

**At a Special (Budget Work Session) Meeting of the
Sussex County Board of Supervisors
Held in the Sussex Social Services Conference Room on
Friday, April 5, 2019 at 2 pm**

BOARD MEMBERS PRESENT

Keith C. Blowe
C. E. Fly, Sr.
Alfred G. Futrell
Susan B. Seward
Rufus E. Tyler, Sr.

BOARD MEMBER ABSENT

John A. Stringfield

STAFF PRESENT:

Vandy V. Jones, III, County Administrator
Millard D. Stith, Independent Consultant
Deste J. Cox, Treasurer
Ernest Giles, Sheriff
Stella Lee-Givens, Commonwealth's Attorney Office
William Jenkins, General Registrar
Kelly W. Moore, Director of Finance
Gary Williams, Circuit Court Clerk
Shilton R. Butts, Assistant to the County Administrator/
Deputy Clerk to the Board

Item 1. Call to Order/Determine Quorum (3:06 p.m.)

The April 5, 2019 Special (Budget Work Session) meeting of the Sussex County Board of Supervisors was called to order by Chairman Seward.

Item 2. The Invocation

The Invocation was offered by Vice Chairman Blowe.

Item 3. The Pledge of Allegiance

The Pledge of Allegiance was recited by all.

Item 4. Agenda Amendment(s)

There were no agenda amendments.

Item 5. Approval of Agenda

ON MOTION OF SUPERVISOR BLOWE, seconded by SUPERVISOR FUTRELL and carried: RESOLVED that the agenda of the April 5, 2019 Special (Budget Work Session) Meeting of Sussex County Board of Supervisors is hereby approved as presented.

Voting aye: Supervisors Blowe, Fly, Futrell, Seward, Tyler

Voting nay: none

Absent: Supervisor Stringfield

Item 6. Employees' Health Insurance for Fiscal Year 2020

County Administrator Jones stated that the Budget Work Session was mainly regarding health insurance. Staff needed time to order and distribute packages to employees to meet mandated Open Enrollment period and May deadline. County Administrator Jones stated the County is allowed to offer three (3) choices of health insurance. The three (3) Local Choice Plan Options are Key Advantage Expanded, Key Advantage 500, and the High Deductible Health Plan. The majority of the employees are enrolled in Key Advantage Expanded. A few are enrolled in Key Advantage 500.

The County currently pays the full cost for a single subscriber's premium in the amount of \$820. For Key Advantage Expanded with single coverage enrollment, an employee is responsible for \$0. For dual enrollment, the County still pays the \$820; however, the employee is responsible for \$697. If there would have been any employees enrolled in the family plan, again, the County pays the \$820; however, the employee would have been responsible for \$1,394.

For FY20, the same three (3) Local Choice Plan Options for health insurance are Key Advantage Expanded, Key Advantage 500, and the High Deductible Health Plan. County Administrator Jones advised that there has been an increase of the premium cost from \$820 per employee to \$824 per employee—a four dollar (\$4) increase which is a total increase of \$5,424 for all employees. County Administrator Jones stated that it is proposed that the County absorbs \$5,424 increase which is a drastic increase from \$72,600 for the current fiscal year and \$114,000 for FY18.

ON MOTION OF SUPERVISOR FLY, seconded by SUPERVISOR FUTRELL and carried: RESOLVED that the Sussex County Board of Supervisors hereby approves funding the employees' health insurance at 100% for Fiscal Year 2020.

Voting aye: Supervisors Blowe, Fly, Futrell, Seward, Tyler

Voting nay: none

Absent: Supervisor Stringfield

Item 7. Office Space Needs Study – Mr. Tony Bell, Moseley Architects

County Administrator Jones stated that the County had engaged Moseley Architects (Moseley) to do an Office Space Needs Study in regards to the Administration Building and other County owned buildings. Moseley came out and visited the buildings, met with staff, and developed several options. County Administrator Jones stated that the Board held a Special meeting on November

8, 2018. Moseley was in attendance and presented all of the options for the Board's review. The Board basically focused on one option, 4C, and made recommendations of changes for that option. Moseley made the changes for the options and scheduled an overview. However, the overview had to be postponed.

Messrs. Tony Bell and Derrick McCalla, of Moseley Architects were present. Mr. R. T. Taylor, of Davenport and Company, was present, as well, to answer any questions regarding financing options, if needed.

Mr. Bell gave a brief recap of the presentation given at the Board's Special Meeting on November 8, 2018. He stated that Option 4C was created and was the main focus everyone basically agreed upon at that meeting. A handout was provided of the analysis and master plan, dated April 5, 2019.

There was mention that the modular building that County Administration is currently in was supposed to be on a temporary basis many years ago until the County could move forward on the construction of a new Administration building. The lifespan of the mobile units isn't but so long without deteriorating. Certain aspects of the project may be to be phased in.

The current office space need is 24,000 square feet. The 20 year office space need is 27,000 square feet.

Mr. Bell stated that they didn't really focus on the Newsome Human Services building. The focus was on the Building & Grounds, the Treasurer/Commissioner, the Historic Courthouse, the Clerk Building and the Modular Building that houses Administration, Finance and the Community Development Department.

Mr. Bell reviewed Option 4C. Option 4C is to construct a new building for all departments except the Public Safety Coordinator, Housing Programs, Virginia Cooperative Extension, Circuit Court Clerk, and the General Registrar and construct a new building for the Building & Grounds Department.

Option 4C includes the following steps:

Administration is relocated from the modular building into the New Building. Meeting Room is relocated into the Building and Grounds building.

Commissioner of the Revenue is relocated from the Commissioner/Treasurer Building into the New Building.

Treasurer is relocated from the Commissioner/Treasurer Building into the New Building.

Circuit Court Clerk is relocated to Commissioner/Treasurer Building.

Finance is relocated from the modular building into the New Building.

Community Development is relocated from the modular building into the New Building.

Public Safety Officer will be relocated from the Historic Courthouse to the former bank in Waverly. Building and Grounds is relocated into a New Metal Building on the former modular building site.

Virginia Cooperative Extension remains in its current location in the former bank in Waverly.

Housing Programs remains in its current location in the former bank in Waverly.

Department of Social Services and Health Department remain in its existing location in the Human.

Mr. Bell stated that at November 8, 2018 meeting it was discussed to repurpose the Building & Grounds' current building to the Board of Supervisors meeting room.

The County's Waverly office will be renovated to continue to house Housing Programs, Virginia Cooperative Extension and, now house the Public Safety Coordinator. There was discussion of meeting with Surry County regarding moving positions to the Surry office.

The Historic Courthouse will be renovated with no purpose due to all of the changes in elevation the building currently has—numerous different floor levels and a myriad of accessibility obstacles to overcome. Its best use will be determined as time moves forward.

There was discussion of various scenarios of utilizing existing office space.

Mr. Bell stated constructing a new Administration Building and renovating the County's Waverly office could be done at any time, independently, not effecting one another.

Mr. Bell stated that there were two (2) paths. One is to relocate County Administration and begin renovation of the Commission of the Revenue and Treasurer building. The other path is to construct a new Building & Grounds building. These two (2) are totally independent of one another.

Mr. Bell stated an option was to relocate the Circuit Court Clerk and renovate the Circuit Court Clerk building. Relocate the General Registrar, renovate the General Registrar and renovate the Historic Courthouse. On this side, construct the new Building & Grounds building and relocate Building & Grounds out of their existing building and renovate the Building & Grounds building for County Administration.

Mr. Bell stated that timing was discussed in regards to what's a reasonable expectation of how the improvements could be implemented. He stated a schedule of about nine and one half (9-1/2) years was reviewed. This would mean in Year 1 will focus on the design of a new County Administration building. Years 2 and 3 will focus on procurement and construction. When this project is complete and staff has moved into new building, in Years 4 and 5, the designs on the next project will begin—renovation of the Commissioner/Treasurer building—which is

approximately a nine-month project, leaving 15 months for renovation. At the end of this project, the beginning of designing and renovation of the Circuit Court Clerk building could begin.

There was discussion of other scenarios of renovations to move things faster which could condense the schedule. The advantage of condensing the schedule would be saving any escalation of costs that may occur in the marketplace and may save, as far as interest rates. The disadvantage will be accumulating a larger amount to pay off in a shorter amount of time. Mr. Bell stated that it was determined to finish one (1) project before starting on the other project.

There was discussion of the sale of the BB&T Bank building with the possibility of the County acquiring the property. There was discussion of the cost, square footage and Specter Realty contracted to represent the property. It was advised that the lock box would be placed on the property the upcoming weekend.

There was also discussion of which department would be best suited to utilize the space. It was discussed that it would not be enough space for the Commissioner of the Revenue and the Treasurer's office. There was discussion of the General Registrar's office utilizing the space. Mr. Jenkins, the General Registrar, was present and discussed parking issues, storage and early voting and election law changes that would affect his office.

It was noted that any offer made by the county administrator would include building inspections, due diligence for HVAC, etc.

It was noted that a three-year restriction would be placed on the property. It was noted that BB&T had no interest in being a community partner.

County Administrator Jones noted that he was advised that the BB&T building was going to be for sale. It was not going to be donated or breaks given to local governments or non-profit organizations in regards to reduced cost. The property was going to be evaluated and placed on the market at a fair market price.

After the realization of only one (1) member was absent, the motion made by Supervisor Fly, seconded by Supervisor Futrell to authorize the county administrator to enter into agreement to purchase the BB&T building subject to a full Board of Supervisors vote was modified.

ON MOTION OF SUPERVISOR FLY, seconded by SUPERVISOR FUTRELL and carried: RESOLVED that the Sussex County Board of Supervisors hereby authorizes the county administrator to negotiate the purchase the BB&T Bank with a cap of \$140,000 after all due diligence has been completed.

Voting aye: Supervisors Blowe, Fly, Futrell, Seward, Tyler

Voting nay: none

Absent: Supervisor Stringfield

There was discussion that the building could be utilized and the renovation of another space may not be needed or done.

There was discussion regarding yearly payment of an \$8,000,000 note over 20 years.

County Administrator Jones noted that the presentation on Option 4C included further information regarding the costs. He stated that Mr. Taylor, of Davenport and Company, evaluated the numbers listed, and created options.

Mr. Taylor stated the more than just the typical mortgage styled payments have been reviewed as it relates to different components and phasing in the presentation. Mr. Taylor stated for a quick answer—with not necessarily a complete picture, depending on the scenario on 20 years, level principal, mortgage styled loan at five percent (5%) interest, would roughly be \$650,000 a year on \$8,000,000.

Mr. Bell reviewed the site plan of the complex and noted parking lots improvements.

There was discussion of relocating the Circuit Clerk office. Mr. Gary Williams, Circuit Court Clerk, was present. Mr. Williams noted the desire to stay in his current location with possible renovation or move there's a need for more space.

There was discussion of utilizing the Commissioner of the Revenue and Treasurer's space available, since Mr. Williams desired to stay at his current location.

There was discussion of committing funding for repair of columns on the new Courthouse and gutters.

Mr. Taylor stated that historically they have been working with the County for years, providing some potential capital planning needs scenarios including the schools, general capital and economic development planning, as well as looking at the County's debt portfolio for re-funding or restructuring opportunities.

Mr. R. T. Taylor reviewed a summary that was provided to the Board. He reviewed details he had reviewed with staff.

Mr. Taylor reviewed the County's goals. He stated that in a meeting with the County in the last couple of months, the direction was given to give the County staff and Board a good overview of the historical past five (5) years general operating trends and fund balance. He noted that the County's existing debt profile was reviewed and how the County compares with some peer groups. Debt capacity and debt affordability were reviewed with respect to the County's current existing debt profile—what can the County take on as a tax base. How much debt that the County could potentially afford on a tax base level versus what the County currently budget towards what the debt service and capital plans need, which is more along the lines of debt affordability, was discussed.

Mr. Taylor reviewed Davenport's summary of their findings and analysis. He stated that the County has been able to produce breakeven results over the past five (5) years due to good,

conservative budgeting and consistent collection efforts. He stated that the County reached a good, healthy, strong Unassigned Fund Balance, at the 16%-20% level, which is factoring in the General Fund and School Operating Fund. He stated that the County does not currently have a rating from the National Rating Agency. He stated that it's not a good or bad thing. The opportunity hasn't been for the County to go out and get a public rating and borrow through the public markets.

There was discussion of municipal bond options.

Mr. Taylor stated planning assumptions were being provided. Determinations can be made based on how planning finance evolves and going through a process of assessing the banks and submitting application to VRA or potentially going to a public forum directly. He stated that the County's debt profile is favorable.

Mr. Taylor gave an overview of the County's debt profile. The debt in the County's portfolio is specific to school. It's approximately \$11.3 million outstanding. The annual debt service for FY19 is approximately \$1.8 million. On the debt outstanding, the County's paying approximately \$1.8 million per year principle and interest. The County has a high payout ratio, 90.1%.

There is \$13.2 million CIP needs. They range from being implemented in FY20 – FY27. Different financing scenarios were reviewed.

It was noted that the Sheriff Department needs a roof. The Treasurer's and Commissioner of the Revenue offices are fine; however, they have a leak and need new or updated bathrooms. It was stated that County Administration needs an appropriate place to work and take care of the business of its citizens. It was noted that \$577,000 to renovate the old County Administration building.

Moseley Architects provided Government Space Needs Analysis and Facilities Master Plan packet, dated November 12, 2018 to the Board members. Davenport & Company provided Sussex, County Discussion Materials, dated April 5, 2019 to the Board members.

ON MOTION OF SUPERVISOR BLOWE, seconded by SUPERVISOR FUTRELL and carried: RESOLVED that the Sussex County Board of Supervisors hereby authorizes the county administrator to work with Moseley Architects based on the recommendations the Board already have, utilize existing buildings, to move forth with the new organizational Office Space Study Needs Plan without construction of a new County Administration building.

Voting aye: Supervisors Blowe, Fly, Futrell, Seward, Stringfield

Voting nay: none

Absent: Supervisor Stringfield

Chairman Seward recommended adding money in the budget for the upkeep of the existing buildings on the complex. County Administrator Jones recommended accessing what needs to be done and get costs to see if it can be done in the current budget.

Mr. Taylor clarified with respect to revising the scenarios discussed, an option is have a reimbursement resolution in place to reserve the flexibility should the County need to reimburse

the Fund Balance to preserve the flexibility through future financing—which is something the bond counsel would be to help.

Item 8. Citizens' Comments

There were no citizens' comments.

County Administrator Jones reminded the Board to schedule the Special (Budget Work Session) meeting for the Public School Systems and other budget items to be discussed. The meeting was scheduled for Wednesday, April 10, 2019 at 3:00 p.m. Location to be determined.

Item 9. Adjournment

ON MOTION OF SUPERVISOR BLOWE, seconded by SUPERVISOR FUTRELL and carried:
RESOLVED that the April 5, 2019 Sussex County Board of Supervisors Special (Budget Work Session) meeting hereby adjourned 4:36 p.m.

Voting aye: Supervisors Blowe, Fly, Futrell, Seward, Tyler

Voting nay: none

Absent: Supervisor Stringfield