

April 26, 2011

Virginia:

AT A CONTINUED MEETING of the Nelson County Board of Supervisors at 4:00 p.m. in the Board of Supervisors Room located in the Nelson County Courthouse.

Present:

Allen M. Hale, East District Supervisor (Day Session Only)
Constance Brennan, Central District Supervisor
Thomas H. Bruguere, Jr. West District Supervisor - Vice Chair
Joe Dan Johnson, South District Supervisor – Chair
Thomas D. Harvey, North District Supervisor
Stephen A. Carter, County Administrator
Candice W. McGarry, Administrative Assistant/Deputy Clerk
Debra K. McCann, Director of Finance and Human Resources

Absent: None

I. Call to Order

Mr. Johnson called the meeting to order at 4:07 pm, with all Supervisors present to establish a quorum.

II. FY12 Budget Work Session

Ms. McCann noted that the handouts reflected changes as of 4/12/11 and she reviewed the Summary of Changes document as follows:

Summary of Changes from 4/12/2011

Revenue Changes:	
NCSA Connection Fee (Tye River)	\$128,000

Expenditure Changes (staff):	
Regional Jail	-\$7,631
Waste Management (increased tipping fee)	\$6,490
Impact to Recurring Contingency	\$1,141

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Expenditure Changes (Board):	
Health Dept.	\$3,247
JAUNT	\$2,557
Library	\$9,000
CASA	\$2,500
PHA (No budget request)	-\$500
Impact to Recurring Contingency	-\$16,804

Motor Pool (Animal Control truck)	-\$23,000
Solid Waste Truck	\$79,000
Preliminary Eng. Recreation Complex	-\$18,000
Tye River Bathrooms	\$75,000
Tye River NCSA connection & installation	\$138,000
	-
Impact to Non-recurring Contingency	\$123,000

Contingency Balance After Changes:	
Remaining Contingency (from recurring revenue)	\$143,669
Remaining Contingency (non-recurring revenue)	\$159,000

Ms. McCann noted that the NCSA connection fee may change depending on their input on the needed meter size. She noted that this will be a wash because it will be an expense with the revenues to come back to the County. She added that she had allowed for \$10,000 for actual installation costs but this could change also, hence the \$138,000 in expenditures.

Mr. Bruguere questioned the figure on the solid waste truck and Ms. McCann noted that Paul Truslow had gotten the price from the previous truck company; including the estimated trade-in value. She noted it was a close estimate. Mr. Carter noted that they would try to get the best price. It was noted that the funds for this and the TRES bathrooms comes from nonrecurring funds but would be shown from the transfer to schools. The Board agreed that it would pay for these even if different from budgeted but they would not appropriate it yet.

Mr. Johnson inquired about the Debt Service Schedule and Ms. McCann distributed a handout from Mr. Kooch. She then noted that the decline in debt service from year to year was shown as cumulative. She added that FY12 was the last lease payment on school buses and that \$126,552 had been allocated to the radio project for next year. She noted that the second page showed a scenario if State Revenue growth was 1% for 3 years. Mr. Carter noted that where a deficit was previously shown with flat State revenues, these years were now in the black.

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Ms. McCann then distributed a handout and reviewed the Other Fund Budgets as follows:

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Overview of FY12 Other Fund Budgets

Debt Service Fund

Debt service expenditures relative to the General Fund total \$1,018,658 and include debt service, reserve funds, and trustee fees for the following:

Convenience Centers/Construction & Equipment
Courthouse Judicial Center (includes pre-payment of \$253,818)

Debt service expenditures relative to the School Fund total \$2,779,483 and include debt service payments and trustee fees related to the following:

Bus leases (only 1 lease remains)
Tye River Elementary
Rockfish River Elementary
VRS refinancing
NCHS Renovations/ New Middle School

All debt is supported by a transfer from the General Fund.

Ms. McCann noted that the prepayment amount was included in the Courthouse project debt service payment, which will shorten the debt term. She noted the total debt service amount of \$645,000 for the judicial center also contained the debt service reserve of \$39,150. It was noted that it was by consensus that the Board had agreed to pay down the debt but Ms. Brennan noted some opposition to it. Mr. Carter noted that the prepayment was not made last year but that staff has included it this year. He added that the Board was not precluded from prepayment in future years and payments would start in July. He noted that there was no particular time to make the prepayment and regular payments were made monthly. Mr. Johnson suggested paying it later in the year because there was not much difference in interest and the County could have it as a fall back. Ms. McCann noted that there would be \$10,000 in interest saved for the year due to the prepayment. Mr. Hale indicated he would want to save the interest. Ms. Brennan noted that she thought that this should be an annual consideration by the Board and staff agreed. Mr. Bruguere noted that he thought it was good to pay off debts early if possible.

Ms. McCann then noted the debt service related to schools as being a total of \$2,779,483.

Capital Fund

Expenditures include the transfer to the General Fund in the amount of \$600,000 for the radio project.

Revenues generated include only a small amount of interest earnings. The remainder of the \$600,000 is from existing fund balance.

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The remaining available fund balance would be approximately \$1.1 million which could potentially be used for other capital projects.

Ms. McCann noted that there was a balance of \$1.1 Million after the transfer of \$600,000 to the General Fund for the radio project.

Courthouse Project Fund

The Courthouse Project Fund expenditure budget for FY12 includes the anticipated remaining project costs including the second floor connector and the 10% construction retainage being held until project acceptance. Also included is \$250,764 for the interest only payment (interest on funds during 2nd year of construction period) due in July. The debt service payment will be due in July but is reflected in the Debt Service Fund. Also budgeted is \$234,498 for architectural services relative to the Health Dept. renovation and \$441,825 for architectural services relative to renovation of the existing Courthouse facility.

The revenues include the remaining financing proceeds anticipated to be \$600,000, the General Fund transfer for the interest payment, and \$1,647,115 from the fund balance (amounts previously allocated to the project).

Ms. McCann noted that this fund contained the interest only payment of \$250,764 for construction. Mr. Carter noted that it was the Board's discretion to leave in AE fees for the Health Department renovation and Courthouse renovations of \$234,498 and \$441,825 respectively. Mr. Hale noted that the funds were there and they would see what the Board's plans were. Ms. McCann noted that staff would have a better sense of the fund balance once the project was done and reconciled. Mr. Carter noted that the Health Dept. numbers included the rework of all of the buildings mechanical systems and has increased in cost from the original estimates from W&W. Ms. McCann noted that it was estimated that there would be a little over \$300,000 balance after these expenditures.

Members and staff briefly discussed the magistrate's request for altered space, noting that now the new magistrate lives in Nelson County and would work out of this office all of the time.

Broadband Project Fund

The Broadband Project Fund budget is based on the NTIA grant and CDBG grant which provides for installation of a fiber optic network and towers from the north to the south end of the county. The expenditures are allocated between the various project components. The budget also includes network operational expense (\$48,112) for a partial year (3-6 months).

Revenue funding sources for this project include the remaining NTIA grant (\$1,566,646) and the CDBG grant (\$200,000). The remaining local match funding is also budgeted (\$391,662). On the operational side, the network is anticipated to generate \$31,682 during initial start-up. The balance of start-up expense will be supported with a transfer from the General Fund (\$16,250).

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Ms. McCann reported the revenue shown was based on the remaining NTIA grant funds including CDBG funds of \$200,000. She noted that it also included a partial year (3-6 months) of operational expenses that were estimated from pro forma information provided by ICON. She also noted that it included a transfer from the General Fund of \$16,250 to support start up operations. She added that ICON's pro formas show operational deficits for the first few years. Mr. Carter noted that this was still uncertain as the County has not negotiated with a Network Operator yet and the financials will depend on that and the Authority's success in leasing space on its towers etc. Mr. Hale noted that it may take several years for it to become self supporting with Mr. Carter noting that the numbers were based on the best information had today.

CDBG Fund

The remaining balances of two currently active grants will be carried forward in FY12—the Dental Center grant (\$695,000) and the Artisan Trail Planning Grant (\$3,000). The Broadband CDBG grant (\$200,000) is also reflected within this fund. Once the Broadband funds are received they will be transferred to the Broadband Project Fund.

Ms. McCann reported that once funds were received for the Broadband project they would be transferred to the Broadband Project Fund. Mr. Harvey reported that no funds have been used for Right of Ways yet. Mr. Carter confirmed this and noted costs are more associated with leasing towers. Ms. McCann noted that some funds will be probably be moved around between line items. She noted that ICON still thought that the County is still on point to come in at or below budget even with all of the changes that have been made. She noted that they also think that the CDBG funds may come into play but may not need to be factored in as project expense. Ms. McCann added that any budgetary changes over a certain amount will have to be approved by NTIA and that looking into the future, will the system be able to be operated without a deficit situation was the question. She concluded by stating that to date, it won't initially.

Piney River Water/Sewer Enterprise Fund

In FY12, this budget reflects a somewhat reduced cost in the area of maintenance and repairs. This reduction is attributed to the purchase of inventory grinder pumps with remaining project funds (Rural Development). Note that costs for the purchase of grinder pumps has been moved from the maintenance and repair line to the maintenance supply line. This change will provide for easier tracking of grinder pump purchases.

Receipts for water and sewer fees are projected to be approximately \$100,000. Fees for connection and installation are projected to be \$27,700 (assumes 2 new sewer and 1 new water connection). Expenses are anticipated to exceed revenues by \$92,614. This shortfall is covered by a transfer from the General Fund in the amount of \$70,000 and anticipated fund balance at year end (\$22,614).

Ms. McCann explained that the lower costs were due to having purchased excess grinder pumps with left over Rural Development money. She noted that staff allowed for the purchase of more grinder pumps under the Maintenance Supply line to track these separately from the maintenance and repair billed by NCSA. She stated that the transfer from the General Fund was \$70,000, reduced from

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\$114,000 this year. She added that the fund balance of about \$22,614 was going to be used to cover next year's costs. Mr. Carter noted that the NCSA staff has been helpful to the Finance Staff in monitoring the payment of fees etc.

In response to questions, Ms. McCann noted that the County pays NCSA to do the billing because the County's billing software is not very efficient and with an increasing customer base, it warranted having them do it. She added that the County still did the collection on past due accounts, because the Treasurer could do certain collection activities that NCSA cannot do such as put a lien on property and bank accounts etc.

The Board budget committees then reported the following:

Capital:

Mr. Hale and Mr. Harvey noted that they had looked at the tennis courts and track and determined that neither was pressing for this year. Mr. Johnson inquired as to whether or not the Old courthouse required attention. Mr. Hale noted that this was unknown yet and Mr. Carter noted being concerned about the HVAC system supporting the Circuit Court.

Schools:

Mr. Harvey noted that a source of friction between the County and Schools is Health Insurance; however he noted that if they did their insurance like the County, it would possibly cost \$400,000 more.

It was noted that an unresolved issue was the pay increase. It was noted that the County proposed doing a 1% increase across the board and they were looking at something different such that some would get less than 1% and some 18%. Mr. Harvey suggested that they take last year's pay scale and the County provides a 1% increase. He noted that this was a work in progress and he wanted to resolve these differences but not tell them how to do it. He added that they would have some turnover that would provide some wiggle room.

Ms. McCann noted that an increase of \$250,000 was in the school operations budget now and Mr. Harvey stated that he thought that \$350,000 would do what they needed to do. Members and staff discussed if this included fuel costs. Ms. McCann noted that if the Schools went with a 1% increase and the fuel increase was in there, that \$310,000 would cover things. Mr. Harvey suggested that they put additional money in fuel and tell them not to spend it on anything else using last year's amount as a starting point. He added that if they have money left, it made sense to fill the tanks up at end of the year.

He added that the trust issues needed to be resolved and that they had a 3-5 year plan to resolve these administrative issues. Mr. Harvey then stated that the Schools needed to fund the issues with the elementary schools first with any leftover funds. He added that some of the items on their capital list weren't even capital items. He reported that the tennis courts were worse than the track in his opinion. He added that they should work on other things like black topping in front of the bleachers, creating space from the parking lot to the tennis courts; which are more maintenance issues than capital issues.

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Ms. Brennan suggested that they leave alone the differences in Health Insurance for now, and on the salary adjustment she suggested giving them the 1% from last year's scale and let them decide what to do. Ms. McCann suggested that the increase in fuel money be taken off and the amount needed would be right at \$250,000 and this could be adjusted depending on fuel prices. She added that they have not hit the budgeted fuel number in the past few years. Ms. Brennan noted that the School Board offered to give the Board an accounting of the fuel line every few months. Ms. McCann reported that the School's VRS percentage increase of 2.4% was around \$100,000 and noted that they were getting an additional \$200,000 in State funding plus more in Federal funds this year.

Ms. Brennan noted that they had agreed that \$350,000 would cover the 1% salary increase, the increase costs of Health Insurance, and the fuel cost increase.

Mr. Johnson noted that most places were going to doing a % of a person's base salary not a % of current salary. Members and staff then discussed the premise of the School's salary scale being front end loaded. Mr. Carter noted that this is confirmed in that Nelson was 20th in the State for starting salary. Mr. Harvey noted that the committee would meet again maybe this week.

Mr. Hale offered his opinion on salary adjustments; noting that he feels they ought to look at a one-time adjustment due to cost of living increases. He suggested that they give a flat amount for employees, similar to the bonuses last year. He explained that all employees will be faced with higher fuel costs no matter what grade their position is on the scale and therefore he was in favor of a flat increase and not a percentage increase. Mr. Johnson added that he thought that they should get a percentage of a base salary and then all would get the same amount.

Ms. Brennan and Mr. Harvey noted their disagreement and stated that salaries should be adjusted. Mr. Hale stated that even though he wanted a one-time bonus type payment he would go along with adding a flat amount to salaries.

Ms. McCann noted that it was difficult to associate a flat amount with hourly employees; noting that when the County gave the bonus, some who only worked six hours per week got more than their regular paycheck. Ms. Brennan suggested that hourly people could get a one-time bonus.

Ms. McCann noted that there was \$43,000 in the budget now for 1% raises. Mr. Harvey stated that he thought that a 1% was the way to go.

Mr. Hale noted that his proposal was not a reflection on the value of employees, but a reflection on the larger economy and the increasing living expenses for all people; therefore salaries should increase evenly.

Mr. Johnson suggested satisfying both perspectives by giving everyone a .5% raise and then a flat rate amount with the funds that are budgeted. Mr. Bruguire stated he was not sure he agreed with raising the base salary.

Ms. McCann noted that the County has Department Heads working overtime and carrying stress that do not get paid for the extra effort. Mr. Carter noted that it was hard to make it all equal and Mr. Hale noted that there was no clear way to match remuneration with performance.

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Mr. Johnson then proposed raising salaries by a flat amount and then raising them by a percentage and there was no consensus from the Board on this.

Mr. Harvey noted that the County costs were not much, but the schools were much more expensive. Mr. Carter noted the inequity in pay between the Schools and County staff; noting that it was unfair that the County doesn't compete in the market place like they do and the County is not afforded the opportunity to fix these inequities.

Mr. Harvey suggested that the committee work on this and that it would not be solved overnight. Mr. Carter noted that the broader consideration was continuing to fund the schools so that they get raises and the County does not.

Mr. Bruguere questioned the percentage increases in the school budget by line and noted the varying difference in percentage increases in salaries. Ms. McCann noted that the proposed increase in their salary scale was reflected there and that there are different percentage increases between steps.

Members agreed that a decision needed to be made between doing a percentage increase, a flat increase, or a combination thereof. Mr. Hale noted that 1% was the maximum he would support. Mr. Johnson stated that he thought that a combination of a percentage and flat increase was akin to what the schools wanted to do and he would like to improve County employees' salaries.

Mr. Harvey and Ms. Brennan reiterated that they would meet with the schools and would come back to the Board recommending a hard number. In conclusion, Mr. Hale noted that the Library had done what he was suggesting.

Comprehensive Plan Update Funds:

In response to questions, Ms. McCann noted that the funding for updating the Comprehensive Plan was included in the capital outlay department of the budget; however it could be moved to the Planning Department. She noted that staff and the capital committee had discussed using this money to hire a local planner to do the Comprehensive Plan update in house. She added that the amount of funding in the budget would provide for nine months of a Planner position. Ms. Brennan advocated for some funding for the plan to work on updating the statistics. Following discussion, the Board agreed by consensus to move this funding to the Planning Department to hire someone 3-4 months into the fiscal year. Mr. Hale noted that this would also provide the opportunity for someone to learn the ropes before Mr. Boger retired.

III. New/Unfinished Business

A. Establishment of Method of Procurement – Devil's Knob Tower Construction (R2011-33)

Mr. Carter noted that the proposed resolution was similar to the one considered on April 12th, and proposed to use competitive negotiations rather than sealed bids for the installation of the tower at Devil's Knob. He added that the Engineering and Construction was included and staff wanted this to be a quality job and it was in the County's best interest. He added that the language used had come directly from the Code of Va.

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Ms. Brennan then moved to approve resolution R2011-33, Establishment of Procurement Method of Devil's Knob Radio Communications Tower and Associated Facilities and Mr. Harvey seconded the motion.

Mr. Carter reiterated that staff thought that this was the best way to go and noted that there was a \$1.5 million dollar threshold per the Code of Virginia.

There being no further discussion, Supervisors voted unanimously (5-0) by roll call vote to approve the motion and the following resolution was adopted:

**RESOLUTION R2011-33
NELSON COUNTY BOARD OF SUPERVISORS
ESTABLISHMENT OF PROCUREMENT METHOD OF DEVIL'S KNOB RADIO
COMMUNICATIONS TOWER AND ASSOCIATED FACILITIES**

WHEREAS, the Nelson County Board of Supervisors (the Board) has authorized the construction of a new radio communications tower and associated facilities at the Devils Knob tower site located at 21 Fern Circle, Wintergreen Resort, VA, to provide the tower infrastructure needed to deploy a regional microwave network and provide for installation of other public safety radio communications antennae; and

WHEREAS, to provide for the procurement of said tower and associated facilities, not expected to cost more than \$1.5 million, the County wishes to proceed in accordance with Section 2.2-4303, Methods of Procurement, Subsection D, of the Code of Virginia, 1950.

NOW, THEREFORE, BE IT RESOLVED by the Nelson County Board of Supervisors that said Board herewith affirms, pursuant to Section 2.2-4303, Subsection D, of the Code of Virginia, 1950, that competitive sealed bidding is not practicable given the highly technical nature of the project, and the unique site characteristics and design challenges; whereas the method of contractor selection by Competitive Negotiation as defined by Section 2.2-4301, is in the best interest of the County.

BE IT FURTHER RESOLVED, by the Nelson County Board of Supervisors that said Board herewith finds and further affirms that using a competitive sealed bid method of procurement is not advantageous, or in the best interest of the County, as such method would result in the contractor being selected on the basis of price alone rather than on its qualifications and understanding of the project, which could result in an inferior installation and would likely require the County to incur greater costs.

B. Use of Small Purchase Procedures – Library HVAC System Installation (R2011-34)

Mr. Carter noted that the proposed resolution was written more broadly than just for the Library. He explained that the Code of Virginia allowed for the establishment of small purchase procedures for the procurement of goods and services estimated to cost less than \$50,000. He noted that the HVAC system for the library was not expected to cost over 50,000 and that in lieu of sealed bids, the County would get at least four quotes for this work. He noted that this was not as formal of a process as sealed bids; however it streamlined the process and the County would get quotes for anything estimated to be over

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\$30,000. He added that staff would include this in the new purchasing policy that was in process. He noted that this was per the state code and not harmful to the Board's interests.

Ms. Brennan expressed concern that this would limit competition and knowledge of County projects going on and she wanted to ensure opportunities are made available to those locally.

Mr. Carter noted that this procedure could be used for smaller purchases and the County could still advertise opportunities in the paper and on the website etc. to get the word out. He assured the Board that they would still get competitive pricing. He reiterated that this was geared toward smaller purchase and would make procurement easier, faster and would be as efficient. Mr. Johnson noted that it was in line with the State Code and he was okay with it.

Mr. Bruguere then moved to approve resolution R2011-34, Authorization of Small Purchase Procedures and Mr. Harvey seconded the motion.

Mr. Hale noted that he thought it was a good idea for flexibility's sake but he also wanted to preserve competition.

There being no further discussion, Supervisors voted unanimously (5-0) by roll call vote to approve the motion and the following resolution was adopted:

**RESOLUTION R2011-34
NELSON COUNTY BOARD OF SUPERVISORS
AUTHORIZATION OF SMALL PURCHASE PROCEDURE(S)**

WHEREAS, §2.2-4303 within Chapter 43 (Virginia Public Procurement Act) of Title 2.2 of the Code of Virginia provides for the establishment of small purchase procedures by public bodies, if adopted in writing, and if the aggregate or sum of all purchases is not expected to exceed \$50,000.00 predicated on such procedure(s) providing for competition wherever practical; and,

WHEREAS, §2.2-4303 of the Code of Virginia at subsections G. and H. provides in lieu of the use of competitive sealed bids or competitive negotiations for (the) use of small purchase procedures in the procurement of goods and services (single or term contracts) and in the procurement of professional services (single and term contracts); and,

WHEREAS, the Nelson County Board of Supervisors hereby deems it to be in the best interests of the local government of Nelson County to provide for the use of small purchase procedures in the operation of said County.

NOW, THEREFORE, BE IT RESOLVED by said Board of Supervisors that the County Administrator be and is hereby authorized to provide for the purchase of goods and services (inclusive of construction services) and professional services (inclusive of non-professional services) by the local government of Nelson County where such purchases (in the aggregate or sum) are not expected to exceed \$50,000.00 and predicated on such purchases providing for competition wherever practical,

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inclusive of securing the written informal solicitation of a minimum of four bidders or offerors for purchases that are expected to exceed \$30,000.00.

C. Request to Waive Tipping Fees At Nelson County Transfer Station

Mr. Carter reported that he was contacted by Frances Mitchell as member of Amherst/Nelson rebuilding together, who sent the following email request:

Good afternoon, members of the Nelson County Board of Supervisors,

My name is Frances W. Mitchell, as a committee member of the Amherst/Nelson Rebuilding Together we ask of you the following request:

This April 30th we will work on homes in the county of Nelson. We need to place either a dump truck or a 30 yard container at four homes in Nelson.

The Amherst/Nelson Rebuilding Together outreach program did not receive as many donations and funding as in past years. This year we have received approximately \$8000 for the county of Nelson. This funding came from various sources such as churches, foundation(s), as well as individual donations. As a result of our decrease in funding we ask that you please arrange that the tipping fees for the refuse vehicles be waived for the four particular homes and for this day only. We estimate there will be approximately 8 to 10 tons of refuse.

At your request I will send the addresses of the four homes. Please let us know if you might be able to assist us with our 2011 projects. Please let us know as soon as possible.

Sincerely, Frances

Mr. Carter reported that ten tons of waste would cost approximately \$250 for its disposal at the Lynchburg landfill. He added that the County would lose revenue of \$55/T at the transfer station and would pay the tipping fee in Lynchburg. He noted that the transfer station tipping fee offset the disposal costs plus the handling.

Ms. Brennan then moved to waive the tipping fees for the organization for eight to ten tons of refuse and Mr. Hale seconded the motion.

It was noted that they would provide trucks and cans for disposal and the Board would be approving the waiving of tipping fees only.

There being no further discussion, Supervisors voted unanimously (5-0) by roll call vote to approve the motion.

Other:

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Members were reminded to bring their calendars to set up the retreat at the next meeting. Mr. Bruguiere noted that July 9th -10th would not work for him.

Ms. Brennan noted that she was going to the NACO Conference in Portland Oregon and would pay for her travel; however she would be asking the County to pay the conference fee of \$350.

Mr. Johnson noted that he would be attending the Mayors and Chairs meeting.

IV. Adjournment

At 5:55 pm, Mr. Harvey moved to adjourn and Mr. Hale seconded the motion. There being no further discussion, Supervisors voted unanimously by voice vote to approve the motion and the meeting adjourned.