

AT A JOINT MEETING OF THE BOARD OF SUPERVISORS OF ROCKBRIDGE  
COUNTY VIRGINIA, HELD WITH THE ROCKBRIDGE COUNTY SCHOOL BOARD AT  
THE ROCKBRIDGE COUNTY ADMINISTRATIVE OFFICES AT 150 SOUTH MAIN  
STREET, VIRGINIA ON MONDAY, NOVEMBER 30, 2015  
AT 5:00 P.M.

PRESENT: CHAIRMAN J.M. HIGGINS,  
MEMBERS: R.S. FORD, D.W. HINTY, JR., A.W. LEWIS,  
JR.  
ABSENT: R.R. CAMPBELL  
COUNTY ADMINISTRATOR  
AND CLERK TO BOARD: SPENCER H. SUTER  
FISCAL SERVICES  
DIRECTOR: STEVEN J. BOLSTER  
  
ALSO PRESENT: CHAIRMAN J. LEWIS, II  
SCHOOL BOARD MEMBERS: K. BROOKS, L.C. HOOFNAGLE, L. STRONG  
D.B. MCDANIEL  
RCS SUPERINTENDENT: DR. JACK DONALD  
ASST. SUPERINTENDENT: PHILLIP THOMPSON  
FINANCE DIRECTOR: MATT CROSSMAN  
DIRECTOR OF FACILITIES: JOHN MORRIS  
CLERK TO THE BOARD: RHONDA HUMPHRIES

**Call to Order**

Board of Supervisors Chairman John Higgins and School Board  
Chairman Jay Lewis called the joint Board of Supervisors /  
School Board Meeting to order at 5:07 P.M.

Mr. Suter reviewed the goals and objectives of the meeting,  
which included: informational items consisting of a discussion  
on performance contracting and review of the Board of  
Supervisors adopted budget calendar; and action items consisting

of the proposed capital improvement / capital purchase format and process.

Dr. Donald then provided an overview of the performance contracting process. He provided two handouts to those present. His summary included:

Performance contracting is a program which has been offered by the Commonwealth for some time. It essentially allows certain prequalified Energy Services Companies (ESCOs) to compete for provision of specific, energy consumption analysis services to governmental subsets of the Commonwealth. The overarching goal of each project is to provide capital upgrades to buildings which result in energy savings over time. The expectation is that the savings outpace the original expenditure over the investment period, resulting in a net gain for the governmental entity. The performance period is generally 15 years, but can stretch to 20, depending on the project and ESCO. Any of the 18 qualifying ESCOs can express interest in submitting a "back of the envelope" facilities energy review (for generally up to 4 buildings). The governmental entity can choose up to 4 ESCOs, based on their qualifications, and solicit "back of the envelope" reviews. These are then reviewed and a final selection is made. The selected vendor then completes a comprehensive energy review and presents it to the governmental body. The body can then choose to implement all or a portion of

the recommended improvements at cost, in anticipation of the aforementioned long term savings. The vendor, to the extent allowed under the contract, is liable for costs resulting from any underperformance over the contract period. In that it is a long-term relationship, it is important to select a good "partner" (ESCO) at the beginning of the project. A representative of the Commonwealth provides guidance throughout the process and low interest financing is available through affiliated state programs and/or through ESCO-specific financial partners.

Members of both Boards discussed the advantages of participating in such a program, touting the fact that the Regional Jail had successfully participated in a similar study. Dr. Donald noted that 11 of the 18 ESCOs had expressed interest and that a school team had reduced the number to 6 at this point. He noted that the goal is to further reduce the number to 2 or 3 via detailed reference checks, stating that a lower number of finalists could benefit the process, given the fact that a lower number of finalists would increase each vendor's chances of winning the work, thereby increasing the likelihood that we would receive a more thorough proposal from each.

The Boards discussed and concurred that: 1) the process would be beneficial; 2) there appears to be little risk in receiving a "back of the envelope" proposal; 3) the process would be of

great assistance to an overall needs assessment for Rockbridge County High School. Dr. Donald noted that a primary goal is to have the performance contracting project schedule align with the needs assessment.

Mr. Suter then presented the schedule of budget meetings that has been adopted by the Board of Supervisors. He stressed his and the Supervisors' preference that - although state code does not require submission until the end of March - the School Board submit its budget request prior to the March 17 regular meeting of the Supervisors.

Mr. Suter then reviewed the outcome of the regularly scheduled October Executive Committee meeting, which included budget discussions and focused on the Schools Capital Improvement / Capital Purchases process. He distributed a suggested CI/CP form, noting that both Boards had been presented an example in the September joint Board meeting (proposed schools financial software project). Mr. Brooks asked if both "Justification" and "Needs Addressed" fields were necessary; he also pointed out that annual ongoing costs should be shown only if they were new costs. Ms. Strong concurred. Discussion resulted in the following revisions: "Justification" was revised to "Justification/Narrative"; "Needs Addressed" was eliminated; "On-going Annual Costs" was revised to "On-Going Additional Annual Costs", resulting in the final elements as shown here:

<b>TITLE:</b>	<b>COST ESTIMATE:</b> \$ <b>SOURCE:</b>
<b>JUSTIFICATION/NARRATIVE:</b>	
<b>SITE/LOCATION:</b>	<b>RECOMMENDED INITIAL FUNDING SOURCE:</b>
<b>ESTIMATED LIFE:</b>	<b>RECOMMENDED ON-GOING ANNUAL FUNDING SOURCE:</b>
<b>YEAR ADDED TO CIP/ CPP:</b>	<b>ON-GOING ANNUAL COSTS:</b>
<b>YEAR IMPLEMENTED:</b>	<b>COMMENTS:</b>
<b>YEAR COMPLETED:</b>	

Mr. (Buster) Lewis moved to adopt the revised form. Mr. Hinty provided a second and the motion passed by unanimous vote of the Board members present. The same motion was unanimously passed by the School Board.

Mr. Suter then reviewed the recommended process:

Proposed Capital Improvement / Capital Purchase Process:

The intent of this discussion is to provide a clear and consistent path for the development, funding and execution of a Capital Improvement / Capital Purchase (CI/CP) plan for the Rockbridge County Public School System. While the primary focus is on use of the dedicated capital reserve fund (CRF), this process could also be used to plan for projects funded from other sources, most notably the County General Fund or dedicated debt service. Adoption of such a process should serve to increase and improve communication, provide clear targets, and allow staff to most efficiently implement the plan. Listed below is the recommended process:

- Initial Submission from the RCSB - December
  - o On behalf of the School Board, staff submits improvements or purchases for which additional funding is being

requested, either as a drawdown from the CRF, an additional appropriation from the funding body, or an incurred loan supported by debt service. Each item / project would be shown on the standard CI/CP form, with accompanying detail. The entire request would be summarized in a separate, prioritized document, and remitted to the BoS Executive Committee via staff coordination, one week prior to the regularly scheduled December Executive Committee meeting.

- Review / Discussion by Executive Committee - Regular December Executive Committee meeting
  - o The BoS Executive Committee provides information regarding upcoming overall budget challenges or opportunities. The full Executive Committee collaboratively reviews the prioritized CI/CP listing. The goal is for the BoS members to understand the projects and needs, and for the School Board members to understand budget pressures or opportunities.
  
- Distribution to BoS - December (following Executive Committee meeting)
  - o Immediately following the December Joint Executive Committee meeting, the BoS Executive Committee (via staff), will share the CI/CP request with the full Board. Board members could then develop questions to share with the BoS Executive, in anticipation of formal discussion at the first, regular BoS meeting in January.
  
- Formal BoS Discussion (January) - At its first regular meeting in January, the BoS would discuss the School's CI/CP request. The School Superintendent and Executive Committee would be invited to discuss the request. Any resultant questions would be remitted in writing to School Administration. Responses would be shared with the BoS via staff coordination one week prior to the regularly scheduled January Joint Board meeting.
  
- Joint Board and Discussion of the Provisional CI/CP plan - Regular January Joint Meeting
  - o The summary document of the improvements or purchases and the accompanying details sheets would be presented at the regular January Joint Board meeting. The provisional CI/CP plan could be adopted as-is or amended based on discussion.
  
- Ongoing discussion as necessary through the budget process / adjustment as required based on potential for changing priorities during this time. Such discussions could occur during both the Executive Committee and Full Board meetings. Final

discussions/amendments would occur at the regularly scheduled joint meeting in March.

- Adoption of the final CI/CP plan - Coincides with adoption of the final County budget in April.
- May/June - Staff plans for next fiscal year projects.
- July 1 - Funding from the adopted budget is available for expenditure in alignment with approved CI/CP plan. If there are any projected cost overruns in a project, staff would jointly approach the full BoS to request either additional expenditure from the Capital Reserve fund or General Fund.

After brief discussion, Mr. Brooks suggested that the process be started even earlier in future years. There was general concurrence, but Dr. Donald expressed some concern that it may be difficult to provide a solid CI/CP request as early as September, at least in the first year or two.

Mr. Ford moved to adopt the process as presented, with the intent to revisit the schedule in the next fiscal year. Mr. Hinty provided the second and the motion passed by unanimous vote of the Board members present. The same motion was unanimously passed by the School Board.

There was additional discussion concerning the minimum amount of funding which should be retained in the School Capital Reserve fund, to handle any mid-year emergencies which could occur. It was agreed that the original discussion had been to maintain a "basement" of \$225,000 in the fund. After discussion, it was agreed that \$250,000 would provide more cushion and, when

combined by the school's annual \$50,000 contingency fund, could cover most mid-year emergencies.

Mr. Hinty moved to set the minimum balance of the schools Capital Reserve Fund at \$250,000. Mr. Ford provided the second and the motion passed by unanimous vote of the Board members present. The same motion was unanimously passed by the School Board.

Mr. Ford then asked to present some additional questions/comments to the School Board. First, he inquired whether any surplus funds in the prior year's budget had been spent on technology upgrades at the high school. Dr. Donald indicated that significant upgrades had occurred at the high school, citing several examples, including the fact that the high school is now fully wireless.

Mr. Ford then suggested that all education-related expenses supported by tax-payer dollars be considered when budgeting, to include debt service and Child Services [CSA]. Dr. Donald noted that debt service is included in the schools' budget documents though comprehensive services expenditures are not. Ms. Strong noted that comprehensive services costs are predicted to increase in the future.

With regard to challenges facing the county in preparing the 2016-17 budget,

Mr. Ford urged all School Board members to review the Supervisors' adopted budget priorities document. He then asked about the recently released composite index (CI) figures. Dr. Donald noted that the good news is that the CI for Rockbridge County did not increase; however, the 0.22% decrease could be diluted by the fact that 84 other localities also experienced a decrease, and the full impact on funding is not yet known.

Mr. Ford then expressed his opinion that the Munis Software being considered by the schools is a "Cadillac" version and that the Bright [BAI] software currently being used by the schools and county is a "Chevy". Dr. Donald disagreed and opined that Munis is the "Chevy". He further noted that the schools are looking at other software systems as well, with a primary goal of being able to seamlessly communicate with the existing BAI system. Mr. Hinty asked if the Munis system would handle dealing with fund encumbrances. Dr. Donald noted that Bright can do some things, but that other software platforms do these things much better.

Mr. (Jay) Lewis noted that he preferred to look at expenditure of taxpayer funds as investments in our children.

Mr. Ford noted that he just wants to ensure that we are looking at all costs of education. He went on to suggest that comparative salary charts presented at the last joint meeting could be updated to include indexing for cost-of-living; he

further suggested that the costs of extra incentives provided for the most experienced teachers need to be included in any discussion of salaries. These incentives include the Early Retirement Incentive Program [ERIP] and supplemental health insurance payments for teachers retiring with 30+ years' experience.

After additional discussion regarding CSA, it was generally agreed that our goal is to provide special-needs services as efficiently as possible.

Mr. Higgins then asked if the schools were preparing for possible additional changes by the legislature that will impact the Virginia Retirement System. Dr. Donald noted that the schools currently administer three retirement plans, and that the full impact of the VRS "Hybrid" system has not yet been felt. After brief discussion, it was agreed that the State and Federal governments need to "step up" with regard to funding of K-12 education.

With there being no further discussion, Mr. (Buster) Lewis moved to adjourn at approximately 6:25 PM. Mr. Ford provided the second and the motion passed by unanimous vote of the Board members present.