

RE: RECESSED MEETING, TUESDAY, DECEMBER 14, 2010, 6:00 P.M.

The meeting was called to order by the Chairman.

PRESENT: Board of Supervisors  
Timothy W. Cotman, Sr., Chairman  
Gilbert A. Smith  
Sherri M. Bowman

School Board  
Roy L. Campbell, Chairman  
E. Preston Adkins  
Barbara Crawley  
Royce Paige  
Daryl Robertson

John F. Miniclier, Jr., County Administrator  
Dr. Janet Crawley, School Superintendent

RE: REDUCTION OF FY2011 SCHOOL BUDGET BY \$150,000

School Superintendent Dr. Janet Crawley expressed that the School Board has concerns about having to cut their 2011 budget by \$150,000.

Mr. Royce Paige addressed the Board of Supervisors and said that he would not spend any money that was not necessary for his children. He stated that he would look at what could be cut but that if he “looks real hard and cuts real deep” it’s going to be cutting people and does not see that as a viable option.

Ms. Barbara Crawley questioned if any other county agencies were asked to cut their budgets to contribute to the \$150,000 cut the school is being asked to make.

Assistant County Administrator Michelle Johnson explained that the County is trying to also cut \$150,000, with all agencies in the County being reduced by 1% across the board. She further explained that since the County only funds 15% of the Social Services budget, with 85% being reimbursed by the state, it will not be a part of the cut. The budgets of two outside agencies, Southside Legal Aid and Quin Rivers, were also cut.

Mrs. Daryl Robertson inquired if the school budget was 50% of the County’s budget since the County is asking the school to shoulder 50% of the \$300,000 shortfall. She stated it would be a herculean task to cut the school budget by \$150,000. Most of the school budget goes toward services for our students and when cuts are made they most always directly impact our students. So it will be with great reluctance that the School Board looks at what they can cut from the budget.

Mrs. Michelle Johnson advised that she did not have the exact percentage in hand but the school budget was 42-48% of the overall County budget.

Mr. Gilbert A. Smith explained that the goal is \$150,000 each for the County and the School budgets. The Board realizes it is a lot to ask but it is necessary that we look to make possible cuts.

Mr. Timothy W. Cotman, Sr. stated that the County has to date cut \$144,000 from its budget and is still looking to reach the \$150,000 mark themselves. The Waste Management revenue shortfall is estimated to be \$300,000. If we cannot meet that goal in that manner we will have to go back and see what other things we can do. The closer we get to the \$300,000 when making the budget cuts, the easier it is for us to find other methods to meet that shortfall. If the School Board cannot find the \$150,000 funds to

RE: REDUCTION OF FY2011 SCHOOL BUDGET BY \$150,000 (CONTD)

cut in the school budget we will have to find some other manner of dealing with the lack of funds because it is an actual shortfall in funds.

Mr. Royce Paige questioned if \$300,000 is the known shortfall amount or if it is the best guess.

County Administrator John F. Miniclier Jr explained that revenues in the beginning of the fiscal year were well below the budgeted amount. In August 2010 it was estimated that the shortfall could be in the \$800,000 to \$1,000,000 range. Waste Management has agreed to meet minimum tonnage amounts, which will provide approximately \$203,000 per month for the remaining months of FY2011. If Waste Management meets those minimums then revenue shortfall from landfill revenues will be close to \$300,000.

Mr. Royce Paige said the people he knows at other waste management companies tell him they are seeing decreases and possible shut downs. He asked if Waste Management Inc. is seeing increases in what they are hauling.

Mr. Cotman explained that it's not a matter of increases or decreases, they have several places they can deposit their waste. There's a landfill in Amelia and one in King George. They work with all three of us. And we are working diligently with them to try and get them to live up to their original contract with regards to the amount of tonnage they are suppose to bring into our landfill per month. At this point, they have agreed in principle to do that but we still have several months that the contributions were less then described in the contract.

Mr. Miniclier stated that part of it is to find an index so that in the February timeframe, contractually the minimum will be agreed to for the following fiscal year. Tonnage may be going down not only because of economic considerations but because of recycling and other things that are happening out there. The index will be the vehicle we will be reviewing each year as we set our budget. That means we will have a minimum amount that we know we will get in and not have to go through the process of them not upholding the contract. The reality is, Mr. Miniclier affirmed, we said, if we cannot reach agreement, we will see you in court.

Mrs. Daryl Robertson asked for clarification of the part Waste Management plays in the county's budget and what the expectations are for them in the future.

Mr. Cotman explained that Waste Management's contribution to the County is only one part of building the budget and that part turned out to be less than anticipated and less than we had contracted with them. They did what they felt was best for their business, as they are a business. It could have been much worse but we talked with them from the point of view of the contract we had which stated they would bring in a certain amount of tonnage per day and they started falling considerably below that, which impacted our budget considerably. Talks are ongoing with Waste Management, he explained, to ensure they maintain the minimum tonnage for the remainder of this fiscal year but the months earlier in the year when the minimum was not met has created this shortfall. It is not expected they will be able to exceed the minimum and make up that shortfall between now and the end of the fiscal year.

Mr. Roy L. Campbell stated, looking at things optimistically, what will happen once the county sets the budget and something happens and revenue starts coming in, what will happen with the excess funds. Will the school receive some of those funds or will the budget be set in stone?

Mr. Cotman firmly stated that any revenue gains would be shared with the school just as the school is being asked to share in the difficulties. If the revenue situation begins to look better it will look better for everyone, he said.

RE: MONTHLY APPROPRIATIONS

Mrs. Barbara Crawley expressed a concern that when the school appropriations requests are made, the County doesn't always approve the amount the school anticipates getting, stating, the school cannot operate like that.

Mr. John F. Miniclier, Jr. explained that there are two issues at play, one is the appropriations and one is the cash balance for which the Treasurer has the responsibility for authorizing the issuance of the checks as her signature on them signifies that the money is in the bank.

On the appropriations, based on end of FY2011 expenditures and revenues coming in from Waste Management being down, we went from quarterly to monthly appropriations to better monitor expenditures. We need to be working and interacting with the schools on the appropriations. Historically, there is a difference between what has been appropriated and expended. When we review what has been expended in 2009 and 2010 and what has been appropriated, in each of the months, the reality is much more has been appropriated than expended. Those figures are available and can be provided. The reality is that in FY2009 the total amount expended was \$4.95 million from June to December and in 2010 it was \$4.76 million. This year appropriations as of November, 2010 are \$3.55 million. If you look at the expenditures to-date and estimate the number in December based on last year, the highest amount expended would be \$4.456 million. Unless there is a big unexpected purchase that is needed, this number should meet requirements.

So based on the evaluation, Mr. Miniclier explained, we look realistically at the cash in the bank and if the appropriation amount is needed to do the work. By category we have gone back to the School Board and changed those appropriation numbers, not to the full amount that was budgeted but to the amount needed to be able to pay the bills. The Treasurer is the one that sees the checks and holds checks due to lack of available funds. And in every instance of held checks, the School's batch has been released prior to the County's.

Mr. Roy Campbell inquired if the Treasurer or County's Director of Finance pick and choose what checks to release and therefore what bills will be paid.

Mrs. Michelle Johnson responded that the checks are held as a batch and released as a whole. She reiterated that the Treasurer is the one that sees the checks and no check has been held longer than 18 days.

Treasurer Cecelia W. Bradby interjected that the School Board Director of Finance, Curtis Finney, will notify her of checks in the School's batch that take priority, but otherwise the checks being held are released as a batch when the funds are available.

Mr. Miniclier explained that in the last fifteen days of June 2010, \$312,000 was spent more than June 2009 for items that may or may not have been in the budget originally as you looked at additional items that were purchased. That was one of the things, besides the revenue shortfall that made the cash flow situation such that the county ended up having to borrow money to meet commitments in November.

Dr. Janet Crawley responded that the School Board's (FY2010) budget was appropriated and over the past few years the School Board has been encouraged to spend their budget. Generally, she explained, the School Board waits till the end of the school year to pay summer salaries, do summer projects, and buy equipment so that installation may be done over the summer when school is not in session. So our funds are not spent frivolously.

Dr. Crawley stated if the goal here is to do monthly appropriations, cut it to what you want, with the intent of not allocating the whole budget that was originally approved and not appropriated then I think we ought to be honest and put it on the table.

RE: MONTHLY APPROPRIATIONS (CONTD)

Mr. Miniclier responded that that is not the intention. The intention is to make sure we do not over appropriate based on the cash flow, so that we get ourselves into a situation where we have checks outstanding that exceed the cash flow. The intention is definitely to appropriate budgeted dollars if revenues have been received. That is why the Board of Supervisors has asked the School to cut \$150,000 because that cut along with the County's cut of \$150,000 will allow for full appropriations.

Dr. Crawley asked that when we get to May and June and it is time to, for one, allocate summer salaries and we are asking for the rightful money that people have earned, if there is no cash flow or cash balance what will happen?

Mr. Miniclier stated that when we look at the month of May in the past as the taxes are received, that period is not normally a problem area and it wasn't this year. He further stated that there is no intention to not appropriate those dollars. We want to work with the School Board and not under appropriate what is needed to operate the schools. We need to work together more closely when we do our evaluations and look at the funds that are there and share the needs that may be coming up, such as those expenses for summer salaries for the teachers. If it's in the budget and the funds are appropriated with care then the funds will be there for those salaries.

Mrs. Michelle Johnson stated that the trends of the past fiscal years are looked at along with what the current cash balance is in the bank. We can appropriate all day long but if we don't have cash in the bank the appropriation does us no good. We have to make sure there are funds to support the appropriations. The thought process behind reducing the appropriation funds is based on the projections we get from the Treasurer of expected funds we will get from the state, and any other federal funds we are anticipating, and the revenues that we are receiving from taxes, Waste Management, or any other revenue sources. The intent is not to cut appropriations because we don't want to give the budget. We have to make sure that we safe guard the dollars we have in the bank account, not on the general ledger.

Dr. Crawley, going back to her question, asked that based on the dollar amount shown this evening, if you look at the recent dollar amounts shown, when we get to June, if they look like they look now, what will be done about the money that has already been earned - how will the School's summer salaries be met?

Mr. Miniclier explained that the County has taken out a line of credit and in October a portion was taken to make sure those salaries were met. It is the County's intention to continue to make sure that everyone that is working in the school system gets their pay. Taxes are due June 5<sup>th</sup> and the reality is when you look at when the taxes come in, as we are analyzing right now with the December 5<sup>th</sup> being the date taxes came in, you look at how many people are delinquent versus what's been delinquent in the past and try to make those predictions. The Budget subcommittee should look at these predictions together.

Mrs. Daryl Robertson said it is obvious the appropriations are based on what has gone on not what is. So there ought to be more discussion between the School Board and the County to determine what numbers are best to change for the school side.

Mr. Cotman responded that the finance directors have had some discussion going back and forth. Additional discussion is not a problem.

Mr. Miniclier stated the County will work with the School Superintendent so that suggested revisions to the School appropriation request may be provided to the School Board prior to the Board of Supervisors meeting and their final approval of the appropriation requests is given.

Mr. Roy Campbell expressed concern that appropriations are being approved based on costs from the previous years, stating schools are going high tech and costs are going up every year. Spending is not going to be flat lined from year to

RE: MONTHLY APPROPRIATIONS (CONTD)

year. This practice may give you a guide to look at, a ball park, but funding to support programs and initiatives that have already been started or are in the process of starting has to be available or it puts us in a bad situation where we cannot finish paying for them. Mr. Campbell continued that he understands you can't get blood out of a turnip but communication is important. We are having this meeting talking about the financial problems the County is having but we also need to discuss the problems the school system is having in getting it where we want it to be.

Mrs. Barbara Crawley stated that when checks are being held it would be appreciated if a call were made immediately to notify the School Board office when they may be released.

RE: REVENUE GENERATION: TAXES, INDUSTRIAL COMMITTEE,  
BUILDING COMPLIANCE FOR CCES

Mr. Royce Paige inquired of what industry has been pursued to be brought to the county.

Mr. Timothy W. Cotman, Sr. explained that the county has people working on that. There is one industry being worked on that has the potential to bring us a considerable amount of tax increase but only in the next couple years will that be started. Many of the things we are working on have very long term payouts, especially any industry that is reasonable for our area. There are many different ideas of how the county should be developed.

Mr. Paige stated that we cannot stay in the horse and buggy days or our children will not stay in the county and make their lives. If our children leave and those moving here want nothing for those born here then we are doing our children a disservice. We need active industrial committees, people that will make the calls and find businesses. We cannot say we don't want X business.

Mr. Gilbert A. Smith responded that he is always beating the bushes for industries to locate in Charles City County. He explained that surrounding counties have so much more to offer based on infrastructure. We need the infrastructure to support the industries to attract them. The price for infrastructure is so high it's hard for us to get. I want to move forward with everything I can but the competition is high.

Mr. Roy Campbell agreed with Mr. Smith that infrastructure is vital. He stated that it should be the highest priority we have because if we have nothing to offer why would any business want to move here. A person cannot run business on dial-up or without water and sewage. He inquired as to the status of the county's Comprehensive Plan and high speed internet.

Mr. Gilbert Smith advised Mr. Campbell he would provide Mr. Campbell a copy of the Comprehensive Plan.

Mr. Cotman stated that the County has been working long and hard to get high speed internet to the county. We have difficulty getting Verizon, our major source for a carrier, to put very much effort in Charles City. One problem is we are between the major expressways; 64 to our east, 95, 295 and they have us in the middle while they are going right through to other areas. The newest type of highway is going to be 460. That's one of the things we have to get around.

When we look at water and sewage, Mr. Cotman continued, we have to look at the EPA regulations as they are implemented through the state and some of those situations are already depleted with regard to their capacity. And that makes it difficult for us to get additional capacity to do things like that. We will continue to do whatever we can to get things changed and re-allocate some for Charles City. Sometimes it works a little bit and sometimes it doesn't. We've talked with Henrico

RE: REVENUE GENERATION: TAXES, INDUSTRIAL COMMITTEE,  
BUILDING COMPLIANCE FOR CCES (CONTD)

about hooking up to them on that end of the county and it depends on the political situation with them as to how they feel about it at the time. Even still, to hook up to Henrico would be at considerable cost to us and we don't tend to have the upfront funds to put toward that.

Mr. Campbell asked if Verizon is the only service provider the County is trying to get.

Ms. Bowman stated there is also Comcast but some of our citizens are not happy with the service they are providing for TV.

Mr. Cotman stated that Comcast is having trouble running their cable throughout the entire county. Of course, this is a business decision and they have to feel they can make a profit on it.

Mr. Miniclier interjected that the County has received a small grant, partnering with New Kent County, to help work towards increasing the internet access to "business" fiber optic speed to go from the Roxbury area and down to serve the schools, medical center, and government center. If the initial study of the potential for expansion is successful, then the two counties will go after another \$15,000 to \$20,000 of grant funds to complete the study. Hopefully, we will then be able to find the dollars to begin that hard link infrastructure.

He expounded that what is going on with Verizon is that 4G is where they are putting all their money right now. The National Press Club in DC is meeting with the President of the Union, the NAACP, and FCC tomorrow, with Ms. Bowman representing Charles City County and all the rural counties too. They are meeting to tell the story of the rural community, the need for fiber optics, and pose the questions of how do we get it to the rural communities.

Currently, Mr. Miniclier reported, about 50 percent of our citizens do have DSL. But for competitive reasons Verizon will not share their Business Plan with us. We hold that if we knew what shortages they are encountering that we may be able to find partners to share that upgrade cost but we are not getting anywhere with that. The Union is going to try and push Verizon to upgrade to business level speed and also get DSL where we don't have it. It's not cheap though, costing \$30,000 to \$35,000 a mile to put down fiber optics. We may not get it to everyone in the county but we want to get it to as many citizens as we can.

RE: 2012 SCHOOL BUDGET REVENUE PROJECTIONS

Mr. Royce Paige stated that when Charles City Elementary School was moved into it was already too small. It does not have a music room and most research shows that music education helps children learn math, science, every form of education. Also needed are: a gymnasium, four more labs, and upgrading of the multi-purpose room.

Mr. Paige continued saying, the three year olds are suffering (without educational programs for them) and they will suffer more if we don't give them a good foundation to build on. In February there will be a meeting to talk about how to bring the children up to the 21<sup>st</sup> Century. If we put in the electronics then we have to have the people to teach it and people to keep it running. We have two technology people trying to maintain three schools now. Even if we get the money from somewhere, we still won't have a new building for at least two years. We stay behind.

Mr. Timothy Cotman, Sr. responded that he feels Mr. Paige's statements are all appropriate and on line but as has been discussed in this very meeting, we don't have access to the funds to make changes to buildings and infrastructure. We are talking

RE: 2012 SCHOOL BUDGET REVENUE PROJECTIONS (CONTD)

about what is necessary to keep us all running and the County cannot put a lot of effort into building and upgrades right now. We certainly have the plans available because the financial situation won't always be as they are now. An example being the library that the Board is being asked to support and the County is still paying off the construction of the schools.

Mr. Paige asked supposing some of the School Board members go out and find 15 million dollars through grants or whatever in the next 2-3 years, what is the County willing to do to keep it running? There is money out there, small private foundations in Richmond, but they want to know if they put their money up what will be done to keep the programs running, the classes full, and get and keep the exceptional teacher. What we pay our teachers right now isn't going to get and keep the exceptional teacher.

Mr. Cotman responded that plans like that are at the School Board's volition and how we go about raising funds to raise teachers' salaries is something we have to work on at the state level and the local level. We have to be able to see real progress for the efforts. If you can find some funds somewhere to help build the infrastructure improvements for the schools I am with you. Whatever I can do to help, I will be glad to attempt to do it.

Mr. Paige maintained that if we make that commitment, anyone that makes contributions will want to know how the money will be spent and what progress it will offer.

Mr. Cotman stated he wants to know what is expected by the contributor(s) in exact terms, not general. If you can find potential contributors bring them to us and we will talk with them from a totally positive point of view.

Mr. Paige declared the School Board will work on that and let the Board of Supervisors know but we need to get started on the school buildings now.

Mr. Roy Campbell stated the school system is on the list for capital improvements but nothing has been done as capital improvements. Is that because there are no funds?

Mr. Cotman responded that the last capital improvement contribution done was for the school systems' bus garage project, and as for starting on the improvements of the school buildings there are no funds currently to do so.

Dr. Janet Crawley stated the School Board would like to know when the county will give them some projection for the school budget. It would benefit them, she said, to have a good forecast of what they will have, or may have, to work with when sitting down to build the 2012 budget.

Mr. Cotman responded that information will be given to the School Board as soon as it is available to the Board of Supervisors and working within the legal constraints in building the County's budget. The legal constraints being that the budget is required to be done by mid-April so it may be approved by the end of April. We try to get really strong funding numbers in order to get a firm budget by this date. Unfortunately, in recent history this has meant there were figures that were changed on us and that caused us to have to change fund figures available.

RE: PROPOSED COMBINING OF SERVICES

Mr. John F. Miniclier, Jr. stated that the subcommittee decided to address one department at a time with Grounds Maintenance being the first they are looking at for the possibility of combining service. They are working on defining what are - the services, the costs, the differences between what we provide to the county

RE: PROPOSED COMBINING OF SERVICES (CONTD)

facilities and what is provided to the schools, and what, if any potential there is for any savings. Then we will look at other areas to potentially combine, he explained.

Mrs. Barbara Crawley inquired how many grounds workers the County employs and what the general amount of the line item may be.

Mr. Miniclier responded that there are two (2) full-time grounds workers and an additional three (3) part-time employees. The part-time employees normally work through the Christmas season and then are off until April, depending on what the budget looks like. The critical thing with the County's grounds maintenance, he said, is it is not the only service the county's grounds crew provides, such as plumbing maintenance. So he would have to get that figure for Mrs. Crawley.

Mr. Roy Campbell stated that the School contracts out their Grounds Maintenance and does not employ individuals. He inquired if the County has looked into contracting with an outside company for that service.

Mr. Miniclier advised that in about 1998 contracting the work to an outside agency was looked into and the County already owns its grounds equipment and having two (2) full time employees that do other things, it was found to not be any significant savings. Bringing in part-time employees without benefits does not cost the County a whole lot.

There may be a possibility to secure a better overall rate for the School and the County if the company the School Board currently contracts also contracted with the County, or have a larger contract that encompasses both. It's a potential idea to possibly save money. It would be simple to ask the contractor what it would cost to do that much more acreage. There is also painting that both the School and the County need to have done. It might make sense to get one contractor to do both as it would likely be cheaper, Mr. Miniclier reasoned.

Mr. Campbell questioned why the County would have the School in the middle with the contractor they are already using.

Mr. Miniclier responded that if a contractor is already in the area with their equipment, normally they will offer a cheaper rate for additional work done in the same area if they do not have to travel the distance but once and haul their equipment and employees to the area but once.

Mr. Cotman directed the County Administrator and the Superintendent of Schools to facilitate the scheduling of the subcommittee meetings for researching the potential for combining services and bring back recommendations to the Boards as soon as possible.

RE: TAX RECEIPTS FOR RESIDENTS WITH NON-COUNTY MAILING ADDRESSES

Mrs. Daryl Robertson inquired if there is any report that shows what kind of tax receipts we are getting from non-Charles City residents and if we do, do we know how much we're missing. Do we know what our situation is right now?

Mr. Cotman explained that the County Administrator recently did a survey to get all this information for the Board and the major impact was found to be the sales tax for businesses. However, the number of businesses in the areas that have outside zip codes is so small you can look into those specific businesses rather quickly. He stated that he is under the impression that most everyone's utility taxes are going to Charles City. He stated it is something the County will check into, directing Mr. Miniclier to do so.

RE: TAX RECEIPTS FOR RESIDENTS WITH NON-COUNTY MAILING ADDRESSES (CONTD)

Mr. Miniclier stated that another issue is the zip codes. He explained that the US Postal Service (USPS) will not allow the Charles City residents with the Providence Forge zip code to change to the Charles City zip code as that would cause their mail to be sorted by the Charles City Post Office. We are told that from Samaria Church all the way to Rt. 155 would have to have its own name with its own zip code. The USPS will not allow Charles City County to have multiple zip codes under the Charles City name, as Richmond does due to their population density.

Mr. Miniclier informed the Boards that County staff is working with our state delegates on this as well as Senators Webb and Warner as this is a federal issue.

RE: SUMMATION

Mr. Preston Adkins suggested that a selling point for Charles City is it is in the middle of everything and a good lure for getting new businesses.

He stated further that the County should use the contract that is not being upheld by Waste Management as a learning tool when working with new businesses coming into the county to ensure the County's interests are protected.

Mr. Timothy Cotman, Sr. responded that these things are business decisions and the contract with Waste Management is a good contract. The rate we have with them is higher than the landfills around us which helps in one way and hurts in others. We are trying to make sure our position is held fast and as always we are looking for new industries to come to Charles City.

RE: EXECUTIVE SESSION

Motion was made by Sherri M. Bowman to go into executive session to discuss Legal matters under Section 2.2-3711(A)(7) of the 1950 Code of Virginia as amended. The motion carried as follows:

Sherri M. Bowman	Aye
Gilbert A. Smith	Aye
Timothy W. Cotman, Sr.	Aye

Motion was made by Sherri M. Bowman to return to regular session. The motion carried as follows:

Gilbert A. Smith	Aye
Sherri M. Bowman	Aye
Timothy W. Cotman, Sr.	Aye

Motion was made by Sherri M. Bowman that the Board of Supervisors discussed only public business matters lawfully exempted from statutory open meeting requirements and public business identified in the motion to convene the executive session. The motion carried as follows:

Sherri M. Bowman	Aye
Gilbert A. Smith	Aye
Timothy W. Cotman, Sr.	Aye

There being no further business before the Board it hereby adjourned to meet again on Tuesday, **December 28, 2010** at 7:30 p.m. for the Board of Supervisors' regular meeting.