

At a budget workshop meeting 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 April 6, 2016 at 6:30 PM.

SUPERVISORS PRESENT

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

SUPERVISORS ABSENT

OTHERS PRESENT

Michael W. Johnson, County Administrator (Clerk)
Lynette C. Lowe, Deputy Administrator/ Chief Financial Officer
Amanda N. Smith, Administrative Assistant

OTHERS ABSENT

Julien W. Johnson, Jr. Public Utilities Director
Richard E. Railey, Jr., County Attorney

Chairman Jones called the meeting to order.

After the Pledge of Allegiance, Supervisor Faison gave the invocation.

Chairman Jones states good evening everyone and I have called this budget workshop to order. At this time I will turn it over to Mr. Johnson.

Mr. Michael Johnson states thank you Mr. Chairman. I have a brief presentation to make; but, before I get started I just wanted to stop and really thank Lynette for all of her work. Over the past 60 days, she has put in a lot of weekends and nights uncompensated, I may add, to pull all of these numbers together; so, I just wanted to thank her for all of that work. I thank Amanda for printing and binding the books that are in front of you tonight, and Susan has been very helpful. The initial draft budget is already out there on the website for everybody to see. I just wanted to thank them for that work.

Supervisor Edwards states we would like to thank them for their work too.

Chairman Jones states on behalf of the Board, we are thankful. Every chance I get, I come out and bother with you all.

Mr. Michael Johnson states you have the book in front of you. Let me go through this presentation first and then I will be glad to answer any questions that you may have. To start with, this is our budget calendar. Here we are April 6th doing the presentation of the initial draft budget. As you all know we have workshops scheduled for the next three Wednesday nights. Hopefully, by the time we get to the end of that third work session we will have finalized this draft budget and be in a position to advertise it for public comment. We will schedule that public hearing for May 16th, and then have a follow-up work session after the public hearing if necessary. Hopefully, at your regular meeting in May we will adopt the budget, tax rates, and fee schedule. The entire draft budget, all 112 pages, is already available online on the county website. The book has an executive summary, organizational chart, detailed line items for both revenues and expenditures, personnel schedules and salaries, summary of outstanding debt, debt amortization schedule, and much more if you take the time to look at it. So, a quick snapshot; overall, the initial draft for FY 2017 budget

is a little less than \$57.8 million as compared to the current FY 2016 budget which is at \$55.8 million. Overall, the increase is \$1,958,204 or 3.51%. The sources of revenue for the initial draft budget; state revenue is projected at \$25,039,068 which represents roughly 43.35% of your total budget. Local revenue is a little bit less than \$30.3 million and that is about 52.44% of your budget. Federal revenue is a little bit less than \$2.5 million and that represents about 4.21% of your budget. On the revenue side, these are your revenue sources. You can see FY 2016 here. FY 2017 very quickly, is where we expect increases is general property taxes, and we will talk about it in a minute what this mean for your rates. General property taxes are projected to increase by \$1,091,589; other local taxes by \$208,401. You can see all of the others represented here. The biggest area of growth is this revenue from the Commonwealth. You can see we are expecting that to grow by \$1,226,742. That is the biggest portion of this increase of \$1,958,204. Let's break this down very quickly. The federal funds, again, are about 4.21% of your budget. You have no discretion in how these are used. They are all used for educational programs such as Title I and the School Food program. It's run through your budget, but you have no discretion in how that money is used. In the local funds, you do have discretion. Of that \$30,290,615 this is how it breaks down. \$11,638,713 goes into your general fund to support your county departments. \$9,052,429 is transferred to the school fund for school operational purposes. Total debt service, including debt service for schools is \$6,425,600. Water and sewer operations is \$1,665,037; and, then you have these smaller categories here that you put local money in: your capital projects and school food. That shows up as local revenue, but keep in mind, that's not your tax dollars. That is actually the money collected by Southampton County Public Schools; it is considered local revenue. Social services get \$339,768. Your state revenues; this is the breakdown for that. Of course, Southampton County Public Schools receives the line share of the state revenue at a little more than \$18.2 million. The Sheriff's Office is next at \$2.8 million. The Department of Social Services is a little more than \$2 million. Then, you can see the other Constitutional Officers: Commonwealth Attorney at \$408,810 and the Clerk of the Court a little more than \$321,000. We receive a little less than \$300,000 to support jail cost. That is state revenue that comes in. For at-risk juveniles under the Comprehensive Services Act is \$328,150. All of this money is categorical aid. You have no discretion in where that is spent. It has to go where I am showing it here. The only exception to that is this non-categorical number \$229,000. That goes right into the general fund and is available to support other county departments and things. The rest of these state revenues have to go exactly where they are shown here. That is the revenue side. Let's take a quick look at the expenditure side. The general fund is about 28.4% at \$16.4 million. Schools are the big fee at 55.1% of your total budget at \$31.8 million. Social Services is about \$2.3 million and that represents about 4.0% of your overall budget; and, you can see the remaining categories here to see how that breaks down. This is the breakdown of total expenditures of comparison with FY 2016 to FY 2017. The General and Financial Administration, you will see an overall increase here of \$389,058. That is a big percentage increase of 16.82%. What is driving that is primarily the cost of your reassessment. That is \$200,000 of that number and we also have in there the evaluation study for the shared utilities. That is another \$50,000. That also includes money for the debt service for the new voting machines that we bought and is in your 2017 budget, but that decision was made after your 2016 budget was adopted. So, those three things count for the majority of that \$389,000 increase. You see a decrease in Judicial Administration of \$176,143. That is really based on the courthouse security project being put on hold. We have not included those funds. They are there, but we just didn't budget them. We didn't plan to spend them until we figure out what the future path is for the courthouse. Public Safety, you see here an overall increase of \$332,993. The big driver there is the increase in contractual cost with Medical Transport; \$190,000 of that is to just maintain continued operations and then we included another \$72,000 for additional coverage of a day at each of our volunteer rescue squad. Public Works has a slight decrease there. What drove that is a little bit of reorganization with our Buildings and Grounds. We held a position vacant there for this fiscal year. We decided to fill that position, but not at the same level that we had it before. We have been able to achieve some cost savings based on those reorganizations. Health and Welfare overall has about a 7.25% increase. As far as Parks, Recreation and Culture, not much has changed there. Community Development, we see a substantial decrease there based on a decrease in the overall planning budget and we were able to capture some savings there. Then, you get down to the big ticket items; the School Fund overall has an increase of \$1,386,133; a little more than 4.5%. I will get into the details of that in a second. School Food is pretty much funded like it was last year. Social Services has a very small increase; 1% overall. Our Building Fund had a slight decrease and Water and Sewer is pretty much steady; just a slight increase there. Let's talk about schools for a minute. Remember this is a big piece of your budget, 55.1% overall. This is where the school's revenue comes from. State Aid (Operations) they are expecting about \$874,568 additional dollars in FY 2017. Other State Aid is another \$84,168. That is earmarked for

specific programs. Federal Aid we held constant. Local funding we increased by \$427,397. That is still roughly a half a million dollars short of what the School Board requested. What does that really mean overall for the operations? When you take out all of the federal programs and state programs that have categorical funding, this is really the way it balances out. In FY 2016, the School Operation budget was about \$25.9 million and FY 2017 overall is almost \$26.6 million. That is a total increase of \$709,928. Now, that is just the increase you see here, but don't forget that escrow contract the School Board entered into last year; so, this number right here, Operation and Maintenance Service number will be substantially lower next year. I didn't include any of these because, obviously, our total numbers are different than what the School Board requested. So, what I want to do is go back to Dr. Parrish and the School Board and say, given this total number, you tell us how you would like to break it down into categories. So, I didn't presume anything, but I know there is a savings of almost \$600,000 a year. So, when you take into account that savings and we have already built in the increase in the debt service plus the additional revenue of \$709,000 there is about \$1.3 million overall that is available to the School Board to fund things like lagging salaries, some of the instructional programs that have been cut over the past couple of years, and some of the things they referenced with technology, etc. We certainly will leave it to their discretion as to which items they will address. It won't address all of them. We are still about a half a million dollars short, but it will address some of them. This graph here gives you an idea of state funding and local funding over the last decade, and you can see that we hit a high in FY 2009 in state funding of about \$19.3 million. These were budgeted numbers not the actuals. I can put the actuals together and the lines will pretty much trend the same. You can see as the state began to decrease funding, we tried to pick up the local funding and did the best we could and got up to as much as \$12.1 million in FY 2012. We had to reduce it down and we have maintained that pretty constant. This year we are going back up to slightly less than \$12 million overall in local funds. The General Fund is about 28.4% of your total budget. I have already talked about what these increases all mean. Unless there are questions, I won't repeat all of that. Building fund represents about 3% of your total budget at \$1.7 million. These are the sources of revenue for the building fund. Utility taxes that we all pay contribute about \$517,861. The meals taxes that are collected is another \$168,600. We collect rent from the Health Department and Social Services in this building. That is a little more than \$60,000. Rent on the Wetland Bank is \$150,000, and then we transfer in from the General Fund \$822,222. Part of this is the communication sales tax that used to come directly to us and went directly into that building fund. The state changed the way that is collected. They now collect it and send it back to the localities, so it shows as a transfer in from the General Fund. The communication sales tax is about half that number. I can look on the revenue sheet and tell you exactly, but the balance of that are other funds that we transfer in to make up a total budget of about \$1.7 million. Where does all of that money go? A lot of that is used to make debt payments. The debt payment on the Turner Tract, Sheriff's vehicle lease, trash truck, improvements to the jail farm kitchen, and the money we borrowed for courthouse security, which I may add is just sitting in escrow right now. You might remember when we borrowed that amount last year, around \$800,000, the principle amount is just sitting in escrow, but we do have to make the payments on it obviously. So, we built in the \$92,658 to make our annual debt service payment on that amount. Fire and Rescue Capital Projects are the big fees here; \$652,777 for FY 2017. Other money for Sheriff's Office vehicles is about \$60,000. We do some minor funding for Wetland Bank monitoring out at the Turner Tract. Then, we built in replacement of solid waste containers and solid waste site work at \$26,000.

Mr. Michael Johnson called on Supervisor West.

Supervisor West states that Sherriff's Vehicle Lease at \$73,000 and that Sherriff's Office Vehicles at \$60,000; what is the difference?

Mr. Michael Johnson states this one was for a specific lease; five vehicles three years ago...

Mrs. Lynette Lowe states it was for nine vehicles, and this is the last payment on that. But, every four years it is renewed with a new fleet of vehicles.

Supervisor West states is that these Chargers out here on the road?

Mr. Michael Johnson states yes.

Mrs. Lynette Lowe states for this time, yes.

Supervisor West states okay, thank you.

Mr. Michael Johnson states the Water and Sewer Enterprise Fund is about 7.3% of your total budget at almost \$4.2 million. The sources of funds for this include the charges we access to our water and sewer customers. That accounts for about \$1.2 million in revenues. You can see that we transfer in a large amount to pay that debt service; that is about \$2.5 million. Then, we also transfer in to support operations another \$429,580 for a total budget of \$4,190,525. This is where the money goes. The debt payments for improvements to Boykins, Branchville, and Newsoms equates to a little less than \$400,000. The annual debt service on the Courtland Waste Water Treatment Plant is a little more than \$2 million. We purchased several utility pickups a few years ago. The lease on those is \$21,000 a year. Then, last year we borrowed the money to do the water tank painting, and the payment on that is \$34,441. The balance of \$1,665,037 goes to support your personnel and your daily cost of operating those water and sewer systems.

Supervisor Porter states so we are now subsidizing water and sewer by about \$3 million a year.

Mr. Michael Johnson states correct.

Supervisor Porter states so that shows you how important...

Mr. Michael Johnson states not quite \$3 million; \$2.5 million.

Supervisor Porter states it is \$2.5 million plus another \$400,000 in operations; so, that is \$3 million total. That shows you how important it is to get this utility project through.

Mr. Michael Johnson states correct.

Supervisor Phillips states where is the Drewryville water system in this?

Mr. Michael Johnson states there is no debt on the Drewryville water system; so, the cost of operating it is built into this number right here. We haven't closed on the financing of the tank yet, but there will be a debt service payment next year after we close on that.

Supervisor Phillips states okay.

Mr. Michael Johnson states as far as your unappropriated reserve fund balance you know we took a step in the right direction last year. As of June 30, 2015 your reserve fund balance is at \$4.7 million. It is certainly not as high as it was in the good years in the mid-2000s, but much better than it was last year at \$3.8 million. So, what does this all mean for your proposed tax rates and fees? There are a number of increases built into this draft budget. We did build in a .82 cent rate on the real estate tax rate. That is .05 cent higher than it is now. That would be applied to all of your real estate, all of your public service corporation's real estate, as well as your mobile homes down here under personal property. We also included an increase in the motor vehicle license tax. That is currently \$23, and we proposed to carry that to \$28. For water and sewer fees, we are proposing a \$1 increase in the base rate for both water and sewer. We are including a \$1 increase in the incremental rate for all consumptions above 4,000 gallons for each 1,000 gallon. We proposed to leave the Solid Waste Fee exactly where it was at \$200. That is the end of my presentation Mr. Chairman. I will be glad to answer any questions.

Fiscal Year 2017 Initial Draft Budget

Wednesday, April 6, 2016
6:30 p.m.



Budget Approval Process

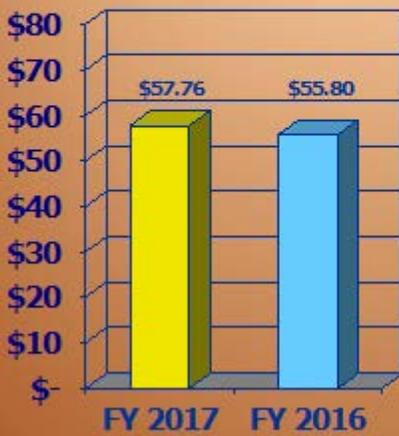
February 5, 2016	Budget request forms issued
February 9, 2016	Liaisons meet with School Bd. Budget Committee
February 26, 2016	Budget request forms returned
March 1, 2016	Liaisons meet with School Bd. Budget Committee
March 9, 2016	Budget Workshop/Retreat
March 28, 2016	Citizen comment received
April 6, 2016	County Administrator's draft budget presented
April 13, 2016	Budget work session – department presentations
April 20, 2016	Budget work session
April 27, 2016	Budget work session (draft budget finalized)
May 16, 2016	Public hearing on proposed budget (SHS)
May 18, 2016	Budget work session
May 23, 2016	Board adopts FY 2017 budget
May 23, 2016	Board adopts CY 2017 tax rates and fees

Transparency

- Entire initial draft budget (112 pages) available online on the county website www.southamptoncounty.org
- Includes an executive summary, organizational charts, detailed line items for both revenues and expenditures, personnel schedules and salaries, summary of outstanding debt, debt amortization schedule and much more!

Total Budget – All Funds

Millions



FY 2017	\$57,757,738
FY 2016	\$55,799,534
Increase	\$ 1,958,204

Budgetary Increase
3.51%

Initial Draft FY 2017 Budget

Revenue Sources

State	\$25,039,068
Federal	2,428,055
Local	<u>30,290,615</u>
TOTAL	\$57,757,738



Initial Draft FY 2017 Budget

REVENUE SOURCE	FY 2016	PROJECTED 2017	INCREASE (DECREASE)	PERCENT CHANGE
General property taxes	\$ 21,076,972	\$ 22,168,561	\$ 1,091,589	5.18
Other local taxes	1,809,341	2,017,742	208,401	11.52
Permits, fees, licenses	21,500	15,500	(6,000)	(27.91)
Fines & forfeitures	697,222	774,722	77,500	11.12
Interest	50	60	10	20.00
Charges for services	1,569,605	1,524,963	(44,642)	(2.84)
Miscellaneous revenue	949,549	891,662	(57,887)	(6.10)
Transfer - General Fund Reserve	244,000	184,941	(59,059)	100.00
Other County Sources	587,991	579,991	(8,000)	(1.36)
Enterprise Fund	1,255,200	1,235,456	(19,744)	(1.57)
Building Fund	1,347,723	897,017	(450,706)	(33.44)
Revenue from the Commonwealth	23,812,326	25,039,068	1,226,742	5.15
Revenue from Federal Sources	2,428,055	2,428,055	-	0.00
TOTAL REVENUES	\$ 55,799,534	\$ 57,757,738	\$ 1,958,204	3.51

Initial Draft FY 2017 Budget

Federal Funds

- All used for education or school food program

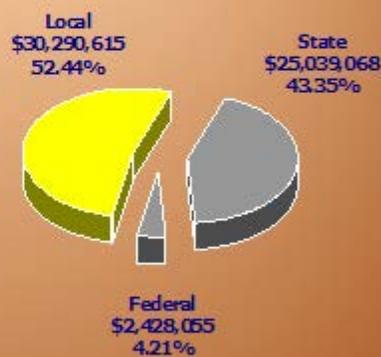


Initial Draft FY 2017 Budget

Local Funds

Allocation

General Fund	11,638,713
School (Operating)	9,052,429
Debt Service	6,425,600
Water & Sewer (Operating)	1,665,037
Capital Projects	749,077
School Food	419,991
Social Services	<u>339,768</u>
TOTAL	\$30,290,615

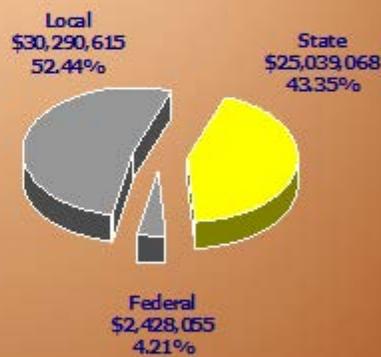


Initial Draft FY 2017 Budget

State Funds

Allocation

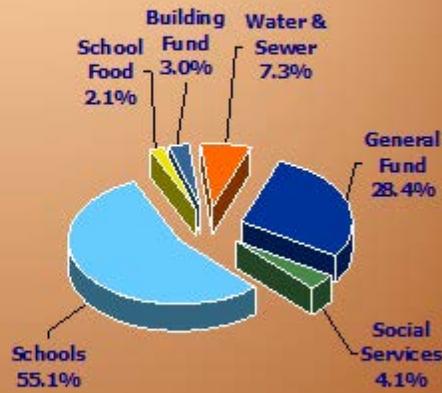
Southampton County Schools	\$18,254,490
Sheriff's Office	2,803,550
Department of Social Services	2,032,000
Commonwealth's Attorney	408,810
Clerk of Court	321,060
Jail Costs	292,170
At-Risk Juveniles	328,150
Non-Categorical	229,000
Other	151,195
Commissioner of the Revenue	99,603
Treasurer	83,720
Voter Registrar	<u>35,320</u>
TOTAL	\$25,039,068



Initial Draft FY 2017 Budget

Expenditures

General Fund	\$16,426,927
Social Services	2,371,768
Schools	31,846,673
School Food	1,202,606
Building Fund	1,719,239
Water & Sewer	<u>4,190,525</u>
	<u>\$57,757,738</u>



Initial Draft FY 2017 Budget

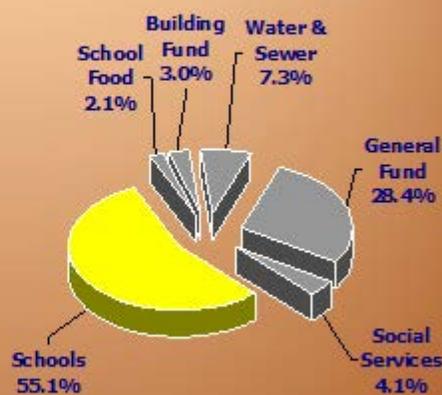
Total Expenditures

EXPENDITURE SOURCE	FY 2016	PROJECTED 2017	INCREASE (DECREASE)	PERCENT CHANGE
General & Financial Administration	\$ 2,312,952	\$ 2,702,010	\$ 389,058	16.82
Judicial Administration	1,959,587	1,783,444	(176,143)	(8.99)
Public Safety	7,675,797	8,008,790	332,993	4.34
Public Works	2,399,295	2,363,132	(36,166)	(1.51)
Health & Welfare	849,625	911,186	61,560	7.25
Parks, Recreation & Culture	265,720	276,822	8,102	3.02
Community Development	409,255	322,921	(86,337)	(21.10)
Non-Departmental	21,600	58,622	37,022	171.40
School Fund	30,460,540	31,846,673	1,386,133	4.55
School Food	1,202,606	1,202,606	-	0.00
Public Assistance Fund	2,345,621	2,371,768	26,147	1.11
Building Fund	1,752,903	1,719,239	(33,664)	(1.92)
Enterprise Fund	4,141,026	4,190,525	49,499	1.20
TOTAL EXPENDITURES	\$ 55,799,534	\$ 57,757,738	\$ 1,958,204	3.51

Initial Draft FY 2017 Budget

Expenditures

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Initial Draft FY 2017 Budget

Schools Revenue Sources

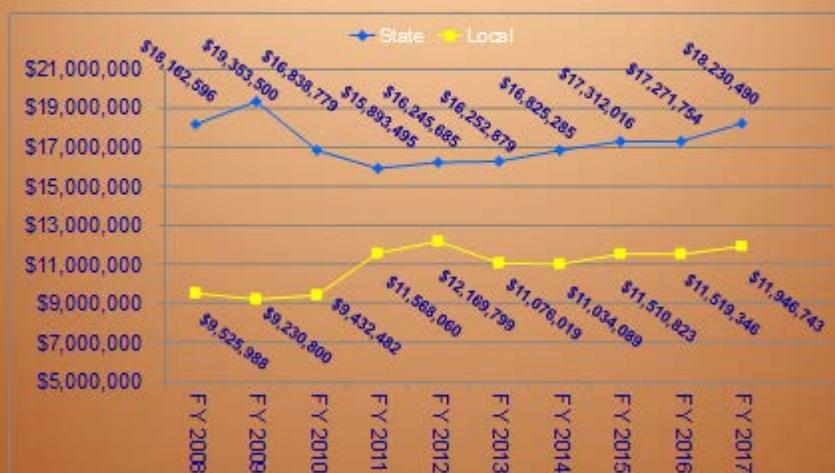
	FY2016	FY2017	CHANGE	%
State Aid (Operations)	16,808,846	17,481,414	874,568	5.27%
Other State Aid	864,908	749,076	84,168	12.66%
Federal Aid	1,825,140	1,825,140	-	0.00%
Federal - School Operating	44,300	44,300	-	0.00%
Local - Southampton County Funds	11,519,346	11,946,743	427,397	3.71%
	30,460,540	31,846,673	1,386,133	4.55%

Initial Draft FY 2017 Budget

Schools Categorical Expenditures

	FY2016	FY2017	CHANGE	%
Instruction	18,197,293	TBD	TBD	TBD
Administration, Attendance & Health	1,022,412	TBD	TBD	TBD
Management & Direction - Transportation	2,804,749	TBD	TBD	TBD
Operation and Maintenance Services	3,113,544	TBD	TBD	TBD
School Food Service and Non-Operating	73,363	TBD	TBD	TBD
Facilities	158,709	TBD	TBD	TBD
Technology/School Operating	498,142	TBD	TBD	TBD
	26,868,212	26,578,140	709,928	2.74%

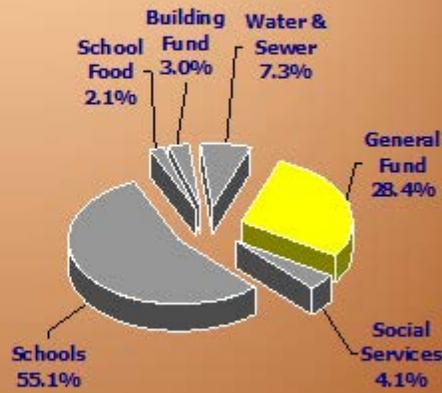
School Funding



Initial Draft FY 2017 Budget

Expenditures

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Initial Draft FY 2017 Budget

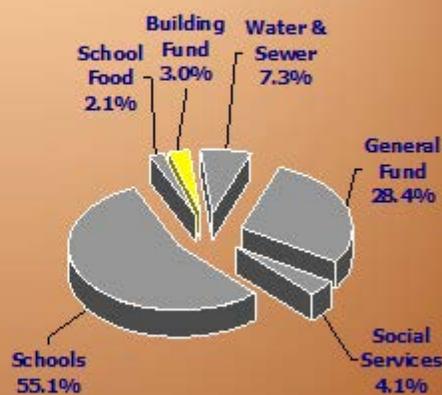
General Fund Expenditures

EXPENDITURE SOURCE	FY 2016	PROJECTED 2017	INCREASE (DECREASE)	PERCENT CHANGE
General & Financial Administration	\$ 2,312,952	\$ 2,702,010	\$ 389,058	16.82
Judicial Administration	1,959,587	1,783,444	(176,143)	(8.99)
Public Safety	7,675,797	8,008,790	332,993	4.34
Public Works	2,399,298	2,363,132	(36,166)	(1.51)
Health & Welfare	849,626	911,186	61,560	7.25
Parks, Recreation & Culture	268,720	276,822	8,102	3.02
Community Development	409,258	322,921	(86,337)	(21.10)
Non-Departmental	21,600	58,622	37,022	171.40
TOTAL EXPENDITURES	\$ 15,896,838	\$ 16,426,927	\$ 530,089	3.33

Initial Draft FY 2017 Budget

Expenditures

General Fund	\$16,426,927
Social Services	2,371,768
Schools	31,846,673
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Water & Sewer	4,190,525
	\$57,757,738



Building Fund Sources of Funds

Utility Taxes	\$	517,861
Meals Taxes		168,600
Office Center Rent		60,556
Wetland Bank Rent		150,000
Capital Projects Reserve		-
Transfer-In from General Fund		<u>822,222</u>
	\$	<u>1,719,239</u>

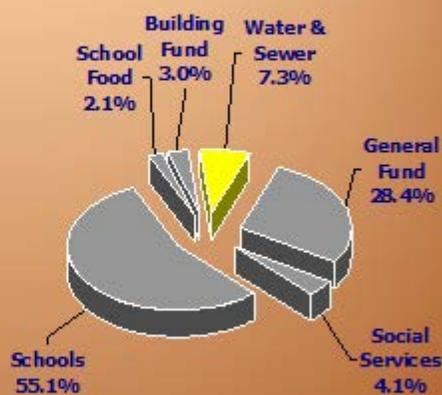
Building Fund Uses of Funds

• Debt Payments		
– Turner Tract	\$	741,562
– Sheriff’s Vehicle Lease		73,681
– Refuse Truck Lease		38,637
– Jail Farm Kitchen		23,624
– Courthouse Security		92,658
• Fire & Rescue Capital Projects		652,777
• Sheriff’s Office Vehicles		60,000
• Wetland Bank Monitoring		7,800
• Trustee Fee (Regions Bank)		2,500
• Solid Waste Sites/Containers		<u>26,000</u>
		<u>\$1,719,239</u>

Initial Draft FY 2017 Budget

Expenditures

General Fund	\$16,426,927
Social Services	2,371,768
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Building Fund	1,719,239
Water & Sewer	<u>4,190,525</u>
	<u>\$57,757,738</u>



Enterprise Fund Sources of Funds

Charges for Services	\$	1,235,456
Transfer-In from General Fund (Debt Service)		2,525,489
Transfer-In from General Fund (Operations)		429,580
	\$	<u>4,190,525</u>

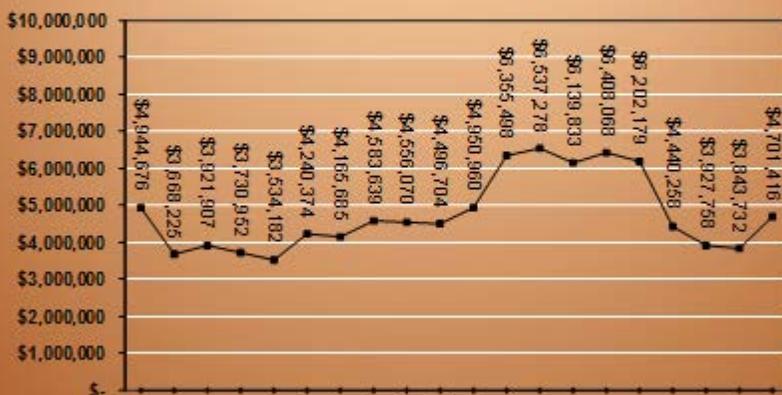
Enterprise Fund Uses of Funds

- Debt Payments
 - Boykins, Branchville, Newsoms \$ 394,279
 - Courtland WWTP 2,075,525
 - Utility Pickups Lease 21,243
 - Water Tank Painting 34,441
- Water & Sewer Operations 1,665,037

\$ 4,190,525

Initial Draft FY 2017 Budget

Unappropriated Reserve Fund Balance



Proposed Tax Levies

	<u>FY 2016</u>	<u>PROPOSED FY 2017</u>
REAL ESTATE		
General	\$0.77/\$100	\$0.82/\$100
Public Service Corporations	\$0.77/\$100	\$0.82/\$100
PERSONAL PROPERTY		
General	\$5.00/\$100	\$5.00/\$100
Machinery & Tools	\$2.40/\$100	\$2.40/\$100
Mobile Homes	\$0.77/\$100	\$0.82/\$100
Public Service Corporations	\$5.00/\$100	\$5.00/\$100
Merchants Capital	\$0.50/\$100	\$0.50/\$100
Farm Machinery	\$1.95/\$100	\$1.95/\$100
Farm Machinery/Single Product	\$1.25/\$100	\$1.25/\$100
Construction Machinery	\$1.95/\$100	\$1.95/\$100
Motor Carriers	\$2.40/\$100	\$2.40/\$100
MOTOR VEHICLE LICENSE TAX		
Private Passenger Motor Vehicle	\$23.00	\$28.00

Proposed Fees

	<u>FY 2016</u>	<u>PROPOSED FY 2017</u>
<u>WATER</u>		
Monthly Residential Base Rate (≤ 4,000 gal.)	\$26.00	\$27.00
Monthly Commercial Base Rate (≤ 4,000 gal.)	\$26.00	\$27.00
Monthly Rate per 1,000 (> 4,000 gal.)	\$5.00	\$6.00
<u>SEWER</u>		
Monthly Residential Base Rate (≤ 4,000 gal.)	\$34.00	\$35.00
Monthly Commercial Base Rate (≤ 4,000 gal.)	\$34.00	\$35.00
Monthly Rate per 1,000 (> 4,000 gal.)	\$7.00	\$8.00
AEC per 1,000 (Industrial Process)	\$1.50	\$1.50
<u>SOLID WASTE</u>		
Solid Waste Management Fee	\$200.00	\$200.00

Chairman Jones states alright gentlemen. Anyone have any questions?

Chairman Jones called on Supervisor West.

Supervisor West states I am going to have a hard time swallowing .05 cents. It gives me a big case of indigestion. I would like to look at this book, obviously. I don't want to make the school board the whipping boy okay, but the \$1.3 million is significant. I want to know what \$1 million looks like instead of \$1.3 million; I am just throwing that out there. \$1 million is two pennies less than \$1.3 million; is that correct?

Mr. Michael Johnson states in round numbers.

Supervisor West states right off the top I can tell you that I can lean towards .80 cent, but I am going to struggle with .82 cents period.

Chairman Jones called on Supervisor Faison.

Supervisor Faison states I appreciate what has been done in compiling this budget. A lot of work has gone into it. It certainly makes it clear what we are up against. I think the school is the area where I am very concerned about. If we don't do something for the schools, it is not going to get

any better. In a few years from now, we are going to be facing something even more drastic than what we are now so, even though I don't relish increasing taxes, I don't see any way around not doing it to some extent.

Supervisor Edwards states I agree 100% with Carl. The schools are our highest obligation, and I can't see a cut there either. I think Carl and I have been on the inside and seen what they are up against. I fear that if we continue to cut them, our graduates may not be able to compete to go to college or get jobs once they graduate from 12th grade. I would not be in favor of cutting anything from the schools.

Chairman Jones called on Supervisor Porter.

Supervisor Porter states I want to thank the staff for all of the work they have done. I know it is an unpleasant task. It is not surprising because looking at where we are coming from and where we need to go; this does not address all of the things that we need to do. It points out a couple of things. Number one we need to be more aggressive on our utility project to get that under control to start getting some benefits. Subsidizing the water and sewer by \$3 million a year is a big chunk to bite. That is a .20 cent real estate equivalent. If we can reduce that by half through this project, then we have made a big stride. I think people have a misunderstanding in what we are trying to do and misunderstandings of obligations, and misunderstandings of what it costs us to go like we are going now. Well, it costs us \$3 million just to do nothing. If we save \$1 million, that is a big step. We are never going to save all \$3 million. If we put it off long enough, we are going to get to a point that the life of that project is going to have to be replaced, and we have wasted \$3 million a year. I have been pushing for that now for about 3.5 years, and I am frustrated. The other thing that this points out is we have to be more aggressive and more accommodative to get industry in here. It is time for us to change this attitude by everybody in the county that I am in favor of industry if you put it somewhere else. Well, everybody says that and we have to fight that. We have to bring it in and make it work. I will mention the Camp Parkway project. We have to make it work. People are blindly opposing it just because they feel it will inconvenience them. We have to change their attitudes. We need these projects. We need more of them and we need to be more accommodative. I have stood up here and said if we don't do this, you will double your real estate tax rate in ten years. It might get there before ten years if we don't. We have to work in that direction to broaden the tax basis, and use the assets that we own more productively.

Chairman Jones called on Supervisor Cook.

Supervisor Cook states this is my first go around so it is a lot to digest. I very much want to keep the school budget. I agree with Mr. Faison and Dr. Edwards both. I have two grandchildren that are juniors there so, I have a vested interest. I want our schools to be the best they can be to turn out graduates who can go and be who they want to be whether they go to work, go to the community college, or go to a four-year college. I am going to be hard pressed to mess with the school budget too much. I will say that. We do need to get industry in here. I really want to see us push to get some things going and not turn things down every time it comes up. I am going to study this budget and see if there is anything in here that stands out. It looks like you guys did a great job putting this budget together.

Chairman Jones called on Supervisor Phillips.

Supervisor Phillips states I will have to echo the thanks. It is a lot of work here. We have a lot of work in front of us; the schools, the sewer project... I have spent a lot of time working on the committee with the sewer project. If we could achieve some savings there... it is like everybody in the county is paying for that. Actually, they are paying for two sewage systems because you have something in your backyard and you are paying for something that... but, it is an opportunity for us to bring development to this county that a lot of other counties don't have. So, I believe we need to focus on growth, make the sewer project work, and make Southampton County open for business.

Chairman Jones states yes that is number one.

Supervisor Phillips states I would like to see if we could hold this to a .03 cent tax increase. I would like to look and see what we can find. I am going to have to get with Mike to ask some questions, and in the next couple of weeks work this process out.

Chairman Jones states I would have to go along with Dr. Edwards and Mr. Faison. We have been banging on the schools for the last four years now. We need to step up and do what we need to do, and let the people know we are trying to get industry in. We need to get it. They need to understand if they don't get it, the taxes will double whether they can pay it or not. That is the only place we have to get it if we don't get any industry. I am looking at the Fire and Rescue. They said they had to have it in order to save lives. Our children are the future. If we don't do for them while they are trying to get an education, I think it is just a waste. I would like to keep it under .05 cents but if we have to go to .05 cents I am going to go with it. I don't want to see the schools hurt anymore.

Supervisor Porter states one thing I want to point out is if we funded what the schools fully needed and we funded what Fire and Rescue really needed, we would be talking about roughly \$900,000 more dollars which is another .06 cents. Then you are talking about .88 cents instead of .82 cents if we did that. So, we need to find a way. That is what I mean by the budget doesn't have... and that is not everything we need to do for the county. We have these challenges we have to address, and as a board we need to get together and address them. I don't see any way that there is not going to be a tax increase this year. We are going to get beat up for it. I don't see how we cannot do everything we can to aggressively readily use our assets to try and get more businesses in here. We need to work together to do that, and that needs to be plainly put out there no matter what kind of criticism we receive.

Supervisor West states there is something I want to point out to everyone in the room. That \$200 trash fee, keep in mind, is two budgets away before you can consider that \$200 fee because the SPSA agreement ends in January 2018. So, that is not even on the drawing board if it ever was, but I am saying the \$200 reduction in the trash fee cannot be done at this time. I hear people say you are either going to help the schools or they are going to be in jail. I don't buy any of that because I believe in parental requirements, expectations, and doing things at the home level so the schools don't have to do it all. You have certain things you should do, but you don't have to raise a child. I do not send my child to your school to be raised by you. That is my moral responsibility and my biblical responsibility. It is not your responsibility, and I am not delegating it. We have sort of gotten to that attitude in America today. I am asking, and I realize the fact that the budget will go up this year. I expect that. As for my social security check; guess how much it went up this year? Raise your hand if yours went up? Do you have that number? My interest rates on anything, guess how much they went up? I am not getting any more money. I am living with a certain amount. We are living with a certain amount. I am saying yes, we are going to move forward with the budget, yes we are going to help the schools, and yes we are going to help fire and rescue. It is about being there when there is a need, whether it is fire or need for life. That being said, I can see the need for a raise but .05 cents is going to be very difficult for me. I can see a 4-3 alignment already or maybe a 5-2 alignment. But anyway, I will stick to my guns and at the end of the day we will have a budget that works out, and I look forward to it.

Chairman Jones states I would like to keep it at .03 cents too, but we have to be realistic about it.

Supervisor West states sure we do.

Chairman Jones states and these are the people who deal with it every day.

Supervisor Faison states things have been said tonight that are very true about the way we look at industry. It is so important that this entire county has a favorable outlook towards industry and that we be industry friendly/business friendly. I think if people realize we are going to have to do something whether it is increase taxes or attract businesses, maybe it will drive us to be a little bit more business friendly.

Chairman Jones states alright; anymore comments?

Supervisor Edwards states you know there are some brighter things in the future in a couple of years that we are looking at. It is not all gloom and doom. We are looking at several things that are going to help us in a couple of years or sooner. It is not like we are going to be sitting here and doing this every year; I hope.

Supervisor Porter states if we don't broaden the tax base it is going to be every year. There is nothing out there...

Supervisor Edwards states you cannot expect to run the county... when you go to the grocery store or the gas station and you see what the prices are running. I brought a small limb cutting saw. The old one I had still had the price tag on it for \$21. It cost me \$60 at Lowes. My old saw was only about six years old. If you look at how things have escalated... I think the school has done a tremendous job with what they have.

Supervisor West states I agree with that.

Supervisor Edwards states they have done everything we have asked to economize. I tip my hat to them. I just don't see any other way around it.

Supervisor Faison states and I agree that they have done wonderful, but we have to look at the whole picture. They are doing wonderful in terms of what they are doing with what. They are doing it with less now than what they did before. Unless something is done, it will be less the next year and less the year after that. If we keep that up too long, we are going to be in trouble.

Supervisor Porter states I think the trend that we are trying to do for the schools is to move it in the right direction. I feel like we could have done a little bit more last year and I think we have to do something this year. I know the schools need to do all of these things, but I am not sure they can make that big leap all in one year and do everything they had in their budget at one time. I think that will be a real challenge because it was a significant decrease in staff and programs. It takes a while sometimes to scale those things back up to be successful.

Supervisor West states Mr. Johnson are new buses included in this?

Supervisor Porter states yes, there are five. There is no one here that is a bigger supporter of the schools than I am. I think the schools have worked with us to try and get through some difficult times. I think we are willing to work and give them what we can, but we still are in difficult times. I shouldn't say this and I did talk to some people... and I won't say it.

Supervisor Edwards states I think we are at the point with the schools where we either put up or shut up. I think this is a critical point for the schools. They are trying to build their salary deficit from years 10 – 15, to bring them up to par with the surrounding counties. They are losing good teachers who have been there ten years, who have their tenure. They are trying to build that up and build the salaries up. My son, with 15 years at Southampton, can go to Isle of Wight and make \$6,000 to \$7,000 more. He has looked at that, but loyalty keeps him here; he coaches. We just need to get the system built up. We need to tighten our belts and take our lumps; and like I said, in a couple of years I think things are going to look a lot brighter with the things we have been working on.

Chairman Jones states it has been a long time Dr. Edwards. I have been sitting here for a long time, and every time we try to catch up they move up. We have never gotten even. We have always been behind. If we have given them a 2% raise somewhere, the other counties get 4% or more than we do, and we are still behind.

Supervisor Porter states I don't disagree with anything anybody said, but getting back to reality...

Chairman Jones states we just can't do it.

Supervisor Porter states we need to do everything we can, but I think what we also have to recognize is we have to find additional sources of revenue because we can't keep doing this. We need to be on board to focus towards that. I wish we had the \$3 million we are subsidizing to give to the schools, but we don't.

Chairman Jones states I don't want to see us on television like in Chicago where they have buckets in the middle of the floor and the roofs are caving in.

Supervisor Porter states I don't either. I think this is a great starting point, and we have to work through it. I don't think anybody is in the illusions on this board that there is not going to be a tax increase. It's a question of how much can we do, how much do we have to do. We have to demonstrate to all of these departments that we are using the money wisely, especially when you are looking at a big tax increase; and, .05 cents is a big tax increase.

Chairman Jones states I would just like to thank the staff. I know they work hard and every year Mr. Johnson and his staff come up with a good budget every year. We just have to make it work; try to make it work. Anything else? Anybody have any money they want to give to the county?

Supervisor Porter states I didn't win the lottery. If I had won...

Chairman Jones states you wouldn't have thought about the schools then. You would have said I thought about them before I got it.

Supervisor West states I will say while you are talking about the lottery, in defense of the farming community, I think this is one of the most threatening years for the farming community in a long time.

Supervisor Edwards states the next two years probably.

Supervisor West states prices are severely down and weather is always a factor. We have been declared a potential disaster. You can get loans for it...disaster relief. That being said there is the old expression; well, if you can't get it from anywhere else you can always up the taxes and go to the taxpayer. People, there is a bottom to every pocket and a bottom to every well. I will say to you again, I want much to give everything possible to the schools, but I agree with it being layered this year and a little bit more next year, and a little bit more after that. But, from here to there in one year is too much for me. Like I said, .05 cents, I am going to have a difficult time absorbing that. I am on board for discussion and next week you will have an opportunity to present. I would love for you to modify any if you can; but, if you can't you can't, and if you say you can't then so be it. But, at the end of the day we will have a budget that works. You have always been gracious and accepted what you had and worked with what you had, and I thank you for that. My experience is at Nottoway and that is one of the safest environments I have ever been in, in my life. When I walk in, I feel really great. I go by the classes and I see the intensity of the teaching. Like you just said, I am sure they could go to Isle of Wight and make x number of dollars. I know that, but these teachers love their kids. I do not buy into if you don't do for the schools then they will end up in prison. I don't want to hear that, and I hear that. You will even hear it next week, and people will try to come up to me and convince me of that. I say you have parental expectations in my book. With that being said, I am glad the budget is out. I think you did a great job Mike and Lynette, and thank you so much Amanda. Looking forward to getting this thing worked out. It always has.

Chairman Jones states yes it has.

Supervisor West states you have been doing it for 40 years.

Chairman Jones states yes, and it is a budget we have to work with. It is some figures we have to work with. We didn't come here tonight to pass it. We came here to accept it. That is all we did.

Supervisor Edwards states this is reality tonight.

Chairman Jones states no, he passed out our homework. Now, I have a month and a half to get it together.

Mr. Michael Johnson states one month.

Chairman Jones states okay one month.

Mr. Michael Johnson states we have to advertise the draft budget May 1st.

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Supervisor West states well there are two things that Mr. Porter made very clear. One is the necessity for us to be business friendly, aggressively business friendly. The second one is for this water and sewer authority; fast track as much as possible. Linger two, three, and four years down the road is not going to cut it. Then, I see Mr. Garner here tonight and I know as far as that \$72,000 this year, he is going to say we will work with it. We will take it. It is more than it was last year. I think he was surprised at the \$190,000 that was added to it. It would have made it a lot simpler for us if that had not been true. But, the bottom line is when you call 9-1-1 you want someone to be there because there is a need. So, I see that need; we are ready. Let's do it. Chairman Jones states Mr. Johnson had to start somewhere. He could have put .10 cents there.

Supervisor West states no he couldn't. He wouldn't have his job then.

Chairman Jones states yes he would. You wouldn't run him away. We wouldn't run him away.

Supervisor West states you are right.

Chairman Jones states I am just saying he had to put a figure there.

Supervisor West states I understand you very well.

Chairman Jones states I take my hat off to them. They have done a marvelous job all of these years. Is there anything else to come before us? If not, meeting is adjourned.

There being no further business, the meeting adjourned at 7:20 p.m.

Dallas O. Jones, Chairman

Michael W. Johnson, Clerk