MINUTES
Board of Supervisors
County of Prince George, Virginia

Budget Work Session
December 16, 2019
4:00 p.m.
County Administration Bldg. Boardroom, Third Floor
6602 Courts Drive, Prince George, Virginia

MEETING CONVENED. A budget work session of the Board of Supervisors of the County of Prince George, Virginia, was called to order at 4:00 p.m. on Monday, December 16, 2019 in the Boardroom, County Administration Building, Third Floor, 6602 Courts Drive, Prince George, Virginia by Chairman Donald R. Hunter for a work session to discuss the budget.

ATTENDANCE. The following members responded to Roll Call:
Donald R. Hunter, Chairman Present
Floyd M. Brown, Jr., Vice-Chairman Present
Alan R. Carmichael, Chairman Absent
Marlene J. Waymack Absent
T. J. Webb Present

County Staff present was: Percy C. Ashcraft, County Administrator and Jeff Stoke, Deputy County Administrator; Betsy Drewry, Finance Director; Dan Whitten, County Attorney; Julie Walton, Deputy County Administrator; Brad Owens, Director of Fire and EMS; Rod Compton, Real Estates Assessor; and Darlene Rowsey, Commissioner of the Revenue.

ADOPTION OF AGENDA. Mr. Webb made a motion, seconded by Mr. Brown, to approve the agenda as presented. Roll was called on the motion.

On roll call the vote was:
In favor: (3) Webb, Hunter, Brown
Opposed: (0)
Absent: (2) Carmichael, Waymack

Mrs. Waymack arrived at 4:01 p.m.

WORK SESSION
General Overview
Fund Balance Update
Mr. Percy Ashcraft, County Administrator, stated that the purpose of this meeting is to give the Board a better idea of what some of top issues may be in the upcoming budget. Ms. Drewry provided an update on the FY19 County fund balance of $23,905,886. A review of the items already reserved within the fund balance was explained. Potential future fund balance requests were reviewed. The unreserved remaining fund balance is $20,930,458.02 which is 17.83% of budgeted FY20 expenditures. A PowerPoint presentation accompanied the discussion throughout the agenda items.

Revenue Discussion:
Real Estate Assessment
Mr. Compton provided an overview of the assessment process and reviewed the annual trends of assessment values. Mr. Compton anticipates a 6.4% increase in the County land book value. An estimated equalization rate would set the tax rate at $0.81.

Personal Property – Assessed Value
Ms. Drewry reviewed the projected assessments under this category. There is an opportunity to increase the budget without a tax increase based on actual collections.

Lodging Tax – General Assembly
Ms. Drewry stated that the Board approved a request to the General Assembly for an increase in the transient occupancy tax from 5% to 7% on October 22, 2019. If this is approved, the Board
can hold a public hearing and consider approval of the County’s rate increase. The estimated
dollar impact of a 2% increase is $293,000.

**BPOL Rates**

Ms. Darlene Rowsey, Commissioner of the Revenue, presented business license rate
comparisons for business license professional rates, business license retail rate, retail rate
increase projection, business license service rates, and service rates. If the Board chooses a
BPOL rate increase, Staff recommends $.12 increase on professional, a $.01 increase in retail,
and $.10 increase on service for a total added revenue of $249,234.76.

**Building Official Fees**

Ms. Julie Walton, Director of Community Development, presented comparison rates for building
code fees. The County is supplementing its revenue intake more than historically. The last fee
increase was in 2012. Ms. Walton recommends the Board take a look at some potential in some
increases in some fee areas. The new fee schedule could take effect when the new budget begins
if done during the budget process.

**Utility Rates – Study Underway (Results expected March 2020)**

Ms. Drewry stated that there is a utility rate study currently underway and those results are likely
not going to be received until March 2020. Prior rate studies recommend annual rate increases to
keep the pace with inflation, maintain infrastructure, and cover new personnel needs.
Additionally, capital needs are under review to determine if an increase in connection fees is
needs for capital replacement and capital expansion. A 1% increase impact on revenues would
be $59,650.

**Expenditure Discussion:**

**Personnel**

Ms. Drewry reviewed the expenditure assumptions for FY20, including a Phase III Salary Study,
a possible health insurance increase, a VRS rate increase, career development expansion, SAFER
grant funded positions, new position requests, EMS-Paramedic certification levels, vehicle
replacements, Riverside Regional Jail, CIP projects 2021 and beyond, and a school transfer per
MOU.

**Salary Study Phase III – Completing Compression Increases**

Ms. Drewry stated Phase III recommendations are to complete the pay compression increase and
to review a pay grade for Deputy Treasurers at the request of the Treasurer. The Compression
continues to impact 81 County employees.

**Health Insurance - Update**

Ms. Drewry stated that staff would like to renew with Anthem. Requesting to keep current
benefit levels and remain combined with schools. Staff recommends staying self-insured.

**Virginia Retirement System (VRS Rates)**

Ms. Drewry stated that there will be a slight increase to the VRS Rate with a $52,000 impact for
retirement and a $4,100 impact for Group Life.

**Career Development – Departments Remaining**

Police, Fire and EMS, Utilities, Animal Services, Emergency Communications Center,
Community Development and Code Compliance, Social Services, Community Corrections,
Information Technology, Finance, General Services, and Parks and Recreation have all been
approved for Career Development Plans. For FY2021, Staff will request the addition of
remaining County departments, including Assessor, Human Resources, County Attorney,
Planning, Garage, and Economic Development.

**SAFER Hiring Grant Positions – Local Impact (Grant ends Mid-Year FY2021)**

The SAFER FEMA Staffing Grant will end December 31, 2020. The General Fund will have to
absorb the majority of continuing five full-time positions currently funded by SAFER Staffing
Grant 00412 in FY2021. The estimated impact is $185,120.

**Potential New Positions**

There is an extensive listing of new positions requested by Department Heads. These requests
include four Police Officers, a Senior Grounds Maintenance Worker for Parks and Recreation, an
Information Technology position, a Senior Real Estate Appraiser, a Fire/EMS Deputy Director, a General Services Deputy Director, a Manager III, Case Management in Social Services, a Utility Engineering Technician, a Senior Utility Worker, a Meter Technician, three Fire Lieutenants, and six Fire Medics. These positions would have a $1,681,233 impact including salaries and benefits.

**Paramedics – Discussion of Certification Levels**
Mr. Brad Owens, Director of Fire and EMS, discussed recruiting and retaining the best paramedic employees in a saturated and competitive market. Prince George County currently has a starting salary of $43,000 with no incentive for ALS. Mr. Owens is recommending they no longer require an ALS certification and offer an EMS certification incentive of 5% for advanced, 10% for intermediate, and 15% for paramedic. The employee can obtain their certification on their own time and get compensated at a higher rate when they have completed the program. The cost to the County for a two-year program at John Tyler Community College would be $12,467.00. They are currently working with Grant programs through VCU. The cost to the County for the program at VCU would be $6,935.00. Mrs. Waymack asked what the consequences would be in doing away with ALS requirements. Mr. Owens stated that they do have Staffing challenges and do not wait on the scene for an ALS provider. They often rendezvous on route. Mr. Brown asked if they have considered a commitment from employees that are receiving their certification. Mr. Owens stated that they have talked about this with the previous County Attorney and there was no way to bind them. He would be happy to discuss this with the new County Attorney. Mr. Webb agreed that they should see if they could contract the employee.

**Vehicle Replacements**
Finance Staff has worked in cooperation with the Fleet Garage and other departments to provide recommendations for vehicle replacements. The methodology to replace based on years in service is 10 years and 100,000 for regular fleet and six years and 100,000 miles for law enforcement. Apparatus, specialty equipment and volunteer fire station vehicles have been removed from the analysis. Debt issuance for 10 Police/law enforcement vehicle replacements annually has been in effect since FY2016. FY2020 was the fifth year. Mr. Webb asked how that ratio is correlating with the mileage. Ms. Drewry some have more mileage than others but she does not currently have that information. There are nine vehicles, excluding Police, that should have been replaced prior to FY2019 under the replacement methodology and six vehicles, excluding Police, that need to be replaced in FY2020 and FY2021. Staff and Administration will fine-tune the methodology and make recommendations for replacements in the proposed FY2021 budget. Mr. Brown asked how many vehicles were in the Police Department when the debt issuance started. Ms. Drewry stated that she will provide the Board with an analysis.

**Riverside Jail – Potential Increase Unknown**
An increase is anticipated unless operations are drastically reduced at the Riverside Regional Jail. An initial estimate of per diem increase is $2 to $3 with a current per diem of $43. Staff is awaiting a budget proposal from Riverside Regional Jail. Mr. Ashcraft stated that raising the per diem is not going to solve the problem. Within a couple of years, the Jail may need to downsize. Mr. Webb asked why it will take them two years to decide they need to downsize. Mr. Ashcraft stated that there is not a lot of empty space there now. They may need to change the service agreement to minimize the amount of space that is utilized and the number of people that are employed there. Mr. Brown asked if the per diem will come before the General Assembly. Mr. Ashcraft stated that it has for the past few years. The problem is the inmates sit longer than they are supposed to in Riverside.

**Debt Service Schedule**
Ms. Drewry reviewed the debt service payment schedule and the fiscal year certain bonds that will be paid in full which reduces the total tax supported debt. Staff recommends keeping the annual debt level at $7.16 million to pay for future capital improvement needs. Additionally, as a result of the Fall 2019 borrowing a one-time contribution to debt fund of approximately $240,000 will need to be made in FY2021.

**Capital Improvement Projects (CIP) – 2021 & Beyond**
Ms. Drewry reviewed the CIP proposed project list developed by the CIP Committee with New Walton and New Beazley Elementary Schools ranked #1 and #2. The impact of these two schools would be significant for the tax rate and the capacity for future projects without an
additional tax increase. Building just one new elementary school with a $.05 tax increase would still make the County non-compliant of its County debt policy for seven years. Administration will review CIP Committee recommendations including impacts in the upcoming FY2021 proposed budget.

**Dixie Softball World Series Purchases and Improvements**
In preparation of the 2021 Dixie Softball World Series, Staff has requested quotes for banners for poles, infield covers, a playground, soft toss nets, and a safety net. Total cost of the request per the bids is $145,648.23. Staff is requesting approval to use Tourism surplus funds to purchase and install the projects. Mr. Brown stated that he would prefer a request such as this come before the Board at a regular business meeting. Mr. Stoke stated that he would bring it back January 14.

**School Funding**
Ms. Drewry gave a historical overview of the funding supplied to the school division on an annual basis. There was also a review of one-time payments made to the school division. The CSA funds are given in total to the school division and then the $350,000 CSA payment is given back to the County. That payment will be $620,000 in FY20. There was discussion regarding the significant increase in CSA.

**Discussion of MOU**
Ms. Drewry reviewed the MOU revenue streams subject to sharing. The methodology of the MOU formula and proposed carve outs for specific items were explained. Mr. Webb stated that he would prefer this is referred to as School Funding until there is an actual MOU. Mr. Ashcraft stated that Staff is looking for direction as to how to calculate the funding for the Schools for the budget. Without calling it a formal agreement, the Board can use those guidelines. Mr. Webb stated that they have multiple needs at additional schools and the School Board needs to figure out how they are going to take care of those things. Ms. Waymack said that it was her understanding that they would have a preventive maintenance plan. Chairman Hunter stated that they need a guideline from the School Board to know how to fund them to make them successful. Ms. Drewry stated that they would refer to it as a transfer calculation until an MOU is executed by both sides.

**Walton HVAC Phase I - $170,767.87 Shortfall**
Ms. Drewry discussed a split unit suggestion made by the County Director of General Services with School Administration and no added appropriation will be needed. Other options for the $170,767.87 Phase I Walton HVAC shortfall would be to hold a public hearing and utilize $160,782 of unassigned Spring 2019 bond proceeds for this project, appropriate from General Fund, fund balance, with condition any FY2020 school excess revenues from other sources or expenditure savings be applied to this initiative before other carryover/appropriation requests are considered, or appropriate from General Fund, fund balance. Mr. Brown stated that he struggles with dumping $1 million into a building that is going to be vacated. Mr. Webb agreed and stated that is why he suggested the three additional trailers.

**Real Estate Tax Rate**
Ms. Drewry stated that a real estate tax increase is to be determined for the new Walton School Construction and other CIP requests once priorities are set. The Finance Director will work with the Assessor and Staff to determine the amount to budget for real estate tax revenue based on assessed value provided. Mr. Webb asked what the total amount of debt payment per year would be on $34 million. Ms. Drewry stated that it would $2.23 million. Mr. Brown stated that he would like to see everything done possible within the County’s means to maintain the budget or carve enough out to offset the debt of a new school without having to raise taxes or at least a modest increase. Mr. Ashcraft stated that the Board has staff’s commitment to keep it as low as they can.

**ADJOURNMENT**  Mr. Brown made a motion, seconded by Mrs. Waymack, to adjourn at 6:21 p.m.

On roll call the vote was:
In favor: (4) Webb, Hunter, Brown, Waymack
Opposed: (0)
Absent: (1) Carmichael
[Draft Minutes prepared December 27, 2019 for consideration on January 14, 2020; adopted by unanimous vote.]

Donald R. Hunter, Jr.
Chairman, Board of Supervisors

Percy C. Ashcraft
County Administrator