

MINUTES
Board of Supervisors
County of Prince George, Virginia

Pre-Budget Work Session
March 29, 2022

County Administration Bldg. Boardroom, Third Floor
6602 Courts Drive, Prince George, Virginia

MEETING CONVENED. A regular meeting of the Board of Supervisors of the County of Prince George, Virginia, was called to order at 5:00 p.m. on March 29, 2022 in the Boardroom, County Administration Building, 6602 Courts Drive, Prince George, Virginia by Chair Marlene J. Waymack for the purpose of a pre-budget work session.

ATTENDANCE. The following members responded to Roll Call:

Marlene J. Waymack, Chair	Present
Donald R. Hunter, Vice-Chair	Present
Floyd M. Brown, Jr.	Present
Alan R. Carmichael	Present
T. J. Webb	Present

Also present was: Jeff Stoke, Interim County Administrator; Betsy Drewry, Deputy County Administrator; and Dan Whitten, County Attorney.

OTHER MATTERS

1. Resolution; Award of Contract for Janitorial Services. Ms. Betsy Drewry, Deputy County Administrator, Finance, stated that the Board awarded this contract to Star Janitorial Services last week. One of the conditions included in the invitation for bid was that we receive a required certification for housekeeping with a particular institution. As part of our addendum, we did indicate that a comparable certification could be accepted and that certification was due within five days of the award notice. Star Janitorial cannot furnish that certification. They did furnish an alternate certification yesterday. However, it was not comparable to what was required in the invitation for bid. We did very recently receive a letter from the owner of Star Janitorial, which Ms. Jackson, our procurement officer, does have copies of, but our staff recommendation is to award or to adopt a resolution deeming the low bidder non-responsive for failure to comply with that particular part of the IFB and to award to the number two, which was Professional Maintenance Corporation. The amount is higher and the resolution contains the new amount and the new rates for the alternate sections. The letter does indicate that Star Janitorial would not be able to obtain the certification of executive housekeeper by April 1, and they do indicate that they have forwarded it to their legal team. Ms. Drewry stated that the IFB was clear that it was a requirement of the contract award. Mr. Whitten might have suggestions or recommendations. The County Attorney added that the County did not sign the contract so it is not a fully executed contract at this point. Mr. Webb asked can we assume going forward we are going to require this up front? Ms. Drewry stated that is correct. We had a discussion internally

that all of our solicitations should require the minimum documentation as part of the bid package. Mr. Brown stated that his concern is that this is a budget work session and this Board does not normally take action during work sessions. Could this Board not authorize our interim county administrator to negotiate with our current vendor to carry over services until we address this? The County Attorney stated that the County Administrator could negotiate with the current provider to continue services until the next Board meeting if the Board so desired. The rest of the Board agreed. Ms. Drewry stated that they will add the award of contract to the April 12th Agenda.

WORK SESSION

1. Discussion on Health Insurance for FY2023. Ms. Drewry introduced Mark Browder from Mark III, the County's benefit consultant. He walked the Board through the County's recent solicitation for health insurance. To give everyone some background, Anthem has changed their process for renewals. Historically, they have always given the County renewals in the February timeframe, which gives the County plenty of time to respond or react if there is a challenge financially. Primarily, the challenge that the County is going to face at any time would be around Anthem's stop loss. The stop loss insurance is there to protect high claimants. This year in the February timeframe, we did not get the renewal from Anthem administration. And, then when we got the renewal, there was a significant transfer of risk to the County via what is referred to as a laser. A laser is a pooling level. In this case, it was \$650,000 for one individual and it was substantially higher than what the pooling level is for all the other participants that are covered under the plan. Essentially, what it did was it put an extra half a million-dollar liability on the county, which had a dramatic increase on the expected renewal. The plan was bid. Anthem's philosophical change was part of that process, and then the school system was contemplating a possible separation from the County. There were many things going on that prompted a public bid. In that public bid, the County received response from Anthem Local Choice, which is administered by Anthem, Cigna, and Optimum. Mr. Browder explained how they track the claims for both plans, the traditional plan and the HDHP. In 2021, there was a dramatic increase in claims, a 65% increase in claims compared to the prior year. Anthem took a financial bath as it paid out a significantly higher amount, which was \$1.1 million in reimbursements to the County compared to the premium that it collected. The plan stayed at a breakeven position so financially, the County was in good shape but anthem took a bath. In the current plan year that we have, claims are only up about 11%, but that was on top of the 65% increase. So again, it's high claimant driven and Anthem continues to lose money in the process of providing this risk insurance called stop loss insurance. Part of the challenge that is going on with Anthem is there has been a change at the top, at the leadership on the stop loss unit, and they are interested in riding the ship, hence the laser that the County got at the renewal. Therefore, the County did bid the plan. In the process of the best and final responses, Anthem removed that extra \$500,000 of liability or that \$630,000 laser which brought them back into a competitive position. There was still a significant increase in the fixed cost. Stop loss went up dramatically by over double, but that is easily understood when one takes into consideration the losses that they have had. The stop loss renewal that we have now is firm. Optima also responded, but they did not provide us with a firm stop loss quote, which means that the response has all kinds of risks to the County, that they can change that number with additional claims so they were not considered. Out of the gate, Cigna was extremely competitive. They provided fee holidays and implementation credits and wellness dollars. In the end, it is difficult to have a compelling reason to make. If the county remained with Anthem, there would not be any change

in budgetary allocation that we have today. From a fixed cost perspective, there is only about \$29,000 of difference between Cigna and Anthem in a \$3.1 million plan. If you stay with Anthem, there is no change in funding. If you move to Cigna, there would be no change in funding, but then you have the challenge of changes in pharmacy formulary, you have potential changes in physicians. Therefore, you have disruption that would be potentially challenging for the employees that are covered by the plan and their families. The response from local choice was an increase over funding of current funding of \$450,000. It is always interesting to see what a fully insured response would look like relative to your current arrangement, where you buy risk insurance, you pay Anthem to administer your plan. The County essentially is self-funded with that protection of stop loss. Mr. Browder stated that he has never seen a situation where a fully insured contract was more competitive than a self-funded contract. He stated that what the County has been doing from a business perspective is the most efficient way to fund your health insurance. Mr. Carmichael stated that the arguments could be that Anthem made money every single year and then they are hit one time and then they want to penalize the client because they had one bad year out of 15. Mr. Browder stated that based on the best and final offer with Anthem eliminating that liability, we still have serious concerns about the way that Anthem is renewing. We do have a commitment for a one-time renewal next year, so we will not be put into a corner. The potential for disruption to the employees and the membership, both on the medication side and potentially on the provider side, can present a challenge. They do recommend that the County remain with Anthem they will continue to monitor Anthem as a partner for the County. Mr. Webb asked about his statement at the end referencing about hope they would change their philosophy of late renewal notices. Mr. Browder stated that the reason why February is an important date is because we have to fit within the budget cycle, and they are doing this across the entire state of Virginia. So, the philosophical change is the person that's at the top of Anthem came from that traditional stop loss carrier market where they deliver renewals 45 days in advance, which doesn't work from a budgetary standpoint for the county. They have had a leadership change so therefore they are trying to drag the renewals later into the year, which budgetary does not work for the County at all. It also hampers our ability to do a public bid if the renewal is significantly high. At least for one more year we will get a timely renewal and hopefully that will become the philosophical norm again. Mr. Brown verified that Anthem's plan is the same as what we have today except for the school probably will not be a part of that plan. Ms. Drewry added that they are scheduled to bring that to the Board at its April 12th meeting with the recommendation to renew with Anthem health and voluntary vision by up. They will be also be recommending a renewal with Delta Dental.

Ms. Drewry talked a little bit about the budget impact. The County had placed a 10% increase in the budget as a placeholder with the solicitation that was done. We actually can leave our rates where they are today, which means a drop from the budget that was introduced on the 22nd and now. Based on the renewal numbers that Mr. Browder just presented, we can actually take out that 10% increase placeholder for the FY23 budget. We feel comfortable in what we have budgeted today at the same rates, our claims experience and the fixed costs that Anthem provided. This means that the budget that Mr. Stoke presented to you would drop in total by \$289,000. The general fund part of that is \$255,000. Therefore, there are some minimal impacts to the other funds, Economic Development (\$2,096) and Tourism \$65; RCJA would drop by just under \$14,000, which would mean our reduction in our local transfer to RCJA as well as some

savings to Hopewell and Surrey. Utilities would also see a drop and the budgeted health insurance for their enterprise fund employees of just over \$18,000. Mr. Brown asked if we would be better off to tuck that \$289,000 to side just in case our claims are exceeding expectations. Ms. Drewry stated that is what happens to it; it goes into Contingency.

Ms. Drewry stated that as we were discussing the non-public safety employees being placed on steps, we cautioned the Board that we felt certain folks were going to be crawling out of the woodwork, eager to give Ms. Hurt updated experience information and signed or verified verifications of employment. Sure enough, folks have come forward to provide updated, relevant experience, and it is employees from both the general fund and the utilities fund. Therefore, with that being said, in order to place them correctly on steps using the same methodology, it would be an increase in expenditures of \$83,000 that health insurance savings will certainly help offset all of that. Then utilities, they have, of course, had health insurance savings that does not quite offset that increased expenditure so their overall budget would go up. Staff would recommend that we make these changes so that these employees are paid consistently with the others. We are hopeful that that we will not have any more, but of course we would certainly have a couple of months before we adopt and would bring you forth any other revisions.

2. Update on Real Estate Assessments. Ms. Drewry stated that Mr. Cowan and his team have been working diligently on finalizing the real estate assessments and he did provide them with updates yesterday. We met at 1:00 pm and actually got adjusted information last night at 6:00 pm. We have all been working to get the impacts analyzed and the information updated for the Board to be able to make an informed decision about the real property tax rate. Between the 1st of March when we got our initial numbers and yesterday, the assessed value estimates have grown by \$58.3 million; that is another penny. The equalization was at \$0.76; it drops to \$0.75. Therefore, we will need to get authority to advertise for a public hearing tonight to update the advertisement as we are probably not able to delay that decision until your April 12th meeting and hold the public hearing on May 10th, because there is a 30 day advertisement requirement. Basically, in the introduced budget, the value of a penny was \$343,000 and now its \$348,000. So the effective tax increase of leaving that real property tax rate at \$0.83, it was a 9.2% increase or seven pennies. If you left the tax rate at \$0.83, it becomes \$0.08 or a 10.7% increase in taxes effectively. If you did reduce to \$0.82, it would very closely mirror what was presented to you last week, the seven pennies and 9.3 versus 9.2. It is essentially the same with the increased and updated assessed values. If you were to leave the tax rate at 83, your real estate tax revenues would grow by \$460,000 above where they are in the introduced budget and the County would garner \$281,000 of that and see an increase in their transfer above what was introduced by nearly \$179,000. If you drop it to \$0.82 your revenue still grows by \$112,000. It does impact slightly the mobile home and public service. The revenue change from the budget that was introduced is just over \$82,000. The County again would garner \$43,000 and the School Division would see an increase in their transfer above what was introduced of \$38,965. So dropping a penny, we still see slight growth above the revenues that were introduced last week. Moreover, just so that you are aware, because the value of a penny did increase the commitment to the apparatus and the Fire and EMS equipment also slightly grows by about \$15,000 and that is a carve-out from the School System. Mr. Webb asked what would happen if we lowered the personal property from 3.95 to 3.90? Ms. Drewry stated that they could certainly

do that. It's not quite a net zero, but its close. It is a net loss if you were to do both. Just solely dropping the real property tax rate to 82 from 83 with the growth in assessed values, again, you have a \$112,000 increase in revenues. The School Division transfer increases by almost \$39,000. Your general fund contingency would grow by \$207,795. It was introduced at just over \$800,000. It would become \$1,000,032 with no other revenue actions. Taking both actions would mean a slight reduction below what was introduced to the School System that the local transfer would be \$18,553,165, which is \$1,496,522 higher than current year, but slightly less than the introduced budget of \$41,000. Mr. Webb stated that just like the assessments on the house, every citizen is getting hit with the new cars, and the used cars are over 42% and it doesn't look like it's going anywhere any time soon. He stated that he is in favor of \$3.90. Mr. Brown asked what that would take the contingency down to. Ms. Drewry stated that it would drop by just over \$120,000. Mr. Brown stated then he would be in favor of \$3.90 as well. Chair Waymack declared it a consensus. Ms. Drewry stated in order to avoid public confusion, they have placed a couple of action items on the agenda for this evening just to make sure they meet the 30-day advertisement requirement for the effective tax increase in order to do that on May 10. Mr. Webb agreed that this is a time constraint. Mr. Brown asked the County Attorney that when the Board gives a consensus to something, should the public not have to hear from every Board member. Mr. Whitten stated that once there is a majority, it is the Chair's discretion if she wants to go around and hear from every Board member to weigh in. Ms. Drewry stated that they are recommending to keep those tax public hearings at April 26th because we are in need for the Board to at least adopt the personal property tax rate on April 26th so that the bills can be prepared and mailed out and due on the later due date of June 24th that we had discussed with you at your last meeting as well. You certainly could defer the decision on your real property tax rate until May 10th, when you will be considering the effect of real property increase. That way you would be taking out real property that evening, but the resolutions have been provided for updated action, the tax rate and the effective real estate tax increase from the growth and assessed values. Mr. Webb stated that he does not see a need to delay either one of them. Even with the advertisement, if something changes between now and then, like an increase, we can still go lower. Therefore, his point is why delay either one of them. Mr. Hunter agreed. He thinks the public needs to know and have an idea of what is going on. As soon as we have an idea, if we keep it up here and then all of a sudden bounce it on them later. I think it's a whole lot better served if they know about it as soon as we reasonably can. Mr. Webb stated good point. See it all at one time.

3. Resolution; Authority to Advertise a Public Hearing on Effective Tax Increase Due to Increase in Assessed Values (Not Equalizing). Mr. Brown made a motion, seconded by Mr. Webb, to advertise a public hearing for the effective real property tax increase equalized rate consideration on May 10. Roll was called on the motion.

R-22-059B

RESOLUTION; AUTHORITY TO ADVERTISE A PUBLIC HEARING FOR AN EFFECTIVE REAL PROPERTY TAX INCREASE – EQUALIZED RATE CONSIDERATION.

WHEREAS, The Prince George County Board of Supervisors granted authority to advertise a Public Hearing for an Effective Increase in the Real Property Tax Rate on March 22, 2022; and

WHEREAS, The Interim Prince George County Real Estate Assessor provided higher updated real property assessed values on March 28, 2022 and the equalization rate dropped from \$0.76 to \$0.75 which requires a revised advertisement; and

NOW, THEREFORE, BE IT RESOLVED That the Board of Supervisors of the County of Prince George this 29th day of March, 2022, does hereby authorize the revised advertisement of a public hearing to be held on May 10, 2022, for an Effective Real Property Tax Increase – Equalized Rate Consideration.

On roll call the vote was:

In favor: (5) Waymack, Webb, Hunter, Brown, Carmichael

Opposed: (0)

Absent (0)

4. Resolution; Authority to Advertise a Public Hearing on Tax Rates. Mr. Carmichael made a motion, seconded by Mr. Hunter, to advertise a public hearing on April 26, setting a tax rate for real property, personal property, machinery and tools, tax and mobile homes with the change of 3.95, going to 3.90 for personal property. Roll was called on the motion.

R-22-059C

RESOLUTION; AUTHORITY TO ADVERTISE A PUBLIC HEARING FOR SETTING A TAX RATE FOR REAL PROPERTY, PERSONAL PROPERTY, MACHINERY AND TOOLS AND MOBILE HOMES.

WHEREAS, The Prince George County Board of Supervisors granted authority to advertise a Public Hearing on the Tax Rates on March 22, 2022; and

WHEREAS, The Interim Prince George County Real Estate Assessor provided higher updated real property assessed values on March 28, 2022 and the Board of Supervisors desires to advertised a lower Real Property and Mobile Homes Tax Rate which requires a revised advertisement; and

NOW, THEREFORE, BE IT RESOLVED That the Board of Supervisors of the County of Prince George this 29th day of March, 2022, does hereby authorize the revised advertisement of an April 26, 2022 public hearing for the following FY 2022-23 tax rates:

Real Property: \$0.82 per \$100.00 of assessed value*

Personal Property: \$3.90 per \$100.00 of assessed value**

Machinery & Tools: \$1.50 per \$100.00 of assessed value

Mobile Homes: \$0.82 per \$100.00 of assessed value*

*\$0.04 less than current \$0.86 per \$100.00 of assessed value

**\$0.35 less than current \$4.25 per \$100.00 of assessed value

On roll call the vote was:

In favor: (5) Waymack, Webb, Hunter, Brown, Carmichael

Opposed: (0)

Absent (0)

5. Budget Advertisement for April 26, 2022 Public Hearing. And then the last topic, the budget that you would like for us to advertise for that April 26th public hearing, the introduced or what we've discussed with you this evening with modifications to the health for reducing health insurance, making those known step placement increases, changing your real estate revenues, reflecting the \$0.82, changing the personal property revenues and school transfer to reflect the 3.90, the change in social services revenue, our school transfer change, the CIP transfer change for your Fire and EMS commitments, the general fund transfer to our RCJA and of course our contingency. The other funds would also be impacted for the health insurance reduction and any service experience adjustments that they had. There in the budget ad, there is a spot that has the tax rates so it would probably be more in concert if we were to advertise the budget modified as we discussed tonight. The Board stated that they are in agreement with that.

Ms. Drewry stated that the next scheduled work session is on May 3 but we may need to kick that down the road based on the general assembly adjourning without having adopted a budget, and they are reconvening on April the 4th, but we do not know a timeline of when they will adjourn from their special session. Other key dates that are upcoming, April 26th, you will have your public hearing on the tax rates. You could defer real estate and adopting personal property and machine and tools on the 26th, but maybe taking that real property on May 10th. April 26th, we would hold the budget public hearing. May 10th, you would hold the public hearing on the effect of our real property increase equalization consideration and May 10th is when we had earmarked adoption of the budget. Mr. Stoke and Ms. Drewry have had discussions that it might make more sense to delay that to May 24th, particularly if we do not have state revenues. The School System will have updates prior to the adoption of their budget for state revenues, just like we will. The Comp Board will probably be delayed in getting us revenue numbers and it may make more sense to delay that action until May 24th, particularly because we are delaying the real property effective tax increase until May 10th. On the horizon. General Assembly action will determine final decision on pay increases for constitutional officers and State supported positions like Social Services and RCJA. Ms. Lane from the Commission of Revenue's office has indicated that we might need to fine tune BPOL revenue prior to adoption. There is also any other salary revisions that the Board wants to entertain or experience and information that Human Resources receives. And then, of course, we always update our personnel complement just prior to adoption with new hires, retirements and resignations so that we have better salary and benefit information closer to adoption. The School Division did indicate that certainly once the General Assembly approves the budget, their state revenues will likely change from what they provided to us initially.

CLOSED SESSION

E-1. Resolution; Closed Session for (i) Section 2.2-3711.A.1 – Discussion or consideration of the assignment, appointment, promotion, performance, demotion, salaries, disciplining or resignation of a specific public officers, appointees or employee of the public body; I further move that such discussion shall be limited to the hiring of a new County Administrator and the salaries of the County Attorney, Commissioner of Revenue, Commonwealth's Attorney, Clerk of the Circuit Court, Registrar, Sheriff, and Treasurer.

Mr. Hunter made a motion, seconded by Mr. Brown, that the Board convene closed session for (i) Section 2.2-3711.A.1 – Discussion or consideration of the assignment, appointment, promotion, performance, demotion, salaries, disciplining or resignation of a specific public officers, appointees or employee of the public body; I further move that such discussion shall be limited to the hiring of a new County Administrator and the salaries of the County Attorney, Commissioner of Revenue, Commonwealth’s Attorney, Clerk of the Circuit Court, Registrar, Sheriff, and Treasurer.

R-22-059D

E-1.

RESOLUTION; CLOSED SESSION FOR (I) SECTION 2.2-3711.A.1 – DISCUSSION OR CONSIDERATION OF THE ASSIGNMENT, APPOINTMENT, PROMOTION, PERFORMANCE, DEMOTION, SALARIES, DISCIPLINING OR RESIGNATION OF A SPECIFIC PUBLIC OFFICERS, APPOINTEES OR EMPLOYEE OF THE PUBLIC BODY; I FURTHER MOVE THAT SUCH DISCUSSION SHALL BE LIMITED TO THE HIRING OF A NEW COUNTY ADMINISTRATOR AND THE SALARIES OF THE COUNTY ATTORNEY, COMMISSIONER OF REVENUE, COMMONWEALTH’S ATTORNEY, CLERK OF THE CIRCUIT COURT, REGISTRAR, SHERIFF, AND TREASURER.

BE IT RESOLVED That the Board of Supervisors of the County of Prince George this 29th day of March, 2022, does hereby vote to enter closed session for (i) Section 2.2-3711.A.1 – Discussion or consideration of the assignment, appointment, promotion, performance, demotion, salaries, disciplining or resignation of a specific public officers, appointees or employee of the public body; I further move that such discussion shall be limited to the hiring of a new County Administrator and the salaries of the County Attorney, Commissioner of Revenue, Commonwealth’s Attorney, Clerk of the Circuit Court, Registrar, Sheriff, and Treasurer.

On roll call the vote was:

In favor: (5) Waymack, Webb, Hunter, Brown, Carmichael

Opposed: (0)

Absent (0)

E-2. Resolution; Certification of Closed Session. At 6:44 p.m., Mr. Brown made a motion, seconded by Mr. Hunter, that the Board adjourn the closed session and enter open session, certifying that to the best of each Board Members’ knowledge (1) only public business lawfully exempted from open meeting requirements were discussed and (2) only matters identified in the convening motion were discussed. Chair Waymack asked if any Board member knew of any matter discussed during the closed session that was not announced in its convening legislation. Hearing no comment from the Board, the Chair asked that the roll be called on the motion.

R-22-059E

E-2.

RESOLUTION; CERTIFICATION OF CONTENTS OF CLOSED SESSION
PURSUANT TO SEC. 2.2-3711, ET SEQ., CODE OF VIRGINIA (1950, AS
AMENDED)

BE IT RESOLVED That the Board of Supervisors of the County of Prince George this 29th day of March, 2022 does hereby certify that, to the best of each Board Member's knowledge, (1) only public business lawfully exempted from open meeting requirements were discussed, and (2) only matters identified in the convening motion were discussed.

On roll call the vote was:

In favor: (5) Brown, Waymack, Webb, Hunter, Carmichael

Opposed: (0)

Absent: (0)

ADJOURNMENT. Mr. Hunter moved, seconded by Mr. Webb to adjourn to April 26. Roll was called on the motion.

On roll call the vote was:

In favor: (5) Hunter, Brown, Webb, Waymack, Carmichael

Opposed: (0)

Absent: (0)

The meeting adjourned at 6:45 p.m.

[Draft Minutes prepared April 18, 2022 for consideration on April 26, 2022; adopted by unanimous vote.]

Marlene J. Waymack
Chair, Board of Supervisors

Jeffrey D. Stoke
Interim County Administrator