

March 7, 2020

Honorable Board of Supervisors
County of Pittsylvania, Virginia
1 Center Street
Chatham, Virginia 24531

Re: FY 2019-20 Budget Message

Dear Honorable Supervisors:

Presented herewith, in accordance with Virginia Code 15.2-1541 and 15.2-2503, is the FY 2019-20 budget for the County of Pittsylvania, Virginia. This \$180,294,018 budget is \$7,542,387 less than the FY2019 budget of \$187,836,405. The General Fund budget of \$67,248,037 is supported by a proposed real estate tax rate of \$0.62 per \$100, which is identical to the prior year rate. Other than updates to the County's fee schedule, there are no revenue increases proposed herewith.

The FY2020 proposed budget does realize modest revenue growth (\$594,929), largely in the Real Estate (\$188,437) and Personal Property (\$432,903) categories. The County lost \$152,131 of revenue in the Merchant's Capital category. While revenue growth is a good indicator of a local economy's health, it is of opinion that much of this growth is contributed to the higher tax rates levied last year. Personal Property growth is also attributed to an increase in the average cost of new vehicles purchased by county citizens.

The budgets for Fiscal Years 2015 through 2018 all relied on significant fund balance (savings) appropriation to balance the County's operational expenses. Of course, paying the light bill from the savings account is an unsustainable practice; the County's General Fund savings were reduced considerably over this period due to operational appropriations, Pet Center construction and a one-time buy-down of school construction debt. The FY2019 budget was balanced without use of fund balance reserves.

A financially healthy local government of Pittsylvania's size should have an unrestricted General Fund balance around 20% of annual operating cost. Currently, our unrestricted fund balance is approximately negative 2.2% (-\$1.6 Million). While the June 30, 2018 fund balance was audited at \$18,811,835, 100% of the amount was obligated (or restricted) for the fiscal year beginning July 1, 2018. The June 20, 2018 tax payment deadline (which is budgeted revenue for the coming

fiscal year) realized \$20,438,333 of payments. A misunderstanding of this “prepayment” concept is chiefly responsible for a series of questionable decisions that led to the County’s current perilous financial condition and is partly responsible for the significant tax rate increases of FY2019.

The Board’s fund balance policy requires that the County have at least 20% of the previous 3-year average expenses in the bank and available for appropriation. Based on the FY2016-18 audits, there should be \$15,487,648 available. Considering the currently unavailable \$1.6 Million deficit, the County needs to set aside \$17,087,648 to be compliant. Obviously, it will take many years to attain this level of fiscal health.

Audited Fund Balance w/ School Carryover Assigned



County Administration’s goal last year was to create a financial plan that would carry the County through the coming four-year reassessment cycle without the need for revenue increases. We set aside money for the next reassessment, invested in schools and economic development, significantly increased volunteer agency funding and addressed the increasing cost of CSA services. Unfortunately, before the new fiscal year began, we lost our back-up EMS provider and the Pet Center operator. These two unforeseen budget changes became unfunded obligations of \$1 Million annually. Further, the anticipation of more than \$1 Million of revenue related to Mountain Valley Pipeline construction has been significantly delayed, compounding the difficulty of presenting a FY2020 budget that sufficiently addresses Board of Supervisors priorities.

This FY2020 County Administrator proposed budget is very conservative; it merely proposes a status quo year. There are no new initiatives proposed to increase support for public safety agencies, the school and library systems, economic development or to increase financial stability. This funding proposal is largely a continuation of the FY2019 operating budget.

The Board’s Finance Committee did provide a set of priorities that it would like to see addressed in the FY2020 budget. Unfortunately, none are fully funded in this proposal. However, we have set aside a contingency fund of \$480,553 to allow the Finance Committee and/or Board to distribute among the following funding requests. Please keep in mind, it is prudent to leave at least \$235,000 in contingency to address unknown expenses as the year develops.

ITEM	Cost
Chamber of Commerce Tourism Initiative	\$30,000
Early Retirement Incentive Program	\$50,000
Library Staffing	\$63,000
Economic Development Consultants	\$100,000
Sheriff/Commonwealth Attorney Salary Study	\$135,000
Increased Fire & Rescue Capital Contribution	\$150,000
Gretna Library Renovation	\$200,000
Reassessment Reserve	\$250,000
TOTAL UNFUNDED INITIATIVES	\$978,000

The County continues to faithfully retire debt incurred to repay the 2007 \$70 Million high school construction bond referendum. Despite an average annual payment of approximately \$5.5 Million, there will still be \$51,200,000 outstanding at year-end. This obligation will be satisfied in FY2030. Regardless, the County has plenty of debt capacity; \$146,650,270 Million according to the 3% threshold stipulated in its financial policies. This policy states that outstanding General Fund Debt as a percentage of the estimated market value of all taxable property (real and personal) in the County should not exceed 3%. The following chart illustrates outstanding debt obligations. School debt retirement accounts for 12% of the presented FY2020 General Fund budget.

Total Debt Payments 2008-2023



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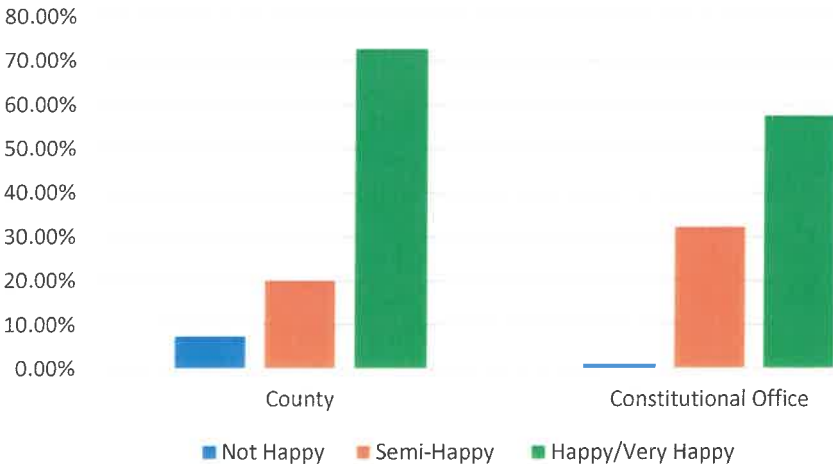
THE STATE OF THE COUNTY

The FY2019 budget did successfully advance many areas of County operations. Our volunteer agencies have seen increases in operating and capital funding, the landfill and garbage collection services are running much better and the County’s economic development program has sufficient funding to leverage grants and satisfy recruitment incentive obligations. Furthermore, major strides have been made toward implementing a standardized employee performance development and evaluation program that will align review criteria with organizational values.

The Board of Supervisors completed a year-long strategic planning exercise that resulted in a clear set of goals for the coming few years. While the Board has still yet to adopt the plan, it is a very good outline of the specific near and long-term steps necessary to become a more efficient and effective government and governing body. This plan will be presented again for reconsideration as part of this budget plan.

We also desire to make Pittsylvania County a great place to work for both current and future employees. Every employee had an opportunity to tell us what they think and feel about working for the County. Our first ever employee satisfaction survey indicated that 73% of those working for County Administration were happy or very happy working for the County. However, they would like to know more about the goings-on of their employer. To this end we are continuing our practice of twice-per-year all employee meetings and will add engagement opportunities such as an employee email newsletter and lunch with the Administrator.

Employee Satisfaction



Transparency and accountability continue to guide our work and performance in County Administration. We have implemented a weekly briefing to the Supervisors, the continuation of the County Connection newspaper article and have a Facebook page that gains more followers every week. We are also weeks away from releasing a refreshed County website.

There were significant efficiency measures contained in the FY2019 budget, most of which have been smoothly implemented. We reorganized several departments, eliminated nine full-time positions and modified operating behaviors at the landfill. Additionally, we pre-negotiated vehicle maintenance contracts and found savings by altering our garbage collection locations and frequency.

Unfortunately, our efforts to work cooperatively with the School Division on Purchasing and diesel truck maintenance did not materialize. We found that the School Division’s purchasing practices were already very efficient and that there was not an appetite at the bus garage to cooperatively adopt the County’s nine diesel trucks into the bus garage’s fleet of 200+ school buses. Regardless, we permanently eliminated over \$700,000 of operating expenses in FY2019.

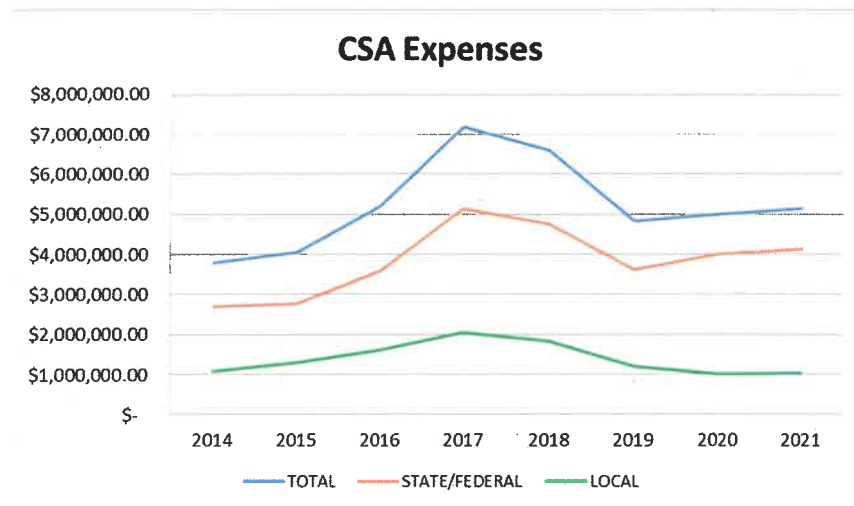
As previously stated, last year we attempted to create a four-year financial plan to anticipate organizational needs and reduce reliance on tax rate increases during the reassessment cycle. Operating on a 12-month financial plan does not help us understand future impacts of our decisions. We must have a valid Capital Improvement Plan (CIP), reserves for known and unanticipated major expenses, a fiscal awareness of the next 10 years and a plan of finance for the coming four.

This presented budget continues the four-year funding plan outlined last year, with modification. Generally, obligations related to school funding, economic development, employee compensation and Fire & Rescue services remain largely satisfied; however, projections for reserve contributions, merit pay and Mountain Valley Pipeline proceeds have been compromised. A revised four-year cost projection is provided below.

	2019	2020	2021	2022	4 year total
Fire & Rescue	\$995,570	\$498,128	\$100,000	\$100,000	\$1,693,698
Employee Study/COLA	\$455,000	\$539,866	\$570,000	\$570,000	\$2,134,866
Health Insurance	\$100,000	\$100,000	\$100,000	\$100,000	\$400,000
Merit-Based Pay Plan	\$0	\$0	\$150,000	\$150,000	\$300,000
School Funding	\$1,100,000	\$500,000	\$600,000	\$600,000	\$2,800,000
Economic Development Contribution	\$1,000,000	\$750,000	\$750,000	\$500,000	\$3,000,000
Fund Balance Contribution	\$0	\$300,000	\$300,000	\$300,000	\$900,000
Reassessment Contribution	\$250,000	\$0	\$250,000	\$250,000	\$750,000
Capital Reserve	\$100,000	\$100,000	\$100,000	\$100,000	\$400,000
Mountain Valley Pipeline proceeds	\$0	(\$1,200,000)	(\$1,200,000)	(\$1,200,000)	(\$3,600,000)

Under the leadership of Finance Director Kim Van Der Hyde, the current year receipts for both the General and Enterprise (solid waste) funds are in line with projections. While we originally planned to return contributions to both General Fund balance and landfill closure reserves, unanticipated EMS costs and equipment failures make such less likely. Regardless, we anticipate that both funds will be “in the black” at the June 30, 2019 year end.

Success in controlling CSA expenses has greatly contributed to an “in-the-black” FY2019. CSA Coordinator Cheryl Boswell and the CPMT Board of Directors made several case management adjustments that realize a total anticipated FY2019 savings of \$2.3 Million less than originally budgeted. These savings were redirected to unanticipated backup EMS and Pet Center expense increases at the Board’s February meeting.



While our initial plan to sustain operational, capital and savings investments are not going to be fully realized, the groundwork laid will help bring the County forward on many fronts.

1. The Economic Development Fund will soon be “whole” to cover the County’s many infrastructure and incentive obligations
2. Fire & Rescue agencies and the Public Safety Department continue to receive increased funding levels
3. County staff will soon have competitive wages due to a 3-year pay study implementation
4. Reduced County Administration staffing and outsourcing initiatives realize continued operational efficiencies saving nearly 2-cents on the real estate tax rate.

The FY2020 budget aims to continue many of these savings and investment initiatives.

FY2020 OVERVIEW

The General Fund base budget for FY2020 is approximately \$20,737 more than the adopted FY2019 budget. It fully funds a 2.1% Cost-of-Living-Adjustment (COLA) for all County Administration employees, a 3.0% General Assembly mandated COLA for State Compensation Board (Comp-Board) employees, and the final phase of the 2017 Pay and Classification study, which includes the Commissioner of Revenue and Treasurer Departments.

The Administrator's proposed budget also contemplates use of contingencies to fund a \$135,000 investment in Phase I implementation of a Pay and Classification Study for the Sheriff and Commonwealth Attorney Departments. Phase I of the study will ensure that all Sheriff and Commonwealth Attorney employees at least meet the appropriate classification's minimum prevailing wage beginning January 1, 2020. Phase's two and three will evenly split remediation of salary compression and be addressed in the succeeding two fiscal years. The total estimated cost of this initiative is \$850,000; final numbers should be available in May at the study's conclusion.

Midway through FY2019 both the Commonwealth's Attorney and Sheriff requested that the Board consider commissioning a study to determine market pay rates for its employees. As aware, the Comp Board determines the number of employees and rate of pay it believes is appropriate to support the Constitutional Officers' local Departments. Traditionally, the County has supplemented the Comp-Board employee count with additional positions. For example, in the Sheriff's Department alone the County provides an additional 33 positions from local funds, without any reimbursement from the State. Furthermore, the County supplements the Comp-Board rate of pay for Deputies by \$1,000, Sheriff's support staff by \$500 and the Sheriff by \$20,155. Comp-Board funded employees generally do not fall under the County's Personnel Policy.

All of the Constitutional Officer staff members are Pittsylvania County employees, just like everyone that works for County Administration. We all receive our paychecks from the Board of Supervisors' bank account and from the same General Fund budget. Unfortunately, the State's Comp-Board system creates two separate Pay Plans that effectively create two classes of employee - Comp-Board and County. It shouldn't matter to an employee in which classification they reside, so long as all employees are treated equally. Presently, the Sheriff, Commonwealth Attorney and Clerk of Court Department employees are treated differently than every other employee. The Comp-Board does not provide sufficient and market-based competitive wages to Constitutional Officer employees.

The Treasurer and Commissioner of Revenue decided that the benefit of additional employee pay warranted a conversion of their employees from the Comp-Board plan to the County Pay Plan. However, these Constitutional Officers retain the privilege of hiring and termination outside of the plan and at their sole discretion. This compromise allows Constitutional Officers to enjoy the best of both worlds: autonomy in employment conditions and additional employee compensation. The Commonwealth's Attorney and Sheriff have indicated they now also wish to abandon the below-market wages of the Comp-Board to become members of the County

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Personnel Plan family. Only the Clerk of Court's Office will remain on the Comp-Board compensation plan.

The Comp-Board system does not provide sufficient funding to fully operate any of the Constitutional Office Departments. This year alone the County provides \$8,711,624 more than the State provides to fund the five Constitutional Departments. The Generally Assembly repeatedly under-funds its own initiatives; The 3% Comp-Board COLA will cost the County \$104,866 this year and \$524,330 over the next five years. A recent General Assembly approved, but not fully funded, "State" raise of \$871 for C7/L7 classified officers and \$911 for C8/L8's will add \$11,801 to the FY2019 budget and \$28,323 to FY2020.

The Virginia General Assembly also recently approved a 5% raise for all of the State funded School Division teachers over the biennium. School systems could give up to 3% in FY2019 and have to give at least 2% in FY2020 by September 1, 2019 in order to receive the State's share of operational revenue. It is great that the State is providing a well-deserved salary increase, but the General Assembly continually fails to fully fund its mandates. State raises for teachers comes with a \$650,000 unfunded mandate for our local Board of Supervisors to raise revenue.

Last year's budget proposed a modest \$100,000 capital contribution to begin replenishing the near nonexistent Capital Reserve Fund. There are many capital needs that remain unaddressed, none more apparent than school facilities and Public Safety/Law Enforcement vehicles and equipment. The Sheriff Department, like most County Departments, suffer from a lack of sufficient capital funding. This proposed budget funds \$240,000 for law enforcement vehicles and \$460,000 for Fire & Recuse apparatus. It does not provide capital funding for the School Division.

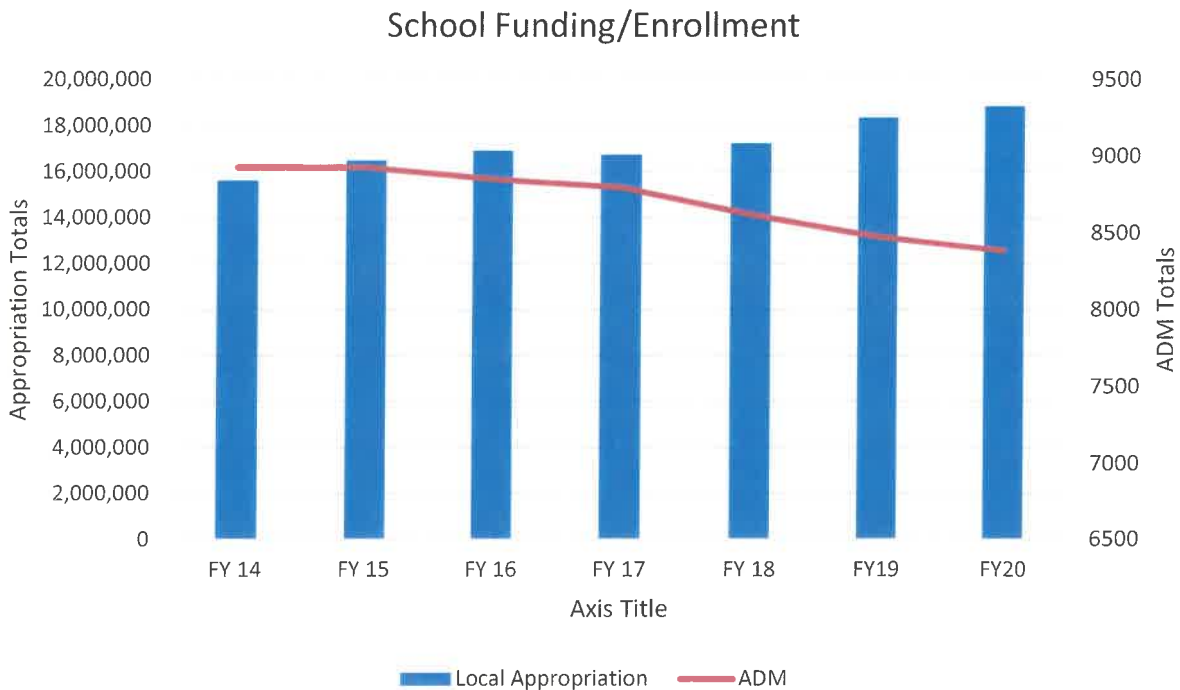
SCHOOL DIVISION FUNDING

The FY2019 adopted budget included the equivalent of a four-cent real estate tax increase to assist the School Division with personnel costs related to maintaining competitive teacher salaries. This year the School Board requested an additional \$3,991,725 of local funding to implement Phase II of its Salary Study and make significant maintenance investments in school facilities. This proposed budget allocates an additional \$500,000 over FY2019's allocation of \$18,336,709. Next year we again anticipate revenue from the Mountain Valley Pipeline project to allow continued school system investments in the remaining years of our four-year financial plan.

Fiscal Year	FY19 Plan	FY20 Proposed
2022	\$20,136,709**	\$20,036,709**
2021	\$19,536,709**	\$19,436,709**
2020	\$18,936,709	\$18,836,709
2019	\$18,336,709	\$18,336,709
2018	\$17,236,709*	\$17,236,709*
2017	\$16,736,709	\$16,736,709
2016	\$16,910,298	\$16,910,298
2015	\$16,482,595	\$16,482,595
2014	\$15,979,601	\$15,979,601

*required \$500K reversion, **planned

There is great empathy for the School Division’s current funding challenges; however, additional County funding is not the only answer. The School Division continues to lose student population. The Average Daily Membership (ADM), which determines State-level funding, has been reduced by 311 students or 3.5% over the past 5 years, while County funding has increased \$1,606,531 or 10.3% over the same period. It is suggested that the School Board seriously consider reducing the number of elementary schools to positively impact its annual operating cost. As that approximately 75% of school expenses are salaries, school closure appears to be an obvious opportunity to realize operational efficiencies and reduce reliance on local funding.



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FIRE AND RESCUE EMERGENCY SERVICES

There are few of us that do not agree that among the County's highest priorities is the safety and security of its citizens. While the County has made sure its Sheriff's Office is well staffed, trained and equipped, it has not done likewise for Fire and Rescue services. Many of the County's Volunteer Emergency Medical Service (EMS) providers struggled to provide an acceptable minimum standard of response in 2018. The County relies heavily on a paid back-up provider, Delta Response Team (DRT), which has an extended service response area due to recent rescue squad closings and poor response rates. Total FY2020 funding for DRT's backup of our Volunteer Rescue Squads is \$800,000 an increase of \$470,000 over the adopted FY2019 budget. County employee supplementation will soon be necessary to ensure performance, efficiency and accountability in the volunteer fire and rescue services

SQ NAME	2018	2018	
	Dispatched in primary area	Responded to overall	
SQ09 - North Halifax	77	49	64%
SQ 10 - Gretna Rescue	1135	344	30%
SQ12 - Chatham Rescue	1107	523	47%
SQ13 - Cool Branch Rescue	348	481	138%
SQ14 - 640 Community Rescue	174	56	32%
SQ20 - DLSC	129	135	105%
SQ23 - Ringgold ST/SQ	1045	891	85%
SQ25-Tunstall ST/SQ	544	566	104%
SQ27 - Mount Cross ST/SQ	262	118	45%
SQ30 - Bachelors Hall ST/SQ	326	189	58%
SQ33 - Mount Hermon ST/SQ	591	443	75%
SQ34 - Blairs ST/SQ	1045	1032	99%
SQ35 - Callands ST/SQ	420	92	22%
SQ37 - Brosville ST/SQ	617	633	103%
SQ61 - Private Service	1801	2301	128%

2018 EMS Response Rates

This proposed budget does increase contributions to the Virginia Retirement System (VRS) for Fire & Rescue volunteers. It also increases investments in E911 Communications software, the Fire Marshall's Office and investments for the Volunteer Special Operations Team. Unfortunately, as proposed, the FY2020 budget does not continue last year's increased funding for Fire and Rescue apparatus.

Last year we proposed performance bonuses for volunteer departments responding to at least 85% of service calls as part of a new agency funding formula. Each agency annually enters into a formal funding agreement that eliminated reimbursement system and requires use of the County's Purchasing Policy for equipment acquisition. The County will soon move forward with adoption of a new Fire Prevention section of the Pittsylvania County Code. An ad hoc working group has been working to make the proposed Chapter 11 more agreeable than the initial draft distributed during the Summer of 2017.

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The aim of all Fire and Rescue initiatives is to enable one County-wide fire and rescue system instead of a conglomeration of 25 individual agencies. Additionally, we will better support all volunteers in hopes of improving response times and the number of volunteers in the system. The County continues to make major strides in implementing the 2015 Fire & Rescue Study and consequently improving our citizens' emergency response services.

ECONOMIC DEVELOPMENT

The Economic Development Department continues to successfully seek new jobs and investment for Pittsylvania County. Calendar year 2018 saw 331 new jobs and \$30 Million in new investment. The Southern Virginia Megasite at Berry Hill has become the premier Virginia industrial megasite capable of luring transformative investments. Several significant near misses led to the commitment of approximately \$50 Million in new infrastructure investments to realign Hwy 311 to connect Berry Hill to the Danville Expressway and extend industrial-grade electric service to the site. Additionally, an unnamed company entered into an agreement to invest a minimum of \$200 Million at Berry Hill. A summary of recent economic development announcement is below.

Company	Capital Investment	Jobs	Avg Wage	Location
Eastern Panel – January 2018	1.5M	15	\$30,000	My Twinn
Panacea – March 2018	5.675M	70	\$57,500	DR Plants / Ringgold
Amlhor – January 2018	2.5M	90	\$37,000	Gretna Expansion
QLF – September 2018	3.5M	20	\$37,000	Techma/Gretna
PATHS – September 2018	1.5M	21	\$56,000	Hampco/Chatham
BGF – Oct 2018	HQ 7M	65	\$75,000	Cyber Park
Harlow – November 2018	8M	50	\$55,000	Cyber Park
Intertape – September 2017	29M	15	\$42,000	Intertape Expansion / Ringgold
Unison Tube – September 2017	5.8M	55	\$55,000	Cane Creek Centre

The County must invest in its product and people to be successful in economic development. We need to continue previous investments in industrial parks, career and technical training, marketing and incentives. Unfortunately, prior to FY2019, several years passed without setting aside economic development reserves. This budget proposes a \$750,000 contribution to the Economic Development Fund to ensure the County continues to aggressively seek and support new private sector job, real estate and equipment investments. Our plan will build a reserve fund with declining annual investments over the next four fiscal years. This fund will be used for grant matches, legal fees, incentives and marketing.

Year	ED investment
2022	\$500,000
2021	\$750,000
2020	\$750,000
2019	\$1,000,000

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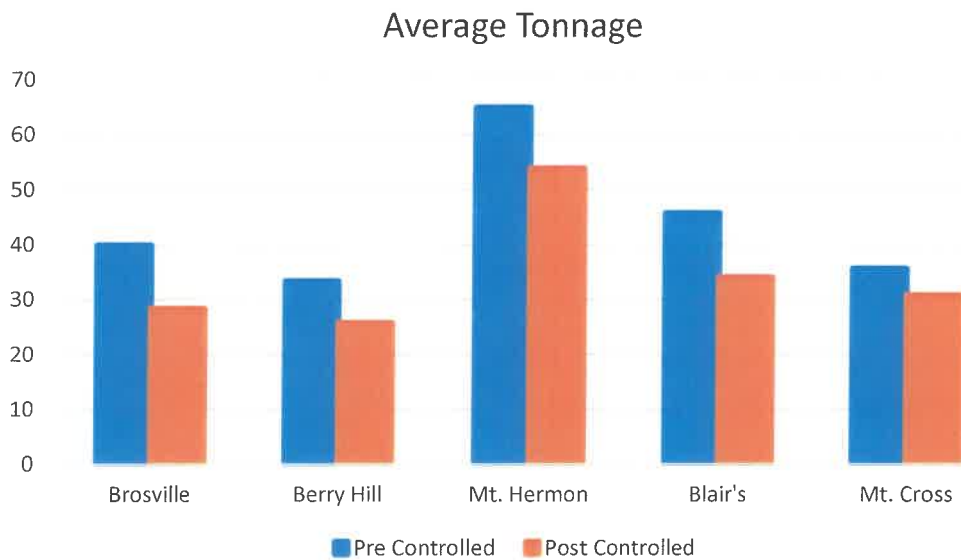
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SOLID WASTE ENTERPRISE FUND

The Board of Supervisors implemented a \$120 per household fee to fund the new Solid Waste Enterprise Fund to cover the cost of operating the Dry Fork Landfill and collect garbage from our 33 collection centers. No longer are solid waste services dependent upon and in competition for General Fund revenues. The FY2020 Solid Waste Fund budget is proposed at \$3,394,538.

Despite now having a guaranteed funding source, we continue to struggle with worn-out equipment and high disposal costs. Effective 2018, the County began to allow out-of-county trash to be brought to the landfill, beginning our multi-year effort to offset our citizens cost with revenue generated from other sources. It is hoped that increased flow will eventually allow the Board to reduce the presently levied \$120 annual fee.

Efforts to clean-up and reduce illegal dumping at the convenience centers has proven to work and be valued by our citizens. A multi-month pilot program installed staffing and controlled hours at the Brosville, Callahan Hill, Mt. Cross, Blair's and Mt. Hermon collection sites. An average weekly reduction of hauled garbage and increased recycling options help make the project a success. We plan to add staffing to the Old Mayfield and Kentuck collection sites during the year beginning July 1, 2019 and will gradually continue the closing of compactor sights during nighttime hours.



Changes in compacting and burying tactics have greatly increased the landfill's usable life. It also has allowed us to delay the funding of the landfill closure capital reserve. With more than 100 years of utility, the County's landfill is one of its greatest assets. Staff will continue working to optimize efficiency, improve the customer experience and seek creative means to reduce citizen burden to manage this facility.

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ORGANIZATIONAL EFFICIENCY INITIATIVES

The previous year's budget proposal outlined many efficiency savings obtained through restructuring, outsourcing and internal process changes. We also created a Budget Analyst position (through reclassification) to provide an extra set of Finance Department eyes on Departmental activities. In FY2020 we will continue these efforts by beginning Departmental budget audits to ensure that purchasing and operational activity decisions are being made to minimize taxpayer cost.

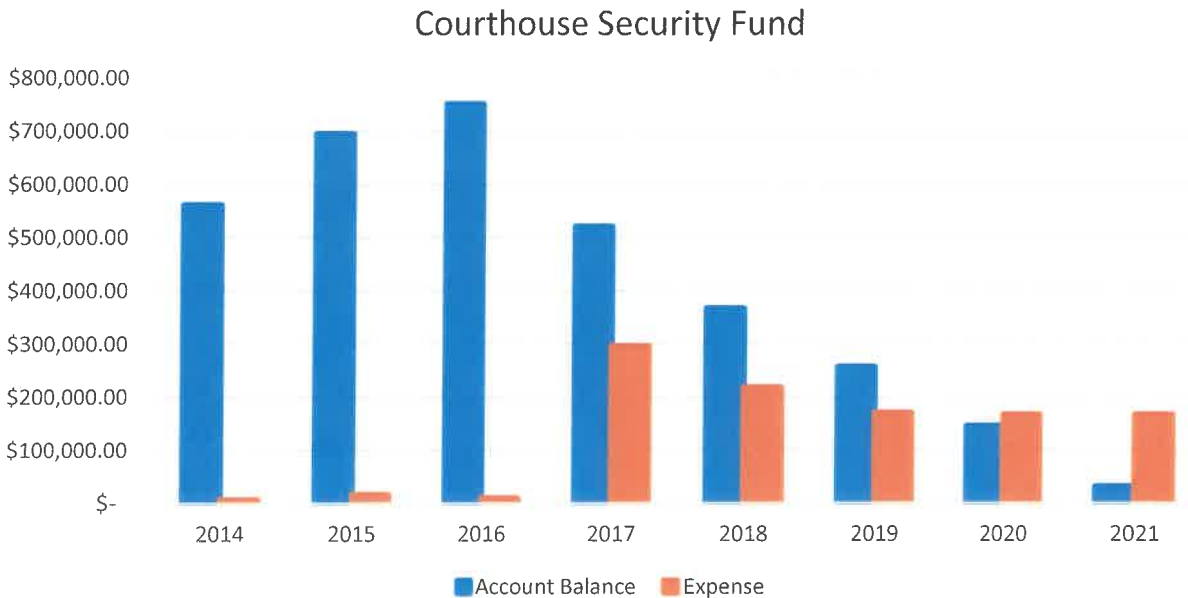
Jail inmate healthcare is a continually increasing County expense. Sheriff Taylor has identified an opportunity to recoup healthcare expense created by State inmates housed in Chatham. This budget funds a full-time position to review healthcare cost and issue invoices for costs incurred by non-County inmates.

The County's contract with the Blue Ridge Regional Jail Authority (BRRJA) should also be reviewed to determine if additional inmates should be housed in its facility. Presently, the Chatham jail houses approximately 110 inmates per day at a cost of \$105 per day. The BRRJA houses approximately 50 County inmates daily at a cost of \$26 per day. With the Budget Analyst's help, the Sheriff Department should review its housing practices to ensure that the County is minimizing inmate housing expenses.

We also will review costs incurred through Community Center rentals. The Parks and Recreation Department proposed increasing staff hours to handle opening and closing the Center for rental events. Instead, we implement a key check-out system to place this responsibility on the renter and not County staff.

Pet Center Director James McLaughlin continues to pursue creative means to raise money to offset the County's expense. This proposed budget anticipates \$150,000 of outside revenue, in addition to in-kind donations to reduce the County's burden. We will also initiate a public awareness campaign and actively enforce rabies, vaccination and dog licensing requirements. The Pet Center is on pace to collect more than 1000 stray dogs in 2019, costing the taxpayer thousands. We will aggressively pursue responsible pet ownership to reduce the public's financial burden created by irresponsible pet owners.

Finally, the Courthouse Security Fund is rapidly diminishing due to the implementation of controlled access and a manned entrance. The Fund is depleting by \$153,578 per year and will be without adequate funding during FY2020. Unless drastic cost-saving measures are taken, the Board of Supervisors will be required to contribute to this Fund at a rate of \$120,000 annually. This service is funded by Court fees and is designed to be self-supportive. Current rates of pay and staffing levels must be adjusted to avoid the County General Fund supplementing this activity.



UNFUNDED REQUESTS AND CONTINGENCIES

At its February 19th meeting and via follow-up communication, the Finance Committee expressed numerous priorities that it would like to consider funding in FY2020. Unfortunately, many of those expressions are not satisfied herewith. An alternate strategy astutely expressed by Supervisor Elton Blackstock is to delay funding of this budget’s “expansion” items until after the FY2019 audit is complete and the report received. This strategy allows the Board to have better financial insight prior to making recurring cost decisions that will affect the County perpetually.

The Board has done an admirable job the previous two fiscal years adopting a contingency fund for unknown mid-year expenses. This year the fund was used to offset the unexpected expense of the backup EMS provider contract. Average contingencies of \$235,000 were funded the past two years. In anticipation of the unfunded expansion items, this budget proposes a contingency line funded at \$480,553, providing the Board approximately \$245,553 to satisfy the below requests, which total \$978,000.

Budget items set aside for the Board's consideration include:

1. ERIP (\$50,000): Creation of an Early Retirement Incentive Program (ERIP), similar to the School Division's plan, that allows retirement for employees that are 60 years old with at least 25 years of government service. The County would cover 80% of the employee's health insurance premium in exchange for 96 hours (one day per month) of "volunteer" County work. Year one cost is estimated at \$50,000.
2. Chamber Tourism (\$30,000): The Danville-Pittsylvania Chamber of Commerce seeks to significantly increase efforts aimed at increasing regional tourism. The Board has appropriated \$30,000 each of the past two fiscal year (matching the Danville City Council's appropriation) to "seed" this effort. The Chamber requests that this appropriation be doubled to \$60,000.
3. Library Staffing (\$63,000): Library Director Lisa Tuite requests the addition of an Assistant Branch Manager and part-time Library Assistant for the Brosville Library. This initiative will allow the Library to increase hours for the citizens of the Brosville area.
4. Sheriff Department/Commonwealth Attorney Salary Study, Phase I Implementation (\$135,000): While we have yet to receive the final report, and therefore do not know the actual cost, it is estimated that Phase I salary study implementation will require an appropriation of about \$135,000. The Board may desire to wait until the study results are received prior to obligating to this ongoing personnel expense.
5. Increased Fire & Rescue Capital Contribution (\$150,000): Last year the Board increased funding for Ambulances (from \$70,000 to \$90,000) and for Fire Apparatus (from \$100,000 to \$140,000). Public Safety Director Chris Slemm has requested these funding levels be increased again by \$55,000 and \$20,000 respectively. The County routinely funds two of each, which require a \$150,000 increased contribution.
6. Economic Development Consultants (\$100,000): The past four years the County contracted with Mr. Thomas Lohr to provide financial management assistance to industrial development recruits, primarily originating from the United Kingdom. Due to the extremely tight FY2019 budget, Mr. Lohr's \$120,000 annual fee was paid by the Danville Regional Foundation (DRF). In previous years the fee was split between the City of Danville and the County (\$60,000 each). DRF funding expires June 30, 2019.
Additionally, the Southern Virginia Regional Alliance (SVRA) proposes that another consulting firm, Hunton Andrews Kurth, be retained by SVRA, Danville and Pittsylvania County at a cost of \$40,000 each to assist with Foreign Direct Investment (FDI) recruitment to the region.
7. Gretna Library Renovation (\$200,000): The Library Director desires to renovate space previously occupied by Danville Community College at the Gretna Library. It is understood that the Friends of the Pittsylvania Library endeavors to raise a like amount to fully fund the project.
8. Reassessment Reserve (\$250,000): The Board wisely set aside \$250,000 to prepare for the estimated \$1 Million FY2022 reassessment expense. It was planned that this amount be set aside each of the succeeding three years.

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The Board could add \$78,800 to its present \$480,553 contingency account by repealing a perpetually unfair appropriation made to the Pittsylvania County Service Authority (PCSA). Pittsylvania County Code 21-7(b) requires that the Board of Supervisors contribute annually to service every fire hydrant on the PCSA water system, at a cost of \$200 per hydrant. Of course, as that the water system is an enterprise, it should be charging its 3400 customers for this service. Only the customers of the water system enjoy the benefits of fire hydrant infrastructure, and the reduced home insurance rates that this service provides.

As it currently stands, our citizens that do not have PCSA water service, which includes nearly the entirety of the Bannister, Stanton River and Callands-Gretna Districts, unfairly subsidize the water rates of citizens that enjoy PCSA water. Through a simple public hearing and majority vote, the Board can realize an additional \$78,800 that could be put toward any of the above unfunded requests and simultaneously correct an inherently unfair practice that has cost the general county citizen approximately \$860,000 over the past 10 years.

NEXT STEPS

It is proposed that the Board of Supervisors' Finance Committee meet March 14th to begin its thorough review of the FY2020 budget proposal. Additional tentatively scheduled budget development milestones include:

1. March 13: Advertise tax rate and budget amount
2. March 14: Budget review with Constitutional Officers and outside agencies
3. March 14, 19, 21 and 26: Community Meetings at high schools
4. March 28: Public hearing on tax increase and proposed budget
5. April 4: Adoption of FY2020 budget for County government and School Division

As we did last year, County Administration will be taking this budget proposal throughout the county during March to hold community meetings at each high school. Additionally, there will be charts, graphs and other information published on the County website, Facebook page and left at popular gathering places county-wide to ensure every citizen has an opportunity to learn more about this proposal. Our aim is to arm every desirous citizen with the information necessary to form an educated opinion of County government.

On behalf of Finance Director Kim Van Der Hyde and our entire team, we look forward to supporting the Board during the coming weeks' deliberations as the Board considers how best to build a strong foundation for the future.

Sincerely,



David M. Smitherman
County Administrator

BUSINESS SAVVY. PEOPLE FRIENDLY.

David M. Smitherman, County Administrator
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