

March 8, 2024 – UPDATED April 4, 2024

Darrell W. Dalton, Chairman
Honorable Board of Supervisors
County of Pittsylvania, Virginia
1 Center Street
Chatham, Virginia 24531
Re: FY 2024-2025 Budget Message—Update for Final Adoption

Dear Chairman Dalton and Honorable Supervisors:

Presented herewith, in accordance with Virginia Code 15.2-1541 and 15.2-2503, is the FY 2024-2025 adopted budget for the County of Pittsylvania, Virginia. This \$238,986,887 budget is more than the FY2024 budget of \$232,916,421 due primarily to the addition of the new 1% Sales Tax Revenue for Schools and increased local funding for Schools and Capital. The General Fund budget of \$87,759,483 is supported by increased real estate values because of the recent reassessment, which allowed us to originally adjust the tax rate down from 62¢ to 59¢ to offer some tax rate relief, to compensate for the increase in property values, while providing the quality of services expected of us by our citizens. After a public hearing on the County Administrator's recommended budget and listening to citizen's concern about the additional tax burden, in moving from a revenue neutral rate of 45 cents to 59 cents, we are lowering the tax rate to 56 cents. All tax/fee schedules are included in the Budget Resolution that follows.

This year presented an interesting challenge: the recent reassessment, with a new tax roll submitted December 31, 2023, increased property values on average 48% reaching a tax base of \$6.2 billion. An average home price in Pittsylvania County would therefore increase in value from \$200,000 to \$296,000. If the current tax rate was left unchanged at 62¢, the tax burden to the average homeowner would increase \$506. No one, staff or elected officials, wants to increase the tax burden on its citizens, *yet there has been no tax increase in the last six years*. The County faces rising inflationary costs, accumulating over the past six years, to do business, in everything from fuel to medical insurance, exorbitant rise in equipment, automobiles, fire trucks, buses, etc. For instance, an outfitted Sheriff's patrol vehicle that cost \$38,000 to outfit 10 years ago is now \$60,000. A fire truck that cost \$200,000 ten years ago now approaches \$1,000,000.

Costs have increased steadily over the last six years, but no tax rate increase was ever instituted to compensate for them. Meanwhile, demands steadily increase for service: 911 dispatch calls for Sheriff, Fire & Rescue have increased 100% over the last 10 years; requests for public water-sewer infrastructure and broadband service have increased. The County is engaged in a multi-million-dollar project to implement broadband, requiring significant monetary and administrative costs. Citizens want and demand more recreational opportunities. Consequently, with rising costs and no additional real estate revenue, the County used ARPA funds wisely to compensate, but last year required a one-time transfer of funds from the Solid Waste fund of \$2,000,000.

To balance this year's budget, without the use of transfers or general fund balance, a prudent use of this year's reassessment increase is required to move forward. This requires dedicating \$2,000,000 of the increased revenue generated from 56¢ *to even up the fund*. This leaves about \$5,000,000 to cover new costs for the Sheriff, Fire & Rescue, Schools, and for Capital expenditures. These items constitute the lion's share of the 56¢ budget.

Additionally, the County in partnership with the City of Danville, anticipates attracting clients to locate in the Southern VA Mega Site at Berry Hill, which will add a larger workforce to our locality. We have a new housing project in Axton, meaning future population growth. We have significant long-term capital needs to protect and strengthen our Fire & Rescue system, rehabilitate the historic buildings, build a new jail, a courthouse complex, recreational and water & sewer infrastructure needs –all to set the County up for current and future success. It is important to maintain School funding at the level needed to maintain an excellent academic environment for our youth, to give them every opportunity to succeed. This year’s request is to maintain the current funding calculation at 6% above the Local Required Effort required by the State of Virginia.

So, the critical issue is: **how to find the right balance between a tax rate that is not overly burdensome on our citizens while meeting the current and future needs of the community.** Our strategy is to provide quality services that grow a thriving community that is healthy and safe, creating job opportunities and wealth, offering adequate housing and recreational opportunities, and maintaining a school system of excellence that keeps our long-term finances strong. This year’s budget, lowering the tax rate from 62¢ to 56¢, is our professional recommendation *to protect and build the community, now and for the future.* The adjustment of this rate was accomplished by having better revenue estimates and making minor cuts in various county contribution and capital line items.

General Fund Revenues

(Totals \$87,759,483)

- Real estate
 - Merchant's Capital/Machinery and Tools
 - Transfers
- Personal Property
 - State Funds
 - Other Taxes and Fees



More than half (60%) of the FY2025 budget is utilized for Education and Public Safety functions, while two categories make up 10% each of the total: Human and Health Services and Debt Retirement.

General Fund Expenditures

(Totals \$87,759,483)

- General Government
- Justice/Public Safety
- Human and Health Services
- Education
- Debt Service
- Non-Departmental



With the adopted tax rate at 56¢, we can do the following to increase the efficiency of our customer service to the public and **do more in the community**:

Operating Budget:

Sheriff:

- Sheriff’s Department-Year 2 of Vehicle Lease (20 Vehicles)-Year 1 funded with Carryover Funds-\$213K
- Increases new SRO Positions-\$162K
- Increase for Local Match to SRO and other Grants-\$350K

Fire-Rescue

- 20% Volunteer Matrix Base increase from \$26,500 to \$31,800 for Volunteer Agencies-\$170K
- Equipment Maintenance-\$212K
- Equipment Maintenance-FIRE-\$48K
- Vehicle Insurance Increase - \$35K
- Training Increase- \$5K
- Software Support Expense Increase– \$5K
- Line of Duty Insurance Increase-\$10K

Schools:

Pittsylvania County School Funding to meet Local Required Effort – \$2.5M

- Required to compensate for the \$900,000 reduction in State revenue to PCS and provide 6% above the base Standard of Quality Standard to maintain excellence in the school system. This increase does

provide an average 3% Cost of Living Increase for PCS staff, which will help to provide adequate compensation to attract and retain excellent teachers.

- Our Schools continue to have the highest pass rates in math, science and reading in our area, surpassing scores in Danville, Bedford, Franklin, Campbell, Henry, Martinsville and Halifax, surpassing State averages in all categories, and reaching as high as top 12% in math, 15% in reading and 16% in Science in the State. We should continue to reward this success and build upon it.

Community Donations:

- Mental Health Services Increase-\$112K
- Pittsylvania County Community Action Increase-\$20K
- Chamber of Commerce Increase-\$5K
- Smith Mountain Lake Contribution Increase-\$4K
- Southern Area Agency on Aging-\$2.5K
- VA Legal Aid Society-\$5K
- American Red Cross-\$2.5K

Full-time Positions:

- 1) 1 Information Technology—1,000 help desk calls lead to inefficient down time for staff and citizens; for example, building contractor permitting stops when systems go out.
- 2) 4 Fire-EMS, basic and advanced to provide 24/7 ambulance coverage to Station 640.
- 3) 1 Recreation – Youth Sports Coordinator to manage 1,000 youth, covering 82 sports teams, coaches.
- 4) 1-Community Policy and Management Team (CPMT)—due to increased case load, more at-risk kids, more foster care needs, overwhelming 3 staff members.

Part Time Positions:

- 1) 1 Part-time Position Brosville Library—only one current part time employee is insufficient for safety and to service more requests from the senior demographic in the area.
- 2) Part-time to Full-Time Registrar – increasing number of elections, absentee ballots, State requirements render a part time position working full time to get the job done right and avoid overtime.
- 3) 2 E911 Dispatchers—Part Time to Full Time to reduce overtime and maintain optimal dispatch coverage with four on duty, as recommended by a professional consultant.
New positions-TOTAL INC \$746K

To compensate for inflation and to retain an excellent, professional, customer service-oriented staff, a 3% Cost of Living increase has been included for County employees under the County's Pay Plan as well as to provide funds to cover the new minimum wage increase to \$13.50 effective January 1, 2025-\$670K.

Capital Budget Requests:

- **Computer Capital Outlay** - \$136,547 (HR On-Boarding, Community Development Public Access, and Telephone System Upgrade). The Community Development Software is needed particularly to allow building contractors to apply for permits off-site, thus speeding up the permitting process.
- **Building & Grounds Capital Outlay** - \$340,000 (Emergency Repairs Fund, needed for historic building maintenance)
- **Fire & Rescue Capital Outlay** - \$1,270,000 (Drug Box Requirement, PPE, Medical and Training Equipment, Volunteer Radio Upgrade, 2 Volunteer Fire Engines (increased contribution of \$25K each), 2 Volunteer Ambulances (increased contribution of \$25K each), Career Staff Ambulance)

- **Community Development Outlay** - \$1,231,819 (Comprehensive Plan, Moses Building Renovations, Voting Equipment (Year 1), Library-Bookmobile (Downpayment))
- **Recreation Capital Outlay** - \$15,000 (School Facility Use Fee)

1% Sales Tax for School Construction:

The Finance Director will continue to manage this fund for future school projects including:

1. Security Vestibules at all elementary and middle schools-\$2.5M
2. HVAC & Window Replacement-\$31.9M
3. Additions to eliminate Mobile units-\$20M
4. Gym corridor improvements-\$700K
5. Elementary school additions-\$3.2M

Other Long Term Capital Needs:

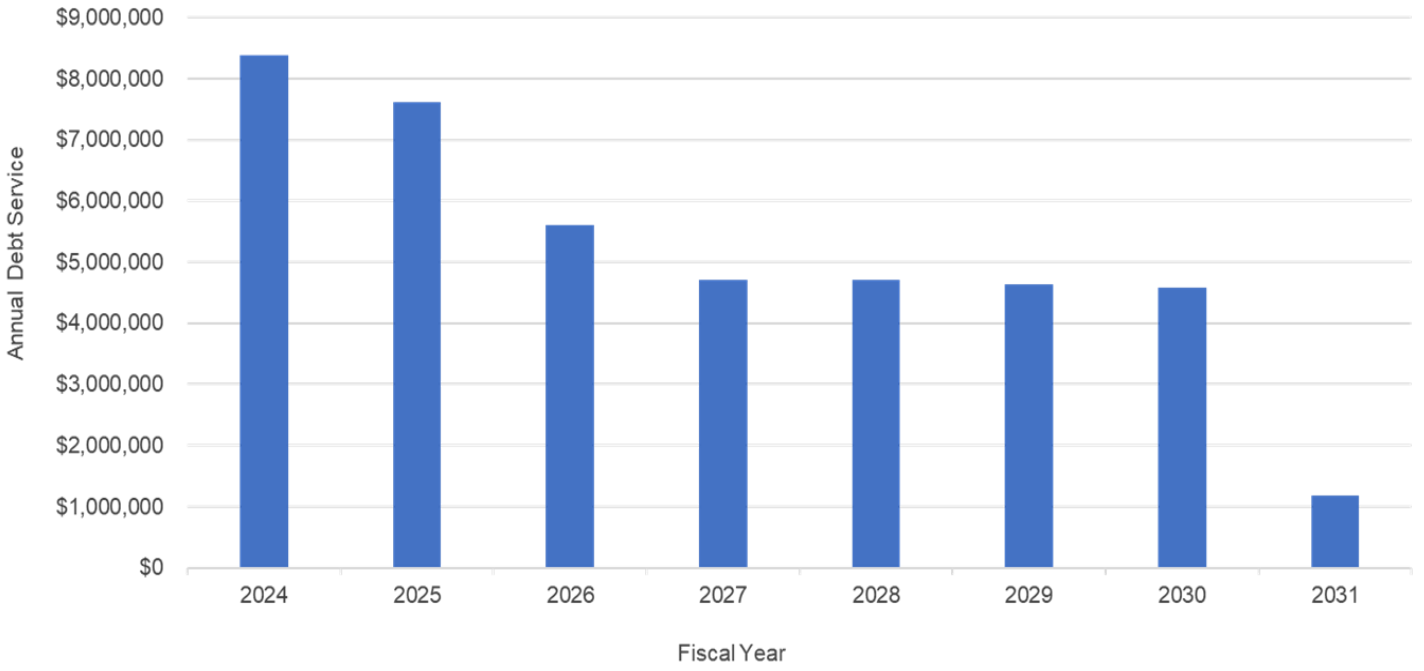
	Critical County Facility Improvements	Broadband Project	DAM Project	Jail Project	Courthouse Project	Recreation Center Project
Assumed Delivery Date	6/1/2024	6/1/2025	6/1/2026	6/1/2026	6/1/2034	6/1/2034
Funding Amount Needed	\$5,000,000	\$4,528,529	\$5,000,000	\$62,484,705	\$100,000,000	\$5,000,000

New Debt Reserve Fund:

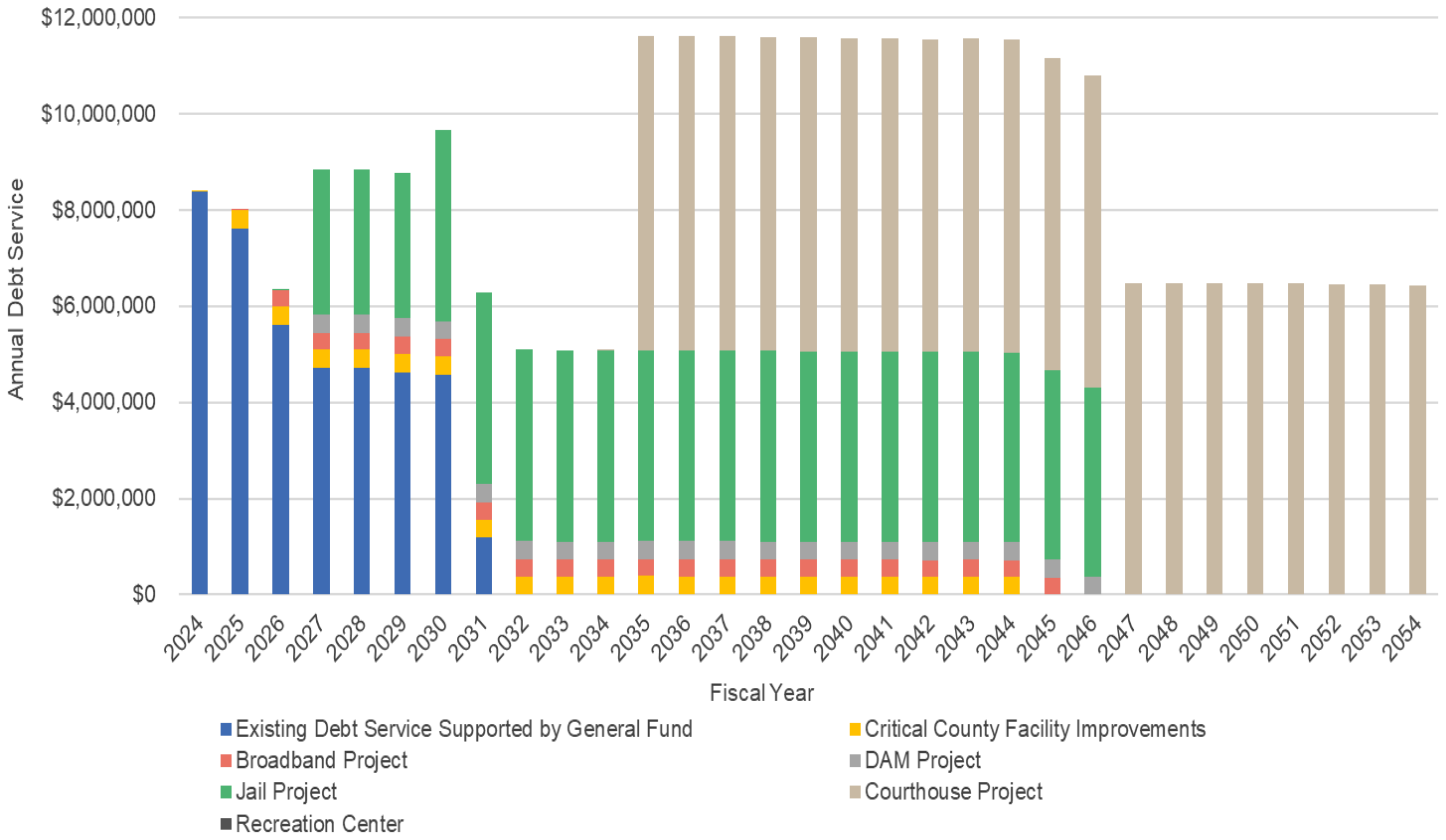
The County continues to faithfully retire debt incurred after the 2007 \$70M high school and the 2001 \$39M middle school construction bond referendums. Despite an average annual payment of approximately \$8M, there will be \$27.3M outstanding at year-end. These obligations will be satisfied in FY2031. Regardless, the County has plenty of debt capacity; \$155M (as of 6/30/23) according to the 3% threshold stipulated in its financial policies. This policy states that General Fund Debt as a percentage of the estimated market value of all taxable property (real and personal) in the County should not exceed 3%. The following chart illustrates total outstanding obligations through 2032. Retirement of debt accounts for 10% of the presented FY2025 General Fund budget.

Annual debt service ranges from \$1.2 million to \$8.4 million, with final maturity in FY 2031. With debt service falling off, we are proposing to use the surplus for a long-term Debt Reserve fund for large capital projects upcoming such as the new Jail and Courthouse Complex. This year’s contribution is about \$600,000, with increasing amounts going forward, contributing to our large projects such as the new jail and courthouse.

Existing Debt Service

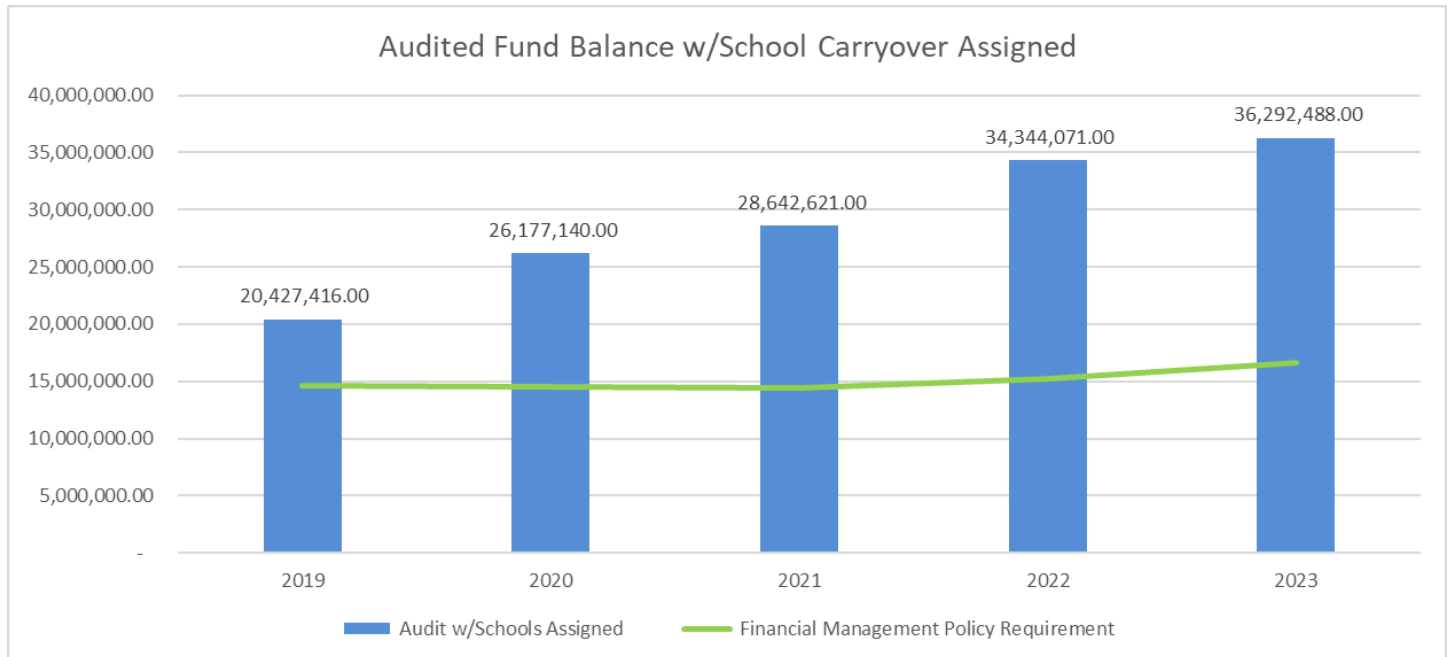


Existing & Future Debt Service



Overall Finances

A financially healthy local government of Pittsylvania's size should have an unrestricted General Fund Balance around 20% of annual operating cost. On June 30, 2023, the County's Unassigned Fund Balance stood at a healthy \$36,292,488 as shown in the chart below. This shows that our fund balance is well above the Board's fund balance policy. This policy requires that the County have at least 20% of the previous 3-year average expenses in the bank and available for appropriation. Based on the 2021-2023 audits, there should be \$16,613,318 available.



The Long-Term Strategic Goals Achieved in this Budget:

1. Protect, promote, and **strengthen the Fire-Rescue Public Safety system**, both volunteer and paid staff (we await the outcome of a new Fire-Rescue study)
2. Support the Sheriff's request for adequate funding to provide sufficient staff, training, and equipment for **law enforcement safety excellence**, including the current School Resource Officers for School safety. We will continue to work with our architectural consultant on the new jail project, upon the recent submission of the Community Based Correction plan. The current jail is inadequate to house the inmate population and is outdated. This will support the overall safety of the County and protect our citizens, keeping them safe in their homes.
3. Continue to **support the PCS school system's standard of excellence** including managing the 1% Sales tax fund for school construction and funding Schools at 6% above Standards of Quality.
4. County will continue **efforts to recruit and retain the best staff**. This year we revised the family medical plan to reduce the burden on family medical cost by incentivizing the High deductible plan with an HSA contribution of \$1,000 as well as providing an additional contribution for employee's choosing a family

plan. The 3% COLA will assist with recruiting and retaining valuable employees in a competitive workforce market.

5. Increase **Parks and Recreation opportunities**: we must plan for the future growth of the County with more recreational opportunities. We are completing a Parks & Recreation Master Plan as we speak and will seek grants to build infrastructure. We propose hiring a Youth Sports Coordinator to develop programs, hire quality coaches and establish programs that our kids and adults want, improving quality of life.
6. **Citizen engagement and outreach**—we conducted the County’s first Citizens Academy and will continue efforts of outreach to engage our citizens with an upcoming Earth Day event, kicking off a County wide ongoing cleanup/beautification effort.
7. **Economic Development**: efforts continue to land clients at the Southern VA Mega Site which will bring in millions of dollars of new tax base and thousands of jobs. We are coordinating a regional economic plan with the City of Danville and will then turn to work with the IDA on a County-wide plan. New clients are expected to commit this year.
8. **Comprehensive Land use plan update with a strong Housing plan element**: Funds are included to update our plan for the expected growth from our industrial parks including the Southern VA Mega Site, expected to have clients this year. We expect to receive a 50% grant to assist with the cost. The recent Axton mixed use development project indicates that housing developers anticipate workforce growth. We need to be proactive in guiding this development to appropriate areas, protecting our green spaces.
9. **Maintenance of Historic Buildings and Infrastructure** including renovation of the Moses building and more funds for upkeep of our historical treasures such as the old Courthouse. A total of \$1.5M is included in this budget to make upgrades to the Moses Building in the coming year.
10. **Respecting the Agricultural heritage while planning for success**. The Comprehensive Land Use plan update will envision a future County continuing to respect farmers and agriculture, allowing primarily dense mixed-use housing in certain areas. No budgetary change is requested for farmers in Land Use. With sufficient regulation in place limiting solar farms, the land and its heritage will be preserved.

ENTERPRISE FUNDS

The County’s Enterprise Funds are currently self-sufficient. The two enterprise funds we currently have are for Water and Sewer and Solid Waste.

WATER AND SEWER ENTERPRISE FUND

The FY2025 Water & Sewer budget totals \$4,660,500. This is slightly less than last year due to a better understanding of demand in the Cane Creek Industrial Park (mainly Tyson and Aerofarms). We have yet to see Tyson reach full demand but expect that to occur in FY25. Expenditure highlights for FY25 include funds for hydrant maintenance and painting, replacement of a service truck, and purchase of an industrial mower for right-of-way maintenance. We continue to share equipment needs with the Solid Waste division which provides efficiency to the County by not purchasing duplicate equipment. One major expense is an administrative fee (\$341,000) paid back to the County general fund which has been done for the last several years. This budget also includes \$250,000 to begin engineering for a water connection between our 29 North and Mt. Hermon systems. This connection was a high-priority project identified in the Comprehensive Water & Wastewater

Master Plan, completed in 2022, and will improve system resiliency and provided higher pressures and expansion capability in the northern part of the Mt. Hermon system. Utilizing additional revenues expected from our Cane Creek industrial customers, staff plans to aggressively push for completion of identified master plan projects.

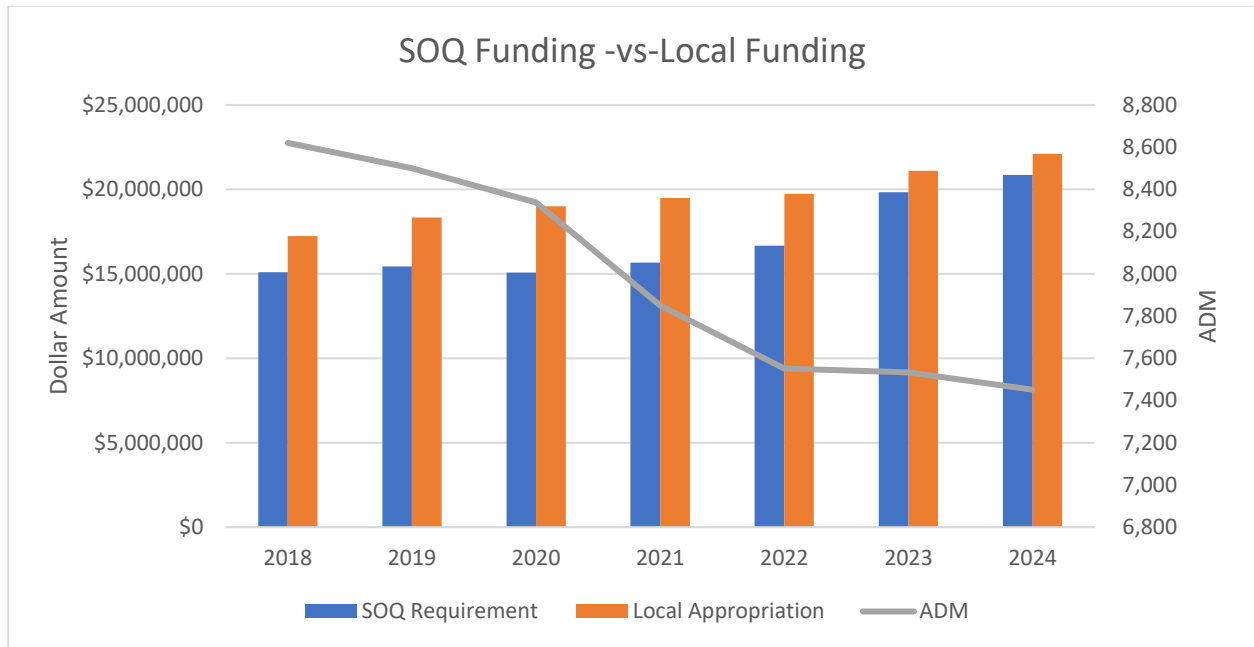
SOLID WASTE ENTERPRISE FUND

The FY2025 Solid Waste budget totals \$6,529,000. There are no significant increases in capital or operating expenses from last year’s budget. The County currently has three (3) outside contracts that provide a total of approximately \$1.785M per year in revenue. These contracts are for five (5) years each. Two are scheduled to end December 2025 and the third ends June 2027. The additional revenue generated from outside contracts aids the County in financially preparing for future expansion of the landfill without using taxpayer dollars. There are significant future expenses that the County must plan for in the successful operation of the landfill including permanent cell closure and on-going environmental monitoring. These expenses would exist regardless of the existence of outside trash acceptance. The County will continue to look for monetizing opportunities to continue this valuable revenue stream. Plans under review by the Department of Environmental Quality (DEQ) for the permitting of Phase III of the landfill and the construction of Cell C2 should be fully underway by the start of the FY25 budget year.

SCHOOL DIVISION FUNDING

The Board of Supervisors continues to provide funding for our School Division to continue upward excellence. Each year it has been the Board’s desire to increase funding to our school system, if possible, to continue to exceed the minimum amount required by the State. It has been increasingly difficult to exceed the minimum required since it seems the minimum is an ever-moving target. We were impacted in FY2025 when the County’s Local Composite Index, an indicator of a localities’ ability to pay, increased again from .2511 to .2642. As such, the County was required to provide more local funding to our school system for the upcoming year. Therefore, the County is proposing to contribute \$2,535,639 more than the prior year school contribution. This allows for the County to meet the SOQ requirement and provide an additional 6% above the minimum required.

Fiscal Year	Local Funding	% Increase
2025	24,631,995	11%
2024	22,096,356	5%
2023	21,096,356	7%
2022	19,736,709	1%
2021	19,486,709	3%
2020	18,986,709	4%
2019	18,336,709	6%
2018	17,236,709	



The Board of Supervisors values the hard work and commitment of the PCS staff, especially teachers who work tirelessly to ensure a quality education is provided to all students. Therefore, the \$2,535,639 additional contribution in the FY2025 budget is requested to provide an average 3% cost of living adjustment to all PCS staff. It is the intent of the Board that this increase be given to all PCS staff so there is no disparity between PCS staff increases and Pittsylvania County staff increases.

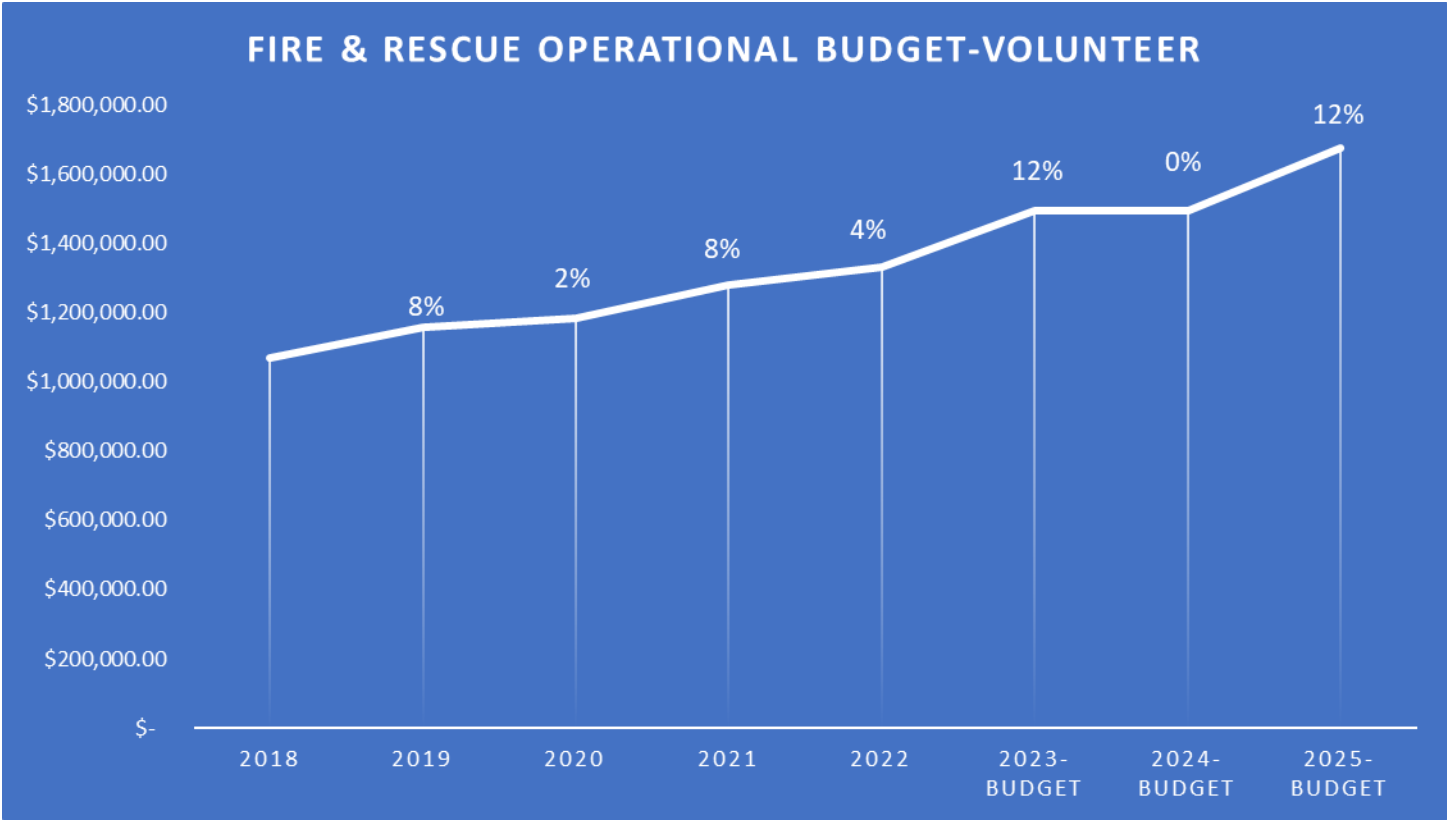
PUBLIC SAFETY

911

The Board of Supervisors has included funding in the FY2025 budget to convert two part-time dispatchers to full-time because of the increased call volume to the E-911 center. The Board is committed to providing improved services for public safety and this will ensure that all emergency calls are answered in a timely manner and public safety resources are dispatched as quickly as possible.

Fire and Rescue

Volunteer Fire and Rescue Services continue to improve throughout the County. A considerable amount of additional funding has been provided to volunteer fire and rescue over the last six years because the Board recognizes this investment is needed to ensure the safety and well-being of the citizens of Pittsylvania County. This year we propose to increase the fire truck and ambulances purchases by \$25,000 each, totaling \$100,000, increase the base funding amount by 20%, take over EMS equipment maintenance at a cost of \$212,000, handle some fire equipment maintenance totaling \$48,000, in addition to our usual handling of insurance and training costs. This is in addition to the current \$25 per call and the funds provided by the call volume matrix, rewarding agencies with more calls more funds. The total cost increase for the Volunteer operating budget increases 12%. The total funds for Volunteer Fire & Rescue operating and capital total \$2,747,100. Below is a chart that depicts the increases in funding for Volunteer Fire and Rescue operational costs since 2018:



The Board also continues to provide funding for fire and rescue apparatus as well as other capital items that are needed by our Volunteer Agencies. Below is a listing of capital funding for FY2025.

Capital Item	Funding Amount
Ambulance-Ringgold Fire & Recue	\$150,000
Ambulance – Chatham Rescue	\$150,000
Ambulance -Public Safety Dept	\$250,000
Fire Truck-Keeling VFD	\$225,000
Fire Truck-Dry Fork VFD	\$225,000
Volunteer Radio Project-Year 2	\$180,000
GRAND TOTAL	\$1,180,000

EMS call volumes continue to increase in the County. The good news is we are continuing to see a reduction in the response times of most departments, a vast improvement from prior years. In FY23 the County answered 9,643 EMS calls, and the County is on track to answer more than 10,000 more EMS calls in FY24. Fire call volume has also increased. The County responded to 2,980 fire calls in FY23 and is on track to respond to more than 3,000 fire calls in FY24. A request was made in the FY25 budget to consider a “Fire pay per call” amount. The amount requested was \$60,000 to cover fire responses, however; this request has not been included in the FY25 budget due to lack of funding. The graphs on page 10 show the Primary Call Volume for Fire and EMS from 7-01-23 through 3-6-2024.

Fire Department	FY24 Total Primary Fire Calls Answered	FY 24 Total Primary Fire Dispatches	% covered for FY24
Dry Fork FD 17	121	146	83%
Chatham Fire Dept 21	256	256	100%
Gretna Fire & Rescue 22	248	248	100%
Ringgold Fire & Rescue 23	169	169	100%
Kentuck FD 24	64	137	47%
Tunstall Fire & Rescue 25	96	96	100%
Renan FD 26	51	51	100%
Mt Cross Fire & Rescue 27	115	253	45%
Riceville/Java FD 29	36	36	100%
Bachelors Hall Fire & Rescue 30	94	94	100%
Hurt FD 31	158	158	100%
Climax FD 32	31	31	100%
Mt Hermon Fire & Rescue 33	147	149	99%
Blairs Fire & Rescue 34	206	206	100%
Callands Fire & Rescue 35	60	61	98%
Laurel Grove FD 36	20	20	100%
Brosville Fire & Rescue 37	162	162	100%
Cascade FD 38	35	35	100%
Cool Branch Fire Dept 39	47	47	100%
Riverbend FD 40	22	22	100%
Keeling FD 42	37	37	100%
Total Fire responses through 3/6/24		2414	

EMS Agency	FY24 Primary calls answered	FY24 Primary Rescue Dispatches	% covered for FY24
Chatham Rescue 12	559	782	71%
Cool Branch Rescue 13	98	103	95%
Gretna Fire & Rescue 22	1001	1048	96%
Ringgold Fire & Rescue 23	631	677	93%
Tunstall Fire & Rescue 25	448	450	100%
Bachelors Hall Fire & Rescue 30	241	242	100%
Mt. Hermon Fire & Rescue 33	505	545	93%
Blairs Fire & Rescue 34	721	724	100%
Callands Fire & Rescue 35	143	234	61%
Brosville Fire & Rescue 37	333	333	100%
Cascade Fire & Rescue 38	134	140	96%
North Halifax 9	67	100	67%
DLSC 20	100	101	99%
2nd due volunteer	317		
P/S Ambulance	1578		
Total EMS responses through 3/6/24	6876		
Response 4	220		

Pet Center

The Pet Center will continue to be the main resource for our citizens animal needs. We will maintain our current staffing to ensure we are providing excellent care to all the animals. The Pet Center will continue to be staffed seven days a week, including holidays. We will look to strengthen our current partnerships and also continue to pursue new relationships with other organizations. *We are not seeking additional funds this year.*

Moving forward, we are looking at potentially adding a walking trail adjacent to our dog park to add another amenity for the public to use. We have also recently taken over the thrift store in the rear of the facility and are providing the community with affordable items while adding additional revenue. There are currently three donation sites at the Mount Hermon, Mount Cross and Smith Mountain Lake convenient centers that supply the store as well as donations from the public. We will continue to seek out opportunities for events and fundraising ideas while engaging with the community.

FY2025 BUDGET ADOPTION SCHEDULE:

1. The budget was presented to the Board of Supervisors on March 12th at which time a budget and tax rate was approved for advertisement.
2. March 20-advertisement of budget and tax rate public hearings
3. March 28-Public Hearing was held on the proposed tax rate increase and the proposed School and County budgets
4. April 4 – approval of tax rate, School Budget and full County budget

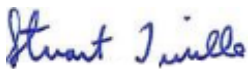
CONCLUSION

The FY2025 budget proved to be very challenging to cover current and future needs while keeping tax rates as low as possible for County taxpayers. The reassessment showed a real property value increase of 48% due to an all-time high in housing values nationwide. Had the current tax rate of 62¢ been applied to the updated property values, the County would have experienced additional real estate tax revenue of \$10.1M over the prior year. However, County staff and the Board recognize the need to offer as much relief to taxpayers as possible and still maintain revenues to sustain County operations for the upcoming budget year. Starting with a budget deficit of \$2M from the prior year, staff worked hard with Mr. Robert Tucker Chairman of the Finance Committee and Finance Member Mr. Tim Dudley to cover this deficit and cut current requests by \$1.8M to prepare a fair budget that continues to move the County forward while offering some tax relief. This budget accomplishes strategic goals to include:

1. Providing more funding to **public safety to have a safer Community**
2. Developing the **economy to provide good paying jobs** to our citizens and **to create wealth** in the community
3. **Adjusting for the reassessment increase with a lower tax rate** that still provides for the current and future services required by our citizens
4. Continuing our **solid financial position and maintaining a strong fund balance**
5. Providing local school funding to **maintain academic excellence**
6. Keeping **pace with inflation** in operational costs
7. Funding immediate and **long-term capital needs**
8. Staying on track with **Jail project** timeline
9. **Funding vital County positions**
10. Providing **adequate employee compensation to recruit and retain the best**
11. Continuing management of a **new 1% School Sales Tax Fund**
12. Protecting our **historical agricultural roots** while capturing future progress and success.

I wish to thank the Finance Director Kim Van Der Hyde for her customary diligence, intelligence and vision, Mr. Dave Arnold, Assistant County Administrator for his incisive analysis, the County Attorney, Department Heads, the Deputy Clerk, and our entire team. We look forward to supporting the Board during the coming weeks to build a stronger organization and community, which is, after all, our united goal and purpose.

Sincerely,



Stuart J. Turille, County Administrator