

VIRGINIA:

A meeting of the Lancaster County Board of Supervisors was held in the Administrative Building Board/Commission Meeting Room of said county on Thursday, June 13, 2019.

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

Staff Present: Don G. Gill, County Administrator
Crystal Whay, Clerk to the Board and
Building/Land Use Assistant

Mr. Bellows called the meeting to order at 7:00 p.m.

Public Hearing on the Proposed FY 20 County Budget

Mr. Bellows opened the public hearing.

Howard Kyzer, a District 3 citizen, stated that he wanted to understand the proposed budget and where the money has gone and why. He stated that, approximately two and a half years ago, there was a tax increase of five cents. He stated that the public was told that the increase was for a budget shortfall and to build the reserve. He stated that he doubted the reserve has been built up the way that money has been spent lately. He asked if the Board had actually had a conversation, before another tax increase, about reducing expenditures. He stated that he thought the only member who had tried to initiate a conversation about cutting expenses was Mr. Larson. He asked why the School Board needed another \$500,000.00 for this coming year.

Mr. Bellows referred to the last question and stated that three percent was for a raise and approximately \$250,000.00 was for money that the state had taken away.

Mr. Kyzer stated that he hoped none of that money went to the architects in Charlottesville.

Mr. Bellows replied no.

Mr. Kyzer referred to a published report and stated that \$750,000.00 was paid for the proposed school site. He stated that he understood that price was about twice the appraisal value. He stated that he did not understand why that was done, but he thought it was because the County was in too much of a hurry without a plan in place. He stated that the bottom line for him was that they have just had a reassessment and now the Board wants to raise the tax rate eight more cents. He stated that he thought the Board should go back and reassess to try to find more savings. He asked how they arrived at an eight-cent increase on the tax rate.

Mr. Gill stated that he could address some of Mr. Kyzer's concerns. He referred to reducing expenditures and stated that the Board of Supervisors has held multiple work sessions and looked at ways to reduce expenses. He stated that Mr. Kyzer had referred to the schools being approved for over \$500,000.00 more in local funds. He stated that approximately \$300,000.00 of that amount was for a decrease in state funding for the schools.

Mr. Gill stated that the property that the County purchased was not double the appraisal value. He stated that the price paid was about \$150,000.00 over the assessed value and about \$100,000.00 over the appraisal value. He stated that, if condemnation had been pursued, the costs associated with that would have been more than the purchase price.

Mr. Gill stated that the architects for the school project were paid from two special accounts. He stated that the first one was the SNAP fund, which is dedicated to school related projects, and that was about \$135,000.00. He stated that the second source was from the penny in the tax rate increase that was set aside two years ago, earmarked for school capital projects and was about \$252,000.00. He stated that the Board of Supervisors approved the borrowing of \$2 million dollars recently to finish the architects' studies and reimburse the County's general fund for the land purchase.

Butch Jenkins, former Supervisor, asked Mr. Gill to explain the SNAP account to those who did not know about it.

Mr. Gill replied that SNAP stands for State Non Arbitrage Program and whenever tax-exempt bonds are borrowed, the funds go into this particular account. He stated that there needed to be a justification of how those funds were spent. He referred to the most recent borrowing and stated that it was also a tax-exempt bond, so those funds have gone into a SNAP account and are earmarked for capital improvement items.

Mr. Kyzer asked about the proposed tax rate increase.

Mr. Gill stated that the equalized rate is 57 cents and there was an ad in last week's paper, as required by the Code of Virginia, that whenever a general reassessment results in tax revenue that will exceed 101 percent of the prior year, a special advertisement must be published. He stated that the board discussed the tax rate at its last

work session and it was decided to advertise a rate of 65 cents. He stated that a lower tax rate than what is advertised can be adopted, but they cannot adopt a higher rate.

Mr. Gill referred to the budget summary shown on the screen and stated that the general property tax figure reflects a sixty-five cent real estate tax rate and that would help build the fund reserve back up and that is part of the purpose. He stated that, over the past several years, the fund reserve has been depleted. He stated that, assuming the sixty-five cent rate is adopted, it would help replenish the fund reserve. He stated that last year, the Board adopted a seven percent fund balance to expenditures ratio, so that the fund balance would not fall below seven percent of the expenditures. He stated that, at the last work session, the Board decided that the FY 20 capital improvement items would be paid for out of the general operating fund, instead of doing another borrowing and that would be about two cents that would be needed. He stated that there had also been discussion about setting aside a penny for the schools in the future.

Mr. Kyzer stated that, before they discuss funding new school buildings, they should consider that there is a petition that has been signed by many taxpayers who want a referendum on the issue.

Mr. Lee stated that the Board of Supervisors cannot say there will be a referendum on the new schools, because the School Board had to initiate it.

Mr. Kyzer stated that he knew that, but the funds will be coming from the Board of Supervisors.

Dr. Westbrook stated that all of the Board's budget sessions had been public meetings.

Paul Sciacchitano stated that he was present to discuss the Healthy Harvest Food Bank again. He stated that, before he spoke about the food bank, he wanted to say that he had lived in many counties in Virginia over the years and he knew what he paid in taxes. He stated that he supported the work that the Board of Supervisors does on the budget each year. He stated that he could not think of anything more important to this County than the school system and economic development. He stated that if taxes needed to be raised to support those things, as a taxpayer in the County, he fully supported it. He stated that there has been a decline in the school enrollment and most young people are leaving the area because of the lack of meaningful employment. He stated that new businesses that might want to relocate here often cannot find qualified employees. He stated that economic development and a great educational system go hand in hand.

Mr. Sciacchitano stated that he had approached the Board of Supervisors a couple of months ago regarding a request for a \$1,000.00 donation to the food bank. He discussed the value that the food bank gives to Lancaster County residents. He stated that the programs resulted in a value of \$724,000.00 last year and will be even greater than that for this year. He stated that they do get a lot of community support. He stated that the only county that had been supporting the food bank financially was Richmond County at

\$1,000.00 per year. He stated that the food bank is building a new facility in Richmond County. He stated that they paid over \$5,000.00 in taxes last year and once the new facility is finished, they will be paying between \$15,000.00 and \$20,000.00 in taxes next year. He stated that the Richmond County Supervisors have told them that unless they could get the other counties that are served by the food bank to support them with a \$1,000.00 donation, their taxes would not be abated. He stated that he did not like the way it was being done, but he was in the middle and did not have control of what other boards will do. He stated that he has gone to each of the counties within their jurisdiction and they all have agreed to make the donation this year. He stated that he was asking for \$1,000.00 for one time. He stated that Lancaster County gets more value from what the food bank does than any of the other six counties that it serves.

Mr. Lee asked if the \$1,000.00 donation was granted, could it be earmarked for programs in Lancaster County.

Mr. Sciacchitano replied that he would suggest that the Board earmark the donation for a program in Lancaster County, such as the senior program or the backpack buddy program.

Dr. Westbrook asked if a county could arbitrarily grant an abatement of taxes one year and take it back the next year. He stated that he thought the objection was not with the amount of the request, but the principal of it and how it had been presented. He stated that it was as if Richmond County was holding the other counties hostage and in order for them to do the right thing, everyone else had to do something. He stated that he did not understand anyone who could look at the food bank and not believe that they were worthy of a tax exemption. He stated that he was personally in favor of the donation and he would hope that Richmond County would give the tax abatement every year.

Mr. Larson stated that he had said in the past that he did not like the way this request had been presented. He stated that the food bank has a lot of community support. He stated that he had worked at the food bank today and there was so much food there that they could not give it away, nor could they store it all. He stated that he has looked at the food bank's financial reports and even if they did have to pay taxes, they can handle the expense.

Mr. Sciacchitano stated that based on statistics, the food bank is only serving sixty percent of what is needed. He stated that, if too much food has been received, that probably has something to do with the ordering process.

Mr. Larson stated that he has some knowledge of what goes on in the food bank by virtue of being a part of it. He stated that this request and how it has been presented troubles him greatly. He stated that it is similar to the situation going on with the library.

Dr. Westbrook asked what would be the amount of the tax exemption.

Mr. Sciacchitano replied the amount would be between \$15,000.00 and \$20,000.00 once the new building was completed. He stated that they paid over \$5,000.00 last year for basically their trucks and equipment.

Mr. Lee stated that he supported the request, but would like to see that \$1,000.00 earmarked for Lancaster County programs. He asked if Mr. Sciacchitano could guarantee that.

Mr. Sciacchitano replied that if the County gives the donation with a restriction that the money must be used for a program in Lancaster County, then that will be what is done.

Mr. Bellows stated that he had no problem supporting the request, especially if the money will be used for Lancaster County.

Butch Jenkins, a District 1 citizen and former member of the Board of Supervisors, stated that he wanted to suggest that the Board go back and look at the fifty-five percent increase in the ending fund balance. He stated that he knew Paul Lee, the accountant at Robinson, Farmer, Cox Associates, likes to see a fifteen percent fund balance to expenditures ratio. He stated that Paul Lee was a fine accountant and auditor, but he does not run a county or run a business. He stated that a penny in the pocket of a taxpayer is more valuable to this County than a penny in the ending fund balance. He stated that it will work in the local economy in the pocket of the taxpayer, but in the fund balance, it just sits for some use. He stated that, currently, they are around eight percent of the total budget in the ending fund balance. He stated that he understood wanting to grow the fund balance and it is a nice cushion and makes everybody feel better, but don't grow it at fifty-five percent at one time. He stated that a fund balance should grow from unexpected revenues and competent, motivated department heads who find a way to save and not spend all of their money.

Mr. Jenkins stated that the County has a very good accounting system and they have eleven months of data from this fiscal year at their fingertips. He suggested that they make sure they know where the expenditures are and what the ending fund balance will really be and not what was budgeted last year. He stated that things might be better than they think and they can ease off of the taxpayers.

Mr. Jenkins stated that when he first joined the Board he wanted to make government work and he wanted to represent the voices of hard-working people of all colors and persuasions and who generally were not heard. He stated that he was speaking for them tonight. He stated to please not give the School Board a full fiscal year's appropriation. He stated that, it is known by many of his former constituents and many of the sitting Board members' constituents, that this School Board is absolutely dysfunctional. He stated that there are three members that make really bad decisions and then force it down the other two members' throats. He stated that the people do not trust the School Board. He stated that there are three members, who many people believe are corrupt, and the other two members do not speak up on behalf of their constituents. He

asked that the Board of Supervisors not give the School Board a blanket allocation, but rather do it on a quarterly basis and watch them like a hawk. He stated that is what the people want the Board of Supervisors to do.

Bob Hood, a District 2 citizen, stated that he had dropped off his household hazardous waste at the collection event last Saturday and the woman that spoke to him as he was leaving said because Lancaster County was only funding the Northern Neck Soil and Water Conservation District \$10,000.00, instead of \$15,000.00 like the other counties, the household hazardous waste day was only going to be held once a year, instead of twice as in the past. He stated that he had dealt with budgets in the corporate world and he knew it was not easy, but it sends a horrible message if that event is decreased to just one time a year. He stated that Lancaster County has a garbage problem as well as a culture problem with littering. He stated that they needed a program launched to change the culture, probably starting in the school system. He stated that he hoped the County could find that \$5,000.00 because it sends a message that the County does not care where that garbage is going.

Charlie Costello, a District 2 citizen, stated that the Board of Supervisors has had multiple work sessions and the announcements are always in the local paper. He stated that citizens can always come and get educated about what is going on. He stated that the school budget was also discussed and published and was reduced as much as they could. He stated that if you look to see where else the money is going, it would be public safety. He referred to \$256,000.00 and stated that roughly half of that was for emergency medical services. He stated that he had some concerns about EMS vehicles behind the old maternity center that never seem to move. He stated that he would like to check the logs to see how often the EMS vehicles are used. He stated that the only one that seems to move is the ALS vehicle. He stated that somebody needed to take a look at this.

Mr. Costello stated that Mr. Larson had mentioned the library and their request for an additional \$10,000.00 this year. He stated that he thought all of the non-governmental organizations should have their funds restored.

Mr. Costello referred to the tax rate increase and stated that two cents was from the equalization, one cent for the schools in the future, two cents to restore the almost \$300,000.00 that the state took away from the schools, two cents for the capital improvement items and another cent to balance the budget. He stated that he thought the Board had done a good job with the budget and it was a hard job, especially since the state keeps cutting back its funding. He stated that he had to mention the boat tax. He stated that it was about \$290,000.00 in 2015 and \$460,000.00 in 2016. He stated that he did not have the figure for 2017, but he did have the figure for what the boat tax would have brought for 2018 and that was \$566,392.00. He stated that those figures were almost \$2 million dollars that the County had lost out on with no boat tax.

Mr. Larson stated that Mr. Costello had paid his boat tax every year.

Mr. Costello stated that he had paid his boat tax each year, but he was not going to do it the same way this year. He stated that he was concerned because he understood that the four-year old program at the school was not going to be covered this year. He stated that he was going to investigate it more, but that was where his money was going. He stated that it did not make sense to have a three-year old program, but not a four-year old program and that was what he had been told.

Dr. Westbrook stated that they had not heard that.

Mr. Costello stated that he believed the four-year old program has been dropped and he had heard it from a good source.

Mr. Larson stated that the program was not dropped by the Board of Supervisors.

Mr. Costello agreed and stated that the program was dropped before it was brought to the Board of Supervisors. He stated that they might want to check out the information.

Mr. Larson asked Mr. Costello if he had said emergency medical services was half of the public safety budget.

Mr. Costello replied that he thought there was a \$126,000.00 increase in emergency medical services.

Mr. Larson stated that he thought Mr. Costello had said that the total amount for emergency medical services was one half of the public safety total.

Mr. Costello replied no.

Mr. Larson stated that he wanted to make sure that Mr. Costello was aware that the County's EMS Department has received several awards and his point is that they appear to be getting a good value with the department, unlike some other places.

Mr. Costello stated that his concern was about the vehicles that he sees sitting in the parking lot.

Dr. Westbrook stated that he passes those vehicles on the road and he was sure that Mr. Costello could get the records of their trips. He stated that he also trusts the chief when he lets the Board know what he needs for his department.

Mr. Costello stated that he would pull the logs.

Dr. Westbrook suggested that Mr. Costello ask the chief for the logs.

Mr. Costello asked Mr. Gill if he could pull the logs for him.

Mr. Gill replied that he would. He stated that one of those EMS vehicles has been classified as the Chief's car and the Chief does not carry it home with him like previous chiefs did. He stated that the second vehicle is the old ALS1 vehicle and was recently replaced with the new ALS1. He stated that, unless there are two calls at the same time, one is going to be parked there.

Mr. Bellows closed the public hearing.

Board of Zoning Appeals Re-Appointment

Mr. Palin made a motion to reappoint William Louis Lee to the Board of Zoning Appeals.

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

Budget Discussion

Mr. Gill stated that the Code of Virginia says that before the Board can consider the budget with or without modifications, they must wait at least seven days. He stated that the Board had previously decided to consider adoption at the regular meeting on June 27th. He stated that will also be the night of the public hearing for the tax rate ordinance.

Mr. Bellows suggested that the Board meet early before the regular meeting to go over any changes before the budget's adoption or they could discuss it now.

The consensus was to discuss the items now.

Mr. Lee made a motion to add \$1,000.00 for the Healthy Harvest Food Bank, one time and have that amount earmarked for one of the programs in Lancaster County.

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

Robert S. Westbrook Aye

VOTE: 4-1 (Motion carried.)

Mr. Palin stated that he had originally voted to not fund the Lancaster Community Library an additional \$10,000.00 for FY 20. He stated that he was changing his position on that.

Mr. Lee asked if they were clear that the additional \$10,000.00 would be on a one-time basis.

Mr. Larson stated that it was set up to be five times.

Mr. Gill stated that, if the Board chose to add the additional \$10,000.00 to the FY 20 budget, it would be just that amount because the Board will consider the FY 21 budget next year.

Mr. Lee asked if any agreements are being signed concerning this issue.

Mr. Gill replied that, unless the Board authorized him to sign an agreement, no agreement would be signed.

Mr. Larson stated that it would just be an arguing point for next year. He stated that if they start it, then they would be doing it for the next four years.

Dr. Westbrook stated that, in his opinion, the library's request was coercion. He stated that the Virginia Library Board's letter clearly stated that the Lancaster Community Library could raise their endowment or get the money from local taxes. He stated that he thought the library should raise their endowment.

Mr. Lee stated that the library has raised its endowment.

Dr. Westbrook stated that he was disappointed that the Library Board's letter was misrepresented to them initially.

Mr. Larson stated that there was an article in the Rappahannock Record last week that troubled him concerning the library and that their funding was in danger. He stated that, from the beginning, this request has been about coercion and arm twisting. He stated that, if they keep rolling over, then why are they even discussing it.

Mr. Palin stated that he understood what Mr. Larson was saying, but his thinking was to give them an opportunity to raise their endowment and there would be no guarantee that he would support the additional money next year.

Mr. Larson stated that when they look at these organizations' financial statements and stack them up against the County's financial statements, the County is acting similar

to the federal government, in that they are running with deficits, but continue to give out money. He stated that it cannot go on forever.

Mr. Palin made a motion to add the additional \$10,000.00 to the Lancaster Community Library's request.

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

VOTE: 3-2 (Motion carried.)

Dr. Westbrook stated that the government is supposed to be looking ahead for upcoming expenditures. He referred to the seven percent fund reserve and stated that is like a safety net for them in case something happens that they can fall back on until the situation is rectified. He stated that for years they have overlooked the fact that their schools will need to be replaced. He stated that there were reasons to have a reserve and it is not always about having a safety net. He stated that not much has been said this budget season about new schools, but it needs to be addressed.

Dr. Westbrook stated that there were recommendations made in the General Assembly by two legislators that could have helped the County, if the General Assembly had granted them. He stated that they could have had a referendum to decide whether the taxpayers in this County would agree to raise the sales tax and that excess, over and above what the state mandates, could go towards school construction, but the General Assembly did not let that happen. He stated that the other suggestion was for the state to take advantage of what Congress has said it could do which was to have internet sales tax and those funds could go to school construction. He stated that the General Assembly will not do that either. He stated that there are things, as a locality, that they are prevented from doing and at the same time, they have unfunded state mandates.

Mr. Gill stated that the Lancaster High School Baseball Team won the state semi-final game today and they play for the state championship tomorrow morning at 9:00 a.m.

Adjournment

Mr. Bellows made a motion to adjourn the meeting until Thursday, June 27th at 7:00 p.m.

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