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The Carroll County Board of Supervisors held a meeting on, March 28, 2011 in the Board Meeting Room of the Carroll County Governmental Center.

Present were:           Dr. Thomas W. Littrell  
                              David V. Hutchins  
                              W.S. "Sam" Dickson  
                              Andrew S. Jackson  
                              N. Manus McMillian  
                              Gary Larrowe, County Administrator  
                              Nikki Shank, Assistant Administrator  
                              Ronald L. Newman, Assistant Administrator

Dr. Littrell called the meeting to order at 7:04 p.m. and asked Mr. Hutchins to lead in invocation and pledge.

Dr. Littrell told that death is a difficult thing to understand. He told that he is sure everyone is aware of the service that is being held tonight for a 2<sup>nd</sup> grader at Laurel Elementary who was tragically killed over the weekend. He asked everyone to remember the family, friends and teachers of Devin and to keep them in your thoughts and prayers. He ask for a moment of silence.

**FY2012 SCHOOL BUDGET PRESENTATION**

Dr. Smith presented a binder with budget information. He told that it is a pleasure to be here tonight and present the budget. He told that it has been a rough day with tonight being family night for Devin. He told that he and the School Board members attended and it is such a tragedy.

Dr. Smith told that they consider Carroll as a high quality school system. He told that they have had limited finances and they have done a considerable job. He told that they are now at a 90% graduation and they continue to be one of the leading systems in SWVA and the Commonwealth. He told that the budget goals are to maintain quality instruction and class sizes, to maintain salaries, benefits and incentives, to support instruction and to provide open lines of communication. He told that they have been asked to do more with less and they have worked hard to maintain salaries without increasing the budget. He told that this has been a difficult budget year with a 9.4% increase in Health Insurance, increase in VRS, the elimination of ARRA funds and the increased utility and fuel costs. Dr. Smith told that they have not asked for new staff or for salary increases and they are not expanding programs, they only seek to maintain and to keep the current staff and programs.

Dr. Smith told that they have tried to work prudently to work through the financial crisis. He told that they have several vacancies that have not been filled and they have asked for level funding for the last 3 years. He showed the revenue projections and noted

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an increase in a little over \$500,000 for supplemental support for the school operating costs. He told that this is due in a large part from a onetime revenue item of the State where they issued supplemental support for school operating costs. He told that he has been asked why they had no plans for the funds and it was so they could use it to fill in the gap in the budget. He told that they also have a refinancing credit of \$622,978 that they ask for to fill in the gap. He told that the school system is asking for an additional \$556,000 in local funding to balance the operational and debt service budget. He told that 56.92% of their budget is in personnel and they do a marvelous job. He told that with benefits it is 75.49%. He presented charts percentages from various categories. He told that Title 1, migrant education, adult education, Americorp and Mt. View Youth Services are funded mainly by Federal funds and those programs serve the most needy students they have.

Dr. Smith told that in the expenditure projections there are 9 categories. He told that the greatest increase is in health insurance and VRS as well as a \$50,000 increase in PT and OT services. He told that they have also included the return of nursing hours that they reduced last year because they found that the students were not being served as they should be. Dr. Smith told that they also increased the fuel and utility costs. He told that 63% of the expenditures are for instruction and they are pleased with that. He told that the debt service is \$2,122,991 and it continues a steady decline. He told that the local request is \$12,104,415 which is an increase of \$556,607.

Mr. McMillian asked what migrant education is.

Dr. Smith told that receives funding as well as most other counties and ask Ms. Quesenberry to explain.

Ms. Quesenberry told that it is used for tutors and aides for children who move every four to five years. She told that they have received the funding since the 1960's.

Dr. Smith told that the Food Service is a flow through budget and they are pleased with the process of the program. He told that they continue to hear positive comments and they ask that this be approved.

Dr. Smith told that in the last two years the Commonwealth has allowed them to use some of the Text Book fund to balance aspects of the budget which they have done. He told that they have spent a little less than \$500,000 in the past two years to balance the budget. He told that he really does not want to do that in the future and they have several adoptions that are pending right now and they are Social Studies, Math, Science and those are all expensive propositions and he ask that the Text Book fund budget be approved.

Mr. McMillian told that he didn't mean to put Dr. Smith on the spot, but it appears that the increase for the county contribution is over \$550,000 and a lot has been explained.

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Mr. Dickson asked if the State revenue is \$750,000 more even though we lost some money.

Dr. Smith told that they have increased a few of the categories but they have decreased others. He told that the onetime funding of the supplement was only for one time and they will not have it again next year.

Mr. Hutchins asked how much of the jobs act money has been used.

Dr. Smith told that they have not touched it and it is around \$992,000. He told that they have asked for 60% of it and they will come back and ask for the rest of it. He told that they were encouraged to grab as much of it as they could.

Mr. Jackson asked how they were planning on using the jobs act money.

Dr. Smith told that they were going to use it to fill the budgetary gap in the personnel category mainly, so they are saving jobs with those funds. He told that many localities use the jobs funds as incentives but they didn't because they knew it would be needed to balance the budget.

Mr. Dickson asked how they received in total.

Dr. Smith told that it was \$992,441 and they have it all left.

Mr. Hutchins told that the last couple of year we ended up with some carryover around \$400k.

Ms. Quesenberry told that in local money it was \$300,000 last year and \$100,000 for other programs.

Dr. Littrell asked if they anticipated having a carryover this year.

Dr. Smith told that he doesn't want to estimate it. He told that they will have a better knowledge of it next month, but right now he really doesn't want to do that.

Mr. Hutchins told that there are 46 positions that are not filled and ask roughly how much is that saving in terms of dollars.

Dr. Smith told that they are looking critically at every vacancy that they have but it is a difficult task because many teachers are at different salary points.

Ms. Quesenberry told that if you take 40 at \$30,000 and that may be generous it would be around \$1.2 million. She told that some may be in food service and that only shows up in the food service budget.

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Dr. Smith told that it is a substantial amount of money. He told that they felt they had to do that to balance the budget and it is not an easy task for either board.

Mr. McMillian ask on the jobs act money where do you plan on using the money.

Dr. Smith told that for the most part it will be used to fill the gap in personnel because that is the largest category.

Mr. Jackson asked if there is an increase in pay for the employees.

Dr. Smith told that there is no salary increase except for the step increase.

Mr. Jackson asked if everyone is getting an increase in the step.

Dr. Smith told that it just depends on where they are in the step process.

Ms. Quesenberry told that it does not include aides, bus drivers or nurses. She told that they are in bands of 5 so if they are in between they will not receive it because they have not made it out of their band yet.

Mr. Jackson asked if cafeteria workers have steps.

Ms. Quesenberry replied that everyone except aides have steps.

Mr. Jackson replied that there are jobs where there is no increase.

Dr. Smith replied yes.

Mr. McMillian asked how long they have been doing the steps.

Dr. Smith told that they have been able to maintain their salary scale and this Board has certainly helped. He told that if you don't maintain it you have to begin another scale.

Mr. McMillian asked about the bands and ask how do you get an increase.

Ms. Quesenberry told that they are every 5 years.

Mr. McMillian ask why it is that way.

Dr. Smith told that it was approved by the School Board years ago.

Mr. McMillian told that there is not really any equality there. He told that if he is a custodian it may be 5 years before he gets a raise and teachers get them every year.

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Ms. Quesenberry told that custodians get the step. It is only bus drivers, nurses and aides.

Mr. McMillian asked what the average percentage is for the step increase for support staff.

Ms. Quesenberry replied ½%.

Mr. Dickson asked about teachers.

Ms. Quesenberry replied 1% and once you get to the top you are done.

Dr. Littrell asked how much it would cost to do a 3% across the board.

Ms. Quesenberry replied around \$600,000 or \$700,000.

Dr. Littrell asked what the step increase cost for this year.

Ms. Quesenberry replied a little under \$200,000. She told that it is very important to be kept in because once you get off the scale you can't get back on track.

Mr. Hutchins told that if you do the 3% it would be between \$600,000 and \$700,000 and if you do the step it is only around \$170,000.

Mr. Hurst told that it seems like the total step increase and the carry over is close to levels that we have been going through then wouldn't that help compensate for a 3% across the board.

Dr. Smith told that it has been since 2008 that they received a raise. He told that the revenue from the State has dropped over \$2 million.

Mr. Jackson asked where we rank in Virginia on the salaries.

Dr. Smith told that for beginning teacher they are 112 and the high end is 125 out of 132.

Mr. McMillian told that has an effect on hiring new teachers.

Dr. Smith told that they haven't hired any new teachers in the last couple of years but one day this will turn and they will be looking to get the best teachers they can. He told that there are 68 staff who are eligible to retire but they don't have many coming forward.

Mr. Dickson told that usually your retirees are at the top of the scale and you will hire new people for less.

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Dr. Littrell told that he hates to see us ranked high or low depending on how you look at it and asked if a 3% increase would help lower the rating.

Dr. Smith told that it would be a tremendous asset.

Mr. Hutchins asked if we look at the overall picture, do you think the School Board would consider a 3% increase to all employees using the step increase, the anticipated carry over and the savings from vacated positions.

Mr. Dickson told that they are assuming that the school will be asking for a carry over.

Dr. Smith told that before he could respond he would have to look at the numbers to make sure they could support it. He told that it would be a favorable conversation. He told that we would have to be cautious of is to maintain the salary increase over the years.

Mr. McMillian told that this would just be a one time on the 3%.

Dr. Smith told that the board would have to maintain the salary next year.

Mr. Hutchins told that once you set it does not digress.

Mr. Jackson told that he would like to see the carryover to go to the 3% across the board so everyone will get something.

Dr. Littrell told that we usually do the carryover during the April meeting.

Mr. Hutchins told that he has had folks to contact him about not getting an increase in a number of years.

Dr. Littrell told that they appreciate the issues you have faced in balancing the budget because we have had some of the same issues.

Dr. Smith ask that they clarify the intention that has been proposed.

Dr. Littrell told that they are saying to use the different funds that have been suggested plus the carryover to give a 3% increase across the board for this one year only.

Ms. Quesenberry asked if it is a 3% plus the step.

Mr. Hutchins replied no just the 3%.

Ms. Quesenberry told that they could do the step plus two.

Mr. Hutchins replied no because you would not be getting the ones in the band.

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Dr. Smith told that they do not want to manipulate their salary scale and they will look to see how they can do it without messing up the scale.

Mr. Hutchins told that they are not hashing over the numbers in the budget.

Dr. Smith told that they want us to look at the total amount of the step and using the carryover to see how they can come up with a 3% across the board.

Dr. Littrell told that they are not looking at changing the bottom line of your budget.

Ms. Quesenberry asked if she understood correctly that they want them to use the carryover to make this happen.

Mr. Dickson told that they are asking them to look at it and see if they can make it happen and told that he is sure they want to do what is best for the system.

Mr. Golding asked if the Board is considering giving the School the additional \$550,000 plus the carry over.

Mr. Dickson told that they just want them to look at it and see what they can figure out.

Mr. Golding told that if they do both he thinks they can work it out.

Mr. Hutchins told that they are not trying to negotiate the \$500,000 out of the budget.

Mr. McMillian asked if the School Board is interested in supplying the 3% increase to all employees.

Dr. Smith replied yes.

Mr. McMillian told that we are constantly bragging on the teachers but a lot of others come into play and he doesn't want to overlook them.

Mr. Dickson told that the 90% graduation rate is high.

Ms. Quesenberry asked if they would be receptive to a step and a 2% for teachers and a step and a 2 ½ % for support staff.

Dr. Smith told that they would work on it.

Mr. Hurst told that the school debt is just under \$3.1 million and that is truly County debt. He told that he has a problem with that and why we pay it instead of billing you and then getting it paid back. He suggested that we pay it up front instead of playing round robin.

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Mr. Hutchins ask that the School Board present an adjusted budget that will incorporate the 3% and also take the debt service out and the County will assume that starting this coming year and get that to us prior to the April 11<sup>th</sup> meeting.

Ms. Quesenberry told that it would be perfect and they would love to do that.

Dr. Littrell told that he appreciates the presentation and hopes that they don't feel like the Board has put him on the spot.

**AUTHORIZATION FOR SCHOOL BOARD BUDGET PUBLIC HEARING**

Upon motion by Mr. Hutchins, seconded by Mr. Hurst and passing, the Board approved to hold a Public Hearing on the proposed School Board budget on April 11, 2011 beginning at 5:30 p.m. or as soon thereafter as practical.

VOTES

Mr. Jackson	Yes
Mr. Hurst	Yes
Mr. Hutchins	Yes
Mr. Dickson	Yes
Dr. Littrell	Yes
Mr. McMillian	Yes

(Order)

**PHASE III CONSTRUCTION DISCUSSION**

Dr. Smith told that at our last meeting we had discussed some of the specifics and they then had a financial team meeting. He told that he has received a letter from the Department of Treasury regarding the QSABS. He told that the bond sale agreement will have to be done by mid May and the sale will occur by June. He told that he also received the allocation questionnaire. He told that there has been a change, they started out with \$6.8 for the Intermediate and \$8.2 for the High School and that has changed to \$6.7 and \$8.3. He told that the deadline for the questionnaire was actually this evening, but if the Board acts they have permission to fax it in tomorrow morning. He told that the rest of the information is the same. He told that they revised the estimates on the base bids and the highlighted items that are needed to complete the program at the high school. He told that there are 3 items that are not in the base bid that they feel like are needed. He told that they added the technical and architectural and engineering fees in. He told that the School Board requests that they can proceed with the bidding process. He told that the questionnaire needs to be faxed by tomorrow to be able to participate in the spring sale.

Dr. Littrell asked if what has been presented will be enough to close Woodlawn.

Dr. Smith replied yes because it was part of the application process.

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Dr. Littrell asked if the Woodlawn property will still revert back to the County.

Dr. Smith told that was correct.

Mr. Hutchins told that it looks like we are at about \$27 million.

Dr. Smith told that if every base and alternate is approved it would be \$25.5 minimum.

Mr. Hutchins told that is a lot of debt load to take on at this time. He told he is not sure how we would pay for it without an increase in revenue like property tax.

Mr. Hurst told if we take the \$15 million with 0% interest that would close Woodlawn and do the base bid.

Dr. Smith told that would pretty much cover the base bid at the high school and intermediate school and the attached fees and other small items. He told that it doesn't include the auxiliary gym, expansion of cafeteria and the HVAC system. He told that those are major components of this project and that worries him.

Mr. Dickson stated so the answer to the question is that it is enough to close Woodlawn.

Dr. Smith replied yes it does just enough to close it. He told that the Intermediate project is better than the High School. He told that the high school is a much tighter project.

Mr. McMillian asked what kind of money are we looking at getting from the sale of the property at the VFW.

Dr. Smith told that he does have an idea but he feels it is appropriate to talk about the sale before it takes place.

Mr. McMillian told that we at least know we are going to have some money for it.

Mr. Dickson stated that how many times someone will offer us \$15 million interest free so we kind of need to take it.

Mr. Larrowe asked if the issuance cost will be able to be recaptured.

Ms. Quesenberry told that Ms. Perry said we cannot use the proceeds to pay her fee.

Mr. Hurst told that we should take the money and collectively this Board has put a great emphasis since coming together on infrastructure. He told that the schools are just as much a part of the infrastructure and we have to try to put this together. He told that

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without it all together in a package we don't have anything and that is the idea of trying to do the 3% increase for the employees of the school system. He told that it makes a strong statement that we are trying to do better for the citizens.

Mr. Hutchins told that the \$15 million gives us enough to close Woodlawn and do the projects. He told that it equates to about a 4 cent increase and if we go to the \$27 million that is a large debt service.

Upon motion by Mr. Hutchins, seconded by Mr. McMillian and passing, the Board approved that the Carroll County BOS authorize acceptance by the Carroll County Public Schools of funding from the QSCB program for the Phase III School Construction Project in a total amount NOT to exceed \$15 million for all previous and future expenses associated with the Phase III construction project and provide permission for the Chair or the County Administrator to sign any and all documents necessary to accept the Virginia awarded money at 0% interest for terms of 16 years, and I further MOVE that this approval and authorization to accept the QSCB funding for this Project not be authorization to the Carroll County School Board to exceed such QSCB funding of \$15 million on the Phase II Construction Project or other construction and not be authorization to expend additional funds for the Phase III School Construction Project or other construction without further express authorization from this Board.

Mr. Jackson asked if that was with the 4% tax increase.

Mr. Hutchins told that is no tax increase and that has nothing to do with it.

VOTES

Mr. Jackson	Yes
Mr. Hurst	Yes
Mr. Hutchins	Yes
Mr. Dickson	Yes
Dr. Littrell	Yes
Mr. McMillian	Yes

Dr. Littrell told that you have witnessed the commitment of the Board not only for education but for the whole community and the funds under these conditions will probably not happen again in our lifetime. He told that the only thing better than no interest is a grant. He applauded the school system for being prepared. He told that he hopes we can take advantage of the bidding environment. Dr. Littrell told that he had 4 words, go forth and bid.

(Order)

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**AUTHORIZE PUBLIC HEARING FOR ISSUANCE OF BONDS**

Upon motion by Mr. Dickson, seconded by Mr. Hutchins and passing, the Board approve to hold a public hearing regarding the issuance of the bonds for the QSCAB's on May 9, 2011 at 5:30 p.m. or as soon thereafter as practical.

VOTES

Mr. Jackson	Yes
Mr. Hurst	Yes
Mr. Hutchins	Yes
Mr. Dickson	Yes
Dr. Littrell	Yes
Mr. McMillian	Yes

(Order)

**COMMITTEE APPOINTMENT**

Mr. Hurst told that on the Social Services Board in the Pine Creek district our representative had to resign due to family medical problems. He told that he would like to nominate Sally Chitwood as the replacement.

Upon motion by Mr. Hurst, seconded by Mr. Hutchins and passing, the Board appointed Ms. Sally Chitwood to the Social Services Board.

VOTES

Mr. Jackson	Yes
Mr. Hurst	Yes
Mr. Hutchins	Yes
Mr. Dickson	Yes
Dr. Littrell	Yes
Mr. McMillian	Yes

(Order)

**ADJOURNMENT**

Upon motion by Mr. Hurst, seconded by Mr. Jackson and passing, the Board adjourned until April 11, 2011 at 4:00 p.m.

VOTES

Mr. Jackson	Yes
Mr. Hurst	Yes
Mr. Hutchins	Yes
Mr. Dickson	Yes

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Dr. Littrell	Yes
Mr. McMillian	Yes

(Order)

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Chairman

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Clerk