

**VIRGINIA:**

A FY 2019 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, May 8, 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 6:00 p.m.

Mr. Gill stated that Tara Brent with the Virginia Cooperative Extension and Kathy Clarke and Brandon Dillistin with the Northern Neck Soil and Water Conservation District were present to speak to the Board.

**Virginia Cooperative Extension**

Tara Brent stated that she was the 4H Extension Agent and for the last four years she has served as the unit coordinator for the Lancaster County office. She stated that the mission of Virginia Cooperative Extension was to bring the research based information from our two land grant institutions, Virginia Tech and Virginia State University, to the citizens of the Commonwealth through educational programs. She stated that, through 108 local county and city offices, they lead programming in the areas of agriculture and natural resources, 4H youth development and family consumer sciences to meet the needs of local citizens. She stated that Virginia Cooperative Extension was a partnership between the United States Department of Agriculture, the land grant universities and local government, with all serving as funding sources. She stated that, in her time as department head, her department's local funding request has only increased by \$88 dollars. She stated that each year, she has made it a priority to request as close to level funding as she could.

Mrs. Brent stated that she understood that the Board of Supervisors wanted to be fiscally responsible and prudent with taxpayer dollars. She stated that may involve asking departments to cut their budget requests and she was willing to share in that, however she

felt strongly that the return on investment that the County was receiving from the services and programs of Virginia Cooperative Extension do not justify a proposed forty-two percent reduction in funding based on her request. She referred to her budget request of \$51,464 and stated that ninety-two percent of that figure goes directly to pay a portion of the salaries for the five extension agents that serve Lancaster County, as well as a part-time program assistant. She stated that, more important than the number of staff that the funds pay for, were the impacts of the educational programming. She stated that the agricultural industry brings a total economic impact of \$44 million dollars to Lancaster County, mainly in field crops. She stated that, in 2017, 120 homeowners received assistance through personal consultations with agents. She stated that her department was a partner in the Hazardous Household Waste Program and through that partnership, over 246,000 pounds of hazardous chemical waste and 93,000 pounds of electronic waste has been properly disposed of over the past twelve years.

Mrs. Brent stated that since 2012, her department has offered well water testing for residents, based on fourteen parameters, at a reduced cost. She stated that seventy-five wells have been tested since 2012 and that has saved residents over \$18,000.

Mrs. Brent stated that the Northern Neck Master Gardeners serve as volunteers for Virginia Cooperative Extension. She stated that a part-time horticulture program assistant, at a cost of just over \$7000 for the County, provides leadership and guidance to that group. She stated that the value of the Master Gardener volunteer time in Lancaster County was over \$46,000 with many programs and help desk hours. She referred to the Shoreline Evaluation Program and stated that since 2012, seventy-six residential shorelines have received evaluations and recommendations for shoreline management.

Mrs. Brent stated that the 4H Program was the largest youth development organization in the country providing programs to youth in areas of citizenship, science and healthy living. She stated that in 2017, nearly 600 youth in Lancaster County were members of the 4H Program. She stated that the 4H Program has become an integral partner with the Lancaster County Public Schools.

Dr. Westbrook referred to the Hazardous Household Waste Program and asked who paid for that service.

Mrs. Brent replied that the County paid for that.

Mr. Gill stated that the County, Virginia Cooperative Extension and the Northern Neck Soil and Water Conservation District were all involved in that program.

Mr. Larson asked why couldn't it be just one.

Mr. Gill replied that the only answer he knew was that it had always been that way.

Mr. Larson stated that he did not understand why it took three agencies to do one function, twice a year. He stated that it did not make sense to him.

Mrs. Brent stated that the cost to her agency for that program was manpower of one person for those two days and help with marketing the event.

Mr. Larson stated that he had followed the execution of the Virginia Cooperative Extension budget for a number of years when he worked for the County and he thought that the cut was not the result of the County not getting value from that department. He stated that Mr. Gill, who was a farmer, had assured him that what Virginia Cooperative Extension does for farmers alone, was well worth it. He stated that the budget's execution was down from the amount requested. He stated that the cut was more about bringing the budget in line with the actual spending. The Board feels that a good service is provided.

Mr. Larson stated that the health department also provided water testing and asked if that service was being duplicated in Mrs. Brent's department.

Mrs. Brent stated that she believed that the water testing performed by the health department was only for e-coli. She stated that the water testing her department provides tests for fourteen different parameters, including lead.

Mr. Larson asked how much funding came from the state for Virginia Cooperative Extension.

Mrs. Brent replied that her department receives \$231,000 in salary money from the state.

Mr. Larson asked if the state money had been constant or cut back in any way.

Mrs. Brent replied that, since she had been with the department, the salaries had not been reduced and the state funding overall had not been reduced. She stated that they have two vacant positions on the Northern Neck that funding had been budgeted for, but had not been filled. She stated that she understood the comment that they have been giving back funds at the end of the year and that was why. She stated that \$12,400 was the salary amount for positions that have been budgeted for, but those positions were currently unfilled.

Mr. Lee asked if the water samples that her department handled went to Virginia Tech.

Mrs. Brent replied yes.

Dr. Westbrook stated that in fiscal year 2017, the actual amount spent was \$26,618 and what the Board was saying for this year was \$30,000. He stated that what was requested was \$47,364 for FY 2019. He stated that the difference between fiscal year

2017 and what was being requested for fiscal year 2019 was fairly significant. He asked about the difference.

Mrs. Brent stated that she wished she could control what vacancies can be filled, but when they have a vacancy it was up to Virginia Cooperative Extension to determine when those positions would be filled. She restated that, currently on the Northern Neck, there were two agent positions that were vacant, but had been budgeted for the last four years. She stated that she would like to see the positions filled, but agreed it would be fair to cut the budget by \$12,400, which was the salary amount that would be paid by the County for those positions.

Dr. Westbrook stated that if the department had gotten by without those positions being filled, why could that not continue.

Mrs. Brent stated that there were programs that those people could provide that could benefit County citizens even more.

Mr. Lee asked what those programs were.

Mrs. Brent replied that the family consumer sciences had no person to run it. She stated that it helped with financial education and budgeting.

Mr. Larson suggested that Mrs. Brent go back to the state and tell them that the County was simply not going to fund an employee position that was not there. He stated that maybe they would work harder to get that position filled.

Mrs. Brent stated that she read about the cut in the local newspaper and that was when she decided to come to speak to the Board.

Mr. Larson stated that Mrs. Brent was invited to come and speak at the budget work session.

Mrs. Brent stated that the invitation she had received was for non-governmental organizations.

Mr. Larson stated that was a misstatement, but if he were in her shoes, he would want to come speak to the Board at budget time each year.

Mrs. Brent stated that she understood the Board was looking to make cuts and had spoken to her supervisor about it.

Dr. Westbrook stated that it wasn't that the Board was looking to cut, but they were looking at trying to create a budget that they can deal with and, in his opinion, trying to correct some things that had happened in the past. He stated that they were having to do things that they would, perhaps, rather not do, but they were not out to just cut, but to find a balance between what they can afford and what they need to do. He

stated that they have a responsibility to the children of this County and they knew the schools are around the corner and will be a huge expense, whichever way they go. He stated that the budget modifications were necessary and they cannot keep doing what they have been doing and expect to do what will be necessary. He stated not to take it personally.

Mr. Lee referred to the original request of \$51,464 and stated that taking away the \$12,400 for the salary expense of the unfilled positions would take the request down to \$39,064.

Mr. Bellows stated that it did not make sense to continue to fund unfilled positions.

Mrs. Brent stated that \$28,900 pays the salaries of the people they currently have and the only other funding they need was for telecommunications. She stated that telecommunications would typically come out of the County funding.

Dr. Westbrook stated that, because the County partners with the state, there were certain things that the County was responsible for.

Mrs. Brent stated that the County was required to provide office space, a portion of the salaries and the telecommunications expense per the agreement. She stated that she did not know what the base charge was for the telephone bill, but did know the long distance charges.

Mr. Larson stated that, as of April 30<sup>th</sup>, the amount for telecommunications was \$689.33, which was well under the \$2000 amount that was budgeted for that line item. He stated that it looked like \$34,100 for FY 19 would be a good amount for that department.

Mrs. Brent stated that she would appreciate that funding. She stated that she understood the modifications that the Board wants to make and she knows how important the schools are.

### **Northern Neck Soil and Water Conservation District**

Kathy Clarke, District Operations Manager of the Northern Neck Soil and Water Conservation District thanked the Board for letting her speak about her organization's budget request. She stated that Brandon Dillistin, the District Technical Manager, was also in attendance. She stated that, per the Code of Virginia, Soil and Water Conservation Districts were political subdivisions of the Commonwealth, but they did not have any taxing authority. She stated that her organization was a local government agency tasked with small business responsibility and government compliance mandates. She stated that they achieve their goals with a staff of five employees and a board of ten directors. She stated that they have the only Board of Directors in the Commonwealth of Virginia that serve with no monetary compensation. She stated that their budget totals approximately

\$500,000 for operating expenses, such as rent, utilities, salaries and program expenses. She stated that the organization relies on funds from the local, state and federal levels of government as well as grants and fund-raising.

Ms. Clarke stated that Soil and Water Conservation Districts were founded based on a national need, but they were executed at the grassroots level. She showed a portion of a video presentation that was made by the Virginia Farm Bureau, that explained more of what the Northern Neck Soil and Water Conservation District does.

Ms. Clarke stated, after the presentation, that her organization does more than just reach out to the agricultural community. She stated that they implement the Virginia Ag BMP Cost Share Program, which provides funding incentives for producers for implementing conservation best management practices. She stated that her organization was a multi-county district that covers Lancaster, Northumberland, Richmond and Westmoreland counties and twenty-five percent of the workload was attributed to each of those counties. She stated that some of the services they have provided were technical assistance, school programs, the Lancaster Courthouse bio-filter maintenance, the Chilton Woods project, the Foxwells wetland restoration and shoreline evaluations. She stated that they have helped restore the SEAS program, the Town of Kilmarnock with its sediment reduction and stream restoration project and many community outreach programs, such as the no-till drill equipment rental program. She stated that they also assist with the Hazardous Household Waste Program that was held twice a year in the County. She stated that she knew that it sounded redundant that three agencies partner on the Hazardous Household Waste Program, but here, in the Northern Neck, they were resource poor. She stated that some agencies have people and some agencies have equipment. She referred to the household hazardous waste and stated that Lancaster County foots the bill for the actual disposal. She stated that the Virginia Cooperative Extension assists with the marketing and staffing during those two days and her organization helps with planning the events, marketing and staffing. She stated that, since fiscal year 2009, there has been 60 tons of household hazardous waste eliminated from Lancaster County. She stated that she had worked the Lancaster County event, as well as her colleagues, and it was the biggest household waste event on the Northern Neck. She stated that it was a positive source for the County's citizens to get rid of their hazardous household waste and a great service.

Ms. Clarke stated that the Northern Neck Soil and Water Conservation District also concentrates on educational programs at the Boys and Girls Club in Kilmarnock, the schools and at Belle Isle State Park. She stated that they judge school science fairs, offer sponsorships for camps and give scholarships at both the local and state levels.

Ms. Clarke stated that, since fiscal year 2006, they have injected \$1.5 million dollars back into the agricultural community in Lancaster County and have issued \$32,000 in tax credits. She stated that the Total Maximum Daily Load or TMDL, which was prescribed by the Department of Environmental Quality for Greenvale, Payne and Beach Creek in 2012, was a way to reduce sediment and bacterial contamination in certain bodies of water. She stated that from 2012 through 2016 the district was

successful in implementing \$10,000 worth of residential BMP practices to Lancaster County residents through septic pumpouts and repairs.

Ms. Clarke stated that there was a new program called the Virginia Conservation Assistance Program which has seen tremendous interest in the Northern Neck and one of the most popular aspects was the living shoreline program. She stated that they have received eleven applications from Lancaster County residents and \$67,000, since 2017, has been put back into the County's economy through this program. She stated that they were currently waiting on more funding for this program to continue it.

Ms. Clarke stated that she had been with the Northern Neck Soil and Water Conservation District since 2005, so those are the records that she has. She stated that, in 2005, \$5,000 was requested and received from Lancaster County. She stated that \$10,000 was requested and received from Lancaster County for the years of 2006 through 2012. She stated that \$15,000 was requested and \$10,000 received in the years of 2013 through 2018. She stated that they were requesting \$15,000 for fiscal year 2019 and have learned that there was \$5,000 proposed. She stated that they face state budget cuts all of the time just like localities do. She stated that the majority of their funding, at the state level, was around \$340,000, but it was not stable and they never knew what they would receive. She stated that they ask each of the four counties they serve for \$15,000 each year, but that still leaves a gap. She stated that her organization must be fiscally conservative and plan ahead. She stated that their \$15,000 request will eventually be raised to \$20,000 because of the Chesapeake Bay Preservation Act mandates that every locality must comply with.

Mr. Larson stated that he had no doubt that Ms. Clarke and Mr. Dillistin were dedicated employees, but he was not, in the least, kindly disposed to the Northern Neck Soil and Water Conservation District. He referred to when he was working with the Chesapeake Bay Local Assistance Division (CBLAD) trying to comply with ordinance changes at the same time that bio-solids were starting to be spread in the County. He stated that he had nothing against bio-solids and in fact, he thought it was a great opportunity for farmers to fertilize their fields without incurring the tremendous expense that they would with chemical fertilizers. He stated that the problem he had with the Northern Neck Soil and Water Conservation District was that they did nothing about restricting bio-solids' phosphorus level when the bio-solids were being put down, so that a proper amount of both nitrogen and phosphorus was applied. He stated that, instead, four times as much phosphorus was applied which was contrary to proposed phosphorus reductions prepared by CBLAD.

Mr. Larson stated that the second item that he wanted to talk about was when there were projects with land disturbance that needed to be monitored closely, the Northern Neck Soil and Water Conservation District monitored agriculture and the County stayed out of it. He stated that when it came to land disturbance for residential development, that was the County's responsibility and was looked over by DEQ and CBLAD. He stated that he went to some of the Northern Neck Soil and Water Conservation District meetings, which he found to be of no value to him when he was

representing the County. He stated that, at one particular meeting, something that disturbed him was when the winery on the Great Wicomico River was being developed, the discussion at the meeting was about how the problem could be dumped on Northumberland County rather than the Northern Neck Soil and Water Conservation District deal with it themselves.

Mr. Larson stated that there was another time, when he was part of the County staff, when a representative from the Northern Neck Soil and Water Conservation District said that the Highbanks project along the Rappahannock River in White Stone was not being controlled correctly. He stated that Highbanks was one of the best controlled projects in the County during his tenure and was done correctly and he did not appreciate the comments from the Northern Neck Soil and Water Conservation District. He stated that the County has a lot of state agencies that look at them and it would not hurt his feelings if there was one less.

Ms. Clarke stated that her organization was not a state organization, but a political subdivision and they were not regulatory. She stated that the events that Mr. Larson had referred to were about her predecessors before she and Mr. Dillistin worked for the Northern Neck Soil and Water Conservation District in a management capacity. She stated that she was sorry that Mr. Larson was not satisfied with how those situations were handled, but she could not speak to them because it was before her time. She stated that they concentrate highly on building relationships with their partners.

Mr. Larson stated that Ms. Clarke said that the Northern Neck Soil and Water Conservation District was a political subdivision and asked what that meant.

Ms. Clarke stated that a political subdivision was the same as a town, city or county.

Mr. Larson asked who created the Northern Neck Soil and Water Conservation District.

Ms. Clarke replied the Virginia Soil and Water Conservation Law from back in the 1930's.

Mr. Larson asked if that was a state or federal law.

Ms. Clarke replied that it was a state law.

Mr. Larson stated that the organization was created by the state of Virginia, but yet, the state keeps cutting the funding which was happening everywhere across the board.

Mr. Bellows stated that he did not think it was fair to judge an agency on something that happened ten or fifteen years ago with different personnel. He stated that he thought they should measure the actions of an agency by the current effects and

outcomes. He stated that if they looked at the investments and outcomes that were happening currently with the Northern Neck Soil and Water Conservation District, things were pretty good. He stated that the County has received a lot of funding for the BMPs and he could say from sitting on the Rappahannock River Basin Commission that the TMDL values in the Chesapeake Bay are going to be a big deal and very costly. He stated that to partner with agencies to reduce those costs and find creative solutions was the only way these issues were going to get solved. He stated that if the County had to tackle some of these things on its own, the costs would be in the millions. He stated that a \$10,000 contribution for the types of benefits the County and its citizens were getting was fantastic and they deserve to be level funded at least.

Dr. Westbrook asked who pays when the hazardous waste was picked up.

Ms. Clarke replied that the counties pay for the disposal.

Dr. Westbrook asked about the cost.

Ms. Clarke replied that she did not handle those contracts, but could give poundage numbers.

Dr. Westbrook stated that he was interested in the expense because he would like to see the Hazardous Household Waste Collection more than just twice a year.

Mr. Bellows stated that he applauded the Northern Neck Soil and Water Conservation District on partnering with other agencies and that was what the state was encouraging agencies to do with limited resources.

Mr. Palin stated that he agreed with Mr. Bellows and that the Northern Neck Soil and Water Conservation District should be level funded at \$10,000.

Mr. Lee referred to the \$5,000 cut and asked what would that money eliminate from the Northern Neck Soil and Water Conservation District's program.

Ms. Clarke replied that based on the numbers that she sees, \$10,000 doesn't even cover the expenses. She stated that with the Chesapeake Bay Act compliance issues coming, they do realize that the agricultural assessments will be required on the County's part and will require staff time on the Northern Neck Soil and Water Conservation District's part. She stated that they will be looking to expand those services.

Mr. Lee stated that he had heard about the coming changes and mandates concerning the Chesapeake Bay Preservation Act as well. He stated that he would agree to the \$10,000 contribution to the Northern Neck Soil and Water Conservation District.

Mr. Gill stated that the agricultural assessments that Ms. Clarke spoke about are coming. He stated that the County just recently had a Chesapeake Bay Act review and that was one of the conditions that was suggested. He stated that, years ago, the

Chesapeake Bay Act was “hands off” the agricultural industry, but now that has changed. He stated that County staff does not have the expertise and were not certified nutrient management plan writers, but the Northern Neck Soil and Water Conservation District has both.

Mr. Bellows stated that what Mr. Gill was speaking of was a big issue, as well as the TMDL issue, state-wide. He stated that it costs millions of dollars to remove pounds of fertilizer, nitrogen and phosphorus from the water and sometimes only costs pennies to prevent it from happening. He stated that they needed to find ways to reduce those costs and solutions that were not budget breaking. He stated that these types of partnerships were doing just that.

Mr. Lee made a motion to level fund the Northern Neck Soil and Water Conservation District at \$10,000 for FY 2019.

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

VOTE: 4-1-Motion passed.

### **Budget Work Session for FY 2019**

Mr. Gill stated that he had made the changes from the recommendations at the last budget work session and he would highlight them for the Board. He referred to revenues and stated that the permit fee revenue had been increased by about \$15,000 to reflect where they were actually tracking currently. He stated that was the only addition to the revenue side.

Mr. Bellows asked when the building permits get reviewed by the Commissioner of Revenue to determine increased tax value on a property.

Mr. Gill stated that the new values were picked up yearly when they do new assessments for improvements and then evaluated every five years when the general reassessment was done, which was currently happening now.

Mr. Bellows asked if there was any way to appeal the yearly review or was it taken care of after the reassessments were completed.

Mr. Gill stated that it could not be appealed until the reassessment.

Mr. Gill referred to expenditures and stated that he had mentioned last time that he had fixed the Revenue Anticipation Note's interest and fees as far as FY 19 going forward, but Mr. Larson had asked to have it also corrected in FY 18 and that has been done. He stated that questions were also raised at the last work session concerning the health insurance line item in a few different places. He stated that Mrs. Stevens had included some coverage for employees whose families had coverage under the County health insurance policy. He stated that he backed those figures out, both in FY 18 and FY 19 which helps with the bottom line.

Mr. Bellows asked why that error with the health insurance was not picked up by the auditors.

Mr. Gill replied that he didn't know.

Dr. Westbrook stated that he would like to go back and ask a question concerning the revenues. He referred to the section entitled "revenues from use of money and property" and asked for clarification.

Mr. Larson stated that the revenue from the use of money was the interest from the fund balance. He stated that the revenue from the use of property was partially from the cell tower rent.

Mr. Gill stated that other examples of revenue from the use of County property were the farmland rent from the Norris property and the rent from the Social Services building.

Dr. Westbrook asked another revenue question about the court-appointed attorney, even though it was not much money.

Mr. Gill replied that he would find out the answer.

Mr. Gill referred to page nineteen and the Electoral Board's request for the poll book equipment and stated that Susan Jett, General Registrar, had checked with the vendor and she will not be able to get the equipment in place in time for the June elections, but it will be ready for the November elections. He stated that he had moved the expense of \$21,570 to the Capital Improvement Budget for FY 19. He stated that they do not have to be concerned with holding another public hearing on it because it will be in next year's budget.

Mr. Gill referred to page forty-one and stated that Mr. Larson had asked about the Indoor Plumbing Program. He stated that he had spoken to Tina Reamer, the Section Eight Housing Director, and she stated that there were no new projects under indoor plumbing, but the existing projects still generate program revenue because a percentage of the payments made by the citizens that live in the homes goes to the program that helps fund rehabilitation projects. He stated that fund would expire in about four years.

Mr. Gill referred to page 47 in the Capital Improvement Budget section and stated that, at the bottom of the page, he tried to explain and clarify the bond issue. He stated that on the left hand side there was a listing of the items that were included in the lease bonds. He stated that the County had to generally list items and dollar amounts for the bonds during the borrowing. He stated that, in FY 15, the County borrowed \$1.5 million dollars for public access, \$2 million dollars for the replacement of the emergency radio system and equipment, \$776,260 for other County capital projects and \$2,730,369 for school capital projects making the total amount \$7,006,629. He stated that to the right of that list was what was actually spent, which was \$564,744 in FY 15, \$3.6 million dollars in FY 16, \$1.5 million dollars in FY 17 and spent to date in FY 18 was \$705,415. He stated that the total spent out of the borrowing was \$6,492,676 with a balance remaining of \$513,953.

Mr. Gill stated that the actual borrowing in FY 14 was \$8.1 million dollars. He stated that \$1 million was used to refinance existing debt. He stated that \$1 million became the B bonds and the A bond from Chesapeake Bank and the Bank of Lancaster and the balance of the borrowing of \$7 million became the A bonds. He referred to page forty-nine, under expenditures, and stated the B1 and B2 bonds from Chesapeake Bank and the Bank of Lancaster were paid off in January of this year. He stated that the new courthouse will be paid off in FY 2019.

Mr. Gill stated that Mr. Lee had asked him to very generally inquire about financing for the new Capital Improvement Budget amount of \$9.8 million dollars. He stated that it could be a hard question to answer because of possible loan structure options. He stated that the last bond issue was for \$8.1 million dollars and the first year only \$236,000 was paid in interest only. He stated that, in the second year when the payment contained principal and interest, the payment went up to just over \$1 million dollars. He stated that there could be an initial smaller borrowing that could be rolled over into a larger, long-term borrowing a year or so later.

Mr. Gill referred to the summary sheet and stated that the ending fund balance for FY 2019 was \$2,261,975, which was 7.3 percent of the total expenditures, so the County would be above the seven percent margin that had been voted on earlier in the year. He stated that they were about \$75,000 over the margin in dollar figures.

Mr. Lee stated that he and Mr. Gill had been discussing what the debt service amount might look like if the County decided to borrow for the proposed Capital Improvement Budget items. He stated that he was not in favor of a tax increase for this year. He stated that if the Capital Improvement Budget was not approved in its proposed form, they still have money to pay for the land and there were other items to be considered as well, such as the requested ambulance for the Upper Lancaster Volunteer Rescue Squad. He stated that the other Capital Improvement items add up to approximately \$500,000. He stated that what the Board needs to think about was how they were going to handle the proposed Capital Improvement Budget for this year. He stated that he was not in favor of raising property taxes again this year because once the

final plan for schools was decided, he believed that taxes would have to be raised. He stated that they need to think about what kind of debt can be serviced and still keep the same tax rates.

Mr. Bellows stated that the interest rates would probably be about the same as the last borrowing and the first year interest might be about the same at approximately \$250,000.

Mr. Lee stated that they will be clearing up some debt service in FY 19 and it would probably not be until FY 20 that they would have to start paying principal on the next borrowing.

Dr. Westbrook stated that he hoped to have a series of meetings after this budget was finalized about what they were supposed to be doing as a government. He stated that they really cannot reduce expenditures much more than they already have this year and Mr. Lee has stated that he did not want to raise taxes this year. He stated that his position was that they can raise taxes and collect the money from the people who can afford it and give relief to those who cannot afford it.

Mr. Bellows referred to the property tax relief and asked if that was something that was set locally.

Mr. Gill stated that the tax relief criteria was set by local ordinance.

Mr. Lee stated that they needed to nail down the Capital Improvement Budget now.

Mr. Gill stated that he looked back at how the budget was handled in 2014. He stated, that year, the Board separated the Capital Improvement Budget from the Operating Budget. He stated that the Operating Budget was approved in June 2014, but the Board did not approve the Capital Improvement Budget until financing was in place in November of that year. He stated that could be an option for this year's budget.

Mr. Larson stated that he thought that was a good option. He stated that, for the record, he agreed with Mr. Lee about not raising taxes this year. He stated that he also agreed with Dr. Westbrook about trying to expand the tax base. He stated that, in his opinion, the people who might qualify for tax relief probably don't even know about it.

Mr. Gill stated that the tax relief information was advertised.

Mr. Lee stated that some of the citizens with the most need for relief do not read the newspaper or listen to the local radio station, so advertising there may not help them.

Mr. Bellows suggested the tax relief criteria and description be printed on the tax bills.

Dr. Westbrook stated that if they separate the Capital Improvement Budget and it doesn't get approved until November, how will the schools get the money to continue the testing and design work, so they can apply to the USDA for funding.

Mr. Lee stated that he could not foresee the Capital Improvement Budget not being approved until November.

Mr. Gill stated that he did not think they went to Davenport and Company until August for that borrowing, but that could be done right away this year. He stated that they will ask him what amount of money that the County was looking to borrow. He asked if the figure was going to be \$10 million dollars.

Mr. Larson stated that, with respect to the \$9 million dollar request from the schools, that figure included an award of a contract on a design that had not been decided upon yet. He stated that it could end up being a significant waste of money.

Mr. Lee suggested asking for information on the total borrowing and put terms on what was being done at several stages. He stated that the way he saw it now, the School Board was not sure of what they wanted to do in relation to the new schools because more information would need to be gathered.

Mr. Larson stated that he did not know if the contract with the architectural firm, VMDO, has the flexibility to be funded in phases as the work was done.

Mr. Bellows stated that he would think there may be several "mini-contracts" within the larger one because of the many steps involved in the process. He stated that the Board of Supervisors should have a seat at that negotiating table throughout the process.

Mr. Larson referred to the proposed Emergency Services Building and stated that close to \$250,000 was spent on drawings and plans that now will be filed away in a cabinet somewhere.

Mr. Bellows stated that process with the EMS Building went further ahead than this Board expected it to. He stated that there should have been better control over that.

Mr. Larson stated that there was nothing to show for all that money that had been spent and it cannot happen again.

Mr. Lee asked if it was time to have a detailed discussion with the School Board.

Dr. Westbrook stated that it was probably time to have a discussion with the School Board and the architects. He stated that the answers to the questions that the Board of Supervisors have will come from the architects. He stated that they will be the ones to say what the County will be getting for the money.

Mr. Bellows suggested that after setting the public hearing date for the FY 19 Operating Budget, they set another work session date to discuss capital improvements and invite the School Board and the architects.

Dr. Westbrook stated that he thought the Board should look at the tax-exempt properties to see what could be brought back on the tax roles. He suggested also looking at the County-owned properties that they may decide can be put on the market. He stated that they were going to need some legal assistance with how they would go about doing those things. He stated that what Sonny Thomas, the former Commissioner of Revenue, told him was that there must be an ordinance that requires people or organizations with tax-exempt properties to be able to certify that they were still eligible for tax-exempt status, as they were when the status was first granted.

Mr. Bellows asked if a public hearing would need to be held to sell County-owned property.

Mr. Gill stated that was correct.

Mr. Bellows stated they could identify properties that the County no longer needs and either hire a real estate agent, after having a public hearing or hold a public auction.

Mr. Gill stated that they were both viable options.

Mr. Lee stated that, to summarize, the Board would move forward with the FY 19 Operating Budget, minus the Capital Improvement Budget and set a public hearing for it. He stated that he would like to set up a meeting with the School Board and the architects and try to understand the contract details.

Mr. Gill asked if Mr. Lee and the Board wanted to schedule the meeting with the School Board prior to getting Davenport and Company involved.

Mr. Lee replied that he thought so, because Davenport and Company will want a figure to work with.

Dr. Westbrook suggested asking Jim Cornwell, County Attorney, to look into the tax-exempt properties and the associated ordinance that he had spoken about.

Mr. Gill stated that he would like to look into it first because it may be something that would be simple to do without costing more money in legal fees.

Mr. Lee stated that, contingent on when Dr. Parker, the School Board and the architects could meet, that could be the Board of Supervisors' next work session. He stated that he did not see the need for another work session on the FY 19 Operating Budget. He suggested holding the public hearing for the FY 19 Operating Budget at the regular board meeting on May 31<sup>st</sup>. There was a consensus on that.

Mr. Gill stated that he had spoken to the Atlantic Broadband staff and they would like to come in front of the Board on Tuesday, July 17<sup>th</sup> at noon to discuss the franchise agreement. There was a consensus that date and time would work.

**Adjournment**

Mr. Larson made a motion to adjourn the meeting.

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