

THE FRANKLIN COUNTY BOARD OF SUPERVISORS HELD A REGULAR MONTHLY MEETING ON TUESDAY, APRIL 27, 2010, AT 6:00 P.M., IN THE BOARD OF SUPERVISORS MEETING ROOM LOCATED IN THE GOVERNMENT CENTER, 1255 FRANKLIN STREET, SUITE 104, ROCKY MOUNT, VIRGINIA.

THERE WERE PRESENT: Charles Wagner, Chairman
 Wayne Angell, Vice-Chairman
 Leland Mitchell
 Ronnie Thompson
 David Cundiff
 Russ Johnson
 Bobby Thompson

OTHERS PRESENT: Richard E. Huff, II, County Administrator
 Christopher L. Whitlow, Asst. County Administrator
 Larry V. Moore, Asst. County Administrator
 B. J. Jefferson, County Attorney
 Sharon K. Tudor, MMC, Clerk

Chairman Charles Wagner called the meeting to order.

ADOPTION OF FY'2010-2011 COUNTY BUDGET

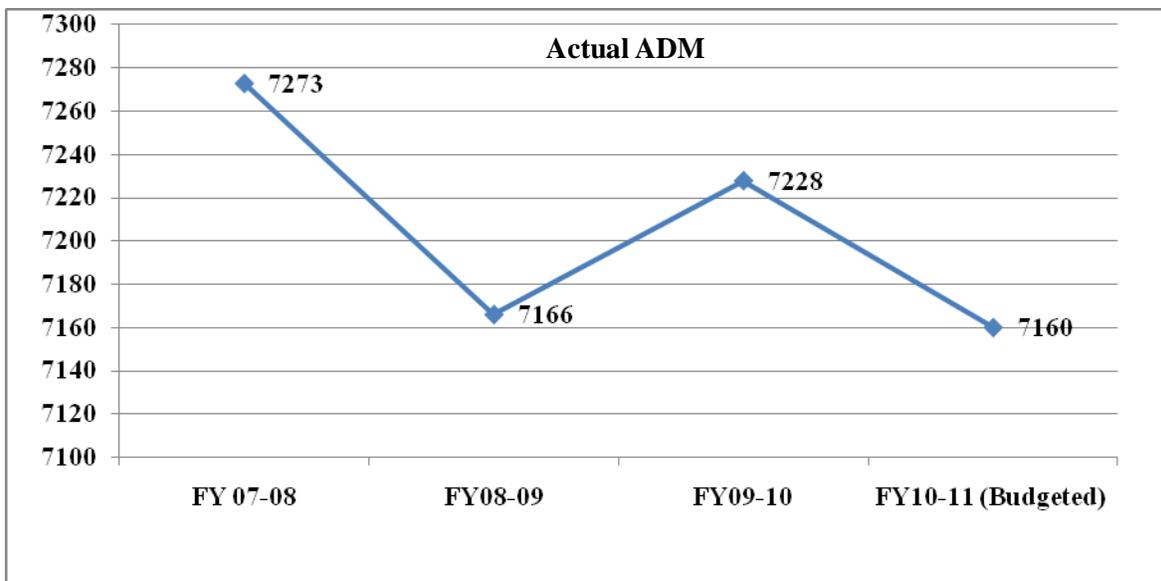
Mr. Richard E. Huff, II, County Administrator, shared with the Board the following information:

Additional Budget Follow Up

Textbooks:

Textbook revenues received from the State totaled \$519,378 for 2008-09---\$118.52 per pupil. These funds could be spent for textbooks and instructional materials. The textbook revenue budget for 2009-10 was \$518,124---\$118.52 per pupil. This funding was reduced to \$0 for 2009-10, as a result of State budget cuts. This is part of the reason why we froze expenditures on 1-19-10. We had already received \$235,176 through 12-16-09, so this overpayment will be recaptured by reductions to State basic aid payments during the rest of 2009-10 (We had to give it back). Textbook revenues projected to be received from the State for 2010-11 total \$225,298---\$52.54 per pupil. As you can see, the State per pupil amount went from \$118.52 to \$0.00 to \$52.54 during the 3 year period. The State adopts Social Studies in 2009-10, Mathematics in 2010-11 and English / Science in 2011-12. School divisions normally will adopt textbooks in the year following the State adoption year. Many school divisions are simply purchasing replacement textbooks, as needed, and supplementing the existing textbooks with supplemental materials and teaching. There is not a series of textbooks that are written exactly as Virginia's SOL's are paced for teaching and testing, so it is difficult to say if we are getting behind in our replacement cycles. The cost of replacing textbooks is a financial issue that will be more important sometime in the future.

ADM:



Sales Tax Estimates for Schools:

Year	State Estimate	School Budget	Actual	Budget vs Actual Difference
2006-07		\$ 7,379,471	\$ 7,171,115	\$ (208,356)
2007-08	\$ 7,498,785	\$ 7,437,141	\$ 7,161,075	\$ (276,066)
2008-09	\$ 7,672,328	\$ 7,412,027	\$ 6,965,693	\$ (446,334)
2009-10	\$ 7,367,824	\$ 6,967,352	\$ 6,598,352	\$ (369,000)
2010-11	\$ 6,779,449	\$ 6,629,449		

The point here is that shortfalls have to be “absorbed” in the School Budget to avoid coming back to the BOS for additional funds. This would necessarily require expenditure line items to be “underspent”. This is in addition to the \$235,176 in 2009-10 that the state took back in textbook funds.

Franklin County Public Schools has made a recommendation to the County Board of Supervisors as to its recommended budget for 2010-2011. This budget represents over \$2 million in cuts. The cuts that are included in Option 1 are as follows.				
Scenario 1 represents over \$2 million in cuts through 44 positions and program cuts as indicated.				
Cuts Recommended:	Year	Program	Personnel	Approximate Amounts
French at the middle school will be eliminated	2010	✓	✓	
Spanish in the elementary school will be significantly reduced	2010	✓		\$20,000
Strings and Violin Program eliminated at the elementary schools	2010	✓		
Community Alternative Program for Suspensions (CAPS) will be eliminated	2009	✓		
Physical Education Classes at the middle school - significantly reduced	2010	✓	✓	
Graphics Arts Program at the middle school will be eliminated	2010	✓	✓	\$60,000
Swim Program at the YMCA for 6th graders will be eliminated	2009	✓		
2 Elementary Assistant Principal positions eliminated-these were used for training of potential emerging candidates and served to provide additional evaluation, safety and discipline services at four difficult elementary settings	2010	✓		
Science Museum dues eliminated which cuts out field trips to the site which supports SOLs	2010	✓		\$12,000
Staff development division-wide reduced significantly	2010	✓		\$24,000
2 middle and high school Assistant Principal positions eliminated	2010		✓	
Yearbook no longer be offered as an elective at the middle school	2010	✓	✓	\$15,000
Elimination of 1 high school Business position	2010	✓		
Field trips significantly reduced thus making it more difficult for economically disadvantaged (and all) children to experience out of the county sites and services	2010	✓		\$35,000
Professional conferences eliminated out of state	2010	✓		\$25,000
Professional conferences significantly reduced in state	2010	✓		\$18,000
Franklin County High School Band reductions including staff and program reductions	2010	✓		
4 Instructional Technology Resource Teachers cuts district-wide	2010	✓	✓	
District Public Relations position	2010	✓	✓	
Transportation cuts including routes (2009 and 2010), personnel and equipment	2009		✓	\$65,000
Maintenance cuts in purchasing and heating and air conditioning	2010	✓	✓	\$45,000
Reduction of \$35,000 to middle school sports program	2010	✓		\$35,000
Reduction of Art and Fine Arts positions at the elementary level resulting in less planning time for teachers and non-professional art and music instruction	2010	✓		
Art, Fine Arts, French, PE, Vocational, Graphic Arts, Electives, Technology, etc. (23.5 Teachers)	2010			\$1,175,000
1 middle, 1 high, 2 elementary Assistant Principals, Public Relations, Finance, Secretarial, etc. (7 Administrators or District Office)	2010			\$525,000
Strings and Violin, high school and middle school Band, ITRT, Business, Keyboarding, etc. (12.5 Support)	2010	✓	✓	\$337,000
TOTAL				\$2,391,000
NOTE: Where personnel and program categories were both checked, personnel costs are included in the bottom three categories.				

Proposed			Do Nothing			
	FY11	FY10		FY11	FY10	
Local	\$28,633,089	\$25,798,013		\$25,798,013	\$25,798,013	
State	\$34,809,638	\$40,918,853		\$34,809,638	\$40,918,853	
	\$63,442,727	\$66,716,866	\$(3,274,139)	\$60,607,651	\$66,716,866	\$(6,109,215)

If you ignore the expenditure pressures in next year’s budget, the following represents the situation from a purely budgeted revenue position assuming level local funding and the advertised tax increase included:

State & Local Reduction Level Funded	\$ (6,109,215)
VRS State Rate Reduction	\$1,995,223
New Local Funds	\$2,835,000
Shortfall Before Expenditure Pressures	\$ (1,278,992)

If no tax increase occurs, the following will be the situation barring other funding shifts:

State & Local Reduction Level Funded	\$ (6,109,215)
VRS State Rate Reduction	\$1,995,223
New Local Funds	\$0
Shortfall Before Expenditure Pressures	\$ (4,113,992)

Expenditure pressures **(\$983,000)** include:

1. Fuel
2. Health Insurance for existing staff but new plan holders
3. Local Match required for some state funding
4. Additional Nurses required

Under the advertised budget, the Schools will see a 4.2% decrease in total budget and if there is no tax increase, they will see a 7.68% decrease.

2009-10 Mid Year Budget Adjustments Required

Retirement reduction	372,000	revenue reduced for 4th qtr holiday
Textbook reduction	518,000	line item will be under spent
State Sales Tax reduction	369,000	cuts must be made to absorb
	<u>1,259,000</u>	

Recommendations to Change VRS Recommendation in Advertised Budget

The General Assembly has eliminated the option to pass the employee share of VRS back to employees. In the advertised budget, it was contemplated that \$200,000 in savings be captured in the General Government budgets and \$800,000 in the School budget. In order to make up this change, the following options are presented:

I. Reduce salaries by 2%

- A. All full time and part time employees would see a 2% drop in gross pay, except
 1. Employees of the Treasurer’s Office, Commissioner of Revenue’s Office, Commonwealth Attorney’s Office, Clerk of Court, Registrar, & Department of Social Services cannot be required by the Board of Supervisors to participate. This represents 93 of 308 full time employees (30%).
- B. Because retirement pensions are calculated based on the highest 36 months of compensation, a salary reduction will lower retirement benefits for the life of the retiree. The order of magnitude is that a \$38,000 employee that has his/her pay reduced 2% in his last three years of work would lose the 2% (\$760) plus \$3,300 in reduced pension benefits over the next 25 years.

- C. Based on a question from a Board member, Staff has explored whether the Board, if it chose, could treat those within 3 years of retirement differently by holding them harmless or reducing their salary reduction. We have determined along with Mr. Jefferson that this would not be legal to treat this group differently than other employees.

II. Balance through additional cuts in budget

- A. If two locally funded deputies are moved to Compensation Board funded positions, a savings of \$100,000 is created. This would allow the Sheriff to fill two Compensation funded positions and leave the two locally funded slots vacant to recoup the savings. If all four deputies are moved to Compensation Board slots, there will be no net gain of deputies in order to recoup the locally funded slot savings.
- B. The other \$100,000 on the General Government side can be recouped by moving \$100,000 from the County capital budget to the operations budget and reducing the amount available for this year and the future for capital projects to \$2,095,501. The item that would be taken out is a leachate collection truck at the landfill that could be delayed until next year since the landfill volume has slowed down in the current economic climate. This permanent reduction in the capital budget is along the same theory as the recommendation to reduce the School capital budget from \$1.1 million to \$880,000 until funds are available to build it back up.
- C. The Schools would be required to find \$800,000 within their budget to make up their share of the difference as well.

Franklin County Proposed Budget FY10-11

- A. If you want to support the advertised budget:
 3 cent Real Estate rate increase \$.46 to \$.49
 25 cent Personal Property increase \$1.89 to \$2.14

Should generate \$3,120,000 with \$2,835,076 going to the Schools (91%) and \$284,924 allocated for local government (9%).

- B. If you want to reduce the real estate rate increase, each penny will generate \$720,000. Using the same split as the increase, this would generate a school budget reduction of \$654,248 from the proposed budget and a local government reduction of \$65,752 for each penny.
- 1) 1¢ decrease in advertised budget
 - a. (\$654,248) - Schools
 - b. (\$65,752) - non-school
 - 2) 2¢ decrease in advertised budget
 - a. (\$1,308,496) – Schools
 - b. (\$ 131,504) – non-school
 - 3) 3¢ decrease in advertised budget
 - a. (\$1,962,744) – Schools
 - b. (\$197,256) – non-school
- C. If you want to reduce the personal property rate increase, the 25 cent increase will generate \$960,000 with \$872,332 going to the schools and \$87,668 going to local government. Using the same split as the increase, each penny reduction would generate a school budget reduction of \$34,893 and a local government reduction of \$3,507 from the proposed budget.
- 1) 10¢ decrease in advertised budget
 - a. (\$348,930) - Schools
 - b. (\$35,070) - non-school
 - 2) 20¢ decrease in advertised budget
 - a. (\$697,860) – Schools
 - b. (\$ 70,140) – non-school

- 3) 25¢ decrease in advertised budget
- a. (\$872,332) – Schools
 - b. (\$87,668) – non-school

The two positions that were important as we worked through the budget discussions were that if we raised additional revenue per the advertisement, the Board would signal that there would be no tax increase next year, barring unforeseen circumstances, and that the Board wanted to see the same financial reports with YTD information for Schools as is provided by County staff.

General discussion ensued.

(RESOLUTION #16-04-2010)

BE IT THEREFORE RESOLVED, by the Board of Supervisors to adopt the aforementioned proposed FY'2010-2011 budget as advertised with a net of \$120,098,026 plus transfers between funds in the amount of 38,013,101 with a grand total in the amount of \$158,111,127.

MOTION BY: Wayne Angell
 SECONDED BY: Bobby Thompson
 VOTING ON THE MOTION WAS AS FOLLOWS:
 AYES: Angell, Bobby Thompson & Wagner
 NAYS: Mitchell, Ronnie Thompson, Cundiff, & Johnson

MOTION FAILS WITH A 3-4VOTE.

David Cundiff stated he supports the School System and County Employees and this process has been difficult for everybody. They have received lots of telephone calls and hoped if there was any way possible to lessen the burden on the tax payer he would be grateful.

(RESOLUTION #17-04-2010)

BE IT THEREFORE RESOLVED, by the Board of Supervisors to propose a 1cent increase in real estate (\$.47) and 15 cents increase (\$2.04) in personal property taxes with new generated funds going to schools.

MOTION BY: Russ Johnson
 SECONDED BY: David Cundiff

SUBSTITUTE MOTION OFFERED:

(RESOLUTION #18-04-2010)

BE THEREFORE RESOLVED, by the Board of Supervisors to adopt the following tax levies for the following classes of property as follows; with the same percentage allocation to the schools as presented by the County Administrator in the proposed FY'2010-2011 County budget.

1. Setting a tax levy of \$.48/\$100 of assessed value on real estate, public service corporation property, and mobile homes; pursuant to the authority of 58.1-3200, 58.1-3201, 58.1-3202, 58.1-3203, 58.1-3204, 58.1-3205 of the Code of Virginia, as amended.
2. Setting a tax levy of \$2.04/\$100 of assessed value on personal property, pursuant to the authority of 58.1-3500, 58.1-3501, 58.1-3502, 58.1-3503, 58.1-3506 of the Code of Virginia, as amended.
3. Setting a tax levy of \$1.89/\$100 of assessed value on personal property, classified as heavy construction machinery, including but not limited to land movers, bulldozers, front-end loaders, graders, packers, power shovels, cranes, pile drivers, forest harvesting and silvicultural activity equipment and ditch and other types of diggers owned by businesses pursuant to the authority of 58.1-3508.2 of the Code of Virginia, as amended.
4. Setting a tax levy of \$0.60/\$100 assessed value on machinery and tools based on original cost and declining depreciation over a 7-year period. By the seventh year of depreciation, the effective rate is \$0.27 per \$100 assessed value. This rate is levied pursuant to the authority of 58.1-3507(B) of the Code of Virginia, as amended.
5. Setting a tax levy of \$1.08/\$100 of assessed value on merchants' capital, pursuant to the authority of 58.1-3507, 58.1-3508, 58.1-3509, and 58.1-3510 of the Code of Virginia, as amended.

6. Interest at an annual rate of ten percent (10%) per annum shall be charged on any unpaid taxes commencing the first day of the first month following the due date of the unpaid taxes.

SUBSTITUTE MOTION BY: Wayne Angell
 SUBSTITUTE SECONDED BY: Bobby Thompson
 VOTING ON THE SUBSTITUTE MOTION WAS AS FOLLOWS:
 AYES: Mitchell, Angell, Bobby Thompson & Wagner
 NAYS: Ronnie Thompson, Cundiff, & Johnson

SUBSTITUTE MOTION PASSES WITH A 4-3 VOTE.

(RESOLUTION #19-04-2010)

BE IT THEREFORE RESOLVED, by the Board of Supervisors to adopt the synopsis of the FY'2010-2011 County Budget as follows:

SYNOPSIS OF THE PROPOSED BUDGET FOR FISCAL YEAR 2010-2011

<u>Expenditure Function</u>	<u>Proposed Expenditures</u>	<u>Percent of Budget</u>
General and Financial Administration	\$3,747,263	3.1%
Judicial System	2,382,048	2.0%
Public Safety	12,580,608	10.6%
Public Works	2,897,918	2.4%
Health and Welfare	11,089,719	9.3%
Schools	77,005,421	64.8%
Recreation and Cultural	1,754,963	1.5%
Community Development	2,062,625	1.7%
Debt Service	1,636,833	1.4%
Non-Departmental	260,000	0.2%
Capital Outlay	3,115,501	2.6%
Utilities	461,127	0.4%
Sub-Total	\$118,994,026	100.0%
Transfers Between Funds	36,829,920	
Total	\$155,823,946	

<u>Revenue Function</u>	<u>Proposed Revenues</u>	<u>Percent Of Budget</u>
County Funds	\$57,200,332	48.1%
State Funds – County	15,174,041	12.7%
State School Funds	34,809,638	29.3%
Federal School Funds	8,128,770	6.8%
Local School Funds	3,476,122	2.9%
Capital Fund and Utilities	5,500	0.0%
Federal Revenues - County	199,623	0.2%
Sub-Total	\$118,994,026	100.0%
Transfers Between Funds	36,829,920	
Total	\$155,823,946	

MOTION BY: Wayne Angell
 SECONDED BY: Bobby Thompson
 VOTING ON THE MOTION WAS AS FOLLOWS:
 AYES: Mitchell, Angell, Bobby Thompson & Wagner
 NAYS: Ronnie Thompson, Cundiff & Johnson

MOTION PASSES WITH A 4-3 VOTE

SOCIAL SERVICES BOARD APPOINTMENT/GILLS CREEK DISTRICT

(RESOLUTION #20-04-2010)

BE IT THEREFORE RESOLVED, by the Board of Supervisors to reappoint Benson Beck to serve as the Gills Creek District Representative on the Social Services Board with said term to expire June 30, 2014.

MOTION BY: Russ Johnson
 SECONDED BY: David Cundiff
 VOTING ON THE MOTION WAS AS FOLLOWS:
 AYES: Mitchell, Thompson, Cundiff, Angell, Johnson, Thompson & Wagner

AWARD OF BID FOR THE FRANKLIN CENTER LOWER LEVEL IMPROVEMENTS:

Jack Murphy, Thompson & Litton Engineering Firm, advised the Board bids for the above referenced project were received, opened publicly, and read aloud at the offices of the Franklin County Government Center on Thursday, April 22, 2010 at 2:00 p.m.

Thompson & Litton (T&L) has reviewed the bids to formulate an opinion of the Contractors' responsiveness with respect to the scope of work advertised. We have compared the bids with the Architect's pre-bid estimate for the project as follows:

CONTRACTOR	TOTAL BASE BID	DIFFERENCE	%DIFFERENCE
Architect's Pre-Bid Estimate	\$305,500.00	N/A	N/A
Clark Construction Co., Inc.	\$267,000.00	\$38,500.00	≤12.60≥
Stanley W. Bowles Corp.	\$273,468.00	\$32,032.00	≤10.49≥
Avis Construction Co., Inc.	\$273,600.00	\$31,900.00	≤10.44≥

Upon conducting a review and evaluation for the bids, Clark Construction Co., Inc. submitted the lowest bid in the amount of \$267,000.00. It is T & L's opinion that Clark Construction Co., Inc. has the necessary equipment and experience to satisfactorily construct this project.

Given that the low bid is more than 12% under the construction estimate, the competitive nature of all the bids, and, the aggressive construction schedule, we recommend that both Alternate #1, add sink and base cabinet for \$3,150 and Alternate #2, provide telephone/data system and cabling for \$18,500 be included in the award to Clark Construction Co. for a total construction contract value of \$288,650.00

T & L would recommend that Franklin County consult with their legal counsel and the funding agency, Tobacco Commission, for their respective input and recommendations regarding these bids, as well as any other criteria that they may feel is appropriate, prior to making a final determination of award.

(RESOLUTION #21-04-2010)

BE IT THEREFORE RESOLVED, by the Board of Supervisors to award the bid for The Franklin Center Lower Level Improvements to Clark Construction Company in the amount of \$288,650.00 including Alternate #1 & #2, as presented above.

MOTION BY: Ronnie Thompson

SECONDED BY: David Cundiff

VOTING ON THE MOTION WAS AS FOLLOWS:

AYES: Mitchell, Thompson, Cundiff, Angell, Johnson, Thompson & Wagner

Chairman Wagner adjourned the meeting.

 CHARLES WAGNER
 CHAIRMAN

 RICHARD E. HUFF, II
 COUNTY ADMINISTRATOR