

**HENRY COUNTY BOARD OF SUPERVISORS
MINUTES**

April 4, 2023– 5:00 p.m.

The Henry County Board of Supervisors met on April 4, 2023, a 5:00 p.m. in the Summerlin Meeting Room of the County Administration Building, King's Mountain Road, Collinsville, Virginia. The purpose of the meeting was to present the FY 2023-2024 County Budget. The following Board members were present; Chairman Jim Adams; Vice-Chairman Joe Bryant; Debra Buchanan, Tommy Slaughter, and Ryan Zehr. Garrett Dillard attended via Zoom.

Staff members present were Dale Wagoner, County Administrator; JR Powell, Deputy County Administrator; Darrell Jones, Director of Finance; Richard Stanfield, Assistant Director of Finance; George Lyle, County Attorney; Brandon Martin, Public Information Officer; Michelle Via, Director of Human Resources; and Jennifer Gregory, Administrative Assistant.

Bill Wyatt of the Martinsville Bulletin and Taylor Boyd of the Henry County Enterprise were present. Also present were Lt. Col. Eric Hairston of the Sheriff's Office and Ben Boone, Henry County Schools Director of Finance.

INVOCATION AND PLEDGE OF ALLEGIANCE:

Mr. Adams gave the invocation, and Ms. Buchanan led the Pledge of Allegiance.

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

PRESENTATION OF THE PROPOSED 2023-2024 BUDGET

Mr. Wagoner gave an overview of the Fiscal Year 2022-2023 Proposed Operating Budget for the County of Henry. (Copy of presentation and proposed budget included in Board's file).

Mr. Wagoner said the budget is one of the most important processes undertaken by the County each year. The fundamental pillars of Henry County are education, public safety/law enforcement, and economic development. A local government has no greater responsibility than providing for a safe community and preparing its children to be productive members of society. But we know words without action are meaningless. In order to live up to our responsibilities, we have taken that action by allocating more than 78% of the total proposed county budget to education and public safety/law enforcement. The proposed FY24 budget is balanced with no changes in tax rates and in fact I'm recommending that the Board consider granting more tax relief by increasing the real estate tax relief threshold by at least 20%.

FY 2022-23 Highlights

Economic Development

- \$22.2 million grant from the state to grade Lot #2 at CCBC
- Crown Holding completed the construction of the facility on Lot #4
- Entrepreneurship is up 46% - double the state average
 - New & Expanding Businesses: Tammy's Grill, Biscuitville, Pacific Bay, New South Metals, etc.
- \$35 million grant to expand broadband
- Several long-serving County employees retired last year

Culture & Civics

- Celebrated the opening of the Fieldale School Apartments, which created 27 modern apartments for workforce housing
- The Blue Ridge Fire & EMS Academy was recognized with awards from VACo and the Governor for its creative partnership with other localities to train new public service employees
- The Henry County Fair received statewide recognition when it was deemed the "Best New Special Event" and "Most Creative Marketing Piece" by the Virginia Recreation and Park Society

Governance

- Martinsville City Council voted to end all proceedings related to reversion. This will save money but could also open up opportunities for more productive collaboration between jurisdiction
- The Board temporarily waived the motor vehicle license fee for one year (\$20.75/vehicle) and assessed taxes based on 90% of the vehicle's value in an effort to minimize the impact of inflated values of used cars on property taxes. This helped normalize personal property taxes and it was most helpful in aiding individuals and families with the least ability to pay

PROPOSED FY 2023-24 COUNTY BUDGET

- Up \$6.7 million or 3.5% when compared to the FY23 Budget
- The primary driver of the increase in revenue is additional funding from the Commonwealth for constitutional officers. Other additional revenue comes from interest income, sales taxes and transient occupancy taxes
- Significant expenditures include state-mandated salary increases for deputies, constitutional officers and teachers. Inflationary pressures also contributes to increased prices for electricity and fuel
- DOES NOT include any funds for capital improvements. Instead, it is recommended to use carryover and discretionary funds to address urgent capital needs

- No new personnel included except for Social Services

Revenue Highlights

- Intergovernmental revenues – most significant; state projects a recession
- Taxes from real estate, personal property and machinery & tools – primary source of local revenue
- Grants – often overlooked; \$38 million since January 1, 2022
- Interest – most notable change; anticipating \$1.1 million increase
- Other Notable Changes in Revenue
 - Real estate taxes are essentially flat, with the next assessment to occur in 2024
 - Revenue from EMS billing has trended down slightly
 - \$800,000 gap in revenues due to ADC not housing inmates from other jurisdictions
 - Local sales tax is up 8%, with a portion attributed to inflation
 - Transient Occupancy Tax is up 17%, illustrating the renewed interest of visitors to stay in our hotels, motels and campgrounds
 - Food & Beverage Tax is up 4.8%; likely directly linked to inflation
 - Building permit fees are up 22%
 - Revenue from recycling is down 20%, primarily due to a dramatic shift in demand for recycled cardboard and paper products

Education

- School administrators, educators, and support staff should be commended for “pressing on” during challenging times
- Last year, all teachers were considered “on step” on salary scale for the first time in a long time and other employees received a significant raise
- According to data by the Virginia Department of Education, the starting pay and average pay for a teacher in Henry County is higher than the Counties of Franklin, Patrick and Pittsylvania and the City of Danville. The average pay is also higher than the City of Martinsville
- Total Budget \$102,684,412
 - Represents an increase of \$1,466,615 from FY23
 - An increase of 638,567 in local funds; 44% of total budget increase
 - Goes to support – A 5% across-the-board raise and one-step bump for teachers; a 7% raise for drivers and drivers’ aides; and a 5% raise for administrators
- The School Board should be commended for its frugal use of carryover and COVID-era funds. The funds from the additional 1% sales tax currently stand at \$9,789,019

- Growth in interest rate income helped support education this year but this growth won't last forever. Student enrollment continues to decline even as the need for funding increases
 - Our community may need to soon consider alternative financial solutions to address this troubling trend
- Congratulations to Dr. Sandy Strayer on her retirement and many thanks for her years of dedicated service in education

Public Safety

- Call volumes for the Public Safety Operations Division continue to increase while revenue from EMS billing has stagnated
- One position has moved from the Training Division to the Operations Division which will shift several line items
- Support to Volunteer Agencies
 - The annual allocation of the Aid-to-Localities Fire Programs funds is expected to be designated to Collinsville Fire Department. It is expected the department will be recommended for this funding again in FY25 allowing it to combine the funds to purchase a new fire apparatus
 - \$511,000 is included for fire department operations; \$61,750 is included for radios and pagers for the volunteer fire and rescue departments
 - To address inflation, a one-time disbursement of \$120,000 will be given based on a propositional share equal to expenditures for vehicle fuel

Sheriff's Office

- Cost Centers: Law Enforcement, Civil & Court Security, Corrections, & Animal Control – Total Cost = \$21,568,985
- Increase of 30% to fee paid to Piedmont Regional Criminal Justice Academy; annual fee paid to the academy will increase to \$118,500
- One-time increase of \$10,000 to cover expenses related to re-accreditation of the Department
- An additional \$12,000 is included for personnel management equipment
- 2 maintenance positions were moved to the ADC with salaries fully realized in budget; total maintenance costs have decreased 6.1%
- Animal Control includes 2 sworn deputies, one shelter manager and part-time positions.
- Increase to ADC Cost Center 6.6%
 - Increases associated with pay raises for all employees
 - Hasn't met expectations to generate approx... \$1 million in revenue by housing inmates from other localities

Social Services

- Our local DSS continues to see higher-than-average numbers of children in foster care and an above-average number of families receiving services and benefits
- The caseload has made it difficult to respond appropriately to the needs in our community; this has resulted in high employee turnover
- The proposed FY24 budget includes the local share to fund three new employees for DSS; Henry County is responsible for \$1,136,070 of the total DSS budget, an increase of \$99,491 from last year.
- Henry County's CSA cost has increased on average 30% every year since 2018. The proposed budget increases by 17.5% for FY24 but based on past trends, this will not be enough
- 90 children in foster care in Henry County on average

Other Services & Programs

- Budget includes \$235,000 to update the County's comprehensive plan (last updated in 1995)
- Funds included to update the Industrial Park study to explore options for future sites
- Funding for a new Juror Management System to communicate more easily with jurors through email and text messaging
- Changes in the minimum wage have increased the expenditures for the more than 140 part-time employees who provide services to the County
- Adding a full-time temporary employee for the Treasurer's Office
- Electricity cost centers are up 25%
- Fuel cost centers are up 49%

Outside Organizations

The proposed FY24 budget includes \$2,102,006 for funding to outside agencies. This amount is \$49,432 higher than what was funded last year, but \$669,238 less than requested. The most significant increases are recommended for Piedmont Community Services and the Smith River Sports Complex.

- Piedmont Community Services
 - Volume of work continues to escalate; provided behavioral and residential services to 2,492 County residents and another 4,000 residents participated in other services
 - PCS manages the Crisis Intervention Team program and assistance center which reduces the workload on law enforcement
 - Even with increased funding to \$190,000, PCS will have to request a waiver from the state due to local funding being below the required match
 - Monogram Foods Smith River Sports Complex

- Has reached a revenue plateau due to escalating inflation and salary costs; no longer self-sustaining
- Increasing prices of user fees and sponsorships could drive teams and sponsors away
- FY24 proposed budget recommends \$40,000 for SRSC and for the County to procure and own capital equipment for ongoing maintenance
- Recommended that over the next year that the County and City explore increasing the transient occupancy tax from 2% to 4% to be used for tourism-specific activities at SRSC

Employee Compensation and Benefits

- The current state budget includes a 5% salary increase for all state-supported local positions. The FY24 budget includes a 7% pay increase for all employees, but it is recommended only to be implemented if the Commonwealth provides the additional funds. It is suggested that employees get a 5% increase, with the extra 2% allocated for the initial implementation of the Pay and Classification study.
- Pay & Classification Study
 - Top priority of the Board from this year's planning session
 - Preliminary data suggests that \$350,000 is needed to get employees to the new recommended minimum salaries; \$2.5 million to make compensation the most competitive
 - Implementation will be difficult; however staff has identified some funds to begin the process
 - Savings from construction costs of ADC + Reimbursement from the Commonwealth – Debt = TBD Funds for study implementation

Capital Improvements

- No funds included in the FY24 budget for capital improvements
- A portion of ARPA funds were set aside last year to create a discretionary capital fund
- It is suggested that the Board use the discretionary capital fund, carryover funds, and savings in the current budget to address urgent capital needs

On the horizon.....

- Overseeing the grading of Lot #2 at CCBC
- Overseeing broadband expansion
- Recruiting a new hotel to our community
- Managing the update of the Comprehensive Plan
- Leading efforts to maximize the opioid settlement funds
- Addressing increased interest of energy providers to build solar farms

Conclusion

This proposed budget holds the line on the tax rates and maintains a consistent level of governmental services for our community. It funds our school system and takes a big step towards addressing employee compensation. It is built with a cognizance of the impact of inflation on many residents and provides a path for tax relief to our citizens with the least ability to pay.

There being no further business to discuss, Mr. Zehr moved to continue the Meeting at 5:50 p.m. until Thursday, April 6, 2023, at 5:00 p.m. Mr. Slaughter seconded the motion, and it carried by the following vote:

AYES: Adams, Bryant, Buchanan, Slaughter, and Zehr.

NAYS: None.

**HENRY COUNTY BOARD OF SUPERVISORS
MINUTES**

April 6, 2023 – 5:00 p.m.

The Henry County Board of Supervisors met on April 6, 2023, 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 hold a work session on the FY 2023-24 Total County Budget. The following Board members were present: Chairman Jim Adams, Vice Chairman Joe Bryant, Debra Buchanan, Garrett Dillard, and Tommy Slaughter. Ryan Zehr was absent

Staff members present were Dale Wagoner, County Administrator; JR Powell, Deputy County Administrator; Darrell Jones, Director of Finance; Richard Stanfield, Deputy Director of Finance; Brandon Martin, Public Information Officer; Michelle Via, Director of Human Resources; and Jennifer Gregory, Administrative Assistant.

Also present were Sheriff Lane Perry and Major Wayne Davis of the Sheriff's Office; Ben Boone, Henry County Schools Director of Finance, and David Scott, Henry County Schools Assistant Superintendent of Operations & Administration.

Chairman Adams called the meeting to order and welcomed everyone present. He stated the meeting is a continuation of its April 4, 2023 meeting.

WORK SESSION ON FY 2023-2024 PROPOSED HENRY COUNTY BUDGET

Mr. Wagoner reviewed the budget by category, beginning with a summary of the Management Discussion, and asked the Board to intervene if they had any questions.

There were general inquiries about various line items in the budget.

Following the presentation, Ms. Buchanan moved that the Board advertise the FY '23-'24 Budget and schedule a Public Hearing for the FY '23-'24 School and County Budget on April 17, 2023. Mr. Bryant seconded it, and it carried by the following vote:

AYES: Adams, Bryant, Buchanan, Dillard, and Slaughter.

NAYS: None.

Mr. Wagoner said the budget will be available on the County website.

There being no further business to discuss, Ms. Buchanan moved to adjourn the meeting at 6:04 p.m. Mr. Bryant seconded the motion, and it carried by the following vote:

AYES: Adams, Bryant, Buchanan, Dillard, and Slaughter.

NAYS: None.