

Grayson County Board of Supervisors
Budget Work Session – by teleconference
April 28, 2020

Members attending by conference call were: Brenda R. Sutherland, Kenneth R. Belton, John S. Fant, Michael S. Hash and Thomas R. Revels.

Staff attending in person: William L. Shepley, Mitchell L. Smith and Leesa A. Gayheart

IN RE: OPENING BUSINESS

Supervisor Hash made the motion to approve the agenda; duly seconded by Supervisor Fant. Motion carried 5-0.

IN RE: BUDGET WORK SESSION

Mr. Shepley opened with asking folks to continue to practice social distancing procedures as we continue to go forward with the COVID-19 restrictions. Mr. Shepley thanked all the volunteers and workers for all their hard work noting that now is the critical time and we must be diligent in staying safe.

Mr. Shepley noted:

- From the last budget meeting, the County is projected to have an approximate loss of \$410,000 in this fiscal year because of COVID-19 with the approximate projection for next year at a little over \$1M. Our plan is to try and create a contingency fund of approximately \$1.4M to prepare for the worst and plan for the best. Administration contacted each of our departments and agencies requesting they cut their budget by 5% and they stepped up to the plate. Currently we have \$1.2M in the contingency fund – we are a little over \$200,000 short but we will keep working on it to meet our goal.
- The County is very close to acquiring a grants person to help secure grant funding for Grayson County. We can't rely on the state and federal government to off-set our losses – we need to do everything we can to plan for the worst and hope for the best.

- In trying to control cost we are temporarily not going to hire the 2 ALS positions (1 in the eastern end and 1 in the western end) for EMS at this time. We will come up with short-term and a long-term solutions which will save approximately \$82,000 in this budget.
- Noted Supervisor Fant's plan of refinancing to prepare the County for long-term future – a multi-faceted approach to utilize low interest rates which will help the County to prepare for the future. We will look to hire a financial consultant to take a look at the plan and add to it if necessary and help guide us through it and hopefully will lead to savings for the County for many years to come.
- Thanked Supervisor Revels for all his hard work on his in-depth study of the school system and the school financial planning.

Mr. Shepley then opened the floor for any questions from the Board members:

- Supervisor Revels asked what the impact was regarding community support agencies such as United Way, Mt. Rogers Community Services Group, etc. – how much was taken out for those organizations? Mr. Shepley stated that nothing was taken out of those organizations – those were kept intact.
- Supervisor Sutherland stated all her questions are answered to this point.
- Supervisor Hash inquired about Feeding America and if additional funding is a possibility. Mr. Smith replied that he has spoken with the Director and at this point it's all they can do to service their current places (2 in Grayson County plus all the other jurisdictions) plus they are having a little trouble with supply and demand right now. Once the COVID-19 pandemic is over, they would be glad to consider another feeding point in the future and the cost would be approximately \$1,000 per month. That would be another \$12,000 per year should they be able to add another feeding point.
- Supervisor Fant mentioned the Emergency Services side – feels that Mr. Shepley's opening remarks is prudent given the current situation. He stated that each of the agencies, some more so than others, have suffered financial impact due to lack of fundraising opportunities because of COVID-19. Supervisor Fant asked is the County looking at operational shortfall those departments are having built into this number that's showing in the expenditure piece or is that still to be determined what the impact is both on this fiscal year and next fiscal year? Mr. Shepley responded that our hope is that we can work with a couple members of the Board including himself, Mr. Smith and Mr. Paul Hoyle and meet sometime next week and discuss some of the short falls that are occurring right now and brainstorm on ideas for going forward, then bring those ideas back to the full Board at the next meeting. Supervisor Revels asked if staff has received anything from any of the agencies? Mr. Smith responded that we are aware of some but not all and maybe not the total magnitude that we would need to know at this point. Supervisor Revels also inquired about the Mt. Rogers Fire & Rescue agency concerns regarding the shortfall yet especially since their main fundraiser was cancelled? Mr. Smith replied that other than trying to help them on the UPC labels, which has been their primary focus for the time being, and has turned out to be a bigger deal than previously thought. Supervisor Hash

noted that he had spoke with Jolena Young at TC E911 and their call volume have decreased.

- Supervisor Revels and the Board thanked staff for their hard work on the budget.
- Supervisor Fant inquired that even though we are at \$1.2M on the contingency fund, staff will try to reach the goal of \$1.4M correct? Mr. Shepley responded, yes staff is and will continue to strive to meet that goal. Staff will push for grant money but we're not relying on that or money from the state or federal level. Supervisor Fant noted it would be easier to try and achieve that now instead of down the road. In looking at the budget regarding expenditures, staff went with the major line items and that's their total that is being looked at - staff eliminated all the little in-between lines for the purpose of this reduction, correct? Mrs. Gayheart responded no; it's just condensed – you can expand all of the departments back out – it was just summarized. Supervisor Fant noted that the detail line items have been reduced to equal the reduced request, correct? Meaning all the sublines have been modified as well? Mrs. Gayheart responded yes, that is correct.
- Supervisor Belton asked about the 5% cut – was it voluntary or mandatory and how did staff approach that? Mr. Shepley noted that so far it's been voluntary with some departments that have cuts close to 10% with some in the 1-2% area. For the most part, the departments with less than the 5% cut had good reasons on why they couldn't cut any more.
- Supervisor Revels noted that the school is the other huge part of this budget and was the school asked about cutting their budget 5%, is that reflected in this budget & were they able to accomplish that? Shepley stated yes, the school was approached regarding cutting 5% and Superintendent Wilmore stated that would not be possible for them to do. The cuts he brought back was approximately 1.7% and we let him know we were looking for at least the 5% cut off above LRE from this year. Mr. Shepley stated that the key thing is the school system and above LRE and if the Boards wants to go into more detail. Mr. Smith noted that the Board will have to approve the school budget tonight. Supervisor Belton stated the Board could spend the time on the school budget and if time allows then look at the other departments. Mr. Shepley noted the number above LRE this year is \$1.28M. Supervisor Revels mentioned our current funding of LRE is in the bottom one-third of the surrounding counties of the state but above LRE we are in the middle of the pack in our comparison with our neighboring counties. Wythe County provides a little more, Washington County a little less than Wythe with Smyth County and Carroll County below what we fund so basically, we are right in the middle. Based on what the school requested this year, which was approximately \$2.1M above LRE, is unsustainable. If the Board choses to do that, we would be paying 27% more in tax dollars to support public education per ADM than any of the five (5) surrounding counties. If we provide level LRE based on last year, we are in the mix – not in the lower part of the five (5) counties in our area. Supervisor Revels expressed concern over not being able to sustain even with state and federal funding. We have to work very hard with

the professionals in our school system to figure out how to create a system that can be sustainable going forward. Mr. Shepley noted that he and Mr. Wilmore spoke and Mr. Wilmore has agreed to a strategic planning session that would occur with a mixture of the school and County. Mr. Wilmore had some suggestions on people that could possibly help in that area and he has agreed that when we get through this budget cycle, they would be glad to sit down with us and have the strategic planning session. Supervisor Fant expressed concern that in the past we've had agreements and we have even committed funds to the comprehensive study which was to look at a way of getting at how we do public education in Grayson County. The facilities study gave us several options and the presentation in December didn't show how to improve the facilities based on the facilities study, it was an adjustment off of that. The recommendation in December was a much less amount than even the cheapest option the study came up with. The attempt when we went into the study was to try and have a conversation and come up with a strategic plan on how we're doing it because we still have the population problem – our overall population is trending downward and our ADM is trending downward and we still have a sustainability issue going forward that will affect our financial ability. Supervisor Fant commented that we need to have a strong commitment to this effort in order to make sure we get it done. It's about education and not facilities – how are we going to fund education. Mr. Shepley mentioned the five (5) steps in the school budgeting process: (1) plan and prepare, (2) set instructional priorities, (3) pay for priorities, (4) implement a plan and (5) ensure sustainability. These recommendations come from the Government Finance Office of Association, which spells out in detail how the interactions should occur between the funding organism (County) and the school system. Mr. Shepley noted these are some of the principals we will want to explore as we go through a strategic planning process together as partners. Supervisor Revels asked about the required LRE for the current school year which is \$4,482,213 and the required projected for this coming year is \$4,917,575, which is going up. Supervisor Revels noted again that the state is cutting their funding. Even if we do nothing above LRE, our financial commitment is going up approximately \$370,000. Mrs. Gayheart noted that the composite index is currently at 36%. Supervisor Fant asked if the formula is flawed how do we get it more in line? Supervisor Revels noted that's a great question, but we don't have a solid answer. If we provide above level LRE funding – which we are paying around \$1,500 - \$1,800 per student which is more than the surrounding counties. Supervisor Fant asked Supervisor Revels, what does sustainable look like? Supervisor Revels responded that in his review, he looked at what the school is asking for of \$2.1M above LRE was a true request. If we gave them 5% less that what we gave them for this current fiscal year plus set it up so it could be clawed back with another 3% once we complete a strategic plan and both boards approve it, would put us on a path to determine what the sustainability is. Then that could be a reward system to encourage both boards to push forward with a plan together. Supervisor Fant asked Mrs.

Gayheart about the 5% less number being toward contingency fund and she replied yes, it's reduced for the contingency fund. Supervisor Fant reiterated if the school fulfills their commitment (do the strategic planning and chart a sustainable path for public education – not facilities and not just the public schools, it's the public library, WCC, GATE Center, potentially Baywood) in Supervisor Revels proposal 3% of that would come back? Supervisor Revels stated he would do 5% - like an incentive but it's a way to maintain the progress we've made while we attempt to plot our course for a more sustainable system because public education is important. Supervisor Fant asked if we go with the 95% that's in the current budget then that's their number for above LRE this year so the school can plan with that and the 5% is in the contingency fund would then be used to fund transition and implementation of the strategic plan which would be approximately \$68,000? Mr. Shepley reminded the Board that if we go beyond that money, the difference between the 5%, we are actually tapping into money that we don't actually have because the contingency is at \$1.2M and we are trying to get it up to \$1.4M – doing beyond the 5% would be really tough. Supervisor Belton stated that if the Board is asking the school to do this, then the rest of the departments needs to as well. Supervisor Fant noted that the Board is already funding the school on what we don't control, and we are also paying on debt service. Supervisor Sutherland stated that some of the "untouchable" money for the school has strict limitations on what they can spend it on and how. Supervisor Revels made the motion to take the current budget less 5% and adopt for above LRE funding of \$1,289,378 with 5% reduction being put aside until strategic planning is completed then funds could be available if needed for or after this crisis; duly seconded by Supervisor Fant. Motion carried 5-0. Mrs. Gayheart then repeated for the record: school LRE funding \$4,917,575; school debt service \$1,383,069 and addition funding above LRE \$1,289,378 with \$67,862 to be used toward strategic plan implementation. Supervisor Fant requested it be added that the \$67,862 is primarily for the planning but is also part of the contingency planning for the crisis we're currently in.

- Supervisor Fant suggested quarterly budget meetings for this next fiscal year after this first quarter. Mr. Shepley noted that staff agrees and quarterly budget meetings have been recommended by VACo and NACo in order to deal with the COVID-19 crisis.
- Mrs. Gayheart noted that the Board could to quarterly appropriations instead of annual appropriations (school system and library) or even monthly appropriations. Mrs. Gayheart stated that monthly appropriations may be a better way to go, especially now for the first six (6) months. Supervisor Revels suggested quarterly and if it needed to be changed to monthly, we could. Mr. Shepley noted that staff agrees, and flexibility is going to be the key in getting through this.
- Mr. Shepley asked for a couple of volunteers for the EMS discussion next week.
- Supervisor Sutherland stated that we need to get the strategic planning meeting on calendar as soon as possible. Supervisor Fant noted that we may want a

facilitator (someone outside) and Mr. Shepley noted that he and Mr. Wilmore are in discussion.

- Supervisor Hash mentioned that another food giveaway will be held at the Elk Creek School at 9am.
- Next meeting date is May 14, 2020 which is a regular board meeting.

IN RE: ADJOURN

Supervisor Sutherland made the motion to adjourn the meeting; duly seconded by Supervisor Hash. Motion carried 5-0.