we feel are great fits for the respective

neighborhoods. Irisburg will be the new home of a church while South Martinsville is being transitioned into a funeral home. The County and the City of Martinsville worked together to sell the former Social Services building in Uptown Martinsville for \$100,000.

- A new Henry County Schools Superintendent, Dr. Jared Cotton, joined us in January 2012. He comes to a school system that had a great year. All County schools are fully accredited, and Rich Acres Elementary was declared a “National Blue Ribbon School.” It was one of just six schools in the Commonwealth to earn that designation. Rich Acres was joined by Mount Olivet, Drewry Mason, Stanleytown and Sanville as VIP Award winners as selected by Governor Bob McDonnell.
- More than 3,000 I-Pads are in use in our County classrooms, the largest such initiative in the Commonwealth.
- Thirteen County teachers met extremely rigorous standards to become Nationally Certified teachers and 40% of our teachers have advanced degrees.
- New College Institute had an eventful year. It established working relationships with Radford University, Virginia Commonwealth University and Virginia State University, and it saw the retirement of Dr. Barry Dorsey after five years of leading NCI from concept to its current level. Staff worked well with Dr. Dorsey and we anticipate a similar relationship with former state senator William Wampler, the new Executive Director. Mr. Wampler brings a wealth of knowledge and connections, and staff believes this will pay big dividends for the area.
- Patrick Henry Community College also saw some significant changes with the retirement of its president, Dr. Max Wingett. Dr. Wingett ran the PHCC campus for 34 years and he had a big impact on this community. Management looks forward to seeing where the next PHCC chapter is headed.
- The County secured \$3.4 million in bonds to upgrade the HVAC system at Magna Vista High School.
- We worked with our neighboring communities and the West Piedmont Planning District Commission to craft a Regional Water Supply Plan.
- Henry County worked with the City of Martinsville on the five-year evaluation of our Solid Waste Management Plan.
- Staff and the Board worked with the Army Corps of Engineers’ staff at Philpott Lake on moving the marina initiative forward. The Board authorized staff to seek funding partners for the project, and staff is continuing to work on the issue.
- The Henry County Sheriff’s Office met a slew of rigorous requirements to gain accredited status from the Virginia Law Enforcement Professional Standards Commission. The accreditation indicates a high level of professionalism and achievement within a department and capped a four-year process for the Sheriff’s Office.
- The Piedmont Area Regional Transit bus system (PART) is more popular than ever. For the first five months of the tracking year, from October 2011 to

February 2012, the system has seen 8,678 riders versus 6,881 riders for the same period in the previous cycle. The bus system set a monthly record in February 2012 with 1,913 riders, which topped the previous monthly record of 1,773 riders in October 2011. In addition, the average daily number of 91.1 riders in February topped the previous daily high of 81.2 riders in December 2011. Management has included funding in the proposed budget to continue this program.

- We instituted an energy project in County buildings that retrofitted lighting fixtures, installed solar heating panels, and installed a customer information kiosk in our Administration Building so citizens can track energy usage and other data. The project was made possible through about \$780,000 in stimulus funding and grants.

Proposed FY 2012-13 County Budget

The proposed FY 2012-13 Henry County budget is \$116,201,474. That amount is approximately 7.9% less than last year's budget of \$126,221,132, which was somewhat bloated because of one-time costs associated with prepping CCBC.

Staff is recommending that the school system receive an allocation of \$16,577,895 from the County this year, which is level funding with FY 2011-12 and is what the school system requested from the County.

As indicated above, management is not recommending a pay raise for County staff this year, marking the fourth consecutive year that our employees will go without a pay raise. Staff recommends that the County continue to pick up the cost of our employees' single-subscriber health insurance premiums, which will rise 6.33% in FY 2013. As we pointed out above, our employees continue to work harder while their buying power gets weaker.

Staff is recommending an additional vacation day for each employee in FY '13. This was done in the FY '10 and 'FY 11 budget years in lieu of pay raises or stipends.

While management urges all citizens to read the Proposed Budget completely, we understand that it's more than 200 pages long. Therefore we will highlight some of the items:

- Our property reassessments will be completed this year and will be implemented January 1, 2013 and will impact the FY 2014 Budget. Management expects the trends of other communities to continue, which means a decline in property values is likely. That means less real estate tax revenue for the locality, unless the Board adjusts the tax rates to remain revenue neutral. Additional expenses are included in this proposed budget to cover additional work for our assessors and the Board of Equalization.
- Four new paid paramedic positions are recommended. These positions will be funded through the revenue recovery system already in place. The positions will work 12-hour shifts and will be primarily stationed at the Bassett Rescue Squad to better serve the western portions of Henry County.
- Management is recommending \$175,000 be included for a fire truck for the Horsepasture Volunteer Fire Department, as recommended by the Firefighters Association.

- Management is recommending a new ambulance be purchased for the Fieldale-Collinsville Rescue Squad, as recommended by the Rescue Squad Association. Staff understands that F-C has secured a state grant of \$125,000 and a United Way allocation of \$17,000 toward the purchase. The County recently purchased a new ambulance for our paid staff for \$153,000, and management believes the F-C ambulance would cost a comparable amount. Therefore management is recommending that the County provide funding of \$11,000 toward F-C's purchase, which would be the balance between the expected cost and the grants already secured for the purchase. The rescue squads receive approximately \$600,000 per year via soft-billing revenues, which should be adequate to fund operating and capital expenditures.
- Staff previously recommended, and the Board concurred, that a study be completed to determine how much fire and rescue vehicle inventory is necessary to meet our citizens' needs. The Commonwealth will only conduct a more comprehensive study of the fire and rescue systems, not specifically a vehicle needs study. The County's obligation would be to fund the travel expenses of the study team. It is recommended that the Board fund the Comprehensive Study.
- The Board's contingency fund is recommended at \$150,000. This includes a \$50,000 fuel contingency for all County departments. The volatility of fuel prices makes it difficult to adequately project prices at this time.
- Management recommends level funding for the Economic Development Corporation with the understanding that \$100,000 of the County's contribution continues to be earmarked for debt service obligations on industrial land purchases.

Projected Revenues and Expenditures Details

The school division has asked to retain \$1,587,028 in carry-over funds from the FY' 11 budget to the current budget. If approved these funds would come from the County's fund balance. Several charges against the fund balance have been made in the current fiscal year, and the Board has several pending commitments to prospective industries and capital projects which, if developed, will also reduce the fund balance.

Therefore staff recommends that \$1,337,028 of the carry-over be returned to the school system for the following projects:

- Rich Acres Elementary roof replacement, \$580,000
- Mount Olivet Elementary roof replacement, \$565,000
- OPEB funding for FY '13 and FY '14, \$192,028

Staff believes the remaining items should be considered by the School Board within its existing operating budget.

Other highlights of anticipated revenue and expenditure items for FY '13 include:

Revenue

- General property taxes are up 3.9% Revenue may be offset by Enterprise Zone obligations on the expenditure side of the budget.
- Local sales tax is up 2.7%

- Food and beverage tax is up 2.5%
- County fines are down 29.5%
- Courthouse maintenance fees are down 26.1%
- Courthouse security fees are down 15.9%
- Bank interest is up 12.5%
- Electric monitoring fees are down 74.1%
- Sales of recyclables are up 43.3%
- EMS fees are up 47.7% due to the projected increase in calls with additional staff
- Auto rental taxes are down 41.1%

Expenditures

- The assessors' budget is up 14.4% due to the reassessment work
- EMS supplemental services is up 38.8%
- Maintenance of communications sites is up 353.8% because of the expiration of maintenance contracts on the radio system
- Payments to VRS and Group Life are up approximately \$450,000 due to increased rates and will be paid by a combination of County contributions and employee withholding
- Fuel costs are up approximately \$100,000 among all departments; there also is a \$50,000 fuel contingency within the Board's contingency fund.

Amendments to the FY 2011-12 Budget

Thanks to the austere spending habits of our staff, some of our capital needs can be met through current-year expenditures. By using current-year funds to pay for these projects we can keep those expenditures out of the FY 2013 budget.

Staff recommends the following capital items be funded from the current-year budget:

- Replacement copier for the General District Court, \$2,000
- Replacement copier for the Juvenile and Domestic Relations Court, \$3,152
- Wire recorder for Sheriff's Office, \$10,000
- Replacement of 10 personal computers for the Sheriff's Office, \$14,000
- Replacement of kitchen equipment for the Sheriff's Office, \$14,470
- Replacement mowers for Parks and Recreation, \$20,000
- A replacement truck for Parks and Recreation, \$24,000
- Updated bulletproof vests for Sheriff's Office, \$28,440
- Additional liability for the Other Post-Employment Benefits (OPEB) for County employees, \$32,000
- Sealant for walking path on the Dick and Willie Trail, Parks and Recreation, \$40,000
- Installation of additional gas vents on the former County landfill, \$63,000
- Replacement of a front-end loading garbage truck, \$235,000

Capital Improvement Projects

Capital expenditures recommended for inclusion in the FY 2013 Budget include:

- County contribution toward a replacement ambulance for the Fieldale-Collinsville Rescue Squad, \$11,000
- Replacement desktop computers, Information Systems, \$18,000
- Replacement vehicle for Social Services, \$20,000
- Replacement vehicle for Building Inspection, \$24,000
- Replacement vehicle for Animal Control, Sheriff's Office, \$31,000
- Resurfacing tennis courts, Jaycee Park, Parks and Recreation, \$40,000
- Replacement fire truck, Horsepasture Volunteer Fire Department, \$175,000
- Replacement of eight patrol cars, Sheriff's Office, \$272,000

You also will see \$2,830,000 for the water tank at CCBC. This is as pass-through expense from Henry County to the Public Service Authority.

Outside Agencies

All currently-funded outside agencies are recommended to receive level funding or their requested funding from Henry County. Gateway Streetscape will receive about \$3,000 less from the Commonwealth's litter grant because of reductions at the state level. A document listing all outside agencies and their funding levels is included later in this document.

Staff remains concerned that Gateway Streetscape's current level of spending will deplete its cash reserves within approximately 12 months. Litter eradication is a major focus of the Board and staff has requested a projected Henry County work plan from Gateway to evaluate whether it can meet the needs and expectations of the Board of Supervisors regarding the litter issue.

Two outside agencies that currently receive no County funds, STEP, Inc. and Feeding America Southwest Virginia, requested funding this year. While management has no doubt these agencies are doing good work, it felt adding any new agencies this year would not be prudent.

Goals and Objectives

The Board of Supervisors annually evaluates its Goals and Objectives at its Planning Retreat in February. At this year's meeting the Board produced the following 2012 list:

- Development of industrial sites
- Support for the Martinsville-Henry County Economic Development Corporation
- Job creation and capital investment
- Tourism/marina project
- Retail development
- Expansion of water and sewer infrastructure, particularly in areas surrounding Martinsville Speedway, the Smith River Sports Complex, and the Blue Ridge Airport
- Raise the educational levels, both high school and college, of residents, with an added emphasis on career and technical education
- Growth of EMS program
- Improving Community appearance/litter issues

As you know, we are already addressing several of these items. Staff will continue to monitor those issues and we will continue to pursue the other items.

Looking to the Future

The County's litter and trash problem is receiving some much-deserved attention. We need to work hard to ensure that this momentum turns into action.

At the suggestion of Refuse Department manager Mike Amos, staff is working with the school system to have an anti-litter logo developed by some of our art students. Staff plans to place that logo on the side of the County's newest front-end loading garbage truck.

The next steps for our institutions of higher learning are vitally important to our locality. Management is excited about what Mr. Wampler can accomplish as NCI's executive director, and we eagerly anticipate the naming of the new president for PHCC. A lot of our future depends on the continued growth and expansion of these two entities.

Primarily, however, our future is tied to our ability to help provide job opportunities for our citizens. It is a misconception that government **CREATES** jobs. We don't create them – the private sector does. However, it is our function to help provide adequate sites, adequate infrastructure, and low tax rates that allow businesses to thrive.

The development of CCBC, the continued success of the Patriot Centre, and our ongoing assistance and guidance to current businesses and industries are the pillars of what we do. Success in these areas will pay for education, public safety, law enforcement, parks and recreation, and virtually everything else mentioned in this document.

Mr. Summerlin said the budget is available on the County website and is also available at all four branches of the Blue Ridge Regional Library. Mr. Summerlin reminded the Board of the budget work session scheduled on April 5, 2012 at 5:00 pm in the Fourth Floor Conference Room. Mr. Summerlin requested that the Board review the budget and on Thursday, staff will go through each category and answer any questions. Mr. Summerlin stated that if the Board has any changes to the budget, the Board can discuss them following the public hearing on April 16, 2012.

Advertise FY '12-'13 Budget

Following the presentation, Mr. Slaughter moved that the Board advertise the FY 2012-'13 Budget on Sunday, April 8, 2012, for a scheduled public hearing on April 16, 2012, seconded by Ms. Buchanan and carried 6 to 0.

There being no further business to discuss Mr. Slaughter moved at 6 pm that the Board continue the meeting to April 5, 2012 at 5:00 pm, second by Ms. Buchanan and unanimously carried.