

HANOVER COUNTY BOARD OF SUPERVISORS

MINUTES

**Hanover County Administration Building
Board Room**

March 4, 2015

VIRGINIA: At a regular meeting of the Board of Supervisors for Hanover County held in the Board Room of the Hanover County Administration Building on the 4th day of March, 2015, at 2:00 p.m.

Present: Mr. Wayne T. Hazzard, Chairman
Mr. Aubrey M. Stanley, Vice-Chairman
Mr. Sean M. Davis
Mrs. Angela Kelly-Wiecek
Mr. W. Canova Peterson
Mr. G.E. “Ed” Via, III
Mr. Elton J. Wade, Sr.
Mr. Cecil R. Harris, Jr., County Administrator
Mr. Sterling E. Rives, III, County Attorney

I. Call to Order

Mr. Hazzard called the meeting to order at 2:00 p.m. All Board members were present.

- A. The invocation was given by Mrs. Kelly-Wiecek
- B. The Pledge of Allegiance was led by Mr. Wade.

II. Citizens’ Time

The Chairman opened citizens’ time and offered to anyone who wanted to address the Board of Supervisors for up to five minutes on any matter within the scope of the Board’s authority that is not on the agenda for that meeting to come forward.

Seeing none, citizens’ time was closed.

Board of Supervisors Minutes – March 4, 2015

III. Fiscal Year 2016 Budget Presentations

Mrs. Shelly Wright, Budget Division Director, Department of Finance and Management Services, came forward to begin the budget presentations. She reported several date changes are proposed for the budget process. State impacts and amendments will be presented on March 25, the budget public hearing will be held on April 8 and the budget adoption date is scheduled for April 15. Mr. Rhu Harris, County Administrator, gave further information on the anticipated schedule and requested that the Board set a time for the April 15 meeting.

Mr. Stanley made a motion to set the time for the meeting on April 15, 2015 as 2:00 p.m. The motion was seconded by Mr. Peterson.

	Vote:
Wayne T. Hazzard	Aye
Aubrey M. Stanley	Aye
Sean M. Davis	Aye
Angela Kelly-Wiecek	Aye
W. Canova Peterson	Aye
G. E. "Ed" Via, III	Aye
Elton J. Wade, Sr.	Aye

Motion Approved

III.-A. Capital Improvement Program

Mrs. Wright presented the Board with the Proposed FY16-20 Capital Improvements Program.

FY16-20 CIP Funding Sources - (\$150.2M Total)

Projects from all funds including the County, Airport, Utilities and Schools over the five-year period of the program. The total for all five years is \$150.2M.

The public utilities funding comes from user fees and capacity fees. Local, or general fund dollars account for 27% (\$40.3M). Long-term debt at 17% (\$26.5M) is inclusive of schools (62%, \$16.5M). State and federal Aid at 12% (\$18.1M) is comprised of \$12.6M for airport grants and \$5.5M in County projects (primarily road improvements). Other sources at 6% (\$8.6M) includes the use of fund balance assignments. Road proffers make up 2% or \$2.5M of the total CIP.

The largest portion of expenses for the five-year period is County improvements at 37% (\$54.8M), closely followed by the public utility fund at 36% (\$54.2M). Finally, the schools account for 19% (\$28.5M) and the airport at 8% (\$12.7M).

Board of Supervisors Minutes – March 4, 2015

FY16-20 County Projects

County projects total \$54.8M. Most of the projects are in the areas of public safety at 34% and public works at 27%. \$28.2M or 51% of the funding for the County projects comes from the general fund. Other funding sources include the fund balance assignment (which is savings from prior years), debt reserve, long-term debt, the state share of road improvement projects and grants.

For the first year of those County projects, the proposed \$7.1M is primarily in the categories of technology, roads and public works – which combined account for approximately 61% of the total. These projects are broken down into the functional areas of public safety, public works and general government administration.

General Government Administration

Projects that fall under the general government administration function are all technology related. Year one is proposed to be budgeted at \$1.7M and includes funding for ongoing technology maintenance and replacement expenses to support the technology infrastructure. The proposed CIP is consistent with the current FY15-FY19 CIP.

Public Safety Overview

Year one is proposed to be \$3.1M. Over the five-year program, total funding in this area is \$18.5M.

The Sheriff's proposed capital program includes in \$975k in funding for year one, and \$1.4M in total funding over the five-year program. Changes from the current plan include the addition of the 3D Laser Scanner.

Year one of the Fire/EMS capital program includes annual funding for one fire truck, two ambulances, and patient diagnostic equipment for the ambulances (Life Packs) consistent with the current CIP. New to this CIP are Year four and five projects: station alerting (\$1.0M), fire training burn building (\$1.8M) and traffic preemption (\$250k).

Emergency Communications' CIP has only one notable change. The Emergency Communications Department determined that changes in the region are going to cause a \$2.3M increase in the radio replacement project.

Board of Supervisors Minutes – March 4, 2015

Public Works

The public works function is proposed at \$2.3M in year one with a majority of that funding allocated for reserve for future roadway improvements. The County complex and human services repaving projects have been added to the program.

Parks, Recreation & Cultural

Most of the funding in the parks, recreational and cultural functional area is in year five, and includes funding for land acquisition for a new district park (\$2.0M) and funding for a new Atlee Branch library (\$8.0M). Both of these projects are proposed to be supported with debt financing.

Remaining Functional Areas

Projects in the remaining functional areas have a total funding of \$2.8M. Funding for the *Community Development System* replacement project was combined with the *GIS-Based Asset Management System* in this year's CIP. The total for debt capacity reserve of just over \$1M has increased from the plan amount of \$549k. New to the CIP in this area is the land records management system for the Clerk of the Circuit Court.

Funding Sources – County Projects

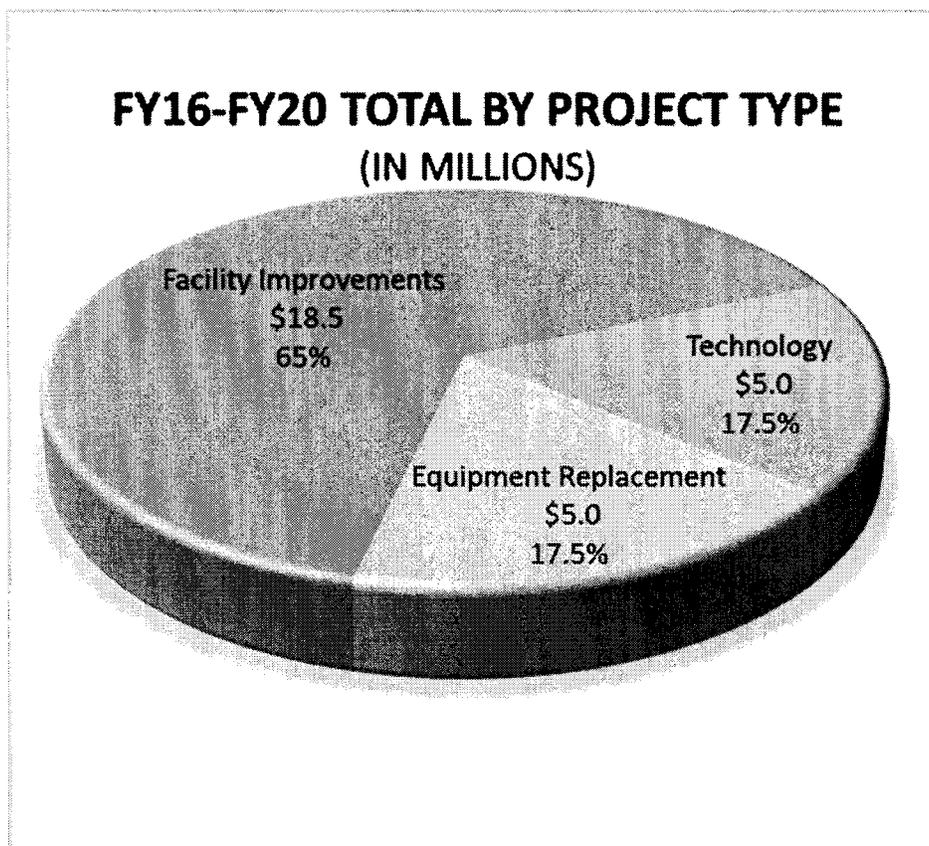
County Projects	FY16	FY17	FY18	FY19	FY20
General Fund	\$ 4,087,800	\$ 4,906,700	\$ 5,227,510	\$ 6,857,000	\$ 7,095,000
State Revenue	1,119,000	1,375,000	1,000,000	1,000,000	1,000,000
Fund Balance Assign.	732,000	1,650,000	1,887,000	2,060,000	535,000
Road Proffers	500,000	500,000	500,000	500,000	500,000
Fund Balance Assign. – Debt Reserve	684,600	-	-	1,100,000	-
Long-Term Debt	-	-	-	-	10,000,000
Total	\$ 7,123,400	\$ 8,431,700	\$ 8,614,510	\$ 11,517,000	\$ 19,130,000

Board of Supervisors Minutes – March 4, 2015

Airport

The proposed airport capital funding is for additional ramp apron and taxiway connectors on the east side to meet the demand for additional hangars and corporate hangar development. The largest general fund contribution is \$78,948 in year two of the plan to match federal and state grants.

Schools Capital Improvement Projects



The schools CIP is funded with a combination of general fund and long-term debt financing. In order to reduce debt borrowing costs, the County has had a practice of consolidating debt funded projects into larger issuances. While it may initially appear that the schools CIP is being cut, then increased from year-to-year, actually, the projects are planned out over the five-year period and funding is borrowed to cover two - three years' worth of projects at a time.

Public Utilities

The public utilities five-year CIP total budget includes both renewal and replacement projects (\$35.7M) and system expansion projects (\$18.5M).

Board of Supervisors Minutes – March 4, 2015

Following the presentation, Mrs. Wright and Mr. Harris answered questions from Board members regarding traffic preemption, the fire training burn building and the timeframe for some of the school renovations.

III.-B. Revenues & Five-Year Plan

Mrs. Kathy Seay, Director, Department of Finance and Management Services, came forward to give this presentation to the Board.

FY16 All Funds Revenues - \$396.5M Total; up 1.5% from FY15

- The general property taxes of \$136.6M represent 34.5% of the total *All Funds Budget*.
- The “Sales Tax” category consists of \$20.2M, representing 5.1% of the total *All Funds Budget*.
- “Local Non-Property Taxes” represent 2.9% of the *All Funds Budget* or \$11.5M.
- State & Federal Aid is 32.9% or \$130.7M – \$31.6M is in the General Fund and \$93.5M is in the schools’ funds.
- Charges for services comprises 17.0% or \$67.2M. The largest portion of this is \$32.3M of revenue received into the self-insurance fund from employee and employer health premiums. The next largest amount is \$22.1M in the utility fund.
- Recovered costs & misc. is 3.2% or \$12.8M. The general fund makes up \$4.3M of this category, with the largest portions attributable to reimbursements from public utilities for shared services and reimbursement from GRCCA. The largest part of this category is the revenue that the public utilities fund receives from other sources at \$6.4M.
- Permits, fines & use of money & property” make up 1.2% or \$4.8M. Permits, fines & use of money & property is a grouping of our accounting categories of: permits, fees & licenses; fines & forfeitures; and revenue from use of money & property.
- Finally, the use of planned surpluses is the use of prior year savings by the County, schools, airport and public utilities, and represents 3.2% or \$12.8M.

FY16 General Fund Revenues - \$221.7M Total; up 3.2% or \$6.9M

Some of the key revenues include:

- Real property taxes at 44.2% or \$98.0M.
- Personal property taxes at 12.7% or \$28.2M.

Board of Supervisors Minutes – March 4, 2015

- Remaining property taxes is 4.7% or \$10.4M and is comprised of all taxes on property except for real estate and personal property. These would include business taxes such as machinery & tools, merchants' capital and public service corporations.
- Sales tax at 9.1% or \$20.2M.
- Local non-property taxes is 5.2% or \$11.5 M and contains items such as the consumer utility tax, communications tax and recordation tax.
- Intergovernmental revenue at 14.3% or \$31.6M – \$15.0M of which is the Personal Property Tax Relief Act (PPTRA), the rest is Comp. Board revenue, public safety grants and aid to Social Services and CSB (or Community Services Board).
- Charges for services is 3.0% or \$6.5M.
- Permits, fines and use of money & property is a grouping of our accounting categories of: permits, fees & licenses; fines & forfeitures; revenue from use of money or property. This group comes in at 1.7% of the general fund budget or \$3.9M.
- Recovered costs and miscellaneous make up 1.9% of general fund revenues at \$4.3M.
- The use of planned fund balance at 3.2%, or \$7.1M, is the use of prior year savings by the County and schools as well as the use of the reserve for revenue stabilization.

General Fund – Ongoing Revenue

- Total on-going revenues are increasing slightly each year of the plan from 3.3% to 4.0%.
- The FY16 ongoing revenue budget has increased \$7.6M or 3.7% over the FY15 budget.
- Personal property values are anticipated to increase 8.5% in FY16 (due to improved FY15 forecasts) and increase 4.5% annually in Years 2-5.
- Sales tax assumptions are projected to increase 5.5% in FY16 and increasing 4.5% annually in years 2-5.
- Intergovernmental revenues from state and federal sources are expected to remain relatively unchanged throughout the five-year plan. (Increase 0.7% in FY16 and increase 0.4% to 0.7% annually in years 2-5.)

Five-Year Plan Real Property Assumptions

The 2016 budget assumes a total tax base increase of 4%, we anticipate half of that increase or 1.8% from reassessments, and a 2.2% increase in the growth rate. We estimate 2.5% - 3.0% annual

Board of Supervisors Minutes – March 4, 2015

reassessment growth after that. This growth will still be below the average level we saw in 2000-2007 of 9.9%. The five-year plan maintains the \$0.81 real property tax rate.

Five-Year General Fund Financial Plan

	FY16	FY17	FY18	FY19	FY20
General Property Taxes	\$ 136.6	\$ 142.4	\$ 149.2	\$ 156.7	\$ 164.7
Local Non-Property Taxes	31.6	32.5	33.6	34.7	35.9
Permits, Fees & Licenses	2.0	2.1	2.1	2.2	2.3
Fines and Forfeitures	1.2	1.1	1.1	1.1	1.1
Use of Money	0.7	0.7	0.7	0.7	0.7
Charges for Services	6.5	6.6	6.7	6.7	6.8
Recovered Costs	3.4	3.5	3.5	3.6	3.6
Federal & State Aid	31.6	31.8	32.1	32.2	32.4
Miscellaneous	0.9	0.9	0.9	0.9	0.9
Subtotal - Ongoing	\$ 214.5	\$ 221.6	\$ 229.9	\$ 238.8	\$ 248.4
Use of Planned Surpluses					
County	3.8	4.7	4.9	5.1	3.5
Schools	2.4	2.4	2.4	2.4	2.4
Reserve for Revenue Stabilization	1.0	0.7	0.2	-	-
Total	\$ 221.7	\$ 229.4	\$ 237.4	\$ 246.3	\$ 254.3

Board of Supervisors Minutes – March 4, 2015

Five-Year Plan Expenses

Expenditures	FY16	FY17	FY18	FY19	FY20
Total Schools	\$ 79.4	\$ 81.0	\$ 83.2	\$ 85.7	\$ 89.5
Salaries and Fringe Benefits	76.7	78.6	81.0	83.6	86.2
Operating	31.6	32.4	33.5	34.9	36.7
Debt Service	19.4	19.0	19.3	18.3	18.0
Airport/Jail/CDA	6.0	6.2	6.3	6.5	6.7
County CIP	4.8	6.6	7.1	8.9	7.6
Service Level Plan/Capital	2.1	3.9	5.3	6.6	7.8
Tax Relief	1.7	1.7	1.7	1.8	1.8
Total Expenditures	\$ 221.7	\$ 229.4	\$ 237.4	\$ 246.3	\$ 254.3

2016 Proposed Rate Changes

- **Planning: Amending the Zoning and Subdivision Schedule of Fees**
 - Reducing fees for zoning map amendments in business, office/service and industrial districts with flat fee
 - Current Fee: \$1,500 + \$75/acre (1st 200 acres); \$30/acre thereafter
 - New Fee: \$1,100
 - Modifying fees for the review of site plans
 - Current Fee: \$1,000 + \$50/acre
 - New Fee: \$1,100

III.-C. Human Resources & Benefits

Mrs. Janet Lawson, Director, Human Resources Department, came forward to give this presentation to the Board.

Proposed County Administrator's FY16 budget:

- 69% of the general fund budget is salaries & benefits

Board of Supervisors Minutes – March 4, 2015

- Propose 17.24 FTEs for total of 992.12
 - 13.6 in public safety departments
 - 3.6 in other departments
- 1% compensation increase
- Pay grade adjustment – part 2

Positions – Recommended New

17.2 positions recommended for general fund in FY16

- Public safety departments (13.6)
 - Sheriff (4)
 - Fire/EMS (8)
 - Community Corrections (.6)
 - Emergency Communications (1)
- Other departments (3.6)
 - Commissioner of the Revenue (.5)
 - Circuit Court (1)
 - Public Works (2.5)
 - Community Services Board (.39)
 - Parks & Recreations (-.75)
- Other funds (2.5)

Recommended Position Changes

- Community Corrections – recommending a new part-time (.6 FTE) pre-trial investigator
- Commissioner of the Revenue – one part-time benefitted customer service agent position became full-time in FY15
- Clerk of Circuit Court – recommending one full-time deputy clerk
- Public Works – recommend two full-time solid waste operators, and one part-time benefitted civil engineer
- CSB – part-time benefitted training specialist became full-time case manager (.39 FTE)
- Parks and Recreation – recommend eliminating two vacant part-time benefitted groundskeepers (.75 FTE)

Board of Supervisors Minutes – March 4, 2015

- Treasurer – recommend reclassifying a vacant account clerk (CD, 14-20) to accountant (CD, 26-32)

Hanover County Budget - Benefits

- Health Insurance
 - Implemented *High Deductible Health Plan* and *Health Savings Account*
 - 1.7% workforce (82 employees) enrolled
 - Rates are very competitive with our peers in the Metro Richmond area
- Career Development Ladder Program
 - Over 80% of non-supervisory positions on a CDL
 - 103 advancements in FY14
 - 45 advancements YTD FY15

Compensation – Hanover/MR

- Pay grade survey – a competitive analysis
 - Focus on starting salaries
 - Metro Richmond comparison
- Addressed public safety and judicial administration in FY15; addressing remainder of staff in FY16
 - 114 positions identified as below MRA
 - Recommended grade increases to remain competitive and enable us to recruit quality candidates
 - Pay increases provided to employees currently below new grade minimum

Following the presentation, Mrs. Lawson and Mr. Harris answered questions from Board members regarding efforts to ensure employees are being encouraged to live active lifestyles, and salaries relative to other localities.

III.-D. Department of Public Utilities

Mr. Steve Herzog, Director, Public Utilities Department, came forward to give this presentation to the Board.

Business Model

- Self-sustaining Enterprise Fund

Board of Supervisors Minutes – March 4, 2015

- Operates as a “non-profit” for the benefit of Hanover’s citizens and businesses
- Activities funded by:
 - User fees
 - One-time capacity fees charged to new customers
 - Miscellaneous fees
- Receives no financial support from general fund
 - \$1.37 million payment to the general fund

Operating Expenses

	<u>FY15</u>	<u>FY16</u>	<u>Change (\$)</u>	<u>Change (%)</u>
Personnel Costs	6,330,988	6,467,210	136,222	2.2%
Operations	6,886,145	6,987,046	100,901	1.5%
Purchased Services	4,531,326	4,664,697	133,371	2.9%
Debt Service	3,366,555	3,243,915	(122,640)	-3.6%
Total	\$21,115,014	\$21,362,868	\$247,854	1.2%

Operating Expenses

<u>Fiscal Year</u>	<u>Actual</u>	<u>Budget</u>	<u>% Spent</u>
FY12	\$19,991,898	\$22,197,495	90%
FY13	\$20,043,122	\$21,058,941	95%
FY14	\$20,143,256	\$21,029,761	96%
FY15		\$21,115,014	
FY16		\$21,364,668	

Capital Improvement Program (in thousands)

Renewal & Replacement	\$8,045	\$8,012	\$8,859	\$5,311	\$5,444	\$35,671
Expansion & Enhancement	\$3,193	\$5,730	\$2,660	\$764	\$6,200	\$18,547
Total	\$11,238	\$13,742	\$11,519	\$6,075	\$11,644	\$54,218

Board of Supervisors Minutes – March 4, 2015

Richmond Joint Capital

- FY15 \$2,728,320 (actual)
- Five year total \$20,886,000
- FY16 \$5,598,483
- FY17 \$6,273,461
- FY18 \$6,132,577
- FY19 \$772,331
- FY20 \$2,109,359

System Expansion

- Five year total \$18,547,000

Renewal and Replacement

- Five year total \$14,785,000

Richmond Projects	Cost	Hanover Share
• Byrd Park Reservoir	\$31.4	\$8.9
• Byrd Park Main Pump Station	\$5.7	\$1.6
• Columbus Pump Station	\$10.7	\$2.2
• Trafford Pump Station	\$7.3	\$1.6
• Water Treatment	\$17.8	\$2.7
Treatment Equipment	\$6.9	\$1.0
Feeder Channel Renovations	\$12.8	\$1.9
Sludge Removal Equipment	\$13.0	\$2.0
Aeration Basin Covers	\$16.0	\$2.4

Board of Supervisors Minutes – March 4, 2015

Rates

FY13	1%	1%	1.0%
FY14	5%	1%	2.4%
FY15	4%	1%	2.1%
FY16 Proposed	1%	1%	1.0%

Combined based on 10,000 gallons water and 9,000 gallons sewer bi-monthly

Current Bi-monthly Bill	\$43.16	\$75.36	\$118.52
Proposed FY16 Bi-Monthly Bill	\$43.64	\$76.11	\$119.75
Bi-monthly Increase	\$0.48	\$0.75	\$1.23
Annual Increase	\$2.88	\$4.50	\$7.38

Based on 10,000 gallons water and 9,000 gallons sewer

Capacity fees

5/8" & 3/4"	\$5,982	\$6,149
1"	\$13,226	\$15,371
1-1/2"	\$26,451	\$30,744
2"	\$42,322	\$49,189
3"	\$84,643	\$98,380

Board of Supervisors Minutes – March 4, 2015

Revenues

Capacity Fees - FY12: \$3.4 million

Capacity Fees - FY13: \$4.9 million

Capacity Fees - FY14: \$6.1 million

Capacity Fees - FY15 Budget: \$4.0, Forecast \$4.8

Capacity Fees - FY16 Budget: \$6.0

Summary

- FY16 Budget:
 - Addresses renewal and replacement needs
 - Positions DPU to maintain regulatory compliance
 - Adds two positions:
 - Systems administrator
 - Utility agent
 - Includes less than inflation rate increases:
 - 1% water and 1% sewer fee increase
 - No change to capacity fees

Following the presentation, Mr. Herzog answered questions and offered clarification on the Henrico County water capacity purchase planned for FY2016 and the capital improvement program anticipated expenditures for fiscal years 2017 and 2020.

IV. Request to Set Public Hearings and Authorization to Advertise the Notices of Public Hearings on the County Administrator's FY16 Proposed Budget and Related Items

Mrs. Wright returned to the podium to explain the motion for consideration, including the changes noted at the beginning of the meeting.

Mr. Hazzard made a motion to set public hearing as recommended and authorize the advertisement of the public notice for a public hearing on the FY16 Proposed Budget, Five-Year Capital Improvement Plan, Five-Year General Fund Financial Plan, 2015 Tax Rates and the Related Ordinance Changes at 7:00 p.m. on April 8, 2015, in the Board room of the Administration Building, seconded by Mr. Stanley.

Board of Supervisors Minutes – March 4, 2015

	Vote:
Wayne T. Hazzard	Aye
Aubrey M. Stanley	Aye
Sean M. Davis	Aye
Angela Kelly-Wiecek	Aye
W. Canova Peterson	Aye
G. E. "Ed" Via, III	Aye
Elton J. Wade, Sr.	Aye

Motion Approved

Mrs. Kelly-Wiecek made a motion to set public hearing as recommended and authorize the advertisement of the public notice for a public hearing on the Real Property Tax Rate at 7:15 p.m. on April 8, 2015, in the Board room of the Administration Building, seconded by Mr. Wade.

	Vote:
Wayne T. Hazzard	Aye
Aubrey M. Stanley	Aye
Sean M. Davis	Aye
Angela Kelly-Wiecek	Aye
W. Canova Peterson	Aye
G. E. "Ed" Via, III	Aye
Elton J. Wade, Sr.	Aye

Motion Approved

V. Announcements

Mr. Wade made note of the items placed at each Board members place announcing the Hanover Global Youth Services Day Kick-Off Celebration to be held Saturday, March 21, 2015 from 11:00 a.m. – 1:00 p.m. at Randolph-Macon College Brock Center Gym.

Mr. Davis announced that he will hold a Town Hall Meeting on the proposed budget later in the month. The exact date, time and location will be announced once finalized.

Mr. Harris asked Mrs. Seay to report on result of the bond sale. Mrs. Seay reported that the sale produced a net present value savings of \$1.4M. It was noted that this was done without changing the maturity date of the bond.

Mrs. Kelly-Wiecek announced that the Annual Budget Town Hall meeting at Chickahominy Middle School scheduled for 7:00 p.m. on March 5, 2015 will be held weather permitting. In the event of inclement weather the meeting may be changed to a Tele-Town Hall meeting to be set another for another date.

Board of Supervisors Minutes – March 4, 2015

VI. Adjournment

At 3:17 p.m. the Chairman adjourned the meeting to March 11, 2015 – Hanover County Administration Building – 2:00 p.m.



Chairman