

At a (FY 05 budget) public hearing of the Southampton County Board of Supervisors held in the Board Room of the Southampton County Office Center at 26022 Administration Center Drive, Courtland, Virginia on May 17, 2004 at 7:00 PM.

SUPERVISORS PRESENT

Dallas O. Jones, Chairman (Drewryville)
 Walter L. Young, Jr., Vice-Chairman (Franklin)
 E. Beale Carter, Jr. (Newsoms)
 Carl J. Faison (Boykins-Branchville)
 Anita T. Felts (Jerusalem)
 Ronald M. West (Berlin-Ivor)
 Moses Wyche (Capron)

SUPERVISORS ABSENT

None

OTHERS PRESENT

Michael W. Johnson, County Administrator (Clerk)
 J. Waverly Coggsdale, III, Assistant County Administrator
 Julia G. Williams, Finance Director
 Cynthia L. Cave, Community/Economic Development Director
 Susan H. Wright, County Administration Executive Secretary

Chairman Jones called the meeting to order at 7:00 PM and welcomed their newest member, Mr. Beale Carter.

Mr. Johnson announced that tonight's public hearing was regarding consideration of the FY 2005 annual budget. Included in that budget were two tax rate changes, which had also been advertised for public hearing. The first was a proposed change in the real estate property tax rate from \$0.65 per \$100 of assessed valuation to \$0.68 per \$100 of assessed valuation. The second change was to increase the monthly enhanced 9-1-1 fee on a consumer's telephone bill from \$1.25 a month to \$1.75 a month.

Mr. Johnson gave a general overview of the proposed budget, referencing the handouts he provided, in which he went over the proposed expenditures and revenues and the sources of local funds.

The synopsis of the FY 2005 annual budget is as follows:

FY 2005 REVENUE ESTIMATES

REVENUE FROM COUNTY SOURCES

General Property Taxes	\$ 12,013,902
Other Local Taxes	770,583
Permits, Fees, Licenses	91,250
Fines & Forfeitures	462,507
Use of Money & Property	25,000
Charges for Service	131,378
Miscellaneous Revenue	663,284
TOTAL REVENUE/COUNTY SOURCES	<u>\$ 14,157,904</u>

OTHER COUNTY SOURCES

Transfer/General Reserve	\$ 922,000
Transfer/Building Fund	153,348
School Funds (School Food)	563,870
School Funds (School Operating)	2,000
TOTAL REVENUE/OTHER COUNTY SOURCES	<u>\$ 1,641,218</u>

E-911 REVENUE

Transfer from E911 Reserve	\$ 23,800
Wireless 9-1-1 Grant	33,710
E-911 Revenue (Telephone Surcharges)	144,000
TOTAL REVENUE/E-911	<u>\$ 201,510</u>

ENTERPRISE REVENUE

Water Service Fees	\$ 262,890
Sewer Service Fees	696,890
Other Fees/Connections	38,442
Note Proceeds - Series 2004	2,250,000
TOTAL REVENUE/ENTERPRISE FUND	<u>\$ 3,248,222</u>

BUILDING FUND REVENUE

Utility Tax - Electricity	\$ 464,000
Utility Tax - Telephone	250,000
Rental of Property	60,556
Note Proceeds/Public Safety Radio	2,320,000
Building Fund Carryover	704,073
TOTAL REVENUE/BUILDING FUND	<u>\$ 3,798,629</u>

REVENUE FROM THE COMMONWEALTH

Non-Categorical Aid	\$ 165,652
Categorical Aid	2,882,225
Other Categorical Aid	381,094
School Aid	11,619,690
School Aid/Cafeteria	13,755
School Aid/Sales Tax	2,423,568
Public Assistance	1,679,384
TOTAL REVENUE FROM THE COMMONWEALTH	<u>\$ 19,165,368</u>

REVENUE FROM FEDERAL SOURCES

School Aid/School Operating Fund	\$ 11,500
School Aid/Federal Programs	1,477,706
School Aid/School Food	480,000
TOTAL REVENUE/FEDERAL	<u>\$ 1,969,206</u>

TOTAL REVENUE/ALL SOURCES

\$ 44,182,057

FY 2005 EXPENDITURE ESTIMATES

GENERAL FUND

GENERAL GOVERNMENT ADMINISTRATION	
Board of Supervisors	\$ 143,349
County Administration	260,346
Commissioner of the Revenue	207,075
Board of Assessors	162,000
Treasurer	191,722
Delinquent Tax Collection	56,700
Accounting	151,000
Data Processing	193,378
Insurance/County Code	98,605
Registrar	118,612
JUDICIAL ADMINISTRATION	
Circuit Court	59,411
Combined District Court	19,523
Special Magistrates	1,338
Clerk of Circuit Court	125,799
Sheriff-Bailiff	366,423
Courthouse Security	35,199
Commonwealths Attorney	345,398
PUBLIC SAFETY	
Sheriff	1,208,603
School Resource Officer	32,064
Volunteer Fire Departments	245,779
Volunteer Rescue Squads	573,699
State Forestry Service	13,257
Detention	2,081,212
Probation	61,165
Building Inspections	50,738
Animal Control	70,485
Medical Examiner	1,500
Emergency Service/Civil Defense	28,250
PUBLIC WORKS	
Street Lights	41,000
Refuse Collection	358,992
Refuse Disposal	942,669
Buildings & Grounds	395,808
HEALTH & WELFARE	
Local Health Department	268,133
Mental Health Services	64,600
State/Local Hospitalization	8,039
Transportation Program - Elderly	5,265
Comprehensive Services Act	61,935
STOP Organization	1,706
ARKS, RECREATION & CULTURAL	
Community Concert Series	3,500
Rawls Museum Arts	10,000
Historical Society	3,500
Walter C. Rawls Library	172,188
COMMUNITY DEVELOPMENT	
Planning/Zoning	156,308
Economic Development	135,659
Soil & Water Conservation District	9,410
Cooperative Extension Service	47,483
NON-DEPARTMENTAL	
Non-Departmental Operating	94,000
TOTAL GENERAL FUND EXPENDITURES	\$ 9,682,825

E-911 FUND

E911	\$ 201,510
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ENTERPRISE FUND

Water Service	\$ 471,067
Sewer Service	852,210
Rt. 671 Utility Extension	2,378,000
TOTAL ENTERPRISE FUND	\$ 3,701,277

BUILDING FUND

Capital Projects	\$ 3,314,234
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SCHOOL FUND

Instruction	\$ 14,470,906
Administration, Attendance & Health	1,028,235
Other Direction & Management	2,008,771
Operation & Maintenance Services	2,524,690
School Food Service & Non Operating Costs	67,756
Facilities	124,026
Debt Service	2,060,283
Rental Textbook	127,215
Technology	206,000
Drop Out Prevention	41,301
At Risk 4 Year Olds	38,869
Early Reading Intervention	29,914

FEDERAL SCHOOL FUNDS

Chapter I	601,500
Title VI-B Flow-Through	515,192
Title VI Innovative Education Program	22,195
Vocation Special Education	60,336
Substance & Drug Prevention	20,470
Preschool Incentive	15,442
Sliver Grant	18,617
Title II-A Training and Recruitment	157,897
Community Service Grant	50,000
Title IID Ed. Tech	16,057
TOTAL SCHOOL FUNDS	\$ 24,205,672

SCHOOL FOOD

School Food	\$ 1,057,625
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VIRGINIA PUBLIC ASSISTANCE FUND

Eligibility Administration	\$ 597,472
Service Administration	450,341
Joint Administration	334,047
Benefit Programs	554,520
Energy Administration	18,911
VIEW Administration	63,623
TOTAL PUBLIC ASSISTANCE	\$ 2,018,914

TOTAL EXPENDITURES ALL FUNDS

	\$ 44,182,057
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Unappropriated General Fund Reserve	\$ 2,109,544
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TAX LEVIES

	<u>FY 2004</u>	<u>PROPOSED FY 2005</u>
REAL ESTATE		
General	\$0.65/\$100	\$0.68/\$100
Public Service Corporations	\$0.65/\$100	\$0.68/\$100
PERSONAL PROPERTY		
General	\$4.00/\$100	\$4.00/\$100
Machinery & Tools	\$2.40/\$100	\$2.40/\$100
Mobile Homes	\$0.65/\$100	\$0.68/\$100
Public Service Corporations	\$4.00/\$100	\$4.00/\$100
Merchants Capital	\$0.50/\$100	\$0.50/\$100
Farm Machinery	\$1.95/\$100	\$1.95/\$100
Farm Machinery/Single Product	\$1.25/\$100	\$1.25/\$100
Construction Machinery	\$2.40/\$100	\$2.40/\$100
Motor Carriers	\$2.40/\$100	\$2.40/\$100

ENHANCED 9-1-1 TELEPHONE SURCHARGES

	<u>FY 2004</u>	<u>PROPOSED FY 2005</u>
	\$1.25/mo.	\$1.75/mo.

Mr. Johnson advised that this budget was prepared without the benefit of an adopted State budget. There had since been a number of changes that had begun to trickle down on the local level. He noted that the following factors were not reflected in this draft budget:

- 1) Solid Waste Disposal – he had a high level of confidence that the rate would be reduced from \$49/ton to a maximum of \$47/ton – a savings of \$36,624 from the budgeted amount
- 2) State Budget Implications
 - A. Compensation Board - increased state revenue of \$86,881 above what was budgeted - all for salaries of employees of Constitutional Officers
 - 3% increase for Commissioner of Revenue, Treasurer, Commonwealth Attorney and Clerk of Court - effective December 1, 2004
 - 4.82% increases for Deputy Sheriffs - effective December 1, 2004
 - B. Jail Per Diem - an overall \$106,624 increase in the estimate budgeted - but tied directly to the number of inmates confined
 - C. Schools – an increase of \$833,490 above what was budgeted – primarily, increases in the state basic aid calculation (based on an average daily membership of 2,800 students) and state sales tax. He noted that there were a number of reductions in mandated programs that those funds would have to be used to make up for.

Chairman Jones opened the public hearing for public comment.

Mr. Eugene Grizzard of the Drewryville District addressed the Board. He mentioned that he spoke at a preliminary budget hearing some weeks ago and stated how well he thought Southampton County was governed by the Board of Supervisors and the staff they employed. He had contacted several localities in Northern, Central, and Tidewater Virginia, and in talking with them and with their tax burdens, he did not hear of the problems in Southampton County that they experienced. Just recently, an employee of the Southampton County School System was chosen as the best in the State of Virginia for 2004. Congratulations were in order for Mr. Bill Wright, the Principal of Southampton County High School. He advised that he did not think a tax increase on the citizens of Southampton County was needed for the FY 2005 budget for several reasons. The County budget for this year (FY 2004) was \$40.4 million and next year (FY 2005) would be \$44.1 million, or a 10% increase. At that rate, they would have an \$80 million budget in 7 years. However, Mr. Johnson had explained to him that that included all capital expenditures that came due in the year 2005, so the real growth was slightly over 3%. Mr. Grizzard noted that a \$0.03 property tax was an increase of 4.1%. Also some capital projects that benefited specific people were subsidized by all people of this County, to the tune of \$300,000-\$400,000 a year. He reported that specifically in single-family construction, there were 81 permits in 2002 and 81 in 2003. However, the value of the construction in 2003 was \$1.5 million more than in 2002. That equated to about \$97,500 or a \$0.01 tax revenue equivalent.

Mr. Grizzard continued that the Treasurer told him that the property tax collection rate was 96%-97%. He thought he was to be commended for that, but what about the other 4%? Some of it went back to 1988 and 1989. They needed to do a better job of back tax collection, which would probably amount to close to another \$0.01 of revenue equivalent. He noted that Mr. Johnson had provided him some information tonight showing that they did collect right much in back taxes, but they were way back there instead of up here where they should be. He advised that he thought it was premature at this time to adopt a budget predicated on tax increases. He knew there were certain time constraints they had to work with. However, the State government had shown them that nothing was set in concrete. They did not have any time constraints, as they went 100+ days over at their expense. They provided everyone with the biggest tax increase in the history of the State of Virginia – \$1.5 billion. He thought they needed to wait and see how much of that would be shared with the counties and cities, as a considerable portion would come back to the localities for education, public safety, and salaries. They needed to know how much they would be getting before they adopted a budget with a 4.1% tax increase. He stated that as Mr. Johnson talked about, \$1,025,000 in new revenue was coming from the State to be used in this County as a result of the \$1.5 billion tax increase. He thought that needed to be factored into the County budget. He thanked the Board for the opportunity to share his views and that he lived in a country, state, and locality where he may do so, as a lot of people could not.

Mr. Bert Blythe addressed the Board. He advised that he wanted to bring a few things to light. As far as the \$0.68 over the \$0.65, that did not bother him that much. He had called around to neighboring

counties, and based on what they were charging, he did not think anybody could say too much of about that. The assessment of the land did concern him a little bit. He saw where they were going to spend \$162,000 to get the gentlemen back down here from Roanoke or wherever to tell them what their property was worth. He did not really go along with that. He thought there were intelligent members on the Board who could come up with a reasonable percentage increase and save the \$162,000. They could go across the board and raise it all, based on how much it had been raised in the past, and be done with it. He advised that a full-page article in the *Tidewater News* a few weeks ago caught his eye. He thought it was put in by the Republican Party. One of the last paragraphs stated that the Federal Government and State of Virginia did not have an under-taxation problem – they both had an overspending problem. He thought that Southampton County should have been included with those two.

He continued that he thought they needed to ask if they were getting their money's worth out of some of these projects? For example, look at the Market that was put here several years ago. To the best of his knowledge, \$3 million of County taxpayer's money was spent there. What kind of return had they gotten on that? Look at the project on Route 671. It was \$1.7 million when it started out and was now up to \$2.3 million. He thought that was included in last year's budget, but apparently was in this year's budget. They needed to look at those things and the other expenditures in this budget. Were they getting their money's worth? He stated that he was speaking for the real estate taxpayers in this County. He did not have a problem paying taxes. With the amount of money they were spending, they had to have some tax income. But they needed to find other ways to collect it that was fair to everybody and that everybody paid, instead of just your real estate people. He noted that Mr. Johnson had an article in the *Tidewater News* a few days ago. He quoted the last paragraph, "but absent some change, you can expect the burden to get substantially heavier in the years to come on the real property owners." He thought that was saying, look out real estate property owners, you are going to get it stuck to you in the next few years. He commented that if this situation was a horse pulling a wagon and running away, and the Board was sitting in the wagon, he was sure some of them would jump up and grab the reins and say, whoa here, let's slow this thing down.

Mr. Charles Turner, Superintendent of Southampton County Public Schools, briefly spoke. He advised that they wanted to express their appreciation in advance for the Board's continued support of the schools. They had come a long way because of their support. He reported that in the first round of SOL testing, which was writing prompts, the lowest grade was 71. And one school had only one child who did not pass. That was significant, but it came with a lot of work and support. He stated that as the schools prepared their budget, they were very conscious of the situation, made many adjustments, and were very appreciative of what they were getting.

Mrs. Teresa Preston addressed the Board. She advised that a few months ago, Supervisor West gave her some information on the budget that was used to plan for the year. It stated that the value of a \$0.01 real estate tax rate in 2004 would be worth \$96,410. They were asking for a \$0.03 increase so she assumed that you would multiply that number by 3 and come up with what you need. She informed that she used to sell real estate, and in checking with other areas, she was aware that Norfolk and Chesapeake were far more expensive, with rates of \$1.40 and \$1.26 respectively. Isle of Wight had a rate of \$0.98 with a population of 35,562. Mr. Johnson confirmed for her that Southampton County's population was 17,500-18,000. She noted that in comparison, for Southampton' population, somebody was carrying a burden for a very low price. She did not think going from \$0.65 to \$0.68 was an unreasonable rate, provided that they very carefully craft the future budgets. She stated that the assessments they would be looking at were essentially a tax increase, but they were mandated by law to do that. She understood that it was supposed to be 100% of market value. That would be tough to figure. She had watched property change hands around her through almost 17 years of real estate, and there was no fair way to do it. One property might stay in a family for 200 years and never pass except by death. How do you evaluate what it was worth, except compare it with others?

She continued that it would be interesting to see because of some of the farms around here being sold into lots. She saw new signs advertising 11 or 14 acres for sale popping up like flowers. There would be a house lot where there was woodland, and an increase. But they would have kids living in that house to educate. The growth that came from the development of those house lots was a 2-edged sword. They wanted to stimulate growth without having to raise taxes, but they went hand in hand. If a 100-acre farm were cut into 400 lots, they would have to build a new school. You could see it happening in Chesapeake, Suffolk, and everywhere where planned developments were put in. She advised that she liked the budget. She thought it was conservative and had the things in it that were needed. They did need the fire and rescue system. She came to that hearing and saw what they were proposing and she supported that. She supported the increase on the 9-1-1 revenue. You did not

know until you had an emergency how bad you needed those things. She stated that she also supported being able to have recreation. Right now they had taxation without recreation. She would have appreciated being able to hunt (with a muzzleloader) on her own farm. She hoped in the future they might see things differently. She still considered it a constitutional right and they would not be giving up on that. She would like to be able to pay her taxes and say that she could support all the hunting seasons. She could not say that now.

Mr. Ed Daughtry of the Franklin District spoke. He advised that he would limit his remarks to the Enterprise Fund, namely on the Route 671 project. Evidently it had been in the works for a while, but he wanted to make sure that they were not putting the cart before the horse. He knew that everybody was looking for industrial development. That was a big thing and localities needed it to survive. The question in his mind was, do you spend \$2,250,000 and put a water tank and sewer line on a piece of property without any knowledge of any prospective customer? He thought they could look at the Industrial Park in Franklin to see the results there with water and sewer having been there for about 10 years. He spoke of the City of Suffolk who happened to land the Target warehouse. Target was in the area looking for sites and he thought Southampton and/or Franklin were one of the prospects. But as they decided to go to Suffolk, there was not water or sewer there. When the warehouse was built, water and sewer was brought to it. Do you build this infrastructure and put it out there and wait, or do you first land the customer then put it out there? Somebody had to pay this debt service. It said that funds were being transferred from the General Fund to pay this debt service.

Mr. Walt Brown spoke. He stated that he had the opportunity today to attend a leadership luncheon with Attorney General Jerry Kilgore and Senator George Allen. He was sitting there listening to the State budget that was passed, which was pushing \$1.6 billion. It was really an over-taxation of the general populous here in Virginia. It was making individuals work harder to try to provide for their families, etc. He strongly recommended that before the Board finalize this County budget that they consider the additional state revenue. He thought there would be some additional revenue, especially in education, public safety, and transportation.

Chairman Jones closed the public hearing.

Mr. Johnson advised that the *Code of Virginia* provided that the Board take no action on the budget until such time that at least 6 days had lapsed from the public hearing. Accordingly, this matter would be placed on the agenda for the Board's consideration next Monday.

There being no further business, the meeting was adjourned at 7:35 PM.

Dallas O. Jones, Chairman

Michael W. Johnson, Clerk