

At a budget workshop meeting (discussion focused on Enterprise Fund – draft budget finalized and ready for publication) held at the Southampton County High School at 23350 Southampton Parkway, Courtland, Virginia on April 25, 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. He stated this was a public budget workshop. It was not published that they would have a public comment period tonight. Public comment will be on May 21, 2012. He said he was sure that some of them thought they could come and be able to talk tonight. He was sorry he guessed he was the one that put that out, but now he was going to have to take it back because it is wrong. We did not publicize in the paper that we would have a public hearing so some of the people who would have been here are not here because they did not see it advertised in the paper. So tonight you can do like we are doing and see what we have to do and wait until the 21st of May to have the public hearing.

Supervisor Edwards stated that he thought they put out a list for people to sign up to speak. He is not agreeing with that. We have told people they could talk tonight and he thought they had a consensus that was what they were going to do.

Chairman Jones said we have advertised for a budget workshop and we set that up the first part of the year on our budget schedule. He asked the Board of Supervisors if they wanted to have a budget workshop or a public hearing.

Supervisor Updike stated the people have come to talk and they had called and ask for it. The information was put out that we were going to allow people to talk and he felt like they should be allowed to talk. Supervisor Updike further stated he was putting it in the form of a motion that the public be allowed to talk.

Supervisor Edwards seconded the motion.

Chairman Jones stated that it had been moved and properly seconded that they hold a public hearing. He asked all in favor to let it be known by the sign of “aye”. He asked if there was any discussion before they voted.

Mrs. Florence Reynolds stepped up and told Chairman Jones that he was out of order. She said you can't have a public hearing without first advertising it to the public. You must advertise it for it to be legal. You must put it in the paper. You cannot do it.

Chairman Jones asked if our lawyer was here to clear up this gray area.

Mrs. Florence Reynolds said you can't do it, you can't do it. It has to be advertised in the paper. There are people who would have been here tonight if it had been in the paper. You can't change it. It has to be advertised so many weeks ahead of time. You cannot make the rules as you go along.

Chairman Jones stated he was going to have to go along with their budget schedule. This was a budget workshop and the public hearing will be held on May 21, 2012.

Supervisor Edwards stated he thought they had a motion on the floor. He thought they needed to take a vote.

Chairman Jones stated they didn't want to break the law. He said he remembered a few years back Smithfield got sued for not advertising. He stated they could not have a public hearing because it was not advertised. He said it was advertised for a budget workshop and that was what they were going to do tonight.

Supervisor Edwards said that says nothing about not including people talking. It is a budget workshop. It doesn't say that people can't talk at a budget workshop. Now he told people all day long yesterday and today that they could come and talk.

Mrs. Florence Reynolds said she talked to Supervisor Porter earlier this week and he told her it was a budget workshop. So somebody got their wires crossed.

Supervisor Porter stated they had to adhere to the budget schedule this was a budget workshop. He stated it was his understanding that they would not have a public hearing tonight because it was not advertised in the paper. He said even if we had a public hearing tonight it would be a duplicate because the public hearing was scheduled for May 21, 2012. He stated that was the position he was in because he told people they could not talk which was opposite from what Supervisor Edwards has told people.

Chairman Jones stated it is the law we have to advertise if we are going to have a public hearing. So right now we have to have a budget workshop and at our budget workshops we haven't had any comments from the audience. So that is where we are right now.

Supervisor Edwards said he was not real happy with that. He is not real happy with that at all because he told a lot of people that they could come and talk. We have been a Board with transparency and unless we are breaking the law or whatever we should let the people speak. He just wants to tell everybody that registered that he is not happy with that at all.

Mrs. Florence Reynolds asked if they were having a budget workshop why they weren't having it in the administration office instead of at the high school.

Chairman Jones said the building was not large enough to have it there.

Mrs. Florence Reynolds said a workshop is a workshop that is what you all do.

Supervisor Edwards said if we are going to vote we need to do it in open session.

Chairman Jones stated they were going to take a five minute break.

Mrs. Florence Reynolds said you did not vote to go into a closed meeting. You just did something that is illegal.

Chairman Jones said he didn't say a closed meeting. He said they were going to take a break. There will be no public hearing tonight. There will be a budget workshop. He is sorry that they had to take up your time to do this and he would take all the blame. If anybody wants to tell him about it, call or come to see him anytime. He would take all the heat not the rest of them. He would take the heat. At this time they would precede with the budget workshop. He turned the meeting over to Mr. Michael Johnson.

Mr. Michael Johnson said he would start with the budget calendar to make sure everybody understands where they are in the budget process. The process began back on the 15th of February. This is the eighth budget workshop and the last one that is scheduled before the public hearing. Three of those meetings have been joint meetings with the School Board. The purpose of tonight's meetings is to try to finalize a draft budget that could be advertised for public comments. If they are successful in finalizing a draft budget, it will be advertised in the Tidewater News, full budget. The public hearing will be held on May 21, 2012 on both the budget and the proposed rates and fees. There is a tentative workshop scheduled, if necessary, for the following

Wednesday night, May 23rd so you can incorporate the feedback you receive after the public hearing and the budget is scheduled to be voted on at your regular meeting on May 29, 2012. Just to kind of make sure we are all on the same page, we will start with where we were with the additional draft budget.

Fiscal Year 2013 Budget Workshop

Wednesday, April 25, 2012
7:00 p.m.



Budget Development and Approval Process

February 15, 2012	BOS/School Board Workshop (compensation/benefits)
March 14, 2012	BOS/School Board Workshop (state/local revenue estimates)
March 21, 2012	BOS Budget Workshop (department/agency presentations)
March 28, 2012	BOS/School Board Workshop
April 4, 2012	BOS Budget Workshop (initial draft budget distributed)
April 11, 2012	BOS Budget Workshop
April 18, 2012	BOS Budget Workshop
April 25, 2012	BOS Budget Workshop Finalize Draft Budget and Advise for Public Comment
May 21, 2012	Public Hearing on FY 2013 Budget/Tax Rates/Fees
May 23, 2012	BOS Budget Workshop (if necessary)
May 29, 2012	BOS Regular Session (adoption)

“The Gap”

INITIAL DRAFT BUDGET

Projected Revenue	\$ 50,784,732.00
Projected Expenses	(54,110,415.00)
	\$ (3,325,683.00)

Direction

Last Week

- Worst case scenario with regard to service delivery
- Balanced budget with no adjustments to the revenue side of the equation

This Week

- Modified scenario with regard to service delivery
- Balanced budget incorporating a combination of revenue and expenditure adjustments

Revenue

Adjustments to the Initial Draft Budget

Impose Annual Solid Waste Fee of \$200 per Household	\$ 1,343,800
Leave Real Estate Tax Rate @ \$0.77	290,000
Adjust Revenue Estimate for Delinquent R.E. Tax Collection (11011-0002)	30,000
Adjust Revenue Estimate for Land Redemptions (11010-0010)	40,000
Adjust Revenue Estimate for Delinquent P.P. Tax Collection (11030-0002)	37,000
Adjust Revenue Estimate for Motor Vehicle Licenses	31,000
Initiate Local Probate and Increase List of Heirs Fee	12,205
Increase Building Permit Fees by 10%	9,600
Increase Rezoning/CUP Fees (\$500 to \$600)	1,000
Adjust Revenue Estimate for Emergency Ambulance Transports (16040-0001)	37,973
Increase Base Rates on Water/Sewer by \$1 additional per month	25,428
	\$ 1,858,006

Expenditures

Adjustments to the Initial Draft Budget

5-Year Phase-In for VRS for Non-School Employees	\$ (49,741)
Leave Vacant Position Unfilled (Courthouse Security)	(43,282)
Leave Vacant Position Unfilled (Detention)	(45,126)
Sheriff's Office Reductions	(13,506)
Commonwealth Attorney's Office Reductions	(1,300)
Clerk of the Court's Office Reductions	-
Commissioner of the Revenue's Office Reductions	(2,625)
Treasurer's Office Reductions	(14,500)
Leave Vacant Position Unfilled (Inspections)	(45,346)
Reduce contributions to Volunteer Fire and Rescue by 3%	(10,170)
Reduce contributions to Health Department, VTC&SB, Senior Services, STOP by 3%	(11,615)
Further reduce contributions to Community Concerts, RMA, & Library	(7,456)
Reduce Requested Local Funding for Schools to FY 2012 Amount	<u>(1,205,356)</u>
	\$ (1,450,023)

Total Revenues

REVENUE \$	FY 2012	FY 2013 Initial Draft	FY 2013 Revised	Variance	Percent Change
General Property Taxes	\$ 18,154,870	\$ 18,436,637	\$ 18,831,115	\$ 676,245	3.7%
Other Local Taxes	1,594,349	1,596,105	1,627,105	32,756	2.1%
Permits, Fees, Licenses	105,050	105,930	116,530	11,480	10.9%
Fines & Forfeitures	589,000	597,250	597,250	8,250	1.4%
Interest	35,000	4,000	4,000	(31,000)	-88.6%
Charges for Services	396,664	408,773	458,951	62,287	15.7%
Miscellaneous Revenue	979,128	823,268	2,167,068	1,187,940	121.3%
Transfer - General Fund Reserve	1,400,777	530,709	452,958	(97,819)	-67.7%
Transfer - Inmate Enterprise	160,000	207,013	207,013	47,013	100.0%
Other County Sources	403,600	435,700	435,700	32,100	8.0%
Enterprise Fund	1,952,259	1,123,460	1,148,888	(803,371)	-41.2%
Building Fund	1,645,507	1,302,985	1,302,985	(342,522)	-20.8%
State Revenue	22,303,849	22,492,559	22,495,697	191,848	0.9%
Federal Revenue	2,423,908	2,720,043	2,720,043	296,135	12.2%
	\$ 52,143,961	\$ 50,784,432	\$ 52,565,303	421,342	0.8%

Total Expenditures

PROPOSED EXPENDITURES \$	FY 2012	FY 2013 Initial Draft	FY 2013 Revised	Variance	Percent Change
General & Financial Administration	\$ 2,200,344	\$ 2,154,840	\$ 2,129,722	\$ (70,622)	-3.2%
Judicial Administration	1,726,487	1,749,800	1,696,583	(29,904)	-1.7%
Public Safety	6,263,798	6,488,351	6,319,488	55,690	0.9%
Public Works	2,564,691	2,479,815	2,476,713	(8,978)	-3.4%
Health and Welfare	567,631	675,330	663,714	96,083	16.9%
Parks, Recreation, Culture	272,838	277,024	269,568	(3,268)	-1.2%
Community Development	353,102	381,126	380,188	27,086	7.7%
Non-Departmental	19,100	19,158	19,158	58	0.3%
School Fund	28,892,027	30,749,154	29,483,958	591,931	2.0%
School Food	1,072,600	1,137,620	1,137,620	65,020	6.1%
Public Assistance Fund	2,446,506	2,430,304	2,430,304	(16,202)	-0.7%
Building Fund	2,210,971	1,836,203	1,836,203	(374,768)	-17.0%
Enterprise Fund	3,553,868	3,731,690	3,722,083	168,215	4.7%
	\$ 52,143,961	\$ 54,110,415	\$ 52,565,303	\$ 421,342	0.8%

General and Financial

GENERAL & FINANCIAL	FY 2012	FY 2013 Initial Draft	FY 2013 Revised	Variance	Percent Change
Board of Supervisors	\$ 188,732	\$ 177,328	\$ 177,328	\$ (11,404)	-6.0%
County Administrator	307,871	307,098	305,368	(2,503)	-0.8%
Commissioner of the Revenue	286,717	301,358	297,324	10,607	3.7%
Property Assessment	211,212	8,839	8,839	(202,373)	-95.8%
Treasurer	274,817	323,039	306,994	32,177	11.7%
Delinquent Tax Collection	5,000	10,959	10,959	5,959	119.2%
Accounting	211,721	226,931	225,596	13,875	6.6%
Data Processing	312,012	342,613	341,242	29,230	9.4%
Insurance/County Code	227,800	296,203	296,203	68,403	30.0%
Registrar	174,462	160,472	159,869	(14,593)	-8.4%
	\$ 2,200,344	\$ 2,154,840	\$ 2,129,722	\$ (70,622)	-3.2%

Judicial Administration

JUDICIAL	FY 2012	FY 2013 Initial Draft	FY 2013 Revised	Variance	Percent Change
Circuit Court Judge	34,890	34,535	\$ 34,535	\$ (355)	-1.0%
General District Court	22,839	22,559	22,559	(280)	-1.2%
Magistrates	908	658	658	(250)	-27.5%
Clerk of Circuit Court	472,498	502,463	499,583	27,085	5.7%
Sheriff - Bailiff	388,181	363,199	361,027	(27,154)	-7.0%
Courthouse Security	239,975	237,156	193,874	(46,101)	-19.2%
Commonwealth's Attorney/V.P.	567,196	589,230	584,347	17,151	3.0%
	\$ 1,726,487	\$ 1,749,800	\$ 1,696,583	\$ (29,904)	-1.7%

Public Safety

PUBLIC SAFETY	FY 2012	FY 2013 Initial Draft	FY 2013 Revised	Variance	Percent Change
Sheriff - Law Enforcement	1,647,790	1,674,722	1,648,923	\$ 1,133	0.1%
Enhanced 911	163,880	175,771	164,266	386	0.2%
Wireless 911	46,022	47,796	47,543	1,521	3.3%
School Resource Officer	50,528	52,637	52,337	1,809	3.6%
Volunteer Fire Departments	301,647	302,396	295,726	(5,921)	-2.0%
Volunteer Rescue Squads	929,278	951,112	947,612	18,334	2.0%
State Forestry Service	21,730	21,730	21,730	-	0.0%
Sheriff - Detention	2,657,239	2,811,708	2,737,702	80,463	3.0%
Probation	102,701	91,669	91,669	(11,032)	-10.7%
Inspections	131,379	131,187	84,767	(46,612)	-35.5%
Animal Control	98,031	99,327	98,917	886	0.9%
Medical Examiner	500	420	420	(80)	-16.0%
Emergency Services	113,073	127,876	127,876	14,803	13.1%
	\$ 6,263,798	\$ 6,488,351	\$ 6,319,488	\$ 55,690	0.9%

Public Works

PUBLIC WORKS	FY 2012	FY 2013 Initial Draft	FY 2013 Revised	Variance	Percent Change
Streetlights	\$ 45,987	\$ 48,000	\$ 48,000	\$ 2,013	4.4%
Assign-A-Highway	54,379	52,437	52,154	(2,225)	-4.1%
Refuse Collection	715,488	763,504	761,663	46,175	6.5%
Refuse Disposal	1,274,300	1,116,000	1,116,000	(158,300)	-12.4%
Buildings & Grounds	474,537	499,874	498,896	24,359	5.1%
	<u>\$ 2,564,691</u>	<u>\$ 2,479,815</u>	<u>\$ 2,476,713</u>	<u>\$ (87,978)</u>	<u>-3.4%</u>

Health & Welfare

HEALTH AND WELFARE	FY 2012	FY 2013 Initial Draft	FY 2013 Revised	Variance	Percent Change
Health Department	\$ 304,000	\$ 304,000	\$ 294,880	(\$ 1,120)	-3.0%
WTC&B	68,944	68,944	66,876	(2,068)	-3.0%
Senior Services	13,000	12,700	12,319	(681)	-5.2%
Comprehensive Services Act	180,147	288,146	288,146	107,999	60.0%
STOP Organization	1,540	1,540	1,434	(46)	-3.0%
	<u>\$ 567,631</u>	<u>\$ 675,330</u>	<u>\$ 663,714</u>	<u>\$ 96,083</u>	<u>16.9%</u>

Parks, Recreation, Cultural

PARKS, RECREATION, CULTURE	FY 2012	Initial Draft FY 2013	FY 2013 Revised	Variance	Percent Change
Community Concert Association	\$ 5,400	\$ 5,300	\$ 5,141	\$ (259)	-4.8%
Rawls Museum Arts	14,000	14,000	13,730	(270)	-1.9%
Historical Society	24,750	23,500	23,500	(1,250)	-5.1%
W.C. Rawls Library	228,686	234,224	227,197	(1,489)	-0.7%
	<u>\$ 272,836</u>	<u>\$ 277,024</u>	<u>\$ 269,568</u>	<u>\$ (3,268)</u>	<u>-1.2%</u>

Community Development

COMMUNITY DEVELOPMENT	FY 2012	FY 2013 Initial Draft	FY 2013 Revised	Variance	Percent Change
Planning	\$ 202,319	\$ 225,697	\$ 224,759	\$ 22,440	11.1%
Economic Development	100,000	100,000	100,000	-	0.0%
Soil & Water Conservation	9,768	9,768	9,768	-	0.0%
Cooperative Extension	41,015	45,661	45,661	4,646	11.3%
	<u>\$ 353,102</u>	<u>\$ 381,126</u>	<u>\$ 380,188</u>	<u>27,086</u>	<u>7.7%</u>

Funding Sources

Southampton County Schools

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Budgeted	FY 2013 Projected	Increase (Decrease)	% Change
State	\$ 19,353,500	\$ 16,838,779	\$ 15,893,495	\$ 16,039,646	\$ 16,388,382	\$ 326,716	2.04
Federal	1,807,990	4,168,870	2,708,679	1,773,908	2,006,423	231,515	13.05
Local	9,230,800	9,432,482	11,568,060	11,078,473	11,078,473	-	-
Other	985,058	554,127	1,016,490	2,000	36,700	33,700	1,685.00
	<u>\$ 31,377,348</u>	<u>\$ 30,994,258</u>	<u>\$ 31,186,724</u>	<u>\$ 28,892,027</u>	<u>\$ 29,489,968</u>	<u>\$ 597,931</u>	<u>2.05</u>

Funding Sources

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Revenues	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Budgeted	FY 2013 Projected	Increase (Decrease)	% Change
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Funding Sources

Southampton County Schools

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	\$ 31,377,348	\$ 30,994,258	\$ 31,186,724	\$ 28,892,027	\$ 28,459,968	\$ 591,931	2.05

He concluded by saying he would be glad to answer any questions.

Chairman Jones asked if anyone had any questions.

Supervisor West stated he didn't have any questions.

Supervisor Edwards said he had two problems with this budget. One was not rolling back the tax to \$0.75 from \$0.77 and he thought they need to look for another source to make up the \$294,000.

Supervisor Faison said he sees the whole picture differently. He thinks the budget presented tonight is detrimental to the county. He stated they have the option of semi-annual tax collection which would general \$4.5 million dollars which would cover our \$3,326,683 deficit and we would still have \$1.5 million left. He knows that if we went to the semi-annual collection it would incur a cost of \$200,000, but the \$1.5 million that we wouldn't need could be used to offset expenses that are incurred for eight to ten years. He said he has made the statement that all we are doing is kicking the can down the road, but right now we have our backs against the wall. There were three options that the Board didn't want to do and they are raising taxes, not touching land use

taxes, and not cutting salaries. So he feels that using semi-annual taxation would be a way to get through this tough situation.

Supervisor Porter stated he feels like Supervisor Edwards that they can accept most of the budget except he sees they need to find ways to replace the increase in taxes to \$0.77. He disagrees with Supervisor Faison. The new Board members ran on a platform not to raise taxes. He said hindsight is twenty-twenty, but if we had more foresight we wouldn't be in the situation we are in now. If you take \$3 million or \$4 million dollars more and spend it this year, he doesn't see next year being any better. You can't do that. We will be in a worse position because we can't accelerate revenues. He stated he spent his whole life working with budgets like this in business and you just can't borrow against your future. That is why we are in trouble today. Five years ago our debt service figure was almost \$2 million dollars today it is almost \$6 million dollars. That is one reason we have problems because we didn't have the foresight. We didn't ask the right questions. We didn't have any business spending the money we spent on the Turner Tract. I'm not saying an industrial park is bad, but you don't spend \$65,000 per acre to develop an industrial park. We didn't have any business overbuilding the sewage plant in Courtland. Even the people that work there marvel at the fact that we have such a big capacity plant and we can't get enough sewage through there to use it. Then he believes we jumped the gun when we built Riverdale Elementary. We got some free land and jumped right in and built it. We had just spent over 1/2 million dollars upgrading Hunterdale, but we didn't have the foresight to see in the year 2012 - 2103 we would have our backs against the wall. It is nice to have all those things. It is nice to have a beautiful school and he loves Riverdale School but we could have waited until we were in a better financial position to build it. The people who pushed it though just didn't show any responsibility. We can't just continue to do that without foresight. We can't borrow tomorrow's money and spend it today. We have got to face today. Even if we adopt this budget today it doesn't solve our problem because it will be just as hard next year. Look down the road at what's coming. He doesn't see any big pile of money coming. Even Enviva, if they ever get up and running, is only going to bring in \$700,000. \$700,000 wouldn't cover our shortfall this year. We have got to make some hard decisions and we have got to develop a budget that everyone can live with. He stated he had spent more time on the phone in the last two weeks than he had in the last five years. He said he hadn't tried to put anybody off. We can't cut \$3.5 million dollars and still provide the services that we have. The last thing he wants to do is put another burden on the tax payer, but when you look at what we have got to do he believes this approach comes closer to being fair than anything else we have considered or any other suggestions anyone has come up with yet. He is still open to suggestions and ideas. We live in a great nation and have to compromise to make that great nation. If we didn't have compromise we wouldn't have the Constitution. If you remember your history, you will remember the "Great Compromise". There were a lot of arguments and nobody got what they wanted, but they pulled together and everybody got what was best for the country. Nobody is going to get what they want with the budget, we want to get what is best for the whole county.

Supervisor West stated he realized the potential savings of having a twice a year billing cycle for property taxes and he thinks it is a good thing to do. He does not like to raise taxes; however he feels we need to leave the rate at \$0.77. He knows at the end of the night nobody is going to be happy, but we need to resolve as much of the budget issues tonight as we can and get as close to a final budget as we can. The schools are going to receive a substantial hit with this budget however local funding has continued to climb over the years and really we can't serve as a stimulus provider. He stated this budget is so difficult. He does not want to pay the \$200.00 fee for the handling of the trash but he supposes that is a fairer tax than most taxes because if there is a rental unit or people are tenants in any way they will have to pay. Again those probably with the least have to pay the most. He does favor adopting this tonight with perhaps some cuts if you want to take out \$48,000 for street lights in the county well then Sedley goes dark and many places will be affected. If you want to close the trash sites except for one day a week to save that is a possibility, but we have to make a choice tonight. He agrees with Supervisor Edwards there are some cuts that are going to have to be made don't we will be facing additional cuts next year as well.

Supervisor Edwards said the trash fee is \$200.00. He stated that if you raise taxes a family with three children adds a fourth child the next year it creates new demands; but adding a trash fee doesn't create any new demands and he would like to see the trash fee come up for public review on a yearly basis. It may be like a toll road maybe down the road when our tipping fees go down maybe we can go down on the trash fee or do away with that. People say it's a tax raise, but it's not exactly a tax raise

Supervisor Phillips said we have come a long way since last Wednesday night. We had to go there first as that was a balanced budget. If we are in business for ourselves we have to run a balanced budget or else we go out of business. Somehow government doesn't seem to quite do that. He wanted to thank Mr. Michael Johnson for what he had done in the last week to get to this point and we wanted to thank the department heads who had gone back and looked after last week to see what they could come up with. They have added this fee as a potential revenue source and again he had heard all the comments. He agrees with Supervisor Edwards they need to review that on an annual basis. His understanding is the tipping fee will go down again next year to some degree so therefore at each budget that would be reviewed and we would lower it accordingly. We as this new Board really had no idea what it entailed and we are still learning. We have to take the responsibility now and cannot wait and move it back another year. Previous Boards thought they were doing the best thing. They had tax increases that were built into the budget that they chose not to implement and he can see why. We don't want to raise the taxes and he would say that the \$0.02 they are discussing which would be between the \$0.75 which would be a revenue neutral reassessment and the \$0.77. He would say try to find that amount of money between now and our next meeting. If we can't the taxes could jump. We have got to come away from the table while maintaining the county. The Fire & Rescue, Sheriff's Department, and all the other departments saw what it could be and if the economy continues like it is things could potentially be worse next year. We have got to reposition ourselves and be prepared. He is prepared to listen to the people. He has to charge his cell phone in the middle of the day because so many people are calling. He is going to listen to people's comments. Someone called today and wanted to raise the tuition for the county students. We can't do that; the school board can. If you have a comment that you see will help us fill these gaps, please call us that is why we are here. We chose this office now we have to listen to you. He said Supervisor Porter touched on a lot of things that he would have said.

Supervisor Updike said this \$200.00 trash fee as far as he is concerned is a tax. You add the \$0.02 cents along with doing the \$200.00 trash fee and that is almost a \$0.12 cents tax increase. The \$0.12 tax increase will be the largest tax increase this county has ever seen. He is not sure our forefathers wouldn't turn over in their graves if they realized where we are and where we have been. The way we have operated in the past we have run and grabbed money out of the reserve fund anywhere from \$1 million to \$2 million dollars. Now we don't have that. When you start spending more than you are taking in you cannot maintain. His only comment is he would like to look at this budget in detail and go back and look at additional cuts where we can save. He would give you some examples. The Planning Commission could meet every other month instead of every month that could save on attorney fees. They mentioned several things at the Board meeting Monday that could possibly be cut out. There are expenditures that are not necessary. We have got to realize that when you have between a \$0.11 or \$0.12 percent tax increase the poor people just can't take any more. The average income is only \$33,000.00 per household that is poverty level and we are constantly coming back to them saying give us more, give us more. They are already suffering. He wants to relook at the figures and see where else we can cut before the final decision is made.

Chairman Jones called on Supervisor Porter.

Supervisor Porter said they don't have that luxury. He has looked at what they have and talked with department heads and he can tell you up front this problem is too big to solve without tax increases and cuts. The effect of a solid waste fee is to increase taxes. He agrees with Supervisor Edwards to cut the rate back to \$0.75. He said he would set an example by giving up his salary as a Board of Supervisor. He would like to hear the other Boards in the County do something to help their organization. If you are part of an organization that is being cut do something to help your organization.

Supervisor Updike said he was right there with him.

Supervisor Edwards said sometimes you have to cut off the leg to save the patient.

Supervisor Phillips said he agrees with Supervisor Porter. He had made a note to say the same thing. He said Supervisor Porter just thought about it before he did. He would be willing to forgo his salary as a gesture to the county about how much he is concerned. There is already cost cutting and salary cutting going on. The administration whether it is in the schools or wherever to be fair if they are concerned then those things should be brought to the table and that possibly would fill some more of the gap. Again he is here because he loves this county. He is going to

back his salary back in or what portion he can because he is an employee of the county if he has to take a \$1.00 that will be fine.

Chairman Jones said we did not get in this mess in one year and we can't straighten it out in one year. If we approve the budget as previously presented we will not have any lights or safety, or a whole lot of the stuff you have now. It is going to take us some time. Mr. Michael Johnson has our best interest at heart. He has come up with a good budget. He could vote for it tonight. You aren't going to find anything else to cut.

Supervisor Porter made a motion that we adopt the proposed budget as presented with taking out the \$0.77 tax rate and going with \$0.75 tax rate and finding savings to make the difference in the tax rates.

Supervisor Edwards seconded the motion.

Supervisor West said he would like to compromise and have a tax rate of \$0.76. He stated that the Board of Supervisors received no benefits, no mileage, no hospitalization just one straight salary and one check a month and that is it. If we dropped the tax rate to \$0.76 we would be heading in the right direction. He would like to have a compromise for this tonight. Over 60% of those who had reassessments had a decrease in assessment. He asked if that was correct. He hopes that this is through and many of these people will receive a decrease. Before they vote he would like them to think about it and vote for a \$0.76 tax rate instead of \$0.75.

Supervisor Faison said he has listened to what the other Supervisors have said tonight, but he believes that tax rate should be left at \$0.77. He stated Mr. Michael Johnson had prepared a good budget and he thought they should leave the rate as it is presented at \$0.77.

Chairman Jones asked if there were any other comments.

Supervisor Porter said he knows there are some ways to save money. When you have people leaving or retiring, take the opportunity to reassess those duties. Spread the duties around rather than replacing the person. That is a significant money saving.

Supervisor Edwards said he wanted to say something about that. He said everybody's assessment around us went down and ours went up. There is nothing we can do about that. We can do something about that and that is rolling that tax rate down from \$0.77 to \$0.75. We got a bum deal on that assessment. Everybody between here and Tidewater including Virginia Beach went down.

Supervisor Phillips said he would like to ask one question. He asked if they pass this resolution we are passing it with the contingency that we have got to find the \$290,000 necessary to reduce. He asked is that going to be a passed budget or do we have to give you some opportunity to find that \$290,000. He said we have got to find the money before we can pass that budget because the money isn't there right now is it.

Mr. Michael Johnson said he would suggest this. The only action we are looking for tonight is to hopefully to agree on a draft. In order to stay on schedule for the May 21, 2012 public hearing that advertisement has to appear in the paper on May 6. You have got a little extra time if you want to meet next Wednesday night and have a final budget workshop before the advertising is done, but that is the drop dead night. In the mean time we will be glad to go back and look at what impacts it will create if you peel the tax rate back to \$0.75.

Supervisor Updike said he thought that was the only answer. They needed time to go back and look through it. We need the citizens input to hear what they think should be done. When you put it in the paper it is usually pretty concrete. He has seen very few changes to budgets after they have been advertised in the paper.

Chairman Jones asked Supervisor Porter if he would drop his motion.

Supervisor Porter said he would not drop it.

Supervisor Phillips said he thinks the majority of the Board is in favor of this, but he doesn't know if they are putting themselves into a corner by passing this resolution. He said he was in favor of having an additional budget workshop then they will be able to come forward and see if they have

found that \$290,000. He is certainly not in favor of raising the tax. He came here with that mandate and it is ringing in his ears and he hears it every day. He is in favor of the budget as presented as you say if we could find the money to reduce the real estate rate from \$0.77 to \$0.75, but he doesn't know if they need to pass the resolution or not.

Supervisor Edwards said we are voting for a concept.

Supervisor Porter said his motion was to vote on the proposed budget with the tax rate being changed from \$0.77 to \$0.75 and reducing the expenses by the \$290,000. He thinks they can come up with the difference. He and Supervisor Phillips giving up their salary just saved \$10,000.00.

Supervisor Edwards said if all of the Board gave up their salary that would be a savings of \$40,000 or \$45,000 right there. He said he would also like to see the School Board give it up. He said if they were willing to give it up he expected the School Board to give it up.

Chairman Jones asked if there was any other discussion.

Supervisor West said he agrees with Supervisor Phillips. He thinks they need to wait. He said the contest is out here. I know you said it's not a contest however we all see that what you are vying for now and that is the difference between the \$0.77 and the \$0.75. We need input and time to make that decision and one more week will not hurt. He thinks everyone in this room will understand when we leave here tonight.

Supervisor Phillips said he had one further question. He asked if we vote on this motion as presented can we still have a meeting next Wednesday night and discuss what we have been able to find; and are we still bound by this motion or can we qualify that at that time.

Mr. Michael Johnson said you can certainly meet whenever you like. The motion is an action unless the Board votes to resend it.

Chairman Jones said if we vote on this tonight that means the tax rate is going down to \$0.75. That means we have to find that money which is a difference of \$290,000.

Mr. Michael Johnson said you can advertise at the \$0.75 rate, but you won't adopt the rate until you adopt the budget.

Supervisor Faison said he thought they needed to advertise a balanced budget. He thought they needed to stick with the balanced budget at the tax rate of \$0.77 and then if they could find the \$290,000 then made the change.

Supervisor Edwards said he whole heartedly disagrees with that. This Board needs to stand up on its feet and face this. We have not faced the problems over the last eight to twelve years. Nobody stood up and said they had a bad thing out there to face. It is high time to face it and this may be the last year we can do this. If we don't do that we are going to be in trouble. He said he thought they needed to stand up on their hind feet tonight, show some backbone, and face the situation tonight.

Chairman Jones asked if there were any other comments. There being none he called for a vote on the motion to advertise the budget as presented with a change in the tax rate from \$0.77 to \$0.75.

Supervisor West asked if he votes for this now is he meeting next Wednesday night to discuss it.

Supervisor Phillips said yes.

The motion was voted on and carried with Supervisor Faison voting nay.

Chairman Jones asked if they wanted to meet again next Wednesday night.

Supervisor Phillips said yes sir.

Chairman Jones stated that they would meet again next Wednesday night at 7:00 and make their final decisions.

April 25, 2012

The meeting was adjourned.

Dallas O. Jones, Chairman

Michael W. Johnson, Clerk