

At a **budget work session** 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 April 15, 2009 at 6:30 PM.

SUPERVISORS PRESENT

Dallas O. Jones, Chairman (Drewryville)
Walter L. Young, Jr., Vice-Chairman (Franklin)
Walter D. Brown, III (Newsoms)
Carl J. Faison (Boykins-Branchville)
Anita T. Felts (Jerusalem)
Moses Wyche (Capron)

SUPERVISORS ABSENT

Ronald M. West (Berlin-Ivor)

OTHERS PRESENT

Michael W. Johnson, County Administrator (Clerk)
Julia G. Williams, Finance Director
Susan H. Wright, Administrative Secretary

Chairman Jones called the meeting to order. After the *Pledge of Allegiance*, Supervisor Faison gave the invocation.

Mrs. Judy English, Director of Southampton County Social Services, was the first to speak to their respective budget. Mrs. Deborah Matthews, Office Manager, passed out copies of their FY 2008 annual report for the Board members to review at their leisure. Mrs. Michelle Stivers, Assistant Director, passed out child abuse prevention materials. Mrs. English advised that Supervisors Felts and Wyche had graciously agreed to wait tables at For Pete's Sake tomorrow night as part of a Child Abuse Prevention fundraiser. She thanked Supervisor Wyche for his recent support of their Relay for Life fundraiser. She advised that as requested by the Board of Supervisors, she presented a budget with a 5% reduction in local funds. As a result, she would not be able to pull down \$145,312 in state and federal funds because there would not be local money to match. Of her total budget of almost \$2.5 million, about 14.5% was local funds. In trying to reduce local funds by 5%, she first looked at administrative expenditures. She cut where she could, but it was difficult because she cut \$16,000 in administrative expenditures last year. Since the time that she presented the budget, the cost of health insurance had increased. Mrs. Julia Williams, Finance Director, had asked her if she thought she could make it with the budget she presented, and she replied to Mrs. Williams that she hoped so – but that was another \$15,000, which was \$2,500 in local money. She stated that in having to make a 5% cut, the communities would be affected. As the economy weakened, their business increased. They had seen an increase in applications for food stamps and emergency needs. They knew through research that child abuse and neglect increased with increased stress, including financial stress. As a result, they were expecting an increase in child abuse and neglect. They would likely be slower in responding due to that increase.

Mrs. English advised that they had to reduce the amount of Adult Services money available for companion services, which were services they provided to elderly and disabled adults to enable them to remain in their home instead of having to go to a nursing home. They had slashed the Child Care Quality Incentive Program and would be unable to provide in-home child care providers with the recommended level of training or educational toys and books. They had eliminated community grants that were used for such purposes as to help support the youth programs at the Courtland Community Center and provide after-school tutoring for at-risk students. She stated that they received 100% federal funding for a number of their programs. Obviously, cutting those programs would not provide any local savings at all. There were a number of programs mandated by the *Code of Virginia* in which they had to provide. The cost went up in some of those programs and others required a local match. The overall budget was down, and the 5% local cut was built in, but the Benefit Programs were actually higher this year. That was because she projected certain programs such as Transitional Day Care and Foster Care to increase. She stated that she appreciate the Board's support. She recognized her staff members that were present.

Mrs. Iola Lamison, Branch Manager of the Walter Cecil Rawls branch of the Blackwater Regional Library, spoke to their respective budget. She introduced Ms. Yvonne Bradley, Assistant Director/Acting Director. She stated that the library had been busy. Their patron count was up 67%. Individuals were coming to the library to read the newspapers and keep informed of community events. They were using the computers to search for employment. They were seeing a lot of families coming in. DVDs were available to be checked out free of charge. Teens were reading more and there were several teen programs. They conducted outreach programs – the Bookmobile served numerous areas in the County. This week was National Library Week and Fine Free Week. They had a Blues Clues party last night and had 67 participants. They recently formed a volunteer organization known as “Friends of the Library.” This coming Saturday, April 18 from 1:00 PM – 3:00 PM, they were having a prom dress exchange to enable local girls to attend the prom in style that may not be financially able to do so. So far, about 30 dresses had been donated. Upcoming programs included a rabbit, chicks, and chicken program, gardening program, summer reading program, and early literacy program. They could only do what they what they did because of the Board of Supervisors. She noted that they were enjoying their new windows.

Ms. Yvonne Bradley, Assistant Director/Acting Director, spoke. She advised that expansion of programs would not be possible without the support of the Board of Supervisors. Library usage was up nationwide. When people could not afford an Internet subscription, they came to library to use the Internet. They could also check out DVDs for free. They realized that the County was facing some terribly hard decisions in the immediate future. They empathized, as they lived in the same economic environment. They had taken some hefty cuts to their book budget recently because of cuts in state aid. And of course, any cut any local funding would result in future cuts in state aid, as Social Services had indicated earlier. It was a matching situation – when the local funding was reduced, the state funding was reduced. They knew that a reduction in services to the citizens was the last thing the Board of Supervisors wanted. However, with the proposed 5% cut in funding, the loss of services to the Courtland Branch would be severe. Salaries were the most significant line item that was covered by local funding, and that’s where they would be taking the bulk of the reductions. Except for the upcoming summer reading program, which was already paid for, they would lose all of the children’s programs at the Courtland Branch. They would most likely have to close on Saturday and close at 5:00 PM during the week. There could also be cuts to the Bookmobile service. They would not be able to support the children’s and adult programs, because most of the programs took place in the evenings, and they would not have the staff or the hours to continue to provide them. The safe afterschool haven for teens would be severely limited if they closed at 5:00 PM, and certainly people who worked would have their access to the branch also limited. They knew this was not what the Board wanted and they would not be making these decisions lightly. They recognized that they had to make hard choices against even harder choices, and they had faith that they would make the right choices.

Ms. Bradley confirmed for Supervisor Brown that they had seen a 67% increase in usage at the Courtland Library. She confirmed for Supervisor Brown that all children’s programs would be cut because they would be cutting salaries and people. The children’s coordinator would likely be transferred to another branch where there was an opening – that entire salary would be removed from the Southampton County budget. The Courtland Branch would end up with one full time employee, which would be Iola Lamison, and 2 part-time employees, one of which would have reduced hours. That would only allow them to keep the branch open for one shift Monday – Friday. She reiterated that the summer reading program would still take place, as it was already paid for.

Supervisor Brown asked how much stated funding could be lost? Ms. Bradley referred that question to Ms. Stanya Yonker, Director of Finance and Operations for the Walter Cecil Rawls Library. Ms. Yonker advised that they had lost \$20,000 in the current budget because state aid was not being funded to the maximum. Their state aid was based on how much local money was expected towards the Library – they received 40¢ on the dollar.

Ms. Bradley clarified for Supervisor Faison that the Library presented a budget requesting an increase over what they received last year to cover increases in VRA and Blue Cross Blue Shield. What was actually proposed by the County in the draft budget in front of them was a 5% decrease from what they received last year.

Ms. Joyelle Saunders of Court Appointed Special Advocates for Children (CASA), spoke to their respective budget. She advised that the program was operating efficiently, although they welcomed any recommendations. As of July 1, they would be separate from Isle of Wight County and have their own 501 (c) 3. They had acquired office space in Franklin, and work had begun in Franklin and Southampton County. To support the service area expansion, they were asking each locality in which they served for funding in the amount of \$1 per capita – for Southampton County, that was \$18,000, which was the same level of funding they requested and received last year. They had been frugal and currently were financially secure. However, the General Assembly had proposed cuts in funding to their program. Also, some of the local organizations would not be able to support them next year. They had fundraisers to raise money and the Board of Directors also financially supported the program. Local funds were critical in order to pull down state funds. With the economic downturn came more child abuse and neglect. As a result, they had seen an increase in activity. National statistics showed that a CASA volunteer was better able to advocate for a child. She presented the Board with pins in recognition of Child Abuse Prevention Month.

Supervisor Brown asked if the \$1 per capita they were requesting from each locality would help to write grants? Mrs. Saunders replied yes.

Supervisor Brown asked if gaining 501 (c) 3 status would enable them to access more grants, and could the request for \$1 per capita possibly be reduced to 50¢ per capita for example? Mrs. Saunders replied that yes, gaining 501 (c) 3 status would enable them to access more grants, and the request from localities could possibly decrease.

Supervisor Felts asked how many employees did they have? Mrs. Saunders replied 2, including herself. They would like to hire one more person, at least part-time, for the Franklin/Southampton office.

Supervisor Felts asked how many CASA volunteers for the children did they have? Mrs. Saunders replied 25. Supervisor Felts asked if any of the children were from Southampton County? Mrs. Saunders replied yes.

Mr. David Britt, Southampton County Treasurer, addressed the Board. He advised that as a personal favor to him, Mr. Mike Prillaman of Proforma was here to present a brief PowerPoint presentation on out-sourcing.

Chairman Jones recognized Mr. Mike Prillaman of Proforma.

Mr. Prillaman presented a brief PowerPoint presentation in which he discussed his company, Proforma, and out-sourcing. He stated that his business had increased with the economic downturn, as employers had reduced their workforce. He advised that Proforma's mission was to enhance and simplify print, production, processing and mailing of tax communication programs. Also to provide the inspiration and strategic tools to assist in achieving goals and objectives. Proforma was one of North America's largest and most recognized print and promotional service providers. Their clients included manufacturing companies such as Toyota and Sony, financial insurance companies such as State Farm Insurance and GMAC, hospitality travel companies such as Logan's Roadhouse and Wendy's, healthcare pharmaceutical companies such as Southern Care and Pfizer, and general companies such as Hallmark and Ryder. Proforma's production services included letter and flat inserting, statement design, data base management, laser printing, statement rendering, and folding/gluing. Also, high speed addressing, address standardization, intelligent mail barcodes, postal presort, and metering. Their production equipment included six laser printing systems, three of which printed 135 ppm, five 5,000 pph inserting systems, and four 30,000 pph multi line optical character reading systems. Proforma's production capacity was 750,000 laser images per day, 1,100,000 pieces inserted per day, 4,125,000 pieces presorted and barcoded per day, and 700,000 pieces folded per day. He shared photos of one of their laser printers and their climate controlled production floor.

Mr. Prillaman shared the following obstacles (time restraints) of Southampton County printing, mailing, and processing its own real estate and personal property tickets:

Printing & Processing Complications

- Printing – 32 hours
- Folding – 80 hours
- Metering – 8 hours
- Total – 120 hours of non-efficient labor
- Equals – 3 weeks, 15 days, at 40 hours per week printing, folding, inserting and mailing of tax bills and not focusing on customer service to residents

Mr. Pearlaman shared the production time of outsourcing:

Out-Sourcing Production Time

- 2 Business Days – print, process, fold, insert and mail
- Equals – efficiency for Southampton County to concentrate and focus on specific government needs and not print processing

Mr. Pearlaman shared the following benefits that Southampton County could enjoy by outsourcing:

Benefits of Out-Sourcing

- Utilize employees and job duties more effectively
- Additional productivity for staff
- Generate more revenue
- Promote additional time to public service
- Does not exhaust equipment and create additional expenditures
- No software updates and expenses to keep up with technology
- No additional postal updates or equipment
- Controlled expenses – only pay for the technology and services that you need, not abundant resources that will not be utilized over the year
- Quality of work increases and more professional
- Time efficient and cost productive

Mr. Prillaman concluded that one of the most effective ways to streamline and efficiently process and mail tax communications was out-sourcing. Proforma had the resources, knowledge, and expertise to fulfill tax communication programs and processing needs. Their commitment was to provide the services and solutions necessary to help them achieve and surpass their goals.

Supervisor Brown asked if a cost analysis had been done? Mr. Prillaman and Mr. David Britt, Treasurer, replied no. Mr. Britt advised that if they ultimately chose to out-source, they would put it out for bids. Proforma would be one of perhaps many companies to compete for the job.

Supervisor Brown asked Mr. Prillaman in what location did he work? Mr. Prillaman replied that he worked out of Proforma's High Point, NC office.

Mr. John Smolak, President of Franklin-Southampton Economic Development, Inc. addressed the Board. He thanked the Board of Supervisors for their support on behalf of their Board of Directors. He stated that he had presented the Board of Supervisors with a lot of information throughout the year at their regular board meetings and at the retreat, and therefore, would not present any information tonight. He wanted to thank them for their support.

Supervisor Brown personally thanked Mr. Smolak for his efforts regarding the Turner Tract.

Mr. Smolak thanked Mr. Michael Johnson, County Administrator, for moving things along with the Turner Tract.

Ms. Patsy Joyner, Board Member representing the Western Tidewater Free Clinic, spoke to their respective budget. She advised that there were approximately 23,000 uninsured citizens in their service area which included Southampton County, Isle of Wight County, and the City of Franklin.

They were proud that their new building was scheduled to open in August 2009. Of their patients served, 6% were from Southampton County. With the economic downturn, the services people needed increased. For every dollar spent, they provided \$5.41 in services. She stated that they appreciated the Board's support.

Supervisor Brown asked what percent of the 23,000 uninsured citizens were from Southampton County? Ms. Joyner replied that she did not have that figure, but would try to get it for him.

Mrs. Connie Burgess of Smart Beginnings, spoke to their respective budget. She advised that research showed that the cognitive development of a child took place by the age of 5. They were working to build and sustain a system of quality early care to prepare young children for school and promote the success of children in future employment. They were investing in the high chair, not the electric chair. They had received a grant in the amount of \$496,000. They were seeking funding from the localities in which they served. They were seeking \$31,250 from Southampton County. She stated that they sent people into 11 daycare centers to rate each center. The ratings would soon be posted and available to view. This was needed in our area. If a rating was under par, they would send a mentor to help that center achieve a higher rating. There were 17 Smart Beginnings Coalitions across the state. The local Smart Beginnings just developed a website, www.smartbeginningswt.org. She noted that the site had only been up one week. She advised that they had partnered with the schools with "Raising a Reader," which was expected to lead to greater use of the local library. They very appreciative of the Board's support.

Mr. Charles Turner, Superintendent of Southampton County Public Schools, spoke to their respective budget and presented a PowerPoint presentation. He acknowledged the staff and school board members who were present in support of the budget. He advised that the mission of Southampton Public Schools, through the combined efforts of staff, students, families and the community, was to ensure a quality education in a safe environment that would prepare students to be successful learners and productive citizens in an ever-changing society. All 6 schools were accredited, one was a Blue Ribbon school, two were Title I Distinguished Schools, four were VIP Schools, and one was a SACS Accredited School for 51 years running. He shared the outstanding SOL scores of each of the schools. He stated that their focus areas were student achievement, (which included distance learning courses, dual credit classes, career tech, fine arts, and extracurricular activities), technology, school safety, school facilities, professionalism, transportation, and communication.

Mr. Turner advised that they had to finalize their budget in June of each year, although the sales tax figures, which determined a large part of their funding, were not until July. Ms. Joy Carr, Finance Director, had to make a projection. They were able to handle the funding shortfall in the current fiscal year because they carried over funds last year. Their proposed FY 2009-2010 operating budget was developed with federal stimulus funds, which could be used for salaries and student achievement.

He shared the following impact of the budget reductions.

- Eliminated the purchase of school buses
- Eliminated the purchase of special needs cars
- Eliminated the Fresh Start Program at Hunterdale School and restructured it at Southampton High School
- Closed Hunterdale School for the immediate present
- Eliminated the Pathways to Success Program at Southampton High School
- Eliminated the Lead Teacher Program
- Reduced school site improvement
- Revamped summer school – summer school would be at one site only (Southampton Middle School)

Mr. Turner shared their proposed operating budget:

- **State Revenue** – Based on the approved General Assembly's Budget of February 28, 2009, Southampton County Schools was projected to see a decrease of \$1,852,036 in state revenue for their operating budget. This amount included the use of state Textbook funds for operating expenses.

- **Federal Stimulus Funds** – An additional \$1,119,221 had been allocated by the state as a portion of anticipated federal monies from the State Fiscal Stabilization Fund. This amount would help offset the loss in state revenue.
- **Personnel** – Federal stimulus funds would have the greatest impact on personnel. The use of these funds would allow them to restore the positions that were previously considered for reduction, exclusive of program restructuring.
- **Instruction** – Previously proposed reductions in the instructional department would be reconsidered
- **Operations** – Some reductions in operations were evidenced
- **Debt Service** – Debt service would need to be increased by \$851,326 due to the Construction of Riverdale Elementary. This increase had no impact on their proposed reduction for the operating budget.

He shared the following personnel highlights:

- **Personnel** – Federal Stimulus Funds would be used to restore positions that were previously considered for reduction, exclusive of program restructuring.
- **Health Insurance** – With an increase of 10% in health insurance costs, they would need to absorb an additional \$207,300.

Mr. Turner shared the following instruction highlights:

- **Library** – The budget line item for library books that was originally proposed for reduction would be restored.
- **Lead Teacher Stipends** – A savings of \$26,600 was obtained by eliminating lead teacher stipends.
- **Virtual Classrooms** – Switching from NovaNet to WHRO Virtual Classrooms would save approximately \$7,500.
- **Dual Credit** – The dual credit program at Southampton High School had been restored.
- **Total Reductions** – Total reductions for the instructional department equaled \$34,100.

He shared the following operations highlights:

- **Buses** – Replacement of buses currently had a budget of \$235,000 which had been eliminated.
- **Other Operating Vehicles** – An additional \$40,000 was obtained by eliminating the purchase of special needs cars.
- **Site Improvement** – A reduction of \$425,000 was obtained from this category
- **Total Reductions** – Proposed reductions in the operations department totaled \$700,000.

Mr. Turner shared the following breakdown of their proposed FY 2009-2010 budget, in comparison to what was actually budgeted in FY 2008-2009:

Category Description	2008-2009 Budget	2009-2010 Budget
Total Operating Budget	\$27,587,648	\$26,892,711
Debt Service	1,766,648	2,618,154
Textbooks	246,497	Incorporated into the Operating Budget
Technology	206,000	206,000
Other State Programs	190,423	190,423
Federal Programs	1,888,179	1,888,179
Total	\$31,885,575	\$31,795.467

Supervisor Brown commended Mr. Turner, the school board, staff, and teachers.

Supervisor Brown asked what would happen next year when no federal stimulus funds would be available? Mr. Turner replied that they were already looking at next year and the year after next. They were taking steps to deal with it. You had to take what you had and plan the best you could.

Mr. Turner confirmed for Supervisor Brown that when you level-funded operations, you were essentially cutting operations.

Mr. Turner advised that he talked to the staff at each school and explained the economic situation. He asked for their support and for them to realize that they may not be able to do some things they wanted to do.

Supervisor Felts asked about the safety of the special needs cars if they were not going to be replaced. Mr. Turner assured that Mr. Billy Grizzard, Transportation Director, would not put a vehicle on the road that was not safe.

Supervisor Brown asked what summer school grades would be eliminated? Mr. Turner replied grades K-2.

Mr. Turner thanked the Board for their support.

Mr. Rick Francis, Clerk of the Circuit Court, addressed the Board. He advised that he came tonight to listen in, but if the Board had any questions, he would be glad to answer them. He noted that they submitted a reduced budget and were always looking for ways to save money.

Supervisor Felts thanked Mr. Francis for having information in the Clerk's Office scanned onto computers.

Mr. Ed Johnson, President of Franklin-Southampton Fire and Rescue Association, addressed the Board. He advised that they were ok with the 5% cut, and were hopeful things would get better next year. He thanked the Board for their support.

The Board discussed some items they had previously talked about at the initial budget work session:

- Raising personal property tax rate from \$4.00/\$100 to \$4.50/\$100
- Implementing a fee for solid waste
- Transient occupancy tax
- Meals Tax
- Twice a year billing

Mr. Johnson advised that they could amend the budget and propose to increase the personal property tax. The transient occupancy tax was the subject of a public hearing this month. The meals tax was up to voter referendum. They could not do anything about a fee for solid waste until 2011.

Supervisor Brown advised that he was concerned about the cut in funding for the Blackwater Regional Library.

Mr. Johnson advised that the ultimate decision on what to cut at the Library was up to the Board of Directors. He directed them to page 2-403, which showed that the Library had been receiving 11% compounded increases in funding over the last several fiscal years. He clarified that the Library's request for a 6.97% increase was based on a formula which took into account the number of patrons visiting the library and the number of materials being circulated.

Supervisor Brown asked if they were going to look at Mr. Britt's out-sourcing idea? Mr. Johnson replied that was up to the Board.

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Mr. Johnson asked the Board if they felt the need to meet next Wednesday for a budget work session? It was consensus of the Board not to meet Wednesday, as they were confident they could wrap things up at their regular board meeting.

There being no further business, the meeting was adjourned at 9:25 PM.

Dallas O. Jones, Chairman

Michael W. Johnson, Clerk