

At a budget workshop meeting (department/community agency presentations) of the Southampton County Board of Supervisors held in the Board Room of the Southampton County Office Center, 26022 Administration Center Drive, Courtland, Virginia on March 21, 2012 at 7:00 PM.

SUPERVISORS PRESENT

Dallas O. Jones, Chairman (Drewryville)  
Dr. Alan W. Edwards Vice-Chairman (Jerusalem)  
Glenn H. Updike (Newsoms)  
Carl J. Faison (Boykins-Branchville)  
Barry T. Porter (Franklin)  
Ronald M. West (Berlin-Ivor)  
S. Bruce Phillips (Capron)

SUPERVISORS ABSENT

None

OTHERS PRESENT

Michael W. Johnson, County Administrator (Clerk)  
Jon Mendenhall, Assistant County Administrator  
Lynette C. Lowe, Finance Director  
Cynthia J. Edwards, Administrative Secretary

Chairman Jones called the meeting to order. After the *Pledge of Allegiance*, Supervisor Faison gave the invocation.

Mr. Michael Johnson stated that Mrs. Beth Lewis from Community Development (Inspections & Planning) would address the Board concerning the budget for 2012-2013.

Mrs. Beth Lewis addressed the Board. She stated that their department appreciated the support that this Board had shown them over the years as they seek to provide the best customer service while keeping their budget request to a minimum. A number of events had come together this year however that was going to require them to increase their budget request for this year's appropriation, but still below the appropriations for 2008, 2009, and 2010. Their major budget request increases are in the areas of vehicle maintenance and supplies, legal advertising, legal services, and training for new planning commission and board of zoning appeals members as well as updating the comprehensive plan as required by general statute. She stated they had four vehicles. The youngest one has 31,000 miles on it. The oldest one has 168,000 miles on it. This year they put \$1,200.00 of repair into the oldest one. And that is what it is going to get the next time it needs something – parts. The price they put in for fuel was a considered estimate. They looked at the number of miles the inspectors drive. Each inspector while making his daily inspections spends between 2 ½ and 3 hours driving around this 600 square mile county. She stated that takes a lot of fuel and they plan to reinstitute regular maintenance for the vehicles. That is something that has been ignored for a number of years so the vehicles probably haven't been maintained as they should have been and it may have shortened their usable years some. So they are requesting more funds this year to be able to get regular oil changes and maintenance on vehicles. Their second increase is for legal advertising. One request to go before the Planning Commission recently the bill has been over \$400.00 to advertise one request and last year they had ten requests. That is just from the public. That doesn't include the public advertising they have to do for the transit development plan, public hearings, or the capital improvement plans and other instances for public hearings. Over the past several years they have spent an average of \$3,300.00 per year, but this year we have spent of \$6,000.00 so far and that was partly over \$1,500.00 for the military dog training issue, but there is no to know when a request that requires a large amount of advertising is going to come in. The comprehensive plan will under-go update or the next few years and there will be required public hearings with that process as well. Depending on what changes are made to the comprehensive plan there may be changes to the zoning ordinance that may require public hearings. She stated that you have a copy of the budget request which they have included consideration of increasing some of the fees for when citizens ask or a zoning map amendment or comprehensive amendment to help more fully capture the cost. Legal services average for the last four years has been over \$11,000.00 a year. This year they have spent of \$8,000.00. The issues coming before the Planning Commission and before this Board have

increased in complexity over the past few years and intensity as with the military dog training and Enviva's first sight. There are also a number of ongoing enforcement issues that there are still legal fees connected with. There is time spent preparing resolutions that are for grass cutting that we are doing that will ultimately be added to the bills that are added to those property owners, but in the short run we pay those bills. We have a lot of training costs. We have one new Planning Commission member that requires training this year and the Planning Commission has asked that funds be set aside for a second Planning Commission member who may want to attend training as well. Planning Commission training is about \$1,500.00 per person. We have one new permanent member who has been appointed the Board of Zoning Appeals and two new alternates and a space for one more alternate. The Board of Zoning Appeals training is \$1,300.00 per person. Those trainings are required in the first 24 months of their appointment and by July 1<sup>st</sup> of this year six months of some of those appointments have gone by. So if it is not done in this fiscal year it has to be done in the very beginning of the following fiscal year. The staff training for the planning session is only \$1,400 this year of a \$10,000.00 request, but most of that is training for the new Planning Commission and Board of Zoning Appeals members. There are training needs for the inspection part of their Department 2009 state uniform building code went into effect March 1, 2009 code goes into effect March 1, 2012 but there are ongoing training fees. There have been increases in requirements in the energy code both plan review and inspection and accessibility code plan review and inspection. They also have a building inspector who has been employed for about a year who is moving quickly through the training and testing portion of his work with them so he can become fully accredited. It is an expensive process to do. Several years ago there was an amendment to the personnel manual that provided a \$500.00 one-time bonus when employees pass a test that is related to what they need to do for their job. This year they expect nine bonuses between the building official, the building inspector, and the erosion sediment control and flood plan manager employees. One thing to consider is the average single family residence new home requires between 22 and 25 inspections on average. For projects that don't progress as quickly as some others they are required to have an erosion sediment control inspection every two weeks from the time they break ground until the time they get a CO. That usually requires only five to seven inspections, but once it drags on for a year or so they are still required to be out there every two weeks so that is an ongoing inspection. It adds to the inspectors lists and to the miles they drive. The typical cost for a single family home for all the permit fees is about \$630.00. So for \$630.00 they do a plan review and 20 to 25 inspections. There are other localities that charge more for permit fees and that may be something that needs to be considered. The comprehensive plan update quote that they have received from HRPDC would be between \$25,000 and \$30,000 a year for two years to get the whole process done. They didn't have that figure when they put their budget together, but they have it now. She also submitted a list with her budget requests of items to consider for reductions and the effects of those reductions. Those reductions could total up to \$24,000 but they all have costs associated with them. She stated she would be glad to answer any questions.

Chairman Jones asked if anyone had any questions.

Supervisor Porter asked how our fees compared with our neighbors.

Mrs. Beth Lewis said our fees are somewhat lower than our neighboring counties and localities. One way to measure your fees is to measure them against neighboring localities. Another way is to determine exactly what the costs are for that service. For example, their fees for zoning map amendment and comprehensive plan amendment is \$500.00. She stated that is pretty common for the area \$500.00 to \$700.00. She stated their costs however are between \$1,200 and \$1,400. That is the advertising in the newspaper and the costs to pay the citizens which sit on the Board it doesn't even cover the employee costs. We can stay in line with our neighbors, but you have to make it up somewhere. It may be a difficult idea to think of raising our fees to cover what the additional costs are it would be considerable more than our neighbors. We have to decide do we want to stay in line or do we want to recover our costs. We also have differences in costs for the services we provide especially in inspections. There are no neighboring counties that have 600 miles to cover. There are a lot of days our inspector with seven or eight inspections starts out in Ivor goes to Green Plains Road, down to Little Texas over to Franklin down to Boykins and up along Shady Brook Lane and Flaggy Run. There is a lot of driving and it is a very expensive process to provide the required inspection.

Supervisor Porter asked Mrs. Beth Lewis what she thought they should do on fees.

Mrs. Beth Lewis said she would recommend that for zoning map amendments and comprehensive plan amendments that we raise the fees to more fully capture the costs. She doesn't know that \$1,200 or \$1,400 would be palatable for this Board and the citizens but she believes that raising the fees somewhat to recapture a bigger percentage of the costs would be appropriate. She also believes that about building fee permits as well. It is a philological decision, does Mr. Smith who gains all the benefits pay all the prices or does Mr. Smith pay some and the rest of the tax payers in Southampton County pay the rest for something that only benefits Mr. Smith.

Supervisor Porter asked if she could look at that and come back with a recommendation for them.

Mrs. Beth Lewis stated that in the budget material she provided it does have a recommendation for raising the fees for zoning map amendments and comprehensive plan amendments.

Supervisor Porter asked if there was an amount.

Mrs. Beth Lewis said yes there is an amount and there is also a recommendation to add a 5% technology fee which is becoming more common in other localities to help pay for the technology that would benefit the users of their department. She stated she would bring back information pertaining to building permit fees.

Supervisor Updike stated he had several questions. He stated that with the comprehensive plan he doesn't see any rhyme or reason since we have a planner, a system administrator, and an outstanding Planning Commission members he doesn't see why we can't do it in house. We cannot afford to spend this amount of money. If he remembers correctly grad students did most of the work and we are paying the bill. He doesn't see any reason we can't save that money because 2 million dollars in debt. He can't see anybody asking for additional funds because it just isn't possible to him. He thinks the Board should step up and say that the planning be done in house for a year or two until at least the budget gets in line; then maybe we could outsource. He is sick and tired of out sourcing everything that we can do ourselves. He said when you come up to make your budget request tell the Board how they are recommending that we cut the budget in your department. We have got to cut it period. That is his opinion they should not be out sourcing or hiring any consultants when they don't have the money. That is his opinion on the comprehensive plan.

Supervisor Edwards asked Mrs. Beth Lewis if we were contracted with anybody to do this.

Mrs. Beth Lewis said not yet.

Supervisor Updike said we shouldn't.

Supervisor Edwards said he thought we have all the talent right here to do it. It would be a little extra work for everybody but he has always thought we know more about the county than some stranger who comes in here.

Supervisor West agrees to use the staff as much as possible. He sees in 2008 and 2009, \$14,475.00 was expended. There is no capital budget planned for this year. It would be well within our interest to consultant on something

Mrs. Beth Lewis said one of the issues is time. Time isn't elastic. \$50,000.00 is a year's salary. and to put \$50,000 into a project means that a year's worth of other work doesn't get done so that would have to be something that their department would have to work with this Board to see what duties their department does now that wouldn't be done for a year.

Supervisor Updike said they had to prioritize expenditures. This is one way they can do it.

Supervisor Edwards said he thought they needed to put more work on the Planning Commission. He thought they had the talent to do it; and he thought they were willing to do it.

Chairman Jones asked if anyone had any more questions for Mrs. Beth Lewis.

Chairman Jones called on Western Tidewater Free Clinic.

Mrs. Gloria Seitz from Western Tidewater Free Clinic addressed the Board. She stated she was glad to be back here. She was here last November to provide their mission update. She thanked the Board for the opportunity to address the Board. She stated that they had a letter before them regarding their formal request. She introduced Texie Camp Marks who is the Director of Development at the Free Clinic. She stated that she was here tonight to talk about the reality of the uninsured and seek your ongoing support. She stated that the Board had supported them each year since they started in 2007. She said the questions they often hear from their patients is am I going to pay my electric bill or am I going to get insulin; am I going to pay the rent or do I have enough dollars to actually see a doctor. Their patients have to choose to do without their vital medications or vital health care. As a result the patients they see are in extremely compromised health. They may be absent from work for an extended period of time. Their needs grow to a higher level of medical intervention. When they started the clinic in 2007 it was solely for the purpose of the uninsured. Across the western tidewater area they have about 24,000 patients that are uninsured. They see less than that. They have seen about 2,400 patients since they opened and that is 10% or less. The residents they see are from Suffolk, Franklin, Smithfield, Southampton, and Isle of Wight Counties. They have over 200 residents who are currently on their waiting lists. Since 2008 they have doubled the number of patients. In terms of Southampton County they saw 164 patients in 2011 and that equated to 1,556 visits to the clinic. Overall Southampton is 12% of the patient population that they see. She stated that 45% of their patients are employed, but without health insurance. She stated that 96% of the patients have chronic illnesses and have not had comprehensive or coordinated care in years. The chronic diseases are diabetes, cardiac, respiratory, and things of that nature. Municipalities contribute about 20% of their resources towards their 1.4 million dollar budget. Their request to Southampton and each community is based upon their percentage of patients living in that area. 12% of their current patients live in Southampton therefore they respectfully request the allocation based on that. Each visit costs them \$88.00 because they have such heavy use of volunteers. They have over 200 volunteers that volunteer over 13,000 hours each year. They have a very lean staff of 14 full time equalivants. Therefore, the allocation is allowing to provide for 380 visits in the coming year. The numbers have grown in Southampton County also. In 2008 they saw 36 patients, in 2009 74 patients, in 2010 152 patients, and this past year 164 patients. She thinks the number of clinic visits per patient speaks to the seriousness of the chronic disease each individual has. Before the existence of the free clinic most of their patients visited local area hospital emergency rooms seeking treatment for their illnesses. It becomes an unbearable burden because of the increased cost and uses of those resources in a cycle of not having that primary care support. She stated they had come a long way in a short period of time. In June of this year they will be celebrating their fifth year anniversary. While great strides have been made there is still more to do. She talked about the programs they have last fall when she was here. One of the programs they have is a comprehensive program, but they work with the patients so they can manage their illnesses. That covers education, medications, diet, and so forth. This year they opened a self-pharmacy in the area and what that means is they can obtain all medications from the pharmaceutical companies. Through part time pharmacists and volunteer pharmacists they are able to dispense the medication right there. It is a great way for them to reuse a resource and they are always looking for ways to do that. The other thing is for every dollar spent by the clinic patients are actually being provided \$6.00 or more in services. So the return on that \$1.00 investment to \$6.00 is very significant and they are very thankful for that. There current funding includes a number of grants, but they are not guaranteed to continue so they are seeking to establish a predictable base in order to operate in the most efficient manner that they can. In the past year they also hired a part-time dentist and a dental assistant and that has made a major difference in terms of the services they can provide. She stated they have wonderful partners. As she stated earlier Southampton and the citizens have been ever faithful to their clinic and mission and they are grateful for that. She hopes they can count on our continued support and partnership as you move through your budget cycle. She stated she would be remiss if she didn't invite you to visit their clinic at some time in the future to see the difference you make with each of the individuals. She thanked the Board for their careful consideration. She stated she would be glad to answer any questions.

Chairman Jones asked if there were any questions for Mrs. Gloria Seitz.

Supervisor Updike said he didn't have a question, but he had a suggestion. All free clinics, all free information, all free anything, and the people who are receiving the free services think they are

owed this. If they were requested to pay \$5.00 or \$10.00 they would appreciate the services a whole lot more. It would not make a difference in your budget so to speak of, but that freebie is not in his vocabulary as far as appreciation alone. He thinks a nominal fee of \$5.00 or \$10.00 would make people appreciate their services a whole lot more.

Mrs. Gloria Seitz thanked Supervisor Updike for bringing that up. She stated that she thought she mentioned the fact that they do ask their patients for a donation back in the fall when she was here. They asked if they are able to pay for their medications and usually ask for either a donation or \$4.00. She said she knows that people do that as they are able to do so. The other thing is they see adults between 19 and 64 so if their circumstances change and become employed with health insurance they are no longer seen at the clinic. They are simply that stop gap between a physician's office and that patient showing up in the emergency room. Because of their chronic condition they are usually showing up very, very ill.

Supervisor Updike asked what the average income of the people coming to the clinic.

Mrs. Gloria Seitz said if they are at 200% of the poverty level they accept them. 85% of the patients they see are at the 150% of the poverty level. For a family of four that is about \$32,000.00.

Supervisor Updike said it looks like all the county citizens are at median income of \$33,000.00 so it looks like about half of the citizens in the county qualify for it

Mrs. Gloria Seitz said yes.

Chairman Jones asked if there were any other questions.

Supervisor Edwards asked what they were doing to cut cost this year.

Mrs. Gloria Seitz said they were recruiting more volunteers. She stated that was probably their biggest strategy as far as cutting costs. They have an extremely lean staff. They have one paid position and one paid nurse practitioner and a clinic coordinator, but most of their positions are volunteers along with their staff. They are running on a minimal staff. So recruiting ore volunteers and increasing their efficiencies in terms of through put for the patients to be more self-managing with their disease. The sooner they get them on the right road, the sooner the health of the community improves.

Supervisor Edwards asked of the 1.4 million what percentage of that were salaries to the staff.

Mrs. Gloria Seitz said she didn't have that exact number. She said she would be glad to get back to them in terms of the percentage.

Chairman Jones asked if there were any other questions. He thanked Mrs. Seitz.

Chairman Jones called on the Western Tidewater Community Services Board.

Mr. Andrew Johnson, Finance Director addressed the Board for Western Tidewater Community Services Board. He stated that Demetrios Peratsakis could not be here tonight. He stated it is the mission of Western Tidewater Community Services Board to provide a coordinated system of quality recovery oriented care in Mental Health, mental Retardation and Substance Abuse Services to the citizens of Franklin, Isle of Wight, Southampton and Suffolk. We continually strive to value staff, support diversity, and promote excellence in the provisions of consumer care. CSBs, or Community Services Boards, are agents and departments of local government that in conjunction with the state hospitals, comprise the state's public, community behavioral health and developmental disabilities services continuum. There are 40 CSBs, most of which are multi-jurisdiction, with 4 to 10 localities represented. As such, CSBs are responsible for the provision of local as well as regional clinical treatment services to persons with mental health, and substance use disorders and individuals with intellectual, developmental, or spectrum disorder disabilities. The Western Tidewater Community Services Board service region includes more than 148,479 people residing in Suffolk, Franklin, Isle of Wight and Southampton County. Within this population, an estimated 1,357 individuals age 6 and older may have an intellectual disability. As

estimated 11,332 persons age 12 and older may have experienced dependence or abuse involving illicit drugs or alcohol in the past year. An estimated 6,063 persons (ages 18 and older) may have a serious mental illness and 892 persons (ages 9 to 17) may have experienced serious emotional disturbances. Any of these individuals may seek help from Western Tidewater CSB. During fiscal year 2011 a total of 420,590 hours of service treatment were provided and 2,146 distinct individuals were provided service. Western Tidewater finances its work through a combination of public and private sector funding. In 2011, Western Tidewater CSB generated revenues of \$22.2 million from the multiple sources. It is worth noting that for every \$1 of direct local funding to Western Tidewater CSB; almost \$40.00 was generated from other sources. CSB's are required to have a minimum of ten percent match of local funding to total State General Funds and State Restricted Funds. In fiscal year 2012 CSB has a total of \$582,202 which is 3% of total WTCSB budget. Southampton County contributes \$68,944 to this total. For fiscal year 2010 they experienced a decrease in local funding, a decrease in state funding, and a decrease in fees due to a decrease in Medicaid rates and increased regulations which translates to a decreased budget total of 23 million high in 2010 to 20 million in 2012. Services hours have decreased due to this. WTCSB services available to Southampton County include: adult and child psychiatry, psychiatric nursing and medication management service; 24 hour emergency crisis coverage, including assessment for hospital admission, coordination of discharge supports and treatment for complicated bereavement, depression and suicide ideation; comprehensive intake and care management services, including diagnostic assessments by licensed or license-eligible clinicians, psychological evaluations and complex care consultation reviews; mental health counseling and treatment through targeted therapy groups (ie. Anger management, tobacco cessation) and special topic seminars on issues such as gangs, bullying, and effective parenting; a full array of substance abuse related counseling and support services, including drug and alcohol screenings; detoxification and residential placement services and intensive outpatient therapy; jail based counseling services for youth and adults and post-release, follow-up care coordinated with the district court services, probation and parole and corrections; early intervention and care coordination services for individuals with intellectual and development disabilities, rehabilitation treatment and residential care services for adults with pervasive mental health of intellectual disability needs, including day programs, intermediate care facilities and group homes.

The value of Western Tidewater CSB services can be defined in terms of consumers' improvements in health, wellness, recovery, productivity, and independence. This value accrues to the community in the form of increased productivity in school and work, reduced community costs for other services, and enhanced quality of life. For child, youth and families they focus on preventing risky behavior, including substance and alcohol use and the associated costs of treatment. For adults and youths in crisis they focus on stabilizing their situation and mitigating the need for costly inpatient hospitalization and encounters with the criminal justice system. For adults and youth with serious mental illness they focus on managing their condition and living in community settings at far less cost than hospitals, jails, or homeless shelters. For adults and youth with substance use disorders they work on recovering to clean and sober lives, employment, supporting their families, and mentoring others out of the addiction cycle. For individuals with intellectual disabilities they focus on gaining independence, holding jobs, and living in community settings at far less cost than nursing homes and state institutions. He thanked the Board for their support and asked if there were any questions.

Chairman Jones asked if anyone had any questions.

Chairman Jones called on Smart Beginnings.

Ms. Ellen Couch, Executive Director with Smart Beginnings addressed the Board. She stated that with her this evening she had a couple of members that were going to share some of the work that they do in the county. She stated that they cannot do this work without your contributions that they have had since 2003. In 2003 the Franklin/Southampton Alliance was formed when folks in the City of Franklin and Southampton County said we have got to do something to help our children, our workforce of the future. We have got to have children prepared for jobs in the future because in ten years 40% of our work force will be eligible for retirement. Both Martha Kello and Jim Council are going to share some of the work they have been doing and the return on the investment in the City of Franklin and Southampton County.

Mrs. Martha Kello addressed the Board. She stated as a resident of Southampton County she

would like to thank them for their earlier support. She stated this is a project that is very near and dear to her heart and a passion of hers. Their mission at Smart Beginnings is to have all children healthy and ready to learn when they enter school. You say how do we do this. Well, Smart Beginnings focuses on the collaboration of mediocre agencies. If we all pull together with what we have in the different localities in Western Tidewater we can offer stronger and better support for our young children and the agencies that support them. They provide free workshops for parents and child care providers for children in Southampton County. They have assisted with providing materials to pre-school teachers in Southampton County, Head Start and local child care providers with over \$20,000 in materials and curriculum through a grant for pre-school children. They write a lot of grants that is where most of their projects are funded. They currently have enrolled ten families in Medicaid or the Famis program for health care programs so that these children and expecting mothers can get continual and consistent medical care. They assist in the screening of children for social and emotional development which research now indicates is a very strong factor in children's success in school as well as in life. They have increased the enrollment of eligible families in at risk programs such as early intervention, early head start, and head start. They are trying to insure access to health care and nutrition for young children and to increase continued participation in the WIC program which is Women, Infants, and Children. They have touched more than 500 children in Southampton County. There are definitely making a difference with children in Southampton County. Two years ago one out of every five children that stated kindergarten in Southampton County were not read to start school. Last year they had one out of every eight children. So that is quite a difference. They are currently trying to increase the quality of early childhood experiences whether they are at home (because they believe that the child's parents are the first and most influential teachers) as well as the care givers.

Mr. Jim Council addressed the Board. He stated it was good to be here to represent Smart Beginnings and it was good to be on the other side of the desk for a change. He stated he sympathize with where they are because they sit there regularly as well. He stated that often times the city and county have been critized for a lack of collaboration. He stated that they do a lot of things together. They have a great economic development board together. One of the shining stars that probably get less attention than it should is the collaboration of something they created in 2003 as that being Smart Beginnings. It was based on a single idea of what in the world could the City of Franklin then do to increase the high school graduation rate and the future of economic development of a ready to go to work workforce. They figured they couldn't do too much with the juniors and seniors, but maybe if they made an impact on early childhood they could have them prepared so they went through a pain staking process trying to figure that out with Old Dominion's help and others. They invited Southampton to join them which they graciously did so that they could take their measly \$30,000.00 from the City and add to that Southampton's contribution. They also asked Isle of Wight was encouraged to join and they did so now they had a much larger mass so they could work on a more collaborative basis. They have leveraged Southampton's contributions to them in over \$1.5 million dollars of resources which went back into this community over this last eight years. He wishes the community did understand how well they work together and how grateful they are for that. There are a lot of things he could tell you about Smart Beginnings. He stated the Board has some information there before them. One of the things that people ask them is how many children do you teach. They want to know how many children you effect. They don't affect children one on one. They teach the teachers, the providers of child care and parents how to better teach their children to get there. Free workshops, free materials, free coaching, free mentoring – that is how they do it. They have over 30 agencies that are under their tent that meet as a collaborative group that look at every aspect of child development to see what are the things we ought to be doing to help these children be healthy and ready to learn when they begin kindergarten. The Health Department, you have got the Obici Foundation, you have got all of these regional centers coming together just to mention one the Obici Foundation funded them to do FAMIS enrollmenet. They have two people – one in Isle of Wight and one in Southampton/Franklin. There sole jobs because they are funded through their umbrella a grant to go out and try to get these children enrolled in health insurance so they would be healthier and not be underdeveloped as they enter school. He stated that he has seen four programs on television in the last three weeks about the critical importance of early childhood development with success in schools and graduate rates. One of the measures that scares him is they take the third grade reading level to predict the number of jailhouse cells that they will need when those children reach accountability or adulthood. That is a terrible static way to judge what our jailhouse population is going to be like. We have made a difference and we have improved the entry level. If you are like us, you always want to know what you are getting for your money. He

said let me tell you how it works. If we put a thousand dollars into nutritional support through the WIC program we will save \$10,000 in under weight babies and high medical costs. If we put \$9,000.00 into the nurse family partnership program to work with children and their families to reduce abuse and neglect and improve parental skills they will save \$30,000.00 per child as they work on that. If they put \$10,000.00 into children being prepared to enter kindergarten and ready to learn we will save over \$250,000 on the back end of high school dropouts, unemployment, and possibly jail time. Last year more than 1 million students dropped out of high school in the United States. That is about 6,000 students every day. Currently there are fewer Americans who are likely to earn a diploma than their parents. He thought that was a shocking statistic. He would have thought certainly it would have been the other way around, but it is not. A statistic that not is particularly appropriate or desirable in an industrialized nation as we have. In the ten years coming up 40% of Virginia's work force are going to be eligible for retirement. Twenty percent of our children entering kindergarten are unprepared now. They are requiring remediation. You can talk to the school boards and find out what is the cost of remediation. For every year you have to hold these kids back it costs about \$10,000.00 per child by the time they graduate. So the small investment that Southampton makes, Franklin makes, and Isle of Wight makes collectively we are able to leverage. They have about 40 volunteers that meet in collaboration on a monthly basis to talk about what programs to design and implement other programs to leverage that money. He stated that they appreciated their support. He said they need the county's continued support. Virginia Early Childhood Foundation started by Mr. Mark Warner invested a \$500,000 in them because they believed in what Smart Beginnings was doing. They gave them that sustaining grant which runs out this year. He stated that they had leveraged it. He was able to share their success because of the collaboration they had been able to establish with Southampton, Franklin, and Isle of Wight. They have been sent around the state to four different locations to share their program and success because of the collaboration they had been able to establish here. They are going to Eastern Shore next. They have been to Lynchburg, Abington, Danville, and South Hill. And they had been well respected. He thanked the Board for their corporation. He stated it is important for their children.

Chairman Jones asked if there were any questions for Mr. Jim Council.

Chairman Jones stated the next organization was the extension office.

Mr. Neil Clark addressed the Board. He stated that Virginia Cooperative Extension had enjoyed a rich history in Southampton County which is one of the ten top agricultural counties in the state. Citizens tell them all the time how helpful extension is in providing expertise, research base information, and services that farmers, youth, and citizens to help them solve problems, build life skills, and increase their product. They also remember the glory days when there were two to three times as many agents in their office; but today's reality has faced us. Following the retirement of a thirty year veteran and an energetic 4-H agent during a hiring freeze that number dropped to one administrative assistant who valuably carried the torch through the last couple of years. They appreciate the support and patience during this time of transition to restore currently a full time agricultural agent who started in July of last year, and a shared 4-H agent with Isle of Wight County who started in October. He stated that he also supplies partial services to the county who also performs the task of the district position. Since that time their youth program has increased four-fold and agricultural clients are being better served by an agent whose background aligns with the predominate needs of the county. Additionally his position and the administrative assistant are completely state funded. They do spend considerable portions of their time on the needs of Southampton County citizens. The total cost of their program is approximately \$170,000 of which a request of \$44,000 is being made to Southampton County of that. So as you can see there is approximately a three dollar match to each dollar the county puts forth. So you get four people for the price of one which is pretty good. The request they are making is \$43,955 which is up 7% from last year when they didn't have the agents to drive cars and use supplies. They are down 11% from 2008 and 2009 when two agents were present. Increase is due primarily due to maintenance service contracts, business cost supplies, gas which is continually going up. He did make some effort to offset some of the cost in the telecommunications costs bringing that from \$2,200 down to \$1,200 thanks to some of those costs being absorbed by provision of cellular phones from their state retention. Some of the services they have provided are 36 soil samples taken, 17,000 square feet of pesticide containers recycled, waste oil, pesticide certification programs, and agricultural production advice. He stated he was sure they saw these activities on the monthly report. He would like to think their office helps play a part in Southampton County's

largest industry. He appreciated the county's continued support. He would be glad to answer any questions.

Chairman Jones asked if there were any questions for Mr. Neil Clark.

Supervisor Updike said you mentioned gas. The state pays travel expenses.

Mr. Neil Clark stated that the state does pay a portion probably 2/3's and then they get a fixed budget per full time employee to pretty much cover all expenses – postage, gas, whatever is needed so while that gas expense does come out of the state funds that means now all of a sudden we can't buy stamps for example.

Supervisor Updike said that is a state allocation on gas and travel.

Mr. Neil Clark wanted to know if he was asking what was the state allocation.

Supervisor Updike wanted to know the state allocation per agent.

Mr. Neil Clark stated that he could get that information for him. They get one fixed amount that they can allocate. He stated they had tried to reduce their expenses as much as possible.

Supervisor Updike said we cannot be increasing our funds to anyone as far as their travel allotments, salary increases this year period so I think you need to live within the state allocations as far as gas. He doesn't see how we can allocate any more funds in those areas that the state has allocated. No salary increases and no more spending over the state allocations.

Chairman Jones asked if there was anything else.

Chairman Jones called on the Blackwater Regional Library.

Mrs. Yvonne Hilliard-Bradley thanked the Board for the budget enhancement that they received mid-year in order to allow them to add some children's programmer hours back into the Courtland branch. On February 1<sup>st</sup> they hired a bright, creative woman named Holly Fowler and she has already been very busy. She planned and provided Dr. Seuss birthday party. It was geared towards smaller children but was attended by children of all ages. They had about 15 children to attend and some of the teens from the Courtland are showed up to help. She provided games, crafts, and cupcakes. She started offering a weekly preschool hour with reading and crafts. She has organized a teen craft group and a teen advisory group to work with teens to find out what types of books and programs to offer in the library. The teens also help with the younger children's programs. She offers a healthy lifestyle program for teens with a fitness instructor and advice on making healthy lifestyle choices. Teens have also been asked to unplug and participate in board games night. Teens and tweens will learn how to draw dinosaurs with an art instructor in early April. On April 11 they will host a sneak preview of the renaissance fair and she hopes that some of you will be able to come out for the event. Children will be able to try on renaissance clothing and have their picture taken. So she hopes they will agree that they are getting their money's worth out of the funds for the children's program position. She asked the Board to please take a moment to look at the chart on state statistics for fiscal year 2011. It compares financial support and various types of usage. She stated that those on the Board last year remember seeing the chart from last year and unfortunately not much has changed since last year. She stated that we rate second about Eastern Shore which has been so poorly supported that it has to request wages every year in order to continue to receive state aid. She went over the charts in detail. She said the budget they have request is only 6.6% higher than last year's budget which was 6% lower than the year before. The only increase is to the personnel line because after three years without a salary increase they are providing a 3% across the board increase for their staff. There are some other increases they are having to deal with that the county has no control over. The Blackwater budget actually went down because of drops in population. She stated that she was happy she could present us with a budget that was actually less than last year's budget. Southampton's Regional share of the library budget is \$5,762 less than last year. She was happy that she could provide them with a budget that was actually less than last year's budget. She respectfully asked that they support that budget. The contract that they have with us is very clear that any cut to our budget as presented must be taken from that locality's services. She stated that youth service is a

big step in the right direction and she hopes they will take a step in that direction by approving the budget they presented.

Chairman Jones asked if anyone had any questions.

Supervisor West asked how many inmates are there in the county. He asked Mr. Michael Johnson if he knew.

Mr. Michael Johnson asked state or local.

Supervisor West said state, please.

Mr. Michael Johnson stated he did not know.

Supervisor West said the reason he asked was he wanted to know if they were counted in our total population for figures like this.

Supervisor Edwards said yes.

Supervisor West asked if they used the facilities.

Mrs. Yvonne Hilliard-Bradley said no they don't.

Supervisor West said so that would may our figures look a little bit better would it not.

Mrs. Yvonne Hilliard-Bradley said it probably would along with Sussex County. The cut of the pie did not.

Supervisor West said he was looking at cities like the City of Hampton which are below us. You have 18,000 and you take 2,000 off for the inmate population that does not use the facility.

Mrs. Yvonne Hilliard-Bradley said oh I see what you are saying you would move up on the charts.

Supervisor West said yes we would move up on the charts.

Mrs. Yvonne Hilliard-Bradley said possibly, but they look at the overall numbers.

Supervisor West said he sees that because everybody has city jails.

Chairman Jones asked if there was anything else.

Supervisor Updike said he was going to repeat himself. You are coming in here asking for a three percent raise. We don't have money to meet this year's budget and to constantly add more money that we don't have is not in the cards period. He said he noticed on the charts all these cities for comparisons. He asked what about Sussex, Greenville, and other local counties.

Mrs. Yvonne Hilliard-Bradley said Sussex is part of the Blackwater Region. This is a district comparison. The state library has to divide up according to the district. This is the Blackwater District.

Supervisor Updike said he wasn't going to say anything about what happened last year. He was going to let that go, but we have got to look at what the budget was previously and go from there.

Mrs. Yvonne Hilliard-Bradley said they had worked very carefully to figure out every single item they could to present this county and every county the best possible budget they could. They did not want to put their state agency in jeopardy.

Supervisor Updike said he wants to know where they are going to get the money to give Mrs. Yvonne Hilliard-Bradley.

Mrs. Yvonne Hilliard-Bradley said that is your job.

Supervisor Updike said yeah from where. That is our job. We can't do it.

Mrs. Yvonne Hilliard-Bradley said they have a contract with us and she hopes they understand what it will mean to the library service of this county if you are not able to provide.

Supervisor Updike said he knows what it means to all agencies and services, but you have to live within your means and when you are out – you are out.

Mrs. Yvonne Hilliard-Bradley said they are a contracted entity.

Chairman Jones asked if anyone else had any questions.

Chairman Jones called on the Commonwealth Attorney.

Mr. Eric Cooke thanked the Board for having him to speak tonight. He wanted to advise them on what they had been doing since the last time he appeared before them which was roughly a year ago. They have had a very successful 12 months in the terms of prosecution. They have been actively pursuing the violent criminals in our communities along with our law enforcement officers and new Sheriff. Right now they have seven active murder cases in one stage or another of completion. There are two other murder for hire cases that are pending. They have had a successful 12 months and he appreciates what the Board has done for them. They are focusing on public safety crimes because they know folks who are driving drunk kill people. They are focusing on other violent criminals and other crimes that deal with public safety. When he came before them last year, and he know there has been some changes in the Board since that time, but he made the Board aware of what he perceives to be a real problem with respect to how they are doing business. He wants the Board to understand that he recognizes that financial times are hard and that there is a limited amount of asset that is available to all of them standing up here making presentations. When he came before them 12 months ago he specifically asked them to take no action at that time primarily because of the financial concerns that they have and he shares. So fast forward to today our financial concerns are still here with immediate end in sight and he recognizes that they are trying to do something about it, but his concern still exists. His office has become training ground for young attorneys, not that is necessarily a bad thing but in terms of stability and long term performance they respect their young attorneys. It is very detrimental to have folks stay for a year, or two, or three get their feet wet and learn all the skills they need and then leave instead of staying and bringing their skills to bear on the prosecutions that they must perform. Since he became Commonwealth Attorney in 2004 he has had four attorneys leave to take other jobs. He stated he listed them in the letter he sent them. Steve Edwards left and went to Isle of Wight which was closer to home. He is five minutes away from home instead of having a 45 minute commute and he got a pay increase. George Brock instead of driving from Virginia Beach went to Southampton County went to Suffolk and got a huge pay increase. One left and went home to Mecklenburg where he could live at home and got a big pay increase. Jack Randall left and went into private practice certainly in large part because of the compensation he was able to provide. He doesn't fault them for what they have done. It is a free market economy. The attorneys he has working for him are driving significant distances to get here going past other commonwealth attorney's offices on the way. One drives from Chesterfield which is roughly an hour and a half. One drives from Norfolk and the other from Suffolk. What he is suggesting to you is now that we have some folks with a little bit of experience under their belt, one reaching the two and half year mark and the other two about a year and a half, they are very marketable. He doesn't think for a minute that they want to leave. They like the work environment. The work is challenging, and collegial. They are learning a lot and they are being given lots of responsibility in doing important work. The alternative is frankly is that at some point in time as these folks begin to have families and their financial responsibilities become greater they will leave and it is going to be sooner rather than later as they realize that they can go to Suffolk, Chesapeake, Norfolk, Portsmouth, or Virginia Beach and the list goes on and make significantly more money to do the same work. The only way he sees for us to be competitive and to retain quality people is to pay them local supplements. He knows that is not possible for this Board. He knew that before he asked it. He respects the fact that there are limited assets available; nonetheless, this is simply a choice like so many other choices that you have to make about where you spend the counties resources and what is important to the citizens. He thinks that it is important to the citizens that their public safety needs to be met. One of the ways we can do that is by having quality, stable,

experienced prosecutors. He is not opposed to training folks, but every single one of the cases that he mentioned to them concerning the seriousness of the crimes, he has just now got somebody in his office who can actually pick up one of those cases and handle them without tremendous oversight. So the rest of that burden falls on him, but he is also a limited asset and they have a fair amount of crime. He would like to think this community is safer now than it was 12 months ago. The truth is they have some real gloomy issues and with the economic downturn those issues are not going to get any easier. The gang crimes that we are seeing now are real and here to stay. The local violence that they see is real and here to stay. He simply and humbly asks for your support for these supplements that he is requesting. If you find that you can't do that certainly he respects that. He understands the role that they play, but he thinks they need to understand the consequences of saying no to that request and that is that we will have an inexperienced staff in the future. He thanked the Board and stated he would be glad to answer any questions.

Chairman Jones asked if there were any questions for Mr. Eric Cooke.

Supervisor Updike said he only had one question. He said he knew he spoke the truth, but in hiring new attorneys he asked why he is hiring out of county attorneys that you know the first opportunity they have to go back to the families and homes that they are going to go regardless of salaries. Salaries are only one fraction of reasons people leave. They go back for families. They go back for location. They go back for different reasons. He asked don't we have any graduates in law that we can make if a requirement that you live here in Southampton County. Not live here, but residents.

Mr. Eric Cooke said to sort of answer your question and he understands exactly what you are getting at because he shares that concern, but the answer is no they do not have the skilled labor force that is needed that is interest in that particular position here in the locality. He will tell you of the folks he has working for him now all three are married, all three have spouses that work the other direction or close to home so the opportunity for him to have them move here as is currently exists he just doesn't see it that are going to continue to commute wherever it is they work. In terms of a qualified labor pool of local attorneys who want to prosecute at the salary we pay there are zero. When he advertises he would be glad to hire somebody who is local, who is committed to this community. One thing he is very pleased about is that they have been able to diversify the office. They have two female attorneys. One is African-American. They have been able to do that because he is looking out the local area. It's not that he is not looking in the local area there just aren't local attorneys interested in that work.

Chairman Jones called on Supervisor West.

Supervisor West stated that Mr. Eric Cooke does an outstanding job.

Mr. Eric Cooke said he appreciated Supervisor West saying that.

Chairman Jones asked if there were any other questions.

Supervisor Porter said he had one. He asked Mr. Eric Cooke if he really believed this would help him obtain these attorneys.

Mr. Eric Cooke said he really did and it was not because they are complaining. That is not it at all, but when he looks at what the other localities are doing they are paying local supplements. Many of them are quite significant amounts. He cannot do that he recognizes that, but he thinks that the likelihood we will be able to retain them for a longer period of time and get the benefit of their experience is very real. He said he would not tell you that is going to be a financial benefit to the county. He talked to some folks and they suggested that he try to sell you on the financial benefits but there is not one he could quality for you; but he would say this when they do a better job because they are experienced and the criminals get locked up for longer periods of time then they are not out wreaking havoc on our streets and that includes economic havoc. In terms of qualifying the dollar amount he couldn't do that for you. But yes, he does believe it will make a big difference.

Supervisor Porter said the other question he has is do they understand what kind of financial constraints that we have.

Mr. Eric Cooke said my staff you mean.

Supervisor Porter said yes.

Mr. Eric Cooke said they had discussed it in general terms. These are not local people; however, they are very much committed to the task at hand. They take their jobs seriously. They work very hard. Most night and weekends his attorneys are taking files home with them and they are working during those times because it means a lot to them. In terms of the financial constraints he didn't know that they are so much in tune to that like you and I are because they don't live here. He stated they are not complaining, but when the economic reality sets in that they can go to Suffolk and make \$20,000.00 more to do the same work he must tell you that at some point in time that decision must be made and they will leave because they are marketable. They are doing a good job and they will get hired somewhere.

Supervisor Edwards asked Mr. Eric Cooke how many assistants he has.

Mr. Eric Cooke said he has three. All three are full time. The most experienced of his attorneys is two and a half years in. She has done a marvelous job and the other two have one and a half year in as prosecutors and both of them are doing very well.

Supervisor Edwards asked how their case loads compared to other counties or cities.

Mr. Eric Cooke said he probably doesn't have the statistics where he could give you that with tremendous accuracy. He will tell you that Suffolk typical prosecutes about three times as many cases as they do with five or six times as many attorneys. Other than that he is not sure he can quality if for you. When he looks at the state statistics it is not particularly reflective to what they are actually doing. Some things are not counted, for example misdemeanor prosecutions where they are not obligated under the state code to do those prosecutions yet they do particularly the public safety type crimes including DUI's because they make sure a difference to the citizens, but they don't count in statistic. They are busy he can tell you that there are hundreds of open files as we sit here tonight.

Chairman Jones asked if there were any other questions.

Supervisor Faison said he like everybody else recognized the work that Mr. Eric Cook's office does and he appreciates it and the county is in a very tight position. But as we look at it he knows they are going to have to balance things and at some point they are going to need a point of diminishing return if they allow the departments that they have to become less productive because we don't finance it.

Mr. Eric Cooke said he recognized what Supervisor Faison was saying and he didn't disagree with him. He is bringing before you the concern that he has that directly reflects on the work his department is doing. He recognizes that everybody has their own areas of responsibilities and he understands the pie is only so big and it can only get cut up but so much. That is a decision that you have to make. He is bringing it before you because he feels it is essential that you understand the impact it will have as they continue to be a training ground for young attorneys. It is good for them, good to a certain extent for the community, but it is better to have people who are stable and experienced.

Supervisor Updike said talking about stable he said he knew it was a big no-no to talk about it but when you are hiring you could make some type of requirement that they live in the county and then they would be established with the schools and the community. As long as they live outside the county we are fighting a losing battle. Unless they are living here in this county you are going to be fighting a losing battle regardless of how much salary you put in front of them.

Mr. Eric Cooke said he didn't disagree, but if required that he would be doing it all himself. It is not because they don't love where they are it is because of reality with respect to their families and their spouses work situations. He examines every single resume that they receive and they advertised widely including in the commonwealth attorneys publications, including every black law school on the East Coast. They are trying to bring in qualified applicants that reflect the

values of this community. The people that he has hired have solid ethical and moral foundations. That is absolutely essential and you would be surprised how hard that is to find. The other things is they have to be committed to prosecution and they have to be willing to either live here or drive here. He will tell you he has extended offers to people that have told him no after they made the commute because they were unwilling to move here or commute.

Supervisor Edwards said Mr. Eric Cooke is in a difficult situation. These attorneys get trained here and as soon as these outside firms recognize that these attorneys are beating them to the punch they hire them for about twice or three times what we can pay.

Chairman Jones said he understands it too.

Chairman Jones called for the Fire and Rescue Association.

Mr. Keith Rose of Chief of Sedley Volunteer Fire Department, speaking on behalf of the Southampton Fire and Rescue Association to the 2012-2013 budget request. They are seeking an increase in the general fund, safety equipment fund, the capital improvement fund, the first responder fund, and Courland Rescue's own vehicle fund. They are also seeking \$130,000 to provide for five week nights and 24 hour weekend coverage for one EMS person in Ivor Rescue. That is a ball park figure. Mr. Vernie Francis from Capron is supposed to be getting the exact figures and sending them back. He said he would come and speak to you all later. We are request a 10% in the general fund this is necessitated by increased fuel costs, rising insurance costs, heating their buildings, hauling their equipment, delivering their supplies. Increases have caused havoc with their budget. Insurance had remained the same for a period of time, but they had been notified that it was increasing this year. He could speak for Sedley. There's had already increased this year. They request a \$1,000.00 request for the first responder vehicles and a \$3,220.00 increase for the Courland Rescue zone vehicle expense fund which is necessitated by increased fuel costs and rising supply costs. They request a 10% increase in the safety equipment. The fund has not increased in years but with standard changes requiring more reflective area on their clothing the funds have not kept up with the costs of the equipment. Finally they increase a 10% increase in the capital improvement fund mandated changes have driven the cost of 20 year old service life vehicles to \$450,000 and 7 year old life rescue vehicles to \$150,000.00. They have aging fleet which is pushing most of their vehicles to the limit. He thanked them for any assistance they could get it would be a plus.

Chairman Jones asked if anyone had any questions.

Supervisor Phillips thanked them for what they do. He knows they are volunteers.

Supervisor Edwards said this is a good bunch. They work hard with very little thanks and we appreciate you.

Mr. Keith Rose apologized for Mr. Vernie Francis not being able to be here tonight with that exact figure from MTI but he is very close with that figure of \$130,000.

Supervisor West said he was for the Ivor area they wanted to thank them. They appreciate what the Fire and Rescue Association does. He knows they save a tremendous amount of money. Their response is excellent and their service is outstanding. We can get a good thing.

Chairman Jones said he also would like to thank them because he would hate to think what it would cost if they had to pay any fire department in any area. Talking about being in debt, we would be in debt because the citizens would demand that we have fire protection. We just thank you for what you do because you really don't have to do it.

Supervisor West said the response time from Courland to Ivor is long because we are on the end of the county as you already know. He sees the \$130,000 additional request for an EMS person is that correct.

Mr. Keith Rose said what they are going to do is weeknights from 6 pm until 6 am and 24 hour coverage. That will be one person and hopefully they can pick up a volunteer. He stated they ran into a problem last night they were short and Courland had to pitch in. It is tough.

Supervisor West said the area is spread out and it is still twenty some minute's response time if everything is clean. It is a difficult situation. Then that Ivor person can come back and work in the Sedley area as well. It is a tough situation to be in. He is an advocate for these people as much as possible.

Supervisor Edwards said looking at financial situations he is fully convinced that these folks don't waste money. They get every penny out of what they get.

Chairman Jones thanked Mr. Keith Rose.

Chairman Jones called for the Treasurer.

Mr. David Britt addressed the Board. He stated he had two things he wanted to talk about. One of those items being the budget for the Treasurer's office. He asked for the increases to get the budget in line with the contracts that they have in place. The amount being requested is the contract amount itself. One increase they had was a lease contract on a copier. He mentioned that they share a copier with the Commissioner of Revenue's office. After twelve years their copier played out on them this year and they sought out the best lease they could find. It is very comparable with leases other departments have and they have asked for the increase there. In regards to bank fees they are putting the requests in at the front of the budget process rather than doing an allocation at the end of the year. The request here is \$12,000 less than they paid last year that is due the fact they did an RFP on their banking services two years ago and they have changed a number of things they are doing to save money. The second item he wanted to talk about was the delinquent tax portion of the budget. He has asked for an additional \$4,000.00 in this area here to keep a part time person on a little bit longer in order to try to collect our delinquent taxes. As you are well aware of the amount of delinquent taxes we have on hand. He stands here every month telling you all how much we have and what the percentages we have. The percentages are good, but percentages don't pay the bills. The dollar amounts need to be collected. There are programs we can utilize, but we need personnel to run those programs. There is one type of program that is very easy money, but it is a very labor intense program. This is where he would try to utilize a person. In his letter to Ms. Lynette Lowe he mentioned that in 2010 they were able to collect \$536,310.00. Last year she was able to find him \$4,000.00 for a part time person. That part time person in three months generated \$120,000.00. Those are the reasons he is looking to see if they can spend a little bit more money in the delinquent tax area to collect more money that is outstanding. He feels like if they can get that money collected it makes the Board's job a lot easier. Last year in 2011 they collect \$701,801.00. He thinks it is because of the part time help they had. It was a 32% increase over the year before. This is not something they can set in stone. This is a position that they can come back and review it each year. We may need to invest more in the area or cut the area if things get better. This past fall Mr. Michael Johnson e-mailed him information on a clinic that Virginia Association of counties and Virginia Municipal League were sponsoring in Richmond on delinquent tax collections. One of the things that was stressed at the clinic was that they truly believe that in times of economic distress like we are suffering that you need to put your resources in your tax area to try to collect those tax dollars.

Chairman Jones asked if anyone had any questions.

Supervisor Porter said he had one. He said he was looking at last year's budget and he only had \$4,500.00 budgeted for banking fees. He was wondering why was that.

Mr. David Britt said in the past they have been waiting to see what the costs were going to be. In years past when interest rates were better they were able to cover the costs pretty much through earned interest credits by keeping a certain target amount in the back that they would pay us interest on and that. As you are well aware with how interest rates have gone down they has gone away and we have to pay bank fees. At that time we were budgeting \$4,500.00 but by the time the end of the year came around it was a great deal more. So they are now trying to get things more in line in the budget to reflect what the actual cost is.

Supervisor Porter asked if there was any need to talk to different banks about getting lower fees.

Mr. David Britt said that is what they did the RFP for two years ago and we are in this contract for

minimum of three years. At the end of that contract time we can go out. It is looking like their fees will run \$12,000 less than they did last year.

Supervisor Updike asked so you are locked in for three years.

Mr. David Britt stated that is usually the standard practice when you do an RFP.

Supervisor Updike asked what the penalty was for getting out of it. Hopefully, people like Farmers Bank would be cheaper.

Mr. David Britt stated he had talked to Farmers Bank and they were looking at the RFP he did two years ago and none of the services that are provided to us could be provided by Farmers Bank.

Supervisor Updike said there is something that bugged him when you did it. He is glad Mr. David Britt did it since he saved money by doing it and that was outsourcing billing. His question is that his staff remained the same after he outsourced billing as it was before. He said if Mr. David Britt's staff didn't have to bill couldn't they be utilized in these other areas instead of requiring additional people.

Mr. David Britt said they had plenty of things to do. They have to mail out supplement bills, mail out business license, answer phone calls from the citizens. Part of that reasoning Supervisor Updike was to save us money and allow them time to wait on the customers as they come in and provide services to the tax payers. Also, the outsourcing was saving on postage by \$.09 on an item. When we mail it out it costs \$0.42. When outsourcers mail it out it cost them \$.0.33. When you are talking about 13,000 items being mailed out that is a substantial amount of money being saved.

Supervisor Updike said he wasn't questioning that; he was questioning his staff.

Mr. David Britt said there were plenty of things for them to do.

Supervisor West asked if he had any time to think about the potential of what the costs would be associated with twice a year real estate and/or personal property taxes.

Mr. David Britt said he thought Mr. Michael Johnson had that.

Chairman Jones asked if there were any other questions.

Chairman Jones called on Voices for Kids – CASA.

Mr. Michael Johnson stated that he heard from Joyelle Saunders today and unfortunately she has a two year old that was admitted to Children's Hospital and will not be able to join us tonight.

Chairman Jones called on Chowan basin Soil and Water District.

Mr. Michael Johnson stated he also heard from Stacey Bradshaw today and she had a conflict that arose at the last minute and she will not be able to be here.

Chairman Jones called on the Franklin/Southampton Economic Development, Inc.

Mrs. Amanda Jarratt, President of Franklin/Southampton Economic Development, Inc. addressed the Board. She started off with a brief history of their organization for those who may not be familiar with their structure. They are a 501 C (3) uniting the efforts of Southampton County and the City of Franklin in economic development and support and guidance from the private sector. They have a five member board which currently consists of Warren Beale as Chairman, Harold Turner as Vice-Chairman both of whom are here with her tonight. Harriet Bain-Duck is Treasurer, and Felicia Blow is Secretary, and Brian Hedgepeth. They were established as the key marketing and development organization to work with state and regional partners to market Southampton County and the City of Franklin. They were created to diversify the local economic face and eliminate a duplicate of marketing effort. Most of you are aware of their key initiatives and programs, but here is a quick highlight. First they created an inclusive marketing program with

state and regional partners including the Virginia Economic Development Partnership and the Hampton Roads Economic Development Alliance. Next are tasks for developing areas for future businesses and industry to grow and enhance our existing parks targeting our key industries sectors. Since their creation in 2005 they have been directly and indirectly responsible for 619 new jobs, a quarter million dollar new investment in the region. Their most recent successes include the conversion of the Dominion Power Plant from coal to biomass and the decision of Enviva to locate in the Turner tract. As you all are well aware they are actively and aggressively pursuing additional prospects for the region. There are twelve active projects that they are currently working on. If successful it will result in \$700 million dollars in new capital investment and approximately 550 jobs. This does not include the ongoing daily inquiries that they receive. They also have an existing industry program and business retention program uniting the efforts of their organization, the Franklin/Southampton Chamber of Commerce, and the Workforce Development Center. They are actively meeting with local businesses in both the city and the county, but specifically in the county it included Valley Proteins, Southampton Cutting, Courtland Health Care, Ashland Chemical, Narricot, the Shoppes of Boykins, and many others. Since 2009 the tourism steering committee has been put together. This has resulted in a tourism brochure with wide spread distribution. They have an active committee of business owners and community leaders working to expand the tourism market. They have implemented the majority of the goals in the tourism plan that they adopted in 2010 and they will be back to you by the end of the year for you to approve these. They will again be represented in the 2012 annual motorcycle ride of Virginia. Selerity Cycling has committed to hold the senior state championship bike race throughout the city and the county this summer. Small business growth and development is also a key priority. One main way this is accomplished is through the availability of a business incubator. The incubator currently has 26 tenants, 6 of which are owned by Southampton County residents. Their organization also pays the required local match on behalf of both the county and the city to participate in the small business development center counseling program. Once a month, a counselor has office hours locally to provide counseling services for new and existing business owners. The funding agents for Franklin/Southampton Economic Development include the Franklin/Southampton Charities, the Camp Family Foundations, Southampton County, and the City of Franklin. Private dollars are available to be leveraged in support of this initiative only due to the public dollars that are invested. This successful public/private partnership allows us to effectively and efficiently market Southampton County and the City of Franklin only because of the private funds available. Initially FSCDI entered into an agreement at certain funding levels which expires in 2010. Since that time they have been operating based on annual appropriations. During that time the time that the initial five year agreement expired was also the time the economy was in turmoil. The closing of International Paper was a devastating impact to the local area. In an effort to be sensitive to their financial partners FSCDI agreed to reduce funding. They are again requesting a lower amount of \$100,000 a reduction of the initial \$150,000 contribution from each of our member localities. Their total FY 2011/2012 operating budget was \$535,000 with current contribution levels of \$375,000. They are taking significant steps to reduce costs this upcoming fiscal year. There will be a significant savings in salary due to the recent transition. Salaries which were previously 64% of their budget will be reduced down to 36%. Benefits to staff have been reduced and marketing missions are being carefully prioritized based on their target markets. All expenditures and programs are being carefully analyzed. Your investment is critical to provide desperately needed job opportunities and to diversify our local economy for future generations. This concludes the comments that she had prepared for us tonight and she looks forward to working with them and continuing the strong relationship between the county and FSEDI. She stated she would be happy to answer any questions they had at this time.

Chairman Jones asked if anyone had any questions.

Supervisor Updike stated he had a question for everybody so he didn't want her to feel left out. He is glad to hear that she presented decreased salaries. The other thing is he would just like to know what effect on the organization, in her estimation, is the effect of John Smolak leaving.

Mrs. Amanda Jarratt said they hadn't missed a beat.

Supervisor Updike stated that was the answer he wanted the fact that they hadn't missed a beat. He knew said he knew she had been doing a great job and he said maybe they could help the FSEDI out in future years.

Mrs. Amanda Jarratt stated that she had been involved with all the prospects they had since the very beginning and there has been no change in how they operate. Like she said they haven't missed a beat.

Supervisor Updike said that is the best news he had heard all night.

Supervisor West said he had a curious question. You listed the officers and then you listed Brian Hedgepeth at the end and no officer position for him.

Mrs. Amanda Jarratt said Brian Hedgepeth was just a member at large.

Supervisor West thanked her and said that was all he wanted to know.

Mrs. Amanda Jarratt stated as she said two of the Board members are here tonight if you have any questions of them.

Chairman Jones asked if there were any other questions.

Supervisor Phillips said he just wanted to say he looked forward to working with her and he thinks they have a bright future also. He certainly hoped so any way.

Mrs. Amanda Jarratt said she knew they do.

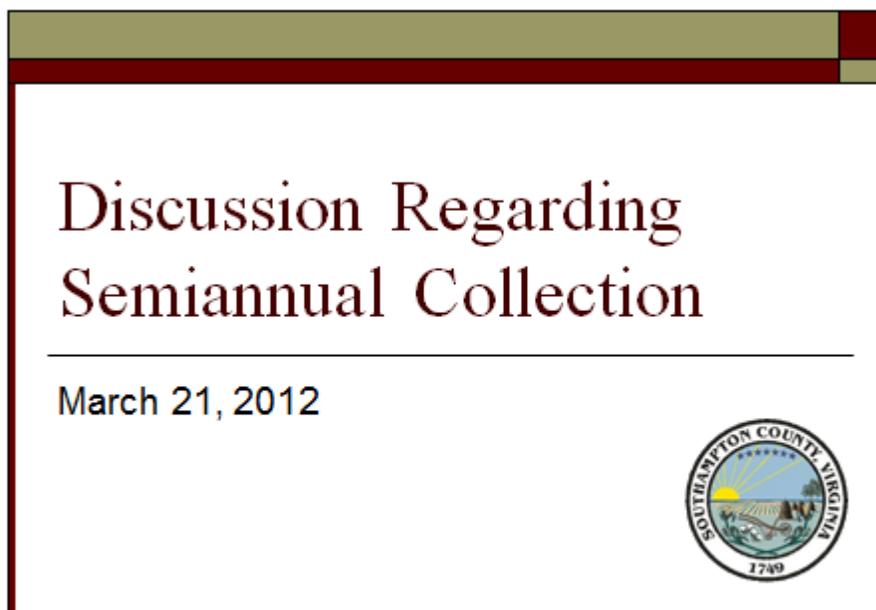
Chairman Jones thanked Mrs. Amanda Jarratt.

Chairman Jones asked Mr. Michael Johnson if they had anything else to come before them tonight.

Mr. Michael Johnson stated that he wanted to make a very brief presentation in regard to semi-annual collection. He didn't know if you wanted to take a five minute break first of not.

Chairman Jones stated they would take a five minute break.

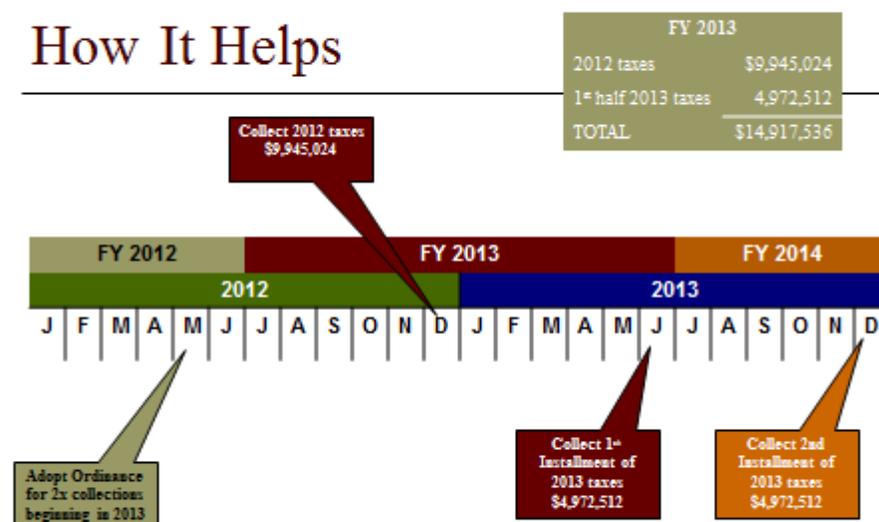
Mr. Michael said if you remember from your original budget calendar they had tentatively agreed at the meeting on March 14<sup>th</sup> we were going to discuss semi-annual collection before they rescheduled the joint meeting with the school board so they deferred that discussion until tonight. He gave the following presentation on semi-annual collections:



## Semiannual Collection

- ❑ 58 of 95 Virginia Counties currently collect real estate taxes twice annually
- ❑ Only 22 of 95 collect personal property taxes twice annually
- ❑ Real estate, locally - Franklin, Isle of Wight and Suffolk do; Greensville, Emporia, Sussex and Surry do not

## How It Helps



## Related Expenses - Commissioner

Part time help	\$ 20,000
Overtime	20,000
Equipment	1,100
Software	<u>6,103</u>
	<b>\$ 47,203</b>

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## Related Expenses - Treasurer

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Full time position	\$ 43,872
Equipment	1,554
Postage	4,100
Software	<u>17,205</u>
	\$ 66,731

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## Related Expenses – I.T.

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Software	<u>\$ 15,100</u>
	\$ 15,100

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## Net Revenue Generated

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	Year 1	Year 2
Additional Revenue	\$ 4,972,512	\$ -
Commissioner	(47,203)	(41,103)
Treasurer	(66,731)	(65,177)
Information Technology	(15,100)	(2,100)
Annual Net	<b>\$ 4,843,478</b>	<b>\$ (108,380)</b>

## What It Does

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- It buys you time
  - Debt service reduces by approximately \$82,500 in FY 2014
  - Dominion's biomass conversion is expected to be complete by 3Q of 2013 – additional \$250,000 in FY 2014
  - Enviva's Pellet Mill is expected to be complete by 3Q of 2013 – additional \$600,000 in FY 2014
  - Economic Recovery?
- It can be used to bridge your gap in FY 2013 and bolster your reserve by more than \$2.7 million

Supervisor West asked where those screen credits were showing. He asked if they were showing anywhere.

Mr. Michael Johnson said he had not factored them in at this point. He said they are running \$100,000 dollars a year and they will go up to \$150,000.

Supervisor West said that would give us an extra \$100,000.

Mr. Michael Johnson said that is right.

Chairman Jones asked if there were any questions.

Supervisor Porter said obviously this is strictly a cash flow generation. It should not be looked at as a way to shirk our fiscal responsibility.

Mr. Michael Johnson said he didn't think so either.

Supervisor Porter said we still had to match revenues and expenses somehow to get things right. Based on current interest rates it cost money to do this. He can't get two percent on his money. If he got 2% on \$5 million dollars that is \$100,000 a year, that wouldn't pay the cost of doing it. He asked now on the other hand what is the rate of our most expensive debt.

Mr. Michael Johnson said 5% maybe.

Supervisor Porter said 5%. So if he can pay \$3 million of his most expensive debt down instead of putting it in reserve he could reduce his interest expense by \$150,000 a year plus reduce his ongoing principal payment by something like that so he could reduce his capital payments by \$300,000 a year. It is not so straight forward, but the one thing again just because we can do this he is not inclined to let people off the hook for giving me the most fiscally responsible budget.

Mr. Michael Johnson said he wasn't suggesting that they should. He thought they had had this discussion about the important of looking at continuous improvement, of looking at opportunities to share cost. He thinks we need to look at all of those. He is not suggesting this as a substitute. He is just suggesting it as a tool available at your disposal that will get you out of a bind that you are in.

Supervisor Edwards said he thought he agreed with Supervisor Porter. He thinks bridging the gap

does not solve the original disease which is the gap. We need to solve the gap problem because the gap is going to come back.

Supervisor Porter said the justification for doing something like this is to be able to pay off some already existing debt. On the other hand he has to consider it is putting a burden on the farmers who get all their money in the fall.

Supervisor Updike said that is his biggest concern that we have \$100,000 from now to eternity if we go this route and like you said the renters who are renting their land out get paid once a year and that is in the fall. They don't have the funds to pay it twice a year and it is just completely a big burden on the people who are renting their land to the farmers.

Mr. Michael Johnson said let's think through that now. Most rental agreements are going to provide that they get paid usually by November ahead of their December tax bill.

Supervisor Updike said that is right.

Mr. Michael Johnson said so they will get a full years rent in November. They will only be paying half of their real estate taxes now in December instead of 100%. So they can pay half, invest the other half and make interest on it and save it and pay it in June.

Supervisor Updike said no you are wrong.

Mr. Michael Johnson said okay you explain it to me.

Supervisor Updike said here comes the first year in June so where are they going. They are going to have to borrow the money or else you will have more delinquent taxes. He asked are you going to put the property up for delinquent taxes in the middle of the season. That is putting a tremendous burden on them. They have got to pay the full amount and a half of the amount.

Mr. Michael Johnson said you are right for the first year.

Supervisor Updike that is the concern and it should be a big concern. Even after that.

Mr. Michael Johnson said after that it will be better.

Supervisor Updike said no, no. Look at the credit cards. People look at it like if they have got a dollar in the bank they have got to spend it and then when June comes around they don't have it. He asked where are they going to get it.

Mr. Michael Johnson said they can still prepay it all if they want to in December. There is nothing to keep them from doing that.

Supervisor Updike said they can't prepay it when June gets here. They would have to pay 1 ½ times in December so they wouldn't have to pay in June.

Mr. Michael Johnson said yes in the first year.

Supervisor Updike said he couldn't see putting that burden on the elderly, people that are retired, the farmers, and the people renting the land out, and the farmers will have to borrow that much more capital in the spring so that will mean more operating expense for them.

Supervisor West said he knew that Isle of Wight County has twice a year collection. He asked if it was a volunteer program for the first payment with an incentive or what.

Mr. Michael Johnson said he thought there may be for personal property.

Mrs. Amy Carr said they had a voucher where they could sign up for the first year.

Mr. Michael Johnson said but that is personal property right.

Mrs. Amy Carr said that is right.

Supervisor West said that is significant too and that gives you a choice. He stated some people like to go ahead and pay. He stated that he received an insurance premium today from Farm Bureau and he pays annually, but they did break it down if he wanted to pay monthly by bank draft. He said he didn't want to pay monthly.

Supervisor Edwards said how do you predict your revenues then.

Mr. Michael Johnson stated that Isle of Wight has a very successful program.

Supervisor West said he was just telling you that Isle of Wight has a very successful program. He doesn't know what he is talking about except what he has read and heard. If it offers an incentive of some sort it may be worth looking at. He does see what you are seeing in that he doesn't want to rob Peter to pay Paul and take the money and spend it when in fact 5% money is less than 2% money. That makes no sense. It is always an ace in the hole, but it is not a quick one. You are still a year plus away from getting your hands on it.

Supervisor Edwards said if you don't fix the original problem it is just going to come back and then you are stuck again with the original problem.

Supervisor West said you are correct there is no question about it we are going to have to grit our teeth like never before. We cannot continue to borrow from our reserve fund because it is not there. As Mr. Michael Johnson has already alluded to we were bitten by the \$200,000 of revenue that did not come in from the "golden mile" or whatever it is. You can take the fix now or you can take the fix later. If you fix the fix then it is done with. You can bite it now or you can leave it alone. So this Board has to make that choice.

Mr. Michael Johnson said in two weeks he has got to present a draft budget to you. You heard a lot of requests tonight. You have heard the discussion about semi-annual taxes. He stated he would like some direction on what you would like to see in that first draft.

Supervisor Edwards said that Mr. Eric Cooke had a reasonable item public safety. He stated that Mr. Eric Cooke was right he was in the business of educating lawyers. That is what happens - in three or four years they get to where they have got court lawyer experience. When they come out of law school they don't have any courtroom experience. You don't know the judges, you don't know how to work the politics, make the deal on courtroom steps on the way in the courthouse or on the way out of the courthouse. When he trains them for three or four years and they get efficient at this they get a job making three or four times what they are making. His heart bleeds for Mr. Eric Cooke. He doesn't know what to do about this. He doesn't know if he can get by one less assistant or not and take that money and divide it up and keep his best people here. He didn't ask him that question tonight before he got out. Some of these other people have asked for increases and when we can't give our own people an increase he can't see giving anybody else an increase.

Supervisor Phillips asked if that included public safety.

Supervisor Edwards said he said that public safety is a hard item.

Supervisor Faison said we are in a very difficult situation. It is important that they ask people to give the most string line budgets that they can, but he is concerned about personnel. He hopes that what they do does not lead them to having to lay people off.

Supervisor West said he had a question that maybe he didn't understand but Mr. Charles Turner presented a budget the other night indicating that he had dropped it down to \$500,000 and some thousand dollars assuming he received the \$530,000. That being said it is his understanding that the state designates money for certain programs and it is not to be used for anything else, but it seems to him like that money was being moved here and there, wherever and the accumulative effect was I've got this much money and I've got it down to \$500,000 plus.

Mr. Michael Johnson said he was referring to the federal jobs program grant. It was the big hole

that he was using that grant money to plug to avoid doing reductions in force.

Supervisor West asked if he was comfortable with what that was because he was saying if that \$600,000 plus dollars is really \$600,000 or if it is going to be significantly more and he will say this the schools can't always be the whipping board for everybody because they get the larger amount. He too feels for the Commonwealth Attorney's office. He too feels for public safety. There is just so much. He agrees with Supervisor Porter too – they have to bite the bullet sooner or later. If you don't do it now and wait until next year who is to say that things will be better next year. It isn't going to turn around dramatically. With gas and fuel prices like they are things aren't good.

Supervisor Edwards said speculation is not good.

Supervisor West said no it's not. He said they are up against it. He is saying number one they cannot increase taxes and number two hold the budget and somehow at least reduce a part of that deficit this year. He agrees with the loss here, but it would help him to pay his taxes twice a year. I know Mr. Michael Johnson said you can go ahead and send them a check anytime you want to. He doesn't have the same incentive to do that.

Mr. Michael Johnson said from a budgeting standpoint that doesn't help him either because he doesn't know how many people will do that.

Supervisor Porter said he was going to ask Mr. Michael Johnson to do more work. He wants to see a budget with basically no increase in expenses and then a budget that you recommend. He also wants to know getting off of that expense to get back to the base line what we have to give up or cut. He asked Mr. Michael Johnson if he could do something like that. He said they used to do that all the time. They called it ABC budgeting. They always had a base budget, one 10% below and then one 10% below that. We have got to somehow match revenues and expenses. Take a hard look at revenues. We need to have a budget that matches revenues and expenses.

Mr. Michael Johnson said he intended to give them one that revenues match expenses. The issue that they have got and we talked about it last week, you already have a gap of \$1.2 million before you even consider the \$500,000 or \$600,000 the schools are asking for.

Supervisor Porter said \$645,000 I think.

Mr. Michael Johnson said whatever the number was. In round numbers you have got a \$1.92 million gap.

Supervisor Porter said which is read a \$2 million increase for the school because they are using the \$530,000.

Mr. Michael Johnson said right.

Supervisor Porter said which is really a \$1 million dollars less than they got this year because they don't have any carry over funds.

Mr. Michael Johnson said there is only three ways to whittle that gap down increase revenue, decrease expenditures, or some combination of that.

Supervisor Porter said you have got to give us a realistic revenue estimate. You can't just say you are going to collect \$12 million dollars in real estate taxes when you are not going to collect \$12 million dollars in real estate taxes.

Mr. Michael Johnson said right. He said we gave you the realistic projections.

Supervisor Porter said now we have to see what we can do to match them. Our treasure, Mr. David Britt gave us \$100,000 more revenue if we gave him \$10,000 to do that. We are going to hold him to that.

Chairman Jones called on Supervisor Phillips.

Supervisor Phillips said question number one went right out of his mind so he was going to question number two. On these proposals a number of them have a recommendation and some of them have none. He asked Mr. Michael Johnson if he was looking for some direction from them. For example, Franklin/Southampton Economic Development they invented \$100,000 from the last budget. Mrs. Amanda Jarratt said she would continue to operate at that level.

Mr. Michael Johnson stated that the sheets that you are looking at are actually Lynette's notes. They are not through with the recommendations yet. Don't read too much into as to the ones that have recommendations and the ones that don't that just shows you where we were when she copied these sheets.

Supervisor Phillips was just wondering if he was looking for some comment.

Mr. Michael Johnson said he was certainly interested in their feedback from anything they had heard tonight. He is interested in anything they didn't hear feedback from tonight. Obviously there are a lot of agencies and departments that weren't here. If you have got specific things that you are interested in he needs to know before he puts a draft budget together.

Supervisor Porter said you have to look at everything that people ask for and this is not the year to give them anything extra. His heart goes out to the fire departments and he would love to give them everything they need and more but his is not the year that they can do that.

Supervisor Edwards said that anything new is going to be impossible.

Supervisor Phillips said well you have asked for a budget that reflects that. Then you have asked for a budget that is ABC isn't that right.

Supervisor West said if there is \$2 million dollars less income he is going to make a budget to reflect \$2 million dollars less. That is what you said isn't it. Then we can go from there if we are going to step up on anything.

Supervisor Porter said it is \$2 million less and here is how we get to it.

Supervisor West said your income is \$2 million less so you are going to reflect on spending the same amount. You can't spend what you don't take in.

Mr. Michael Johnson said so you are not interested in building in any revenue form the semi-annual collection to help you solve this gap in 2013. He asked if that was what he was hearing.

Supervisor Edwards said from his standpoint we need to treat the gap. We need to get rid of the gap. The semi-annual is all fine and dandy but then it comes back to bite you the year after that and the year after that. We need to get down to the basics.

Supervisor Updike said that is \$100,000 from here to eternity expenses.

Mr. Michael Johnson said the cuts would be drastic if you don't build in any revenue from that. He means drastic.

Supervisor Updike said Mr. Michael Johnson made a suggestion on the comprehensive plan it is ridiculous to even consider funding anything outside.

Supervisor Edwards said that had been an argument in the Planning Commission for years and years and years. As a matter of fact they were told one time they were under contract with somebody. We had already paid somebody.

Mr. Michael Johnson asked was that for this year's comprehensive plan.

Supervisor Edwards said that is what they were told but he has always felt that we have the ability to do this ourselves. He has the comprehensive plan from 1987 and very little has been added from outside sources. Most of the real questions come from people here in the county –

administration, the planner, the people on the Planning Commission and he just sees very little added from outside sources. That has bothered him the last thirty years.

Supervisor Phillips said he went to all the meetings when they formulated the last comprehensive plan and those people that came were simply the note takers right.

Supervisor Updike said they were students.

Mr. Michael Johnson said they weren't students. They worked for the Hampton Roads Planning District.

Supervisor Phillips said no they weren't students but they basically recorded the meetings and tabulated percentages as to how many people were there and in favor of what.

Mr. Michael Johnson said I agree with you.

Supervisor Edwards said where we are now is easy and where we were in the past is easy. The question is where do we want to be in the future. You are looking at a five year future.

Supervisor West said it is not on the drawing board for the budget this year.

Supervisor Edwards said no, but you look at that five year plan for the future and you have the four meetings around the county and see what the people want, a bike trail or whatever they want. You look at those things and basically there is not a lot of change in the structure of the comprehensive plan. The history doesn't change. Where we are not doesn't change. The big change is what we are planning for in the next five years.

Supervisor Phillips said right.

Supervisor Edwards stated that he always had a problem with somebody from ten buck two coming to Southampton County and telling him what he wanted in five years. We have a planner. If you look back you don't see a lot of change. The most important thing with this one is the regions that we color on the map for potential business or industrial development have to be expanded if we need to expand them they have to be very accurate right down to the degree – the railroad track, the street. Before when we draw this thing up the night before everybody gets out the magic markers and they draw this thing up and make a few marks and they come to the hearing and it is very unscientifically done. That needs to be done scientifically. We have the capability to do that then we don't get into this thing where we have to change the comprehensive plan to put an industry here and a business there. That is the biggest thing he sees for the comprehensive plan coming up next year. He doesn't think outside people can really tell us that much we have got everybody sitting around this table knows what land we should offer up and what changes we need to make.

Mr. Michael Johnson said he certainly didn't disagree with anything he is saying. He said even if you have a consultant the value that they bring to the project is certainly not their local knowledge. What they are able to do however, a very wise man told him one time a committee can't write a poem and there is a lot of truth in that so somebody has got to take the time to put together the draft of that document. That document as most of you know is several hundred pages. He hears what Supervisor Edwards is saying that the history won't change but all the demographic data changes because the census data changes.

Supervisor Edwards said you might have to change the wording but you are not going to have to change but about eight to ten percent of the reading the rest of it is filler. That is what he has seen in the comprehensive plan the last five years. It is essentially the same thing with a few new ideas.

Mr. Michael Johnson said his concern is time – being able to devote the staff time to give the project the time it deserves. If you direct us to do it we will do it, but he just doesn't want to short change you.

Chairman Jones asked if there was anything else.

Supervisor Phillips said one thing further. The numbers that Mr. Michael Johnson had given them for 2013 where the interest peaks. Enviva and Dominion to some degree come on line and are starting to show some return for their capital. We have this gap. He thinks we should have something to show all our options. We are not bound to except the bi-annual tax collection. We are not just talking about real estate; we aren't talking about personal property correct.

Mr. Michael Johnson said correct.

Supervisor Phillips said just to make sure we have everything in front of us.

Chairman Jones said Mr. Michael Johnson just wants to know what direction you want him to go. He asked do you want Mr. Michael Johnson to consider the semi-annual tax collection or not.

Supervisor West said one thing there was a mandate to have you four new board members come on board and do what you want to do, but we didn't get ourselves in this trouble in one year and he doesn't think we will get ourselves out of this trouble in one year he didn't care what anybody says. It is his opinion that it is a two or three year process because you do the least possible, but you live in your means and that means fewer taxes but you use your funds with the projections that they have for the new businesses and those things that are coming in. It will make no sense to cut \$2 million dollars out of it and put us in dire-straits and a sour attitude, and a hurt attitude. He is not necessarily going to say the past boards have done exactly as they should, but they haven't made all that many mistakes either. No one told you to come in here and change it in one year. And if you think they did, I think you got the wrong idea. He asked what are we going to do close the trash sites to one day a week. Maybe that will work okay, but I don't think so. This happened to him today. He had a farmer tell him that we need to cut the grass in the county no more than twice a year and he said you have got too many of the people in the county running around cutting the grass. Supervisor West said he asked the man well which one of the prisoners do you want to take away from Mr. Jackie Vick. He said well there are too many in the county right now cutting grass. He asked him well where have you been. He asked him if he was looking at VDOT or what was he doing. We all have our own personal agendas and some of them are wrong. We are at a case in point now where you get over this hump and what he just eluded to makes all the sense in the world to him. There is revenue coming. It is coming down the road. He thinks looking at the personal property or looking at the real estate is an appropriate thing to do if nothing else to build up your reserve fund.

Chairman Jones said right.

Supervisor West said to get to the position Supervisor Porter and then look and see if we need to pay this back to get this 5% loan off and this payment off of us. I'm certainly not willing to spend every penny we have got here to pay off some loan. The loan is leveraged over the number of years and if somebody has got a bitter taste in their craw over that \$70 million dollars, but he saw Isle of Wight's today and it was \$360 some million dollars. He said go for it Isle of Wight. You have got the money man. So if you are going to have a hemorrhage here. You would have a heart attack over there.

Supervisor Porter said it is all a matter of balancing revenues and input and outputs. We know we can't fix this problem in one year, but we haven't said we are going to fix it in one year. There is no one who has said we need to reduce taxes this year. What we have said is we can't increase taxes because we already have our backs against the wall. What we have got to do when we get in a better position is look at ways we can take some of the tax burden off the residents. Number one we have got to look at how we can take some of the personal property tax burden off the residents. It is just completely unacceptable that we charge almost twice what the state average charges for personal property taxes. That is just unacceptable long term. It is not just having more money so we can spend more in the future. It is having more money to do the things we need to do in the future, but also to get taxes where we strategically need to. So it is not a problem of just filling the gap. It is correcting the situation that puts us at a competitive disadvantage.

Supervisor Updike stated concerning economic development all positions needed to be frozen, no increases, no promotions. As far as promotions you can promote them without a salary increase. If you have people in jobs who aren't happy with the position he always tells his employees if you can make more money somewhere else he is proud for you go to it that there are a lot of people out

here looking that will take your position any day of the week at the salary he's paying. He would like to see freezing positions, salaries. The second biggest complaint he has heard since he has been on the Board is all the county cars in they yards, at the stores, at the poll booths. They are using them as far as he is concerned for their personal use. There is no limit as to what they use them for. Something drastically needs to be done in those areas. Push comes to shove. We may have to furlough some people one day a month or whatever it takes. We have already got 12 days which is two and a half weeks out of the year and holidays and the next day business continues. An extra day for furlough isn't going to cause business to close down. It is just going to have to come down to brass tacks. He will not ask the citizens, the elderly, people who are receiving income from farm land to bail us out with an increase in taxes. That first year is eating them up if you ask them to pay an extra 50% that they don't have. He cannot in good conscious go along with that at all. He stated he is sorry. He knows it is a windfall for us but he can't see putting the burden on the farmers who have got to borrow money to cover that extra six months. There are landowners who are widows who don't have the funds.

Chairman Jones stated we need to give Mr. Michael Johnson the direction to go. What you all are saying is you don't want the semi-annual tax collection.

Supervisor Updike said right.

Chairman Jones said he understand that they didn't want a tax increase, but Mr. Michael Johnson was giving them a way out right now. If we get the money we don't have to spend it. If we are going to do his we need to have a public hearing and hear from the people. If the people hear this and they don't want it, they will tell you they don't want it.

Supervisor Porter said that his point is that it is irrelevant in the budget.

Chairman Jones said he understood that.

Supervisor Porter said the collections are irrelevant. What he wants to see is a budget matching revenues and expenses. He knows we have a one-time increase of the increased contribution to the Virginia Retirement System this year.

Mr. Michael Johnson said that is not a one time. It is a recurring expense.

Supervisor Porter said he knew that but it isn't there like a one-time contribution you have to make this year that is above that.

Mr. Michael Johnson said our rate is going from 11. something to 14. something.

Supervisor Porter said the rate is but he thought there was also a catch up.

Mr. Michael Johnson said no.

Supervisor Porter said Mr. Charles Turner was talking about an additional \$900,000 dollar one time contribution.

Mr. Michael Johnson said that is annual. That will be in there permanently. That is not going away.

Supervisor Porter said okay; he misunderstood that.

Supervisor Phillips stated there is one other thing that needs to be included when Mr. Michael Johnson makes his proposal and projections and that is the reassessment. After the Board of Equalization meets we are going to have to adjust our tax rate and as up to this point no one has brought that into the discussion, but it could make a difference of one or two cents, right.

Chairman Jones said yes.

Supervisor Phillips said so this Board needs to give Mr. Michael Johnson some direction on that also. He feels like that is certainly that we need to tell him because he needs to know. He stated

that he had talked to some of the others here tonight and as long as they don't raise the taxes they are doing what they set out to do, but there is a little bit of room between after the adjustment down because of the reassessment if we hold the line at where it is currently then we would have a little bit more revenue to work with.

Supervisor West said what you mean is that you are holding the tax rate.

Supervisor Porter said that is a tax increase. We need to make it revenue neutral.

Supervisor Edwards said that is in the future. We need to deal with now. This is the eternal moment of now. There is no past, there is no future; there is only the moment of now.

Supervisor Phillips said all he was saying was shouldn't they put this in the package for consideration.

Chairman Jones said he thought he will do that. Mr. Michael Johnson is going to come up with a budget that there are no increases and then we would have to go from there.

Supervisor Phillips said you also heard him say it was going to be dramatic, drastic, and a few other things.

Chairman Jones said one that there is no increase. That is what he said.

Supervisor Porter said but he is also going to give us sensitivities.

Supervisor Phillips said all he was saying was that these considerations should be there to be given the opportunity to consider.

Chairman Jones said what he is going to do right now is give you what you asked for showing you this is what you can do and this is what you have got. Then you can go up, down, or to the side.

Supervisor Phillips said gotcha.

Chairman Jones said all he wants to know is what you want him to do. That is what he is going to do right now. From past experience he has brought us a budget and we either went up or we went down.

Mr. Michael Johnson said he wasn't trying to put anybody in a box tonight. You will get several more cracks at this, but he doesn't want to waste time putting a first draft together if there are certain things you want to see or not see - that is where he is going with this.

Supervisor Phillips said he is going to make it revenue neutral.

Chairman Jones said that is exactly what he is going to do. Then we can talk about what we want and don't want.

Supervisor West said so you are saying for Mr. Michael Johnson to come back with the budget revenue neutral with revenues and expenses balanced out right. No changes to semi-annual or anything else.

Chairman Jones said right now we are trying to cut something that we don't even know about.

Supervisor Edwards said if we are trying to make everybody happy it's not going to happen. Unfortunately we are going to have to make some decisions that none of us want to make. That is the reality of the situation. If you look at Virginia Beach they are laying off 640 teachers and they are closing three schools. It has hit everybody and to think that we are immune to that it's not going to go.

Chairman Jones said but first we have to see that. Mr. Michael Johnson has to show us the budget with no increases and then we can go from there. There is where we are right now.

Supervisor Faison said you ask about doing the tax collections once a year or twice a year you couldn't bring us showing the effect of each.

Mr. Michael Johnson said well he can, but he thinks it is important to understand though if you look at that gap of \$1.2 million dollars and if you take the collection of semi-annual collections off the table there are no more revenue enhancements for fiscal year 2013. He said he had shown you the revenue projections for 2013; they are what they are, so that really only leaves you expenditure reductions to try to balance that budget to carve out \$1.2 million dollars. He said he can do it, but it will be very, very ugly and it will impact Southampton County Schools. You could say we are going to cut deputy sheriffs well that sounds great, but I've just cut the state revenue that pays their salary. It gets me nowhere. I accomplish nothing. The number of people you really control in this organization is pretty minimal. You would probably have to lay half of them off. He can show you that picture but it is going to create panic and alarm.

Chairman Jones said that is right. We don't control a whole lot of folks.

Mr. Michael Johnson said you will lose Mr. Jackie Vick.

Supervisor Edwards said he had seen this picture in his business for the last five or six years. He had seen it in the hospital business. When the new owners took over they came in and got rid of one third of the employees. They gave each department a certain amount of money and said keep who you can pay for. Everybody has had to do it. He has had to do it. Every business has had to do it and the county is a business. Our business is talking care of the people, but it is still business.

Mr. Michael Johnson said he respectfully disagree, Supervisor Edwards. It is not a business. There are certain core services that we are mandated to provide that you have got to provide whether you want to or not.

Chairman Jones said that is right. As far as the semi-annual tax collection he thought they needed to let the people decide that. If they want to do it then we do it. He didn't want to leave it up to the Board.

Supervisor Faison said he wasn't adamant about putting that aside and not using it because they had to get through this year. There is a projection that there are some things in the future that we can depend on. He didn't want to see them devastate themselves so much this year that recovering from what they do make it so difficult down the road.

Chairman Jones said if you look at our offices we don't have the people in there are doing nothing. Every office that we have is understaffed – every one of them.

Supervisor Edwards said he didn't agree with that. If you don't make some hard choices now it is just going to get harder down the line. If you are speculating that things are going to get better and they don't then two or three years later we are just deeper in the hole.

Chairman Jones said Mr. Michael Johnson just needs to bring it to them and show them what he had and how it was going to hurt them.

Supervisor West said he didn't like the word panic and he didn't want to see the word getting around the county through the employees because of the unsettling effect it would have. He said he thought there were tools that we can use. He does see revenue neutral, but there are other avenues to come forward and make this thing work this year. He agrees with Supervisor Faison he is not ready to bite the entire bullet at one time if he can get by it. He said for Mr. Michael Johnson to do what he had to do to make the budget revenue neutral and he hoped that some passion would kick in.

Chairman Jones asked Mr. Michael Johnson if he had the right direction in which he needed to go.

Mr. Michael Johnson said he wasn't sure he had a clear consensus on anything right now. He said he didn't know that it was fair to ask them that tonight. He asked if there was anything sacred that they wanted to make sure was in there to let him know now. He said basically what he was hearing was that nothing was sacred.

Supervisor Edwards said sacred things may have been their problem all along. They all know the school system is going to have to take some hits just like everything else. He thought every school system in this state he thought was taking a hit. We are not immune to that. We are a fairly poor county. Our average may come to \$37,600 annual income.

Supervisor Updike said \$33,600.

Supervisor Edwards said when you look at some of these other counties it is \$55,000 or \$65,000. He stated that he has people in his office that may their taxes monthly. He thought he paid them well. We pay them all we can, but money just doesn't go anywhere any more. They are paying \$4.00 for gas and their health insurance is \$11,000 or \$12,000 a year. There is just nothing left over.

Supervisor West are we going to talk about this Monday or just next Wednesday night.

Mr. Michael Johnson said you are welcome to talk about it Monday, but you can just save the budget discussion for next Wednesday night.

Supervisor West said he didn't need to talk about it Monday, he was getting indigestion now.

Supervisor Updike he thought they need to bring back up the closing of the lagoon. He said they were on record of being in favor of closing the lagoon. He didn't think that it was appropriate. He thought they needed to bring it up again and rehash it and take another vote.

Mr. Michael Johnson asked if that was the consensus. If so, he would put it back on the agenda.

Supervisors, West, Porter, and Edwards agreed it was a good point.

Chairman Jones asked Mr. Michael Johnson to bring it back. He asked if they were through for tonight. There being no further business the meeting was adjourned.

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Dallas O. Jones, Chairman

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Michael W. Johnson, Clerk

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