

**VIRGINIA:**

A FY 2018-19 Budget Work Session of the Lancaster County Board of Supervisors was held in the Administrative Building Board/Commission Meeting Room of said county on Tuesday, March 20, 2018.

Members Present: William R. Lee, Chair  
Jason D. Bellows, Vice Chair  
Jack D. Larson, Board Member  
Ernest W. Palin, Jr., Board Member  
Robert S. Westbrook, Board Member

Staff Present: Don G. Gill, Assistant County Administrator and  
Planning/Land Use Director  
Crystal Whay, Building/Land Use Assistant

Mr. Lee called the meeting to order at 5:30 p.m.

**BUDGET CONSIDERATION**

Mr. Gill stated that the first item on the agenda was presentations by non-governmental organizations. He stated that there was a sign-up sheet for those wishing to make a presentation. He stated that he believed Chairman Lee would allow some additions at the end for anyone who did not get a chance to sign up prior to the meeting. He stated that presenters were asked to keep their comments to under five minutes if possible.

**Boys and Girls Club**

Phillip Mumford, Executive Director of the Boys and Girls Club, stated that he had two of his board members with him and they were Donna Anderson and Ronald Davenport. He stated that on behalf of the 450 club members, families, staff and the board, he wanted to thank the Board of Supervisors for its past support. He stated that the Board's continued commitment has helped enable them to achieve their mission, which is to enable all youth to be able to reach their full potential as productive, caring and responsible citizens. He stated that his organization helps to reinforce learning strategies and to strengthen and support the local education system. He stated that they were a strong business partner with more than twenty-five local vendors. He stated that they were a significant employer of the part-time workforce in the area with between twenty-seven and thirty-five staff members at varying times of the year. He stated that they try to prepare youth for college and the workforce. He stated that they aim to reduce risky

behaviors, such as drug use, teen pregnancy and crime. He stated that they have been investigating ways to make their facility safer for the staff and children. He stated that they are requesting an increase in support this year, which will be used for the purpose of safety.

Mr. Mumford stated that his organization is also working on upgrades for the facility. He stated that they opened their doors in 2008 and since that time, they now average about 125 youth a day during the school year and about 150 a day during the summer months. He stated that their after-school membership continues to increase as well. He stated that they also offer bussing now to families at the upper end of the County that want to take part in the club.

Mr. Mumford stated that they try to keep their membership fees low, so that all who want to come can do so. He stated that their fee is approximately \$245 a year, but it actually costs them about \$1400 per child.

Mr. Mumford stated that he respectfully requested that Lancaster County considers the increase to help them meet the challenges of the club, so that they might meet the needs of another 1500 additional members that may come into the club over the next ten years. He stated that, as requested, they included a detailed breakdown of what they would do with the funding, should it be approved, and a five-year budget comparison. He stated that he hoped the Board could see that they are a wise investment in the community.

Mr. Larson stated that they had given the Board a very helpful package and the kind of financial information that will help them make the hard decisions. He referred to the 2017 income statement and stated that the total income figure was \$888,393.25, the total expense figure was \$804,239.34 and the net ordinary income figure was \$84,153.91. He stated that they were not in the business of generating an income, but that it appears to be a fairly large earnings amount.

Mr. Mumford stated that the figures Mr. Larson was referring to were partly from an on-going project for upgrades and safety.

Mr. Larson referred to the 2017 balance sheet and stated that the retained earnings figure was \$884,689.66.

Mr. Mumford stated that did not sound correct. He stated that he did not bring those financial statements with him. He stated that he was not an accountant and he lived off the profit and loss statement. He stated that they do not have that kind of money in the bank. He stated that it must be an accounting of their facilities and their property.

Mr. Larson stated that the facilities were accounted for in the assets portion to balance out the liabilities.

Mr. Mumford restated that they do not have these kinds of funds.

Mr. Larson stated that we do not have an income statement like that for the County, we have a million dollar shortfall.

Donna Anderson, a Boys and Girls Club Board member, stated that she wanted to add that this was the first year that the organization has been in the black. She suggested that the questions concerning the financial statements could be addressed off-line.

Mr. Lee stated that what Mr. Larson was asking would not be addressed “ off-line”. He stated that he had the same questions that Mr. Larson had and the issue cannot be talked about one-on-one.

Ms. Anderson stated that she could assure the Board that they do not have those kinds of dollars. She stated that she wasn’t sure how to address it.

Mr. Mumford apologized for not having answers.

### **Lancaster Community Library**

Cassie Thompson, Chairman of the Board of Directors for the Lancaster Community Library, stated that the library is in partnership with a number of organizations in the County, especially with the schools and the Boys and Girls Club. She stated that they appreciated the money that was given by the Board last year and it went towards their children’s program. She stated that they were not requesting an increase in funding this year. She stated that if they lose some of their funding, some of the state funding also gets cut.

Mr. Larson stated that he noticed that the library’s paperwork mentioned memberships at a nominal fee. He stated that he was not aware of library memberships being available.

Ms. Thompson stated that people can become lifetime members of the library. She stated that these people are some of their biggest supporters.

Mr. Larson asked if they solicited for members.

Ms. Thompson replied that she had been on the library board for four years and they have not solicited memberships in that time that she was aware of.

Mr. Larson asked if there was an annual membership fee.

Ms. Thompson replied that she was not aware of one.

Mr. Lee referred to the item of fines and asked if that was just for people not returning books in a timely manner.

Ms. Thompson replied yes.

### **Bay Aging**

Kathy Vesley-Massey, the Chief Executive Officer for Bay Aging, stated that she wanted to thank the Board of Supervisors for appointing Gracie Tiggie to their Board of Directors. She stated that they had provided a service summary for Lancaster County, their newsletter and a magazine that lists their twenty-one services. She stated that Lancaster County has a growing older population. She stated that the primary client needs are housing repair, housing options, transportation and in-home support.

Ms. Vesley-Massey stated that her organization served 2,908 Lancaster County citizens last year and did that with the very much appreciated donation from the County of \$15,600. She stated that they have been very aggressive about applying for new grants and other sources of funding. She stated that, in addition, Bay Aging is very robust in its efforts to sell health support services. She stated that they were selling those services now to major insurance companies and in turn, they can bring the revenues back into the County and invest in much needed services. She stated that, in doing this, they have not asked for an increase in ten years. She stated that this is the eleventh year that they are requesting level funding.

Ms. Vesley-Massey stated that some of the ways the money is invested in the County is with Meals on Wheels Program, in-home health education, insurance counseling and the Tartan Village senior living development in the Town of Kilmarnock, which is managed by Bay Aging.

### **Bay Transit**

Ken Pollock with Bay Transit thanked the Board for over nineteen years of support. He stated that they were the public transportation provider for the Middle Peninsula and Northern Neck. He stated that they offer rides to all people for all reasons. He stated that, last year, Bay Transit provided 14,909 rides to residents of Lancaster County. He stated that the rides were work-related, for health services, retail shopping, educational services and for legal purposes.

Mr. Pollock stated that they have a new freedom program, which provides rides to people with disabilities and seniors who need to get to locations outside of the Bay Transit service area, such as out of town hospitals. He stated that the freedom program is funded by a federal grant, with no additional cost to the County. He stated that they also have a volunteer driver program in which the drivers use their own cars and are paid for their mileage.

Mr. Pollock stated that his organization was asking for level funding this year.

Mr. Lee referred to the rides that are offered outside of the service area and asked what people pay for that service.

Mr. Pollock replied that the rider pays five dollars if it is less than a fifty-mile roundtrip and ten dollars if it is more than a fifty-mile roundtrip. He stated that the rest is subsidized through the federal grant.

### **Bay Family Housing**

Pat Frere with Bay Family Housing stated that he would like to echo Ms. Vesley-Massey's appreciation of the Board's past support. He stated that, in the last year, Bay Family Housing has served as the rehab specialist for the community development block grant at Greentown-Gaskins Road, where approximately eighteen homes have been rehabbed or substantially reconstructed. He stated that they are also assisting the Town of White Stone as a rehab specialist with another government block grant where five homes have already been rehabbed and another ten homes are scheduled. He stated that Bay Family Housing is also administering two weatherization programs. He stated that his organization asked for the Board's continued support.

### **Rappahannock Community College**

Bill Doyle, Vice President of Finance and Administrative Services for RCC, stated that he would like to thank the Board for its past support. He stated that of the twelve counties that the community college serves, five counties have consistently supported them on their capital requests each year and one of those five is Lancaster County. He stated that his organization enjoys a unique partnership with Lancaster County with the presence of the Kilmarnock site. He stated that the college is all about job skills and education and they have a variety of workforce development programs.

Mr. Doyle stated that, during the last fiscal year, they served 4200 students in academic programs and approximately 1100 students in the workforce development program. He stated that they have expanded their culinary arts program and they are offering a new diesel program this year. He stated that the nursing program continues to be the number one college based nursing program in Virginia, inclusive of four-year programs. He stated that they are rated as a military friendly college. He stated that, in May, they graduated 603 students, of which 27 were Lancaster County residents.

Mr. Doyle stated that they annually do an estimate of what they believe their economic impact on the twelve county footprint to be. He stated that their estimate of impact on Lancaster County is \$1.7 million dollars. He stated that of the 4200 academic students last year, 243 were from Lancaster County. He stated that Lancaster County residents are enrolled in the workforce development and certificate courses and they serve 89 Lancaster High School students in the dual enrollment classes.

Mr. Doyle stated that they were asking for less money than last year and he would touch on that later. He stated that the operating funds request this year is \$7242, which is a two percent increase over what was funded last year. He stated that those operating funds, commingled with the other counties' funds total close to \$100,000, and as required

by law, were used for the maintenance and repair of parking lots, sidewalks, surveillance systems, etc. He referred to the capital request that they make each year and stated that for the last three years they were accumulating capital in an effort to be prepared to expand the entrance at the Glenns campus. He stated that they have raised approximately \$95,000 from the five counties that have contributed. He stated that they have learned that they are on the HB1 funding list for \$625,000, which they believe will come very close to covering the entrance expense.

Mr. Doyle stated that this year's capital funds request is a one-time request of just under \$9900. He stated that they are asking that it not be funded this year, but taken from the previous capital funding from past years, which they have held in reserve. He stated that this money would be used for campus security, completing sidewalks, installing warehouse security, fire alarms and paving a parking lot.

Mr. Larson referred to the statement of revenues and expenses and asked about the educational foundation.

Mr. Doyle replied that the educational foundation is a separate, not for profit organization and is apart from the college. He stated that the foundation raises money through donations and makes available the scholarships for college students.

Mr. Larson asked if the educational foundation supported the college in other ways, such as maintenance costs.

Mr. Doyle replied no. He stated that maintenance costs have to be paid for by local funds by law.

Mr. Larson asked if the state helped out on those costs at all.

Mr. Doyle replied that they had some general revenues that are provided by the state through the VCCS. He stated that they are provided based on a funding model.

Mr. Larson congratulated Mr. Doyle on the college's nursing program recognition.

Mr. Palin asked if the college offered a marine science program.

Mr. Doyle replied that they do not. He stated that the college tries to meet the demand of the community and those demands tend to ebb and flow.

Mr. Lee referred to the five of twelve counties that contribute to the capital funds requests and asked if anything was being done to nudge the other counties to contribute.

Mr. Doyle replied that Dr. Elizabeth Crowther and him had met with each of the county administrators of the counties that had not contributed to the capital funds and

discussed with them the needs of the college and why the capital funds are so important. He stated that they received a pretty positive response from doing that, but no guarantees.

### **Kilmarnock Volunteer Fire Department**

Ryan Gordon, President of the Kilmarnock Volunteer Fire Department, thanked the Board for its past support. He stated that every dollar that they receive is imperative to the service that they provide. He stated that, in his opinion, they provide a service to the community that is invaluable, but expensive. He stated that every year they were seeing a reduction in financial support from the community because there are so many organizations looking for support. He stated that his organization does many fund raising activities, but they aren't always as successful as hoped. He stated that the money they receive from the County is very important to continue what they do.

Mr. Gordon stated that firefighter safety was one of their main concerns and the turnout gear and other equipment have to be maintained. He stated that fire trucks are extremely expensive, too. He thanked the Board again for its continued support.

### **YMCA**

Mark Favazza thanked the Board for its past support. He stated that his organization has requested level funding since 2003 and are asking for level funding again this year. He stated that the strength of the YMCA is because of its collaborative partnerships with the community library, public schools, Boys and Girls Club and Bon Secours RGH. He stated that they also have good community support and last year over \$230,000 was raised locally.

Mr. Favazza stated that they were pleased to serve 3096 people from Lancaster County. He stated that 1383 people received financial support, so they could participate in the programs at the YMCA. He stated that they employ 72 people and will increase to approximately 83 people during the summer months. He stated that they were currently providing the second grade learn-to-swim program. He stated that they have served over 1380 children in Lancaster County since 2006. He stated that he was proud of that because safety around the water in our community was very important.

Mr. Favazza stated that they have been in a very aggressive fund raising program to raise money for a pool and have reached the eighty percent threshold, so that they can begin construction. He stated that every penny was raised locally. He stated that the Lively pool had a significant foundation crack that was going to require hundreds of thousands of dollars to repair. He stated that their indoor pool is open year around and is open to all members of the community, not just YMCA members, at various times of the week.

Mr. Favazza stated that they are holding several spots open in their upcoming camps for non YMCA members who want to attend and can demonstrate need.

Mr. Lee stated that he was very pleased to hear about the open camp slots for children who might not be able to go otherwise.

Mr. Lee referred to the second grade learn-to-swim program and asked if that was available to every second grader in the County.

Mr. Favazza replied that was correct. He stated that it was open to the public school and Chesapeake Academy. He stated that the YMCA provides the lessons and swimsuits, if needed, and they also have a boat safety day on the last day of the lessons. He stated that the fees were covered by locally raised money.

### **River Realm Branding Program**

Susan Cockrell, Assistant Town Manager for the Town of Kilmarnock, stated that she was the County's partner in Virginia's River Realm, which has been a collaborative effort between the Town of Kilmarnock, Lancaster County, Middlesex County, the Town of Urbanna and the Lancaster County Chamber of Commerce. She stated that the goal is to bring more economic development to our region. She stated that it is all about people coming to see us, staying longer and spending more money. She stated that they want to bring in additional disposable income to help support the local businesses. She stated that she wanted to thank Kilmarnock Mayor Mae Umphlett, who was in attendance, for her support. She stated that, on behalf of herself and Michelle Brown, the Tourism and Economic Development Coordinator in Middlesex County, she wanted to thank the Board of Supervisors for its ongoing partnership and continued financial support.

Mrs. Cockrell stated that she hoped the board members had the opportunity to review the 2017 annual report. She stated that they were in their second year and she thought they had been successful in starting a tourism brand from the ground up. She stated that they had over 42,000 visitors to the website. She stated that they also have many social media and newsletter followers. She stated that the hope was that people will come as tourists, want to come back and possibly be a resident here in the future.

Mrs. Cockrell stated that she has heard from some local business owners who tell her that their businesses have become more successful. She stated that sales tax revenue has increased in both counties. She stated that the meals and lodging tax revenue has increased in Kilmarnock and the lodging tax revenue has increased in Irvington. She stated that the branding efforts are a platform for sustaining the small businesses, marinas, museums, restaurants and retail shops. She stated that the trend in tourism now is people, particularly millennials, wanting to experience something new, authentic or different.

Mrs. Cockrell referred to all of the funds that have been jointly pooled from the localities and stated that no overhead dollars were spent from that amount. She stated that both Ms. Brown in Middlesex County and she do the work directly through their roles in the jurisdictions where they work. She stated that, in FY 19, they will be working on having a strong presence in the Virginia welcome centers. She stated that they will

continue to focus on consumer marketing online, digitally and through print media. She stated that one of the strong points that Virginia's River Realm has was the ability to show how unique we are and definitely the epicenter for the oyster business.

Mrs. Cockrell stated that they are asking for level funding this year. She stated that she had met with the Irvington Town Manager last week to discuss having them become a partner in the River Realm.

Mr. Larson referred to the counties of Richmond and Northumberland, the towns of White Stone and Warsaw and asked why they were not partners in the River Realm. He asked why other chambers of commerce and businesses were not partners, either.

Mrs. Cockrell replied that when they started the process, they wanted to make sure that they had as many people in the fold as they could. She stated that they talked to every municipality up and down the Rappahannock River and some felt there wasn't a need or financially it wasn't the right time for them to join. She stated that there have been ongoing attempts with the counties of Northumberland and Mathews, but no commitment from them, yet. She stated that she has found that the business side of the equation is very interested, but the governmental side has not been fully ready, yet. She stated that she is talking to Irvington now and will be talking to White Stone in the near future.

Mr. Larson asked if Mrs. Cockrell would agree that those other places would benefit from this initiative.

Mrs. Cockrell stated that they certainly could and together they are stronger than they would be independently.

Mr. Lee referred to the Irvington discussions and asked if there was a way to measure the impacts the River Realm has already had on the town.

Mrs. Cockrell replied yes and stated that Irvington town revenues had increased by \$18,000 in the last six months.

Mr. Bellows stated that the Board of Supervisors and Lancaster County had the foresight to see how effective this branding program could be.

Dr. Westbrook asked if the branding program received any help from the Northern Neck Planning District Commission in selling the product to the other counties.

Mrs. Cockrell replied no.

### **Mary Ball Washington Museum and Library**

Karen Hart, Executive Director of the Mary Ball Washington Museum and Library, thanked the Board for caring about its history and heritage. She stated that the

Mary Ball Washington Museum and Library had been partnering with Lancaster County government for its sixty years of existence.

Ms. Hart referred to the Old Jail and Clerk's Office buildings and stated that they are both county assets. She stated that what they are requesting with the level funding is a small stipend that goes toward the general maintenance of those buildings, which helps keep them open to the public. She stated that she wanted to thank the board for the recent capital improvements that have been done over the last couple of years on those buildings. She stated that the Clerk's Office is probably the oldest building in the village, dating back to 1797 and the Old Jail dates back to the 1820's. She stated that they were very popular sites for visitors and important landmarks for the County.

Ms. Hart stated that they have an ongoing campaign to have a new facility for the history library and Ammon Dunton, Jr. was going to speak on that project.

Mr. Larson referred to the organization's profit and loss statement and stated that it showed total income of \$289,035 and total expenses of \$166,984.

Ms. Hart stated that the income side is starting to show the beginning of their capital campaign gifts. She stated that amount is approximately \$70,000.

Mr. Larson stated that even if the capital funds are set aside, there is still \$50,000 in excess of expenditures. He stated that the organization is building money up and yet the County is still paying for utilities and making a contribution otherwise.

Ms. Hart referred to the fund raising event income and stated that \$47,000 came in at the end of June at the end of their fiscal year, so they will be spending that money down through the year.

Mr. Larson stated that he commended them on their fund raising efforts.

Ms. Hart stated that they were working hard to raise funds and what Mr. Larson pointed out was an unusually high income for them. She stated that if one was to look at the books for the last six months, they would see that the funds have been spent down quite a bit. She stated that she would like to point out that they are caring for County assets.

Ammon Dunton, Jr. stated that, in January, he spoke to the Board about the great need they had with their library facility. He stated that the overcrowded conditions make the library almost impossible to use. He stated that they have solved the problem, except for funding. He stated that they have found a place to create a shell for the new library and have determined how to renovate it for their needs. He stated that it will be a great place for all residents and visitors. He stated that his job was to be in charge of the capital campaign to raise the money for the facility. He stated that the total amount needed is \$350,000. He stated that figure includes the acquisition costs of the property and renovations. He stated that they have raised approximately \$75,000 so far. He stated that

they wanted very much to have the County's endorsement of the project, so in their fundraising, others would know that the County is with them. He stated that this project will be an enormous benefit to the County and will contain over four hundred years of history.

Mr. Dunton stated that they were asking the County to provide, over a three-year period, a total contribution of \$75,000. He stated that this would enable them to start the campaign with \$150,000, leaving \$200,000 to be raised from the public. He stated that he hoped the Board would endorse this effort and be a partner in the inception of the new library.

Mr. Larson referred to the annual \$25,000 donation and stated that he had previously tried to make the point that it was not a small amount. He stated that Dr. Westbrook suggested that possibly the \$75,000 donation could come later, after the museum had made every effort to raise the funds itself. He stated that it was his understanding that the Chilton House had been purchased with no money up front and a balloon payment at the end of five years. He asked what would happen if the County gave the \$75,000 donation now, but the campaign comes up short, such that they could not do the renovations to the Chilton House that they had planned.

Mr. Dunton stated that their proposal was to pay off the \$145,000 payment after they complete the renovations. He stated that they also have the ability to refinance after the five-year term is complete. He stated that they also own a waterfront parcel that could pay off the house, provided it could be sold.

Mr. Larson asked Mr. Dunton if he was referring to the Myer Creek land tract.

Mr. Dunton replied yes.

Mr. Dunton stated that he hoped the County would consider the request.

### **White Stone Volunteer Fire Department**

C. D. Hathaway of the White Stone Volunteer Fire Department thanked the Board for its past support. He stated that his organization was unique and that it was a private-public partnership. He stated that they serve everyone, 365 days a year, twenty-four/seven. He stated that they do that with zero paid personnel and perform many tasks with their volunteers that other localities may have to outsource to someone else. He stated that they were requesting level funding this year.

Mr. Lee stated that he had heard that one of the fire departments needed a new truck and asked if that was the White Stone department.

Mr. Hathaway replied that their newest pumper is fifteen years old.

Mr. Lee asked how often do the fire departments try to replace the trucks.

Mr. Hathaway replied that the departments have different frequency rates depending on what type of truck it is.

Mr. Hathaway stated that his organization really appreciates the support and they work closely with the other two fire departments and support each other.

### **Virginia Quality Life**

Tom Richardson, President of Virginia Quality Life, stated that they have requested level funding for the last eleven years. He stated that his organization was established in 1996 as a community partnership to raise funds for the Rappahannock General Hospital's rehabilitation facility, the YMCA and the Free Health Clinic. He stated that they also redeveloped the Oakwood Fitness Center into the Wiley Child Development Center in 2007. He stated that the County's donation helps maintain the facilities. He stated that recent maintenance included fixing the parking lots and repairing leaking roofs. He stated that there was no paid staff at Virginia Quality Life and no additional outside funding.

Mr. Larson asked if the buildings' occupants pay rent.

Mr. Richardson replied that they pay \$1.00 per year, except for the physical therapy group, because it is separate and they don't pay rent to VQL.

### **Northern Neck Free Health Clinic**

Jeanne Nelson, Executive Director of the Northern Neck Free Health Clinic, stated that the County has been a major supporter for twenty-five years. She stated that healthcare was in a big flux. She stated that they have moved their eligibility for patients up to 250 percent of the federal poverty level. She stated that the pharmacy can go up to 500 percent of the federal poverty level. She explained how the clinic and pharmacy worked and how they comply with all regulations.

Ms. Nelson referred to Medicaid expansion and stated that it was a big issue. She stated that our legislators are not in support and she has visited with them. She explained how free health clinics are partially funded through the state. She stated that local funds were a very important piece of the free health clinic's budget. She stated that, years ago, the budget was discussed with the county administrators. She stated that they took twenty-five percent of the budget, looked at the population of each of the counties that they serve and requested the county's portion of that twenty-five percent.

Mr. Larson asked if there was county input concerning the twenty-five percent.

Ms. Nelson replied yes. She stated that all of the county administrators, at that time, had the opportunity to give input.

Mr. Larson asked if all of the other counties honor the twenty-five percent criteria.

Ms. Nelson replied no.

Mr. Larson asked if they get any walk-ins from Essex County.

Ms. Nelson replied that they partner with Essex County in the dental clinic, because dental services are not provided in the Tappahannock Free Health Clinic.

Mr. Larson asked if Essex County contributes anything at all in consideration for the dental services that are provided to its residents.

Ms. Nelson replied no.

Mr. Larson asked if Essex County had been approached.

Ms. Nelson replied no, but they are just starting to get patients from Essex, so it will be something they will be revisiting.

### **Legal Aid Works**

John Relick, Managing Attorney for Legal Aid Works, stated that his organization has served Lancaster County since 1979. He stated that, this year, they have received some federal money and have hired a second attorney and paralegal to help specialize in domestic violence. He stated that they represent only low income people and go by financial eligibility guidelines. He stated that they did not handle criminal cases. He stated that they handle domestic violence cases, divorce, unemployment benefits, landlord-tenant disagreements, child custody, child support, wills, powers of attorney and other services.

Mr. Relick stated that, in Lancaster County, there would be 1,561 people who would be financially eligible for the Legal Aid Works' services. He stated that his organization helps County government by helping take the strain off of social service programs and helps the courts to function more efficiently by representing people who might otherwise not have representation. He stated that, in the last fiscal year, 81 Lancaster County residents were served.

Dr. Westbrook asked how much the County's contribution of \$5600 was leveraged.

Mr. Relick replied that they have obtained approximately \$63,000 in child support, housing and governmental benefits. He stated that they handle the cases that private attorneys do not wish to handle.

Mr. Larson referred to the income statement and stated that it showed total support and revenue of \$1,293,697 and total expenses of \$1,162,172, so the net assets increased approximately \$131,000. He stated that he did not understand the significance of the County contribution of \$5600 when the organization was generating a profit.

Mr. Relick stated that, under the previous board and executive director, the program was constantly in financial disarray. He stated that people were let go and there was always a great turnover because people could not always get paid. He stated that the new director has attempted to stabilize the program. He stated that some of the amount that Mr. Larson had referred to was for accrued vacation leave and they had never kept a reserve for that in the past.

Mr. Larson stated that the accrued vacation leave should be set aside as a liability.

Mr. Relick stated that they were now receiving money from private individuals whereas they never did before. He stated that they want to keep the program going and want to retain staff.

### **Lancaster County Public Schools**

Mr. Parker stated that he was present because he understood that the Board may be having a discussion about reaching a consensus on the schools' instructional category. He stated that he would like to begin recruiting and the first recruiting trip is next Wednesday. He stated that teacher recruitment and retention are essential for us to continue to improve our schools.

Mr. Lee stated that last year on March 30<sup>th</sup>, the Board gave its consensus on the instructional category for the schools.

Mr. Bellows stated that he had no problem with the school budget, but thought a public hearing needed to be held before they can give the schools a consensus. He stated that he would like to hear from the public before a decision is made.

Dr. Westbrook stated that last year the School Board and the Board of Supervisors met in a joint meeting and if he remembered correctly, the Board of Supervisors gave a consensus, not a vote, on the instructional category.

Mr. Larson asked if agreeing to a consensus meant that they would be agreeing to the increase of \$377,529.

Mr. Gill stated that the Board could not vote on it because a public hearing had not been held, but last year there was a consensus of the Board, without a vote, on just the instructional category.

Mr. Larson stated that he was not prepared to do that.

Dr. Westbrook stated that they talked about it last week and Mr. Larson was prepared to do it.

Mr. Larson stated that what he said was that they should talk about it this week.

Dr. Westbrook stated that he thought the consensus should be given. He stated that the kids and the community deserve it.

Mr. Lee referred to Mr. Larson's comments and stated that a consensus would be the same as an agreement to the increase of \$377,529.

Mr. Bellows stated that last year's consensus was based on a level funded budget.

Mr. Parker stated that it was actually a decrease.

Mr. Bellows stated that made a difference. He stated that he thought it would be wise to follow procedure and schedule a public hearing as soon as possible. He stated that the public was supposed to be able to give comment before the Board of Supervisors takes any action. He stated that, in his opinion, a consensus vote tonight would essentially be a vote.

There was discussion on advertising deadlines.

Dr. Westbrook stated that his heartburn was when they set up the meeting last week, it was said that was going to be a policy meeting for the budget and that did not happen. He stated that last week they talked about doing a consensus on the instructional category this week and now that is not going to happen.

Mr. Lee stated that they said they may do it, but did not commit to anything.

Mr. Bellows stated that he would feel awkward about voting on anything without the public having a chance to comment.

Mr. Parker suggested setting a public hearing for when Mr. Larson returned from vacation.

Mr. Lee stated that the public hearing could be held on Wednesday, April 11<sup>th</sup> at 7:00 p.m.

Dr. Westbrook asked Mr. Parker if that date would give him enough time to present contracts.

Mr. Parker replied that they would miss the first big recruitment trip.

Dr. Westbrook stated that the School Board had been granted an early consensus on instruction in the past and one would think it could be put on a calendar, so they would know what to expect every year.

Mr. Larson stated that he agreed, but they just received the school's detailed budget last night. He stated that they just finished working over people from the community on their requests and he was not going to agree to an increase of over \$377,000 by a consensus. He stated that, like Mr. Bellows has pointed out, they shouldn't be doing it anyway without public comment.

Dr. Westbrook stated that he did not agree and was going on what was said, but now that's not the truth. He stated that he thought a better job of communicating needed to be done.

Mr. Bellows made a motion to set the public hearing for the FY18-19 Lancaster Public Schools Budget for Wednesday, April 11, 2018 at 7:00 p.m.

VOTE:	William R. Lee	Aye
	Jason D. Bellows	Aye
	Jack D. Larson	Aye
	Ernest W. Palin, Jr.	Aye
	Robert S. Westbrook	Aye

**Discussion on the Fund Balance**

Mr. Lee stated that they needed to consider scheduling another work session. He stated that he would also like to consider either setting a percentage or a dollar amount for the fund reserve. He stated that he had been researching it and different counties do it different ways.

Mr. Larson stated that the auditors ask for fifteen percent, but the Board has never considered that amount to be necessary and neither does he. He stated that Davenport and Company has suggested ten percent. He stated that, in his opinion, the bigger issue is the drawing down of the fund balance each year. He stated that it will be drawn down again this year, if they do not cut expenditures.

Dr. Westbrook stated that they have never defined what the fund balance should be. He stated that it has been what it has been as a result of what has happened that year. He stated that if they define what the fund balance should be, they would have a target for the budget decisions.

Mr. Lee stated that he knew the County Treasurer had her opinion of what the fund balance should be as well.

Mr. Gill stated that Ms. Dickson would like to have two months worth of average spending.

Mr. Larson stated that the Treasurer had always been concerned about having to do a revenue anticipation note and while he appreciates that, he doesn't think that should be the overriding criteria for how large the fund balance should be.

Mr. Larson stated that he would throw out a number and said five percent of the annual operating expenses.

Mr. Lee asked if that percentage would hurt the County's borrowing ability.

Mr. Larson stated that was a good question. He stated that Davenport and Company recommends ten percent in their literature. He stated that a fund balance of ten percent puts us in a better position to borrow funds.

Mr. Lee stated that he thought ten percent was a good number. He stated that would be approximately three million dollars based on this year's budget.

Mr. Bellows stated that he thought if the budget was level funded, the reserve amount would stay level too.

Dr. Westbrook asked how it would work with the fact that expenditures fluctuate each year.

Mr. Larson stated that his interpretation was that they shoot for the fund balance being whatever percentage they decide of the operating expenses and if they don't have that percentage, they either have to raise taxes or cut expenses.

Mr. Lee referred to the ten percent suggestion and stated that would look better when it comes time to borrow money.

Mr. Palin stated that they could also get a better interest rate.

Dr. Westbrook asked if a borrowing institution looked at the County's fund balance to decide what interest rate they will charge.

Mr. Larson asked Tom Richardson with Chesapeake Bank if he would agree that the better the fund balance, the better an interest rate when borrowing.

Mr. Richardson replied that it was a complex question. He stated that the better the fund balance, the better bond rating an entity would have. He stated that it is a competitive market with multiple banks competing for business, so it's not an easy

question to answer. He stated that the County should want a healthy fund balance that is maintained every year.

Dr. Westbrook suggested they have a set amount for the fund balance and then they don't touch those funds.

Mr. Larson stated that the words "don't touch it" were not correct. He stated that the fund balance money was touched when it has to be. He stated that what they can't continue to do was draw down on the balance every year.

Mr. Lee stated that, in his opinion, they should shoot for ten percent.

Mr. Larson stated that they have a lot of work to do on the FY19 funding requests then, including the schools.

Dr. Westbrook stated that he thought five percent was a reasonable amount and if it proved incorrect, then they could adjust it.

Mr. Lee stated that five percent of what they were looking at was approximately \$1.6 million dollars.

Mr. Palin stated that he thought that was too low for the fund balance.

Dr. Westbrook suggested seven percent. He stated that everyone has known the school situation was going to have to be handled eventually.

Mr. Palin stated that they know they are going to have to borrow some money and they need to put themselves in the best position possible for a good interest rate. He stated that, as far as supporting the schools, they were doing it. He stated that he did not think they were that far from having a ten percent fund balance.

Dr. Westbrook stated that Mr. Larson has indicated that the school budget is going to have to be cut.

Mr. Larson stated they need to find \$1.2 million dollars with the shortfall they have now.

Dr. Westbrook stated that the County funds entities that are able to raise money on their own. He stated that there is a tradition of that and it is difficult to withdraw from that tradition. He stated that if they just concentrated on the entities and agencies that they are required to fund, it would free up some money. He stated that there was money that was designated for capital improvements that has not been spent. He stated there was approximately \$600,000 in capital improvement funds and approximately \$300,000 in the poorhouse tract fund. He stated that was almost a million dollars right there. He stated that there was the Norris property that was purchased for a possible EMS building and

recreation. He stated that \$1.5 million dollars had been set aside for public access to the water, but less than a third had been spent.

Mr. Larson asked where the money went. He stated that out of a seven million dollar borrowing, they are down to approximately \$600,000.

Mr. Gill stated that the money had been spent on other capital improvement projects.

Dr. Westbrook stated that if they are a million dollars short, transfer the capital improvement funds and the poorhouse tract funds into the operating budget and the problem would be solved.

Mr. Larson stated that capital improvement money does not go towards funding the operating budget.

Dr. Westbrook stated that it was money sitting in the bank and not in a separate fund.

Dr. Westbrook asked what other County land was sitting idle besides the Norris property.

Mr. Larson replied that there were a few parcels, but the total value was not great.

Dr. Westbrook stated that there was no effort being made to recoup that money.

Mr. Lee stated that he wanted to go back to the fund balance percentage. He stated that seven percent would be around two million.

Mr. Gill stated that it would be 2.37 million dollars.

Dr. Westbrook made a motion to set the reserve fund at seven percent of the County's total operating expenses.

VOTE:	William R. Lee	Aye
	Jason D. Bellows	Aye
	Jack D. Larson	Aye
	Ernest W. Palin, Jr.	Aye
	Robert S. Westbrook	Aye

Mr. Gill asked if the Board wanted to schedule another work session. He suggested having it before the regular meeting on Thursday, March 29<sup>th</sup>.

It was decided that the budget work session would be held on Thursday, March 29, 2018 at 5:30 p.m. before the regularly scheduled Board of Supervisors' meeting at 7:00 p.m.

Mr. Lee suggested asking the department heads from the Emergency Services Department and the Sheriff's Department to attend.

**ADJOURNMENT**

Mr. Bellows made a motion to adjourn the meeting until Thursday, March 29, 2018 at 5:30 p.m.

VOTE:	William R. Lee	Aye
	Jason D. Bellows	Aye
	Jack D. Larson	Aye
	Ernest W. Palin, Jr.	Aye
	Robert S. Westbrook	Aye