

HENRY COUNTY BOARD OF SUPERVISORS MINUTES

April 2, 2019– 5:00 p.m.

The Henry County Board of Supervisors met on April 2, 2019, at 5:00 p.m. 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 2019-2020 County Budget. The following Board members were present: Chairman Jim Adams; Vice Chairman Debra Buchanan; Tommy Slaughter; Joe Bryant; Ryan Zehr; and David Martin.

Staff members present were Tim Hall, County Administrator; Darrell Jones, Director of Finance; Richard Stanfield, Assistant Director of Finance; George Lyle, County Attorney; Michelle Via, Director of Human Resources/Public Information Officer; Matt Tatum, Public Safety Director; and Jennifer Gregory, Administrative Assistant.

Paul Collins of the Martinsville Bulletin, and Debbie Hall of The Enterprise were present. Also present was Sheriff Lane Perry; Francis Zehr, School Board; David Scott, Assistant Superintendent for Operations and Administrative Services; and Ben Boone, Interim Director of Student Services.

Chairman Adams called the meeting to order and welcomed everyone present.

PRESENTATION OF THE PROPOSED 2019-20 BUDGET

Mr. Hall gave an overview of the Fiscal Year 2019-2020 Proposed Operating Budget for the County of Henry. (Copy of presentation included in Board's file)

Mr. Hall highlighted several accomplishments this year and outlined the proposed budget for the upcoming fiscal year.

FY 2018-19 HIGHLIGHTS

The biggest event of FY 2018-19 was the decision by Press Glass to locate in Commonwealth Crossing. The hard numbers are great – 212 new jobs, significant level of wages and benefits, \$43.55 million capital investment, all in Phase 1 of a multi-phase plan. However, the emotional lift of the announcement is significant as well.

Press Glass' decision to come here shows that our efforts of the past 10 years to construct and prepare CCBC for clients were not fool's gold. Nothing creates sleepless nights quite like asking your community to invest \$43 million to create a vast, open space, and then hoping someone actually wants to locate there.

Our partners – Harvest Foundation, Tobacco Commission, Martinsville-Henry County Economic Development Corporation, City of Martinsville, Virginia Economic

Development Partnership, United States Economic Development Administration, and Mid-Atlantic Broadband – put their dollars and their faith in us. It is paying off.

Other highlights:

- Monogram Snack Foods announced its fourth expansion in the Patriot Centre, this time investing \$30 million and hiring 300 more employees. Our relationship with Monogram continues to grow and we are hopeful that there will be more to come.
- Mountain Valley Brewery expanded by 5 jobs and an additional \$174,000 capital investment. While certainly not on the level of manufacturing and industrial announcements, this growth is welcome from many different angles – there's 'more to do' now than before, and this amenity will bring visitors to our doors.
- Significant efforts are being made toward several other economic development projects. Whether any of them will be announced prior to FY 2019-20 rolling around is unclear – however, as Mark Heath with the EDC has told us numerous times, he is busier than he's ever been in his tenure with us.
- As referenced above, the Commonwealth Centre for Advanced Training (CCAT) will be open by the end of the fiscal year. Having this amenity for the clients of CCBC is a game-changer. Creating CCAT is being done without any straight cash from the County – funding came from the Harvest Foundation, the Tobacco Commission, the EDC and through New Market Tax Credits.
- We made progress on the latest extension of the Dick and Willie Trail, with only Mother Nature to blame for section 6B not being finished yet. Staff and our partners currently are working on Section 6A, the final leg of our journey. When Section 6A is done, we will have a walking, running and bike path of 10½ miles through our community. That's the sort of amenity that good communities want and expect.
- Meadow View Elementary School opened, which we advocated for and arranged to pay the debt within our budget constraints. The facility received two notable awards from the Virginia School Board Association for its design and construction.
- Twelve of our 13 schools received Fully Accredited status. The 13th school, Fieldale-Collinsville Middle School, received provisional accreditation because of a just-below-the-line passage rate by a testing subgroup of students.
- As part of the Press Glass announcement, we negotiated the removal of a payback clause from the Tobacco Commission that we felt would have been detrimental to localities. With only days until the announcement, the Tobacco Commission removed the language from the contract that would have triggered a perpetual payback. That meant we received the incentive amount of \$835,000 free-and-clear instead of an ongoing obligation to give part of our tax revenue to the Commission.
- Shortly after the Press Glass event, we engaged the Harvest Foundation in a conversation to potentially become a local incentive provider, ultimately allowing

the County to avoid any future deals with the Tobacco Commission that would require a long-term payback to that organization. Harvest agreed to become that significant partner going forward, with no annual payback of the incentive amount unless the company does not perform to expected standards. Harvest agreed to this partnership, which could save the County millions of dollars versus an ongoing obligation to the Tobacco Commission.

- Staff played an integral role in the 2019 General Assembly session, serving on a legislative committee that helped draft language regarding body-worn cameras and working with many partners to help ensure the passage of HB 1840. This bill will allow Appalachian Power to front the construction costs of a substation for CCBC, which means Henry County and our local partners do not have to come up with most of a \$27 million construction price tag. This legislation will have a monumental impact on Commonwealth Crossing as well as other business parks in the region.
- We closed on the bulk of the financing on the new jail. Site preparation is complete, and construction bids are being solicited. We hope to award a construction contract by July, and hope to have construction completed in fall 2021.
- Blue Ridge Airport was awarded \$5.1 million in federal funds to work on its infrastructure. We sometimes overlook how important Blue Ridge Airport is to this community, but we could not be what we are without it.
- We smoothly transitioned into a new school superintendent. Sandy Strayer, a long-time educator in the Henry County system, is a strong advocate for students, teachers and what is best for the classroom experience. County staff members have known Mrs. Strayer and worked with her for many years, and we were thrilled when she was elevated to the new position.
- Substantial progress was made on the Smith River Small Towns Collaborative. The ongoing work in Fieldale and Bassett is impressive, and seeing these communities regain some of their shine is heartwarming.
- The Virginia Department of Transportation kicked off the Martinsville Southern Connector Study. This project is essential in the growth and development of commerce in Henry County, and we encourage local residents to participate in the planning of this item. The link is http://www.virginiadot.org/projects/salem/martinsville_southern_connector_study.asp.
- Our decision to move to the TAM Online job application process has been a success. We are seeing an increase in quality and quantity of applicants since moving to this outlet.

PROPOSED FY 2019-20 COUNTY BUDGET

The proposed FY 2019-20 Henry County Budget is \$150,808,768. This is a 5% increase over the FY 2018-19 proposed budget of \$143,588,566. That increase is primarily in the school system budget and in our self-insurance fund.

Staff is not recommending any tax or fee increases for FY '20. However, as we will discuss later in this document, we all should be prepared for a discussion this time next year. Our needs continue to grow faster than our funds.

The proposed budget includes a 3% pay raise across the board for County employees. This is less than the roughly 5.5% pay increase being requested by the School Board for school employees, but similar to what Constitutional officers and those employees primarily paid by the Commonwealth will receive. As we have said many times before, our workforces are co-mingled. Morale takes a hit if the person across the room is making more money than you are for essentially the same job.

We also are recommending that the County continue to pay 100% of the single-subscriber health insurance package. However, unlike the previous four years when we bragged that our health-care costs are flat, such is not the case for next year. We have had extensive and expensive claims in the past 12 months, and such activity had a negative impact on our costs.

Initially we were looking at an 18% increase in our health-care costs, which we could not have absorbed. However, through the use of our health-care savings account that we piled up during the past four years, and some significant changes to the plan being offered to our employees with regard to co-pays, deductibles, etc., we were able to reduce the increase to 3.3%.

We most likely cannot make similar future adjustments without revisiting our 100% single-subscriber initiative or making draconian changes to our plan. Let's hope our experience in the next 12 months is better than the past 12 months.

EDUCATION

The school system's overall proposed budget is \$85,123,330, which is up 3.9% from current year. This includes a state funding bump of about \$2.5 million.

County staff's proposed budget includes an additional \$400,000 in local funds for the school system over current-year funding, which is less than the \$503,864 increase requested by the School Board. Our recommended amount would raise the County's contribution for FY 2019-20 to \$18,925,432.

ON THE HORIZON

The County must continue to monitor and be prepared to respond to an effort by Martinsville to revert to a town. Reversion and annexation will have a substantially negative impact on Henry County.

We are excited about where we are and where our momentum could take us in the next 12 months. However, by no means do we have a smooth and easy path. While we gave careful consideration to each request, the simple truth is that we ran out of money.

Advertise FY 2019-20 Budget

Following the presentation, Dr. Martin moved that the Board advertise the FY 2019-'20 Budget on Sunday, April 7, 2019, seconded by Mr. Zehr, and unanimously carried. Mr. Zehr moved that the Board schedule a Public Hearing on April 15, 2019, seconded by Dr. Martin, and unanimously carried.

Mr. Hall said the budget will be available on the County website and also at all four branches of the Blue Ridge Regional Library. Mr. Hall reminded the Board of the budget work session scheduled on April 4, 2019 at 5:00 p.m. in the Fourth Floor Conference Room. Mr. Hall requested that the Board review the budget and on Thursday, staff will go through each category and answer any questions.

There being no further business to discuss, Mr. Zehr moved at 5:55 p.m. that the Board continue the meeting to April 4, 2019 at 5 p.m., second by Mr. Slaughter, and unanimously carried.