

**COMMITTEE MEMBERS PRESENT:**

Larry Pritchett, Treasurer
Debbie Williams, Commissioner of Revenue
Kevin Marshall, Board Member
Mark Cole, Deputy County Administrator
Bonnie Jewell, Assistant County Administrator/Chief Financial Officer

OTHER COUNTY STAFF MEMBERS PRESENT:

Wanda Parrish, Assistant County Administrator for Community Development
Jane Reeve, Chief Information Officer
Beckie Forry, Chief Accounting Officer
Dave Ansell, Chief Building Official
Ben Leach, Deputy Director for Environmental Codes
Toni Vaughan, Acting Procurement Manager
Barbara Verhaalen, Budget Analyst

SCHOOLS STAFF MEMBERS PRESENT:

Prashant Shrestha, Chief Business Officer

New Business:**Appropriation of Schools' OPEB Reserve for Transfer to Schools' OPEB Trust**

Bonnie Jewell, Assistant County Administrator, explained that during FY 2019, Anthem returned the Schools' health insurance reserve to the School Board as Anthem would no longer hold the reserve on behalf of the School Board. Because the Schools cannot maintain an operating fund balance, the School Board requested that the County establish a Schools' Other Post Employment Benefits (OPEB) reserve and a Schools' Health Insurance reserve through which the funding returned by Anthem would be held for the School Board's future use. Both reserves were established at the close of FY 2019 and a policy for each reserve was added to the County's fiscal policies.

At this time, the School Board requests the appropriation of the full Schools' OPEB reserve (\$5,243,212) so it can transfer those funds to the Schools' existing OPEB trust fund for retiree health insurance benefits. Assets in an OPEB trust are expected to yield a greater rate of return, and in fact, the actuaries who perform our OPEB analyses are able to assume a greater rate of return only if the funds are invested in the trust. This then allows a more accurate reporting of OPEB liabilities. As \$5.2 million is a significant sum, if not invested in the trust, the Schools' unfunded OPEB liabilities may be overstated.

Prashant Shrestha, Chief Business Officer for the Schools, reported that if this request is approved by the Board of Supervisors, the School Board will take action on an equivalent budget adjustment on June 14. Immediately thereafter, Schools' Finance

staff will transfer the OPEB reserve to the OPEB trust. There is no intent to use the funding for any purpose transfer to the OPEB trust.

On a motion by Mr. Cole, seconded by Mr. Pritchett and passed unanimously (ahead of Mr. Marshall's arrival), the Finance Committee recommended approval of the budget adjustment and appropriation.

Budget Adjustment & Appropriation for Information Services' Insurance Recovery

Jane Reeve, Chief Information Officer, explained that the Information Services Department is seeking a budget adjustment and appropriation for \$4,554 in insurance reimbursement funds stemming from the loss of a portable radio. With exception of the County's deductible, this reimbursement covers the cost of replacing the radio.

On a motion by Ms. Williams, seconded by Mr. Cole and passed unanimously (ahead of Mr. Marshall's arrival), the Finance Committee recommended approval of the budget adjustment and appropriation.

Mr. Marshall arrived for the meeting at 3:35.

Authorization of Additional 0.37 FTE to Convert PT Procurement Clerk to FT Procurement Officer

Beckie Forry, Chief Accounting Officer, reported the County's Procurement Division is comprised of 4.63 FTE. Of the 4.63 FTE, 1.63 FTEs are currently vacant, with another 1.0 FTE vacancy anticipated by the end of the month, leaving only 2.0 FTEs to serve the County. Due to an extremely limited candidate pool, staff has been unable to adequately fill the 0.63 FTE. Staff has analyzed staffing at our sister locality, Stafford County, whose demographics and transaction volume are very similar to our own. Based on our research, Stafford maintains 6.0 comparable full-time positions to serve Stafford departments.

Mrs. Forry explained that staff is requesting that the Board authorize an additional 0.37 FTE to allow conversion of the existing part-time (0.63 FTE) Procurement Clerk position to a full-time (1.0 FTE) Procurement Officer position. The added cost of the full-time position (~\$52,000 for the full year FY 2022) will be absorbed through the combined budgets of the Office of Accounting & Procurement and the Office of Budget & Grants. Staff is reallocating resources to make this a priority. This request, if approved, will bring Spotsylvania up to 5.0 full-time positions.

On a motion by Mr. Marshall, seconded by Mr. Pritchett and passed unanimously, the Finance Committee recommended approval of the conversion of the position from part-time to full-time through the addition of a 0.37 FTE.

Budget Adjustment & Appropriation for Erosion & Large Site Inspection

Ben Leach, Deputy Director for Environmental Codes, reminded the Committee that in 2019, the County failed the Virginia Department of Environmental Quality's (DEQ's) audit of the local erosion & sediment control program. Now, more frequent inspections are being required at the same time that workload is otherwise increasing from the substantial development occurring within Spotsylvania. Inspection schedules have increased to one every 14 days, causing the costs of our third-party management consulting services for plan review, erosion and stormwater inspection to increase over the current FY 2021 budget by a projected \$1.33M.

Additionally, inspections associated with exceptionally large-scale land disturbance construction areas have been occurring throughout FY 2021 at the sPower site as required by State Code and local ordinance. As such, we estimate that third-party inspection costs associated with this project in FY 2021 will be \$559,280 for which \$259,280 is unbudgeted.

To correct these unbudgeted expenses, a budget adjustment and appropriation are necessary to add \$1,332,975 for plan review and erosion and stormwater inspections and \$259,280 for large site inspections. These expenses will be offset by savings within the division, additional estimated fee revenue in the amount of \$1,260,898 and use of Code Compliance fund balance in the amount of \$260,570.

Bonnie Jewell, Assistant County Administrator, noted that the budget adjustment and appropriation requested is to balance and get us through the FY 2021 budget year. Adjustments were made to the FY 2022 Budget ahead of its adoption to include additional Environmental Inspector positions and consulting services to allow for appropriate resources for this level of inspection and plan review activity in the coming fiscal year.

Committee members, Assistant County Administrator Wanda Parrish and Mr. Leach talked through various questions and responses pertaining to this matter. Several Committee members asked when the County will be relieved of the requirement to conduct more and more frequent inspections. Mr. Leach responded that we will not be relieved of the added inspections because they are part of State law and only the General Assembly would be able to make such changes.

Mr. Leach also noted that there is need to update the Code Compliance Unified Fee Schedule as it is multiple years old at this point and does not reflect the work and costs involved to accomplish the increased inspection requirements. Of particular concern is the currently low fee for Single Family Home inspections. Mrs. Parrish and Ms. Jewell talked about timing the update of the fees for presentation to the Board in January/February 2022 just ahead of the FY 2023 Budget presentation.

On a motion by Mr. Marshall, second by Mr. Pritchett and passed unanimously, the Finance Committee recommended approval of the budget adjustment and appropriation.

Other Business:

The next Finance Committee meeting is scheduled for Thursday, June 17, 2021, at 3:30 PM in the Code Compliance conference room at the Merchant Square building.

Adjournment:

Ms. Jewell adjourned the meeting.