

VIRGINIA: A CONTINUED MEETING OF THE SURRY COUNTY BOARD OF SUPERVISORS HELD IN THE GENERAL DISTRICT COURTROOM OF THE COUNTY GOVERNMENT CENTER ON MARCH 18, 2010 AT 7:00 P.M.

PRESENT: SUPERVISOR JOHN M. SEWARD, VICE-CHAIRMAN
SUPERVISOR ERNEST L. BLOUNT
SUPERVISOR M. SHERLOCK HOLMES
SUPERVISOR JUDY S. LYTTLE

ABSENT: SUPERVISOR REGINALD O. HARRISON, CHAIRMAN

ALSO

PRESENT: MR. TYRONE W. FRANKLIN, COUNTY ADMINISTRATOR
MR. JOHN B. EDWARDS, JR., ASST. COUNTY ADMINISTRATOR
MRS. MELISSA D. ROLLINS, DIRECTOR OF FINANCE & TECHNOLOGY
MS. RHONDA R. MACK, COMMUNITY DEVELOPMENT DIRECTOR

CALL TO ORDER/MOMENT OF SILENCE/PLEDGE OF ALLEGIANCE

The meeting was called to order by Vice-Chairman, John M. Seward. Mr. Seward asked for a moment of silence. Following the moment of silence, he asked the citizens to stand and say the pledge of allegiance.

Following the pledge of allegiance, Mr. Seward announced a change in the agenda to start with the Public Hearing on Broadband implementation.

PUBLIC HEARING

The purpose of the Public Hearing, explained Mr. Seward, is to solicit public input on local community development and housing needs in relation to Community Development Block Grant (CDBG) funding for broadband implementation in our community and for consideration of Resolution 2010-05 supporting Surry Broadband implementation.

Ms. Rhonda Mack, Director of Planning and Community Development, addressed the Board prior to public comments. Ms. Mack explained to the Board that the grant application process called for two Public Hearings and a Resolution in support of implementation. She further explained that this was the County's third grant request for funding and reviewed the changes to the County's current request. Ms. Mack stated that the maximum amount allowed by the state for a broadband project is \$700,000 and that an additional \$200,000 would be contributed by the County. The initial project was scaled back to implement the maximum cost allowed. With the inclusion of Mid-Atlantic Broadband and the proposed fiber through Rolfe Highway, the elements of the project have changed a little. Of course the fiber as

opposed to the wireless infrastructure addresses the security needs of most businesses.

The application calls for three new towers to be located at the public works (animal pound facility), Claremont Volunteer Fire Station and near the High School to serve approximately 1,186 residents, 86 businesses and 23 community facilities at a cost of \$899,000. This equates to a cost of \$759 per household, the cost of doing business. The actual per month costs is anticipated at \$35.00 per month.

Ms. Mack stated that Mid-Atlantic Broadband proposes 2700 linear feet of fiber. Their proposal to traverse fiber through Surry County has helped to reduce the overall project costs. The County, Ms. Mack explained, worked with our consultants (Keith Hill and Judy Bentley) to drum up interest by 3rd party providers for our network; but unfortunately, no one has expressed an interest. For this reason, it was decided that the Surry County Broadband Authority would be the utility; once the system is operational, it is hoped that a provider would be willing to commit. The County's only other choice was to end their pursuit of the effort. The implications of local costs are not known at this time.

Following her presentation, Ms. Mack answered questions from the Board and reviewed the location of the proposed fiber network. Mr. Franklin questioned the chances of Mid-Atlantic Broadband receiving federal stimulus in the 2nd round since they were awarded first round funding. Ms. Mack responded that this question could not be answered due to the lack of history on BTOP funding.

A copy of Ms. Mack's presentation is included as an integral component of the March 18, 2010 minutes.

There being no more questions for Ms. Mack from the Board, Vice-Chairman Seward opened the floor for public comments.

Mr. Mike Eggleston (Dendron) asked how much bandwidth and how many fiber lines there would be per cable. Ms. Mack responded that she could provide the information to him prior to the conclusion of the meeting.

There being no further comments and no closing remarks from County staff, Mr. Seward read Resolution 2010-05. Supervisor Holmes moved that the Board approve Resolution 2010-05; the motion was seconded by Supervisor Blount. Supervisors Holmes, Blount, Lyttle and Seward voted affirmatively to approve Resolution 2010-05.

PRESENTATION OF OPERATING BUDGET REQUESTS FOR FY 2010-2011

Mrs. Rollins appeared before the Board to present the FY2010-2011 Budget Requests as submitted by the various departments, agencies and organizations in the County. She advised that the budget was based on the following assumptions:

- Ratio - 98%
- Stable Real Estate Assessment
- Slight Decline in Personal Property values
- Revenue - Current tax rates
- No general salary increases
- As per directives - no increase in current operating budgets
- Decline in state revenue
- No major adjustments to fee rate structure
- Revised school fund requests - based on recent actions by the General Assembly.

In comparing the expenditure requests to the FY11 projected revenue, Mrs. Rollins advised that expenditure requests exceeded projected revenue by \$1.7 million as shown below:

PRELIMINARY REVENUE BY SOURCE	
Local	\$ 18,780,044
Federal	\$ 1,928,654
State	\$ 5,743,619
Operating Carryover	
Total Operating Revenue	\$ 26,452,317
EXPENDITURE REQUESTS BY FUND	
General Operating Fund	\$ 7,480,539
Special Revenue Funds	\$ 306,660
Debt Service Fund	\$ 1,661,019
Subtotal General Fund	\$ 9,448,218
Water & Sewer Fund	\$ 227,709
Social Services Fund	\$ 2,253,729
School Operating Fund	\$ 16,313,298
Total Operating Expenditures	\$ 28,242,954
Budget Variance	\$ (1,790,637)

A summary of the following was presented:

- FY 11 expenditure requests by each category of the general fund compared to the FY10 Budget.
The various sources impacting decreases and increases in general fund categories.
- FY11 requests from the School and Social Services.
- A summary of Projected FY11 Local, State and Federal revenue compared to anticipated projections for FY10.

A copy of the presentation is included as an integral component of the March 18, 2010 minutes.

REVIEW OF THE FIVE-YEAR CAPITAL IMPROVEMENT PLAN (FY 2010-2011)

Mrs. Rollins also reviewed a draft of the proposed Five Year Capital Improvement Plan for fiscal years 2011-2015. She stated that the document reflected work of a CIP committee including the County Administrator, Asst. County Administrator, Finance Director, Planning & Community Development Director and the Parks & Recreation Director. It was also stated that these individuals have responsibilities inclusive of emergency services, public safety, public works and technology which are integral components of a CIP. She reminded the Board that the process of the CIP was initiated previously with the Board's approval to make certain changes recommended by the Planning Commission. Upon the committee's final review, the project will be forwarded to the Planning Commission for official recommendation to the Board.

Mrs. Rollins reviewed the various components of the draft plan. She also advised that a 20-Year Plan drafted in 1996 was used a working document to assess which areas of government (i.e. public safety, education, building improvements) have been allocated capital funds in the past. The majority of the funds in the draft plan are attributed to Parks & Recreation which has not been funded. The plan calls for a \$50,000 needs assessment/conceptual study of a proposed renovation and expansion to the Parks & Recreation facility. Important dates relative to the FY11 budget were reviewed.

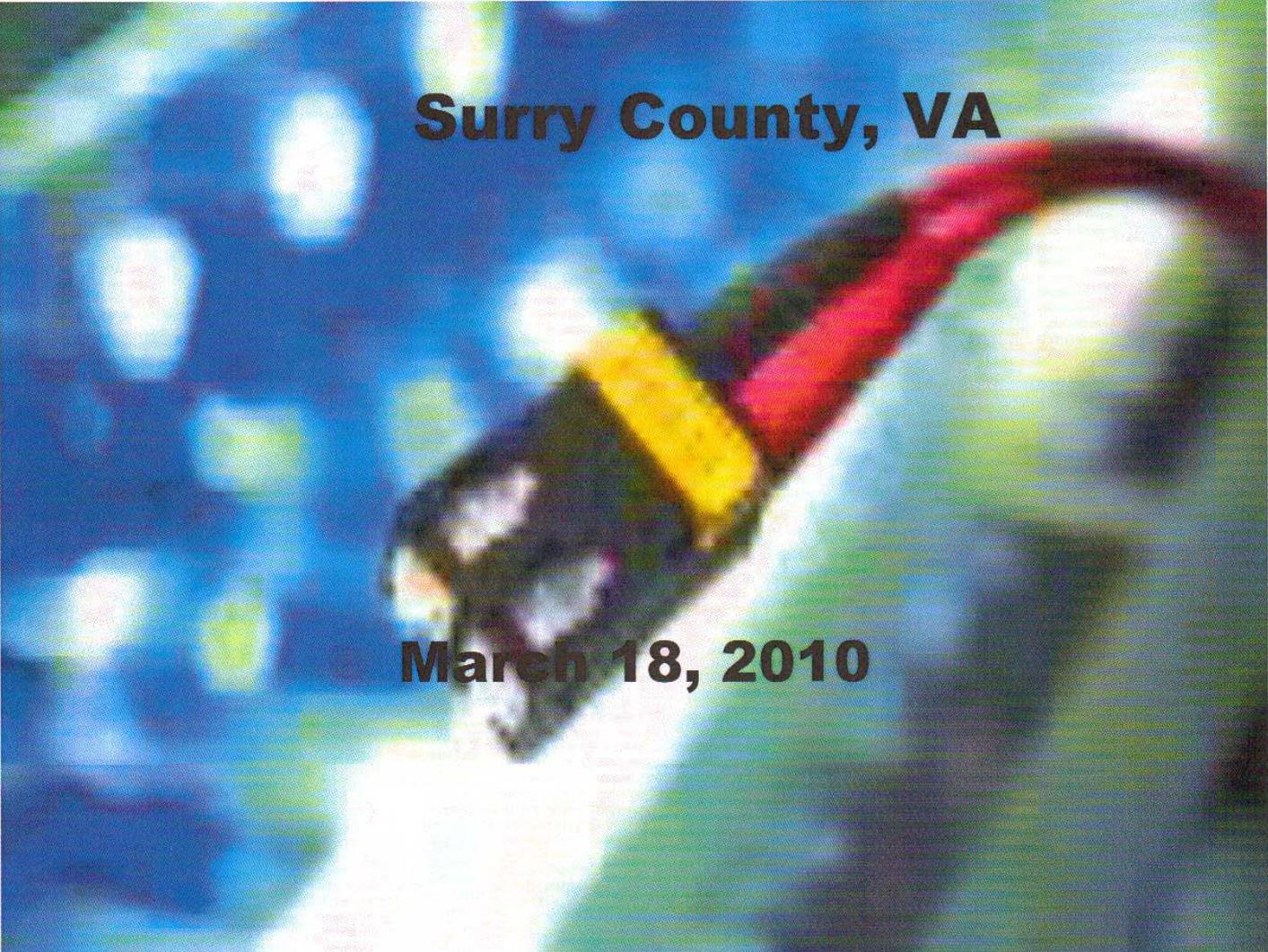
A copy of the draft Five -Year CIP for FY2011-2015 is included as an integral component of the March 18, 2010 minutes.

Vice-Chairman Seward asked that the Board authorize County staff to contact the Isle of Wight Board of Supervisors and by letter request a meeting with their designees to discuss the issue of the proposed Cypress Creek project. Supervisor Holmes made the motion that the Board authorize Staff to coordinate such a meeting; Supervisor Lyttle seconded the motion. Following some discussion a vote was taken; Supervisors Holmes, Blount, Lyttle and Seward voted in favor of the motion.

Vice-Chairman Seward asked for a motion to adjourn. Supervisor Lyttle called the Board's attention to a letter included in their Board packet as a note of information from the Surry County Highway Transportation Safety Commission.

ADJOURNMENT

Supervisor Holmes moved that the meeting be adjourned; Supervisor Blount seconded the motion. Supervisors Lyttle, Seward, Blount and Holmes voted in favor of the motion



Surry County, VA

March 18, 2010

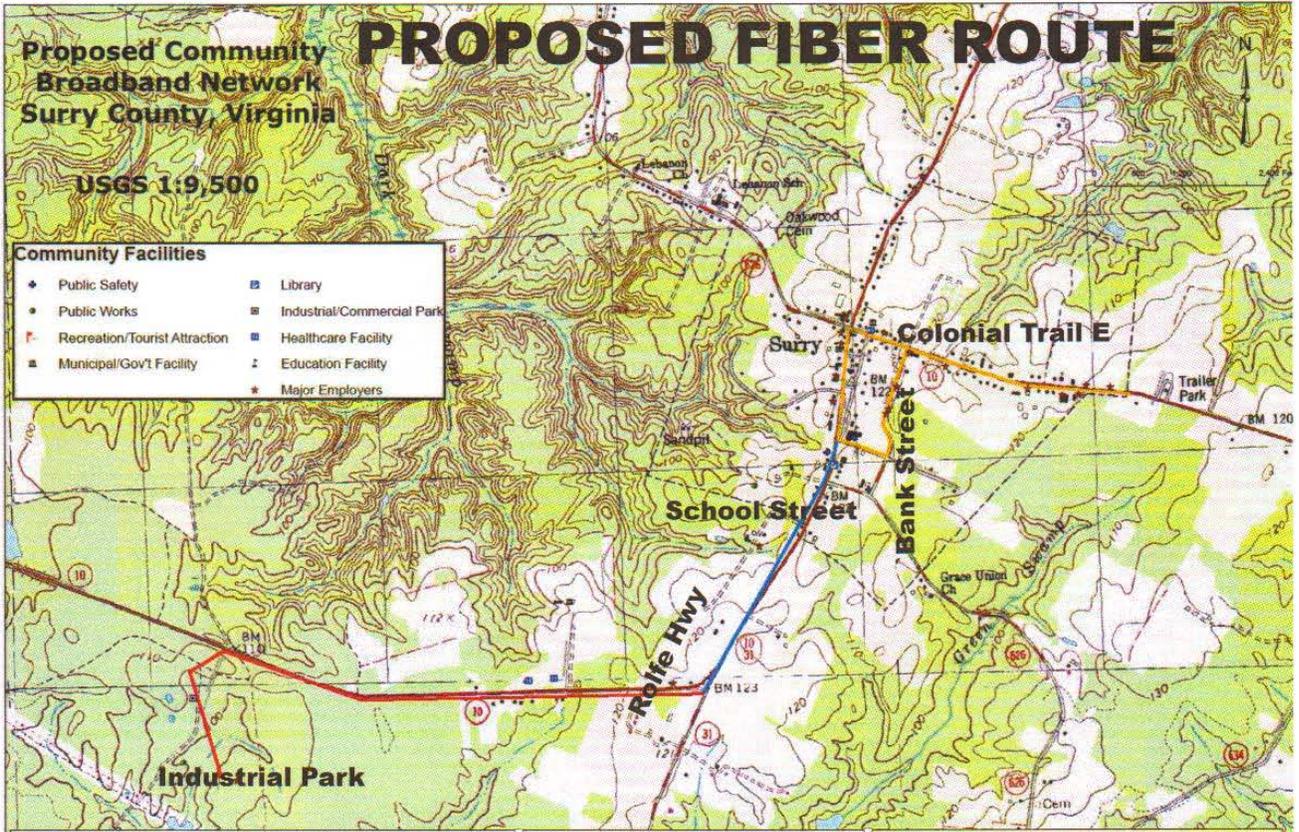
**Proposed Community Broadband Network
Surry County, Virginia**

USGS 1:9,500

PROPOSED FIBER ROUTE

Community Facilities

◆ Public Safety	■ Library
● Public Works	■ Industrial/Commercial Park
⚡ Recreation/Tourist Attraction	■ Healthcare Facility
■ Municipal/Gov't Facility	⚡ Education Facility
	★ Major Employers



Proposed Broadband Infrastructure

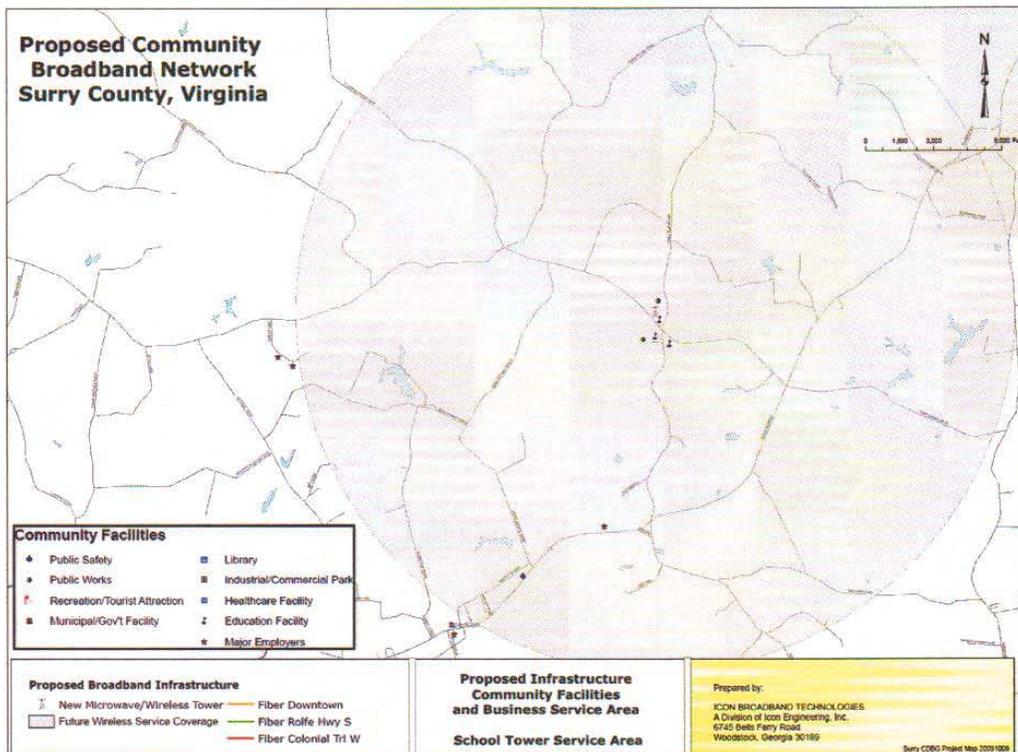
⚡ New Microwave/Wireless Tower	— Fiber Downtown
	— Fiber Rolfe Hwy S
	— Fiber Colonial Trl W

**Proposed Infrastructure
Community Facilities
and Business Service Area**

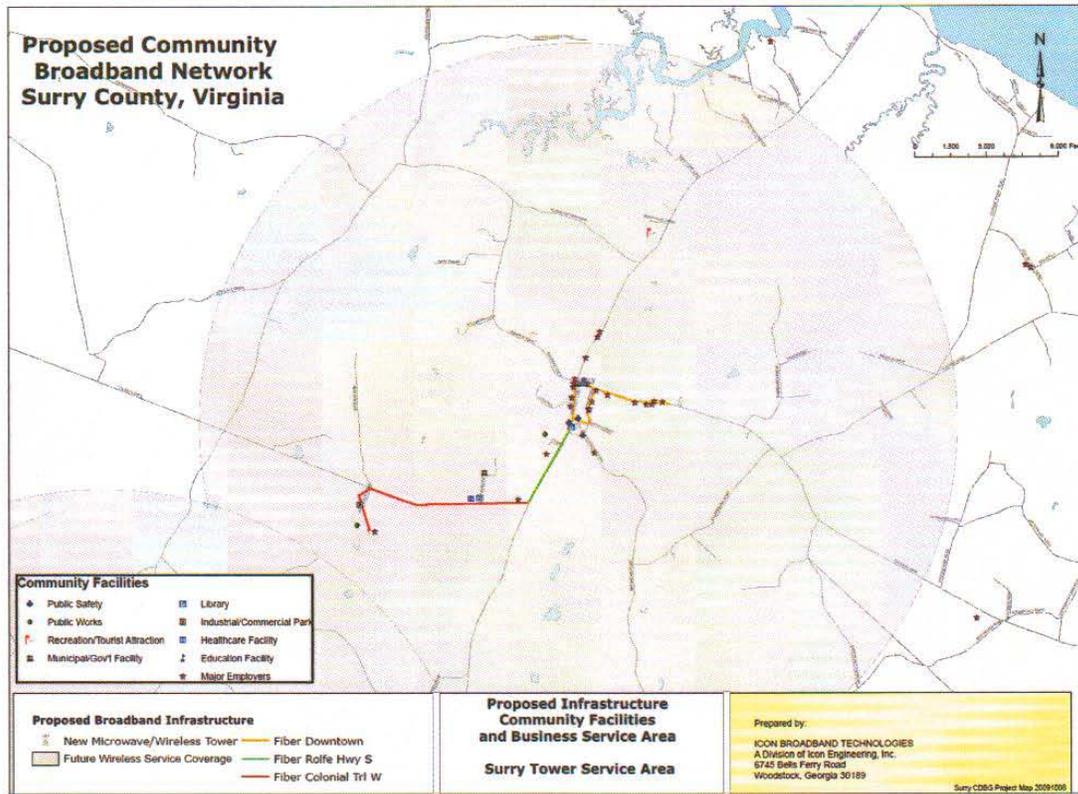
Fiber Optic Network Route

Prepared by:
ICON BROADBAND TECHNOLOGIES
A Division of Icon Engineering, Inc.
6745 Belts Ferry Road
Woodstock, Georgia 30189

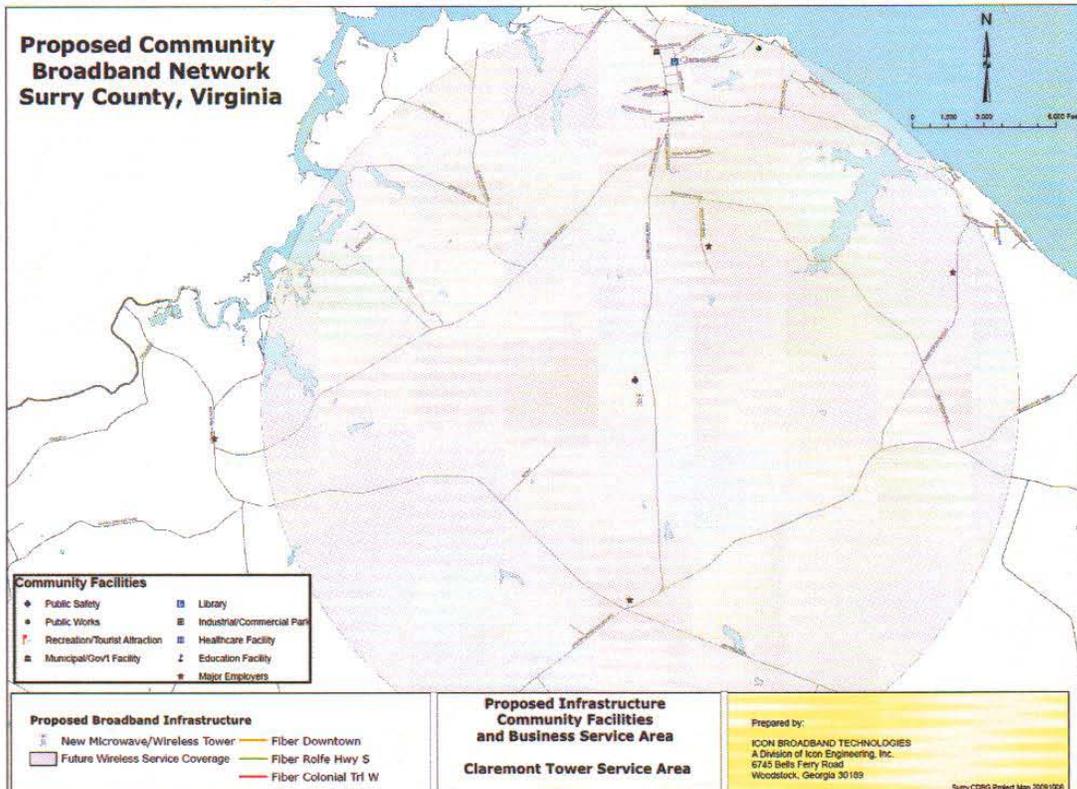
PROPOSED TOWER SITE



PROPOSED TOWER SITE



PROPOSED TOWER SITE



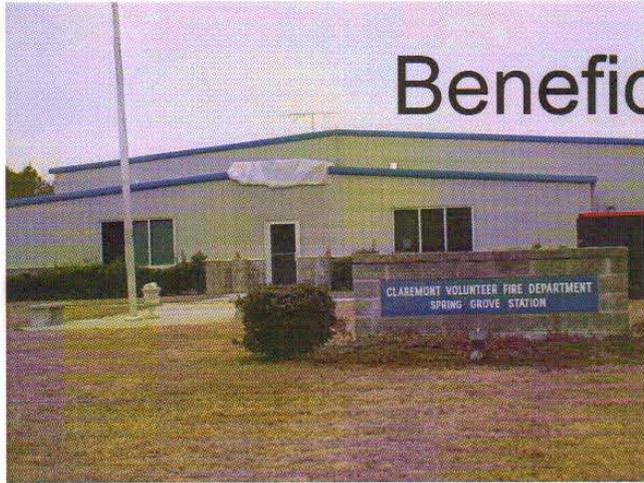


VDHCD CIG Grant Proposed Budget

• Outside Plant Labor/Make Ready	\$155,688
• Make Ready & Permitting	8,050
• Outside Plant Material	170,576
• Project Design	25,491
• Network Gear with OSS	140,200
• Wireless Transmitter & Tower	248,350
• Fiber Splicing per new customer	1,035
• Install Fiber Drop & ONT 18 Total	20,700
• Install Wireless ONT	0
• 2 Fiber All Dielectric Drop Fiber	994
• FTTJ PMT (Outdooder) 18 Total	7,245
• Wireless ONT + Antenna	0
• Project Inspection, RFP Development, Administration	120,714
Total	\$ 899,043



Beneficiaries



1,186 Households

3,066 Persons

86 Businesses

23 Community Facilities

Project Costs

\$700,000.00 Grant Funds

\$200,000.00 Local Funds

\$759.00 Project costs per household

Monthly subscriber costs of \$35-\$45.





Cost Savings

- Deleted 2,729 linear feet of fiber north of Town of Surry
- Removes transport microwave link to Windsor. Not necessary due to proposed fiber improvements by Mid-Atlantic Broadband Cooperative.



Resolution

- Modify resolution to indicate 23 community facility beneficiaries.

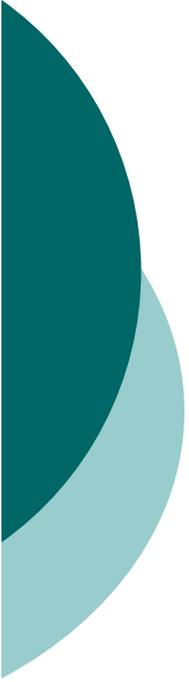




Presentation of Operating Budget Requests FY 2010-2011

March 18, 2010





Budgetary Basis of Requests

- Ratio – 98%
- Stable Real Estate Assessment
- Slight Decline in Personal Property values
- Revenue - Current tax rates
- No general salary increases
- As per directives – no increase in current operating budgets
- Decline in state revenue
- No major adjustments to fee rate structure
- Revised school fund requests

County of Surry
 FY 10-11 Expenditure Requests vs.
 Preliminary Revenue Projections (Operating Budget)

PRELIMINARY REVENUE BY SOURCE	
Local	\$ 18,780,044
Federal	\$ 1,928,654
State	\$ 5,743,619
Operating Carryover	
Total Operating Revenue	\$ 26,452,317
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School Operating Fund	\$ 16,313,298
Total Operating Expenditures	\$ 28,242,954
Budget Variance	\$ (1,790,637)

Each one cent in the current tax rate will generate approx. \$234,000

Excludes all capital outlay requests; additional funding is needed for projects that must be funded with local dollars.

County of Surry

FY 10-11 Budget Request Summary

Operating Budget

	FY 09-10	FY10-11	NET CHANGE	
	Adopted	Budget	FY 08-09 Requests over	
	Budget	Requests	FY 07-08 Budget	
General Gov't Administration	1,625,011	1,761,664	136,653	8.41%
Judicial Administration	417,473	428,272	10,799	2.59%
Public Safety	2,545,217	2,667,706	122,489	4.81%
Public Works	1,183,745	1,034,929	(148,816)	-12.57%
Health & Welfare	500,635	545,670	45,035	9.00%
Parks & Recreation	535,468	566,646	31,178	5.82%
Community Development	466,190	475,652	9,462	2.03%
Special Funds	321,279	306,660	(14,619)	-4.55%
Debt Service	1,805,244	1,661,019	(144,225)	-7.99%
Total General Operating Fund	9,400,262	9,448,218	47,956	0.51%
ENTERPRISE FUND	197,257	227,709	30,452	15.44%
VPA FUND	2,250,599	2,253,729	3,130	0.14%
SCHOOL FUND	16,792,792	16,313,298	(479,494)	-2.86%
TOTAL OPERATING BUDGET	28,640,910	28,242,954	(397,956)	-1.39%

County of Surry
 FY 10-11 General Fund
 Budget Requests Summary

○ Operating Budget Requests – FY 10-11	\$7,480,539
○ Current Operating Budget – FY 09-10	<u>\$7,273,739</u>
Increase – FY 11 Requests over FY 10 Budget	\$ 206,000

BASIS FOR INCREASE SUMMARIZED

● Personnel, Fringe Benefits – VRS & Health	\$ 40,000
● Increase in Requests from Agencies -	\$ 68,000
● OLF Cost	\$ 50,000
● Wastewater Study	\$ 30,000
● Sheriff Dept. Personnel	\$ 60,000
● Technology Upgrades	\$ 20,000
● Contingency Fund	\$ 15,000
● Training Support to SVRS	<u>\$ 10,000</u>
	\$ 299,000

Decreases in public work categories helped to mitigate the increase in requests

County of Surry
 FY 10-11 Budget Highlights
 Preliminary Revenue Projections

What are the preliminary funding sources?

Primary Government	FY 09-10 Budget	FY 09-10 Expected	FY10-11 Projected	Variance over FY 10	
				Variance \$	%
SUMMARY					
Local	\$19,179,743	\$18,833,711	\$18,703,044	(476,699.00)	-2.49%
Federal	\$1,809,444	\$2,004,727	\$1,928,654	119,210.00	6.59%
State	\$6,290,500	\$6,192,355	\$5,683,619	(606,881.00)	-9.65%
Total All Sources	\$27,279,687	\$27,030,793	\$26,315,317	-\$964,370	-3.92%

Variance between FY10 budgeted and expected revenue in the General Fund is (\$456,000) of which \$356,000 is local funds and \$100,000 is state funds

County of Surry
 FY 10-11 Budget
 Preliminary Revenue Projections

**LOCAL
 SOURCES**

<i>Local Sources</i>	FY 09-10	FY 09-10	FY10-11	Variance over FY 10 Budget	
	Budget	Expected	Projected	Variance \$	%
Real estate	\$6,044,185	\$6,041,016	\$6,108,132	63,947.00	1.06%
Public Service	\$10,710,133	\$10,347,250	\$10,249,394	(460,739.00)	-4.30%
Personal property	\$958,136	\$1,050,552	\$998,024	39,888.00	4.16%
Penalty & Interest	\$107,000	\$122,642	\$110,378	3,378.00	3.16%
Other Local Taxes	\$656,030	\$681,492	\$657,107	1,077.00	0.16%
Use of Money & Property	\$247,210	\$127,210	\$127,210	(120,000.00)	-48.54%
Other Local Sources	\$157,049	\$163,549	\$152,799	(4,250.00)	-2.71%
Total All Sources	\$18,879,743	\$18,533,711	\$18,403,044	-\$476,699	-1.94%

Variance of FY10 budget vs. expected – (\$356,032)

County of Surry
 FY 10-11 Budget
 Preliminary Revenue Projections

**STATE
 SOURCES**

State Sources	FY 09-10 Budget	FY 09-10 Expected	FY10-11 Projected	Variance over FY 10 Budget	
				Variance \$	%
Non Categorical Aid	\$712,907	\$700,000	\$710,907	(2,000.00)	-0.28%
Shared Expenses	\$880,459	\$807,524	\$853,000	(27,459.00)	-3.12%
Welfare Admin.	\$569,694	\$550,000	\$569,338	(356.00)	-0.06%
Other State Aid	\$155,204	\$155,204	\$179,551	24,347.00	15.69%
Total All Sources	\$2,318,264	\$2,212,728	\$2,312,796	-\$5,468	-0.02%

Variance of FY10 budget vs. expected – (\$105,536)

County of Surry FY 10-11 Budget Requests School Fund

	Adopted <u>Budget</u>	Amended <u>Budget</u>	Budget Request	FY 11 Request Over FY 10 Adopted	
<u>School System</u>					
Instruction	10,918,676	11,118,675	10,833,104	(85,572)	-0.78%
Administration & Health	887,048	887,048	857,827	(29,221)	-3.29%
Pupil Transportation	1,246,100	1,246,100	1,071,264	(174,836)	-14.03%
Operation & Maintenance	1,892,249	1,892,249	1,803,707	(88,542)	-4.68%
Food Services	628,899	628,899	628,770	(129)	-0.02%
Debt Services	334,198	334,198	264,890	(69,308)	-20.74%
Technology	885,622	885,622	853,736	(31,886)	-3.60%
Total Expenditures	16,792,792	16,992,791	16,313,298	(479,494)	-2.86%
State	3,972,236	3,979,627	3,370,823	(601,413)	-15.14%
Federal	826,904	1,026,903	948,821	121,917	14.74%
Local	300,000	300,000	300,000	0	0.00%
Local Appropriation	11,693,652	11,686,261	11,693,654	2	0.00%
Total Revenue	5,099,140	5,306,530	4,619,644	(479,496)	-9.40%

Budget request calls \$11.69 mil in the local appropriation



Proposed
Fiscal Years 2011-2015
Capital Improvement Plan

FY2011-2015 Project Expenditures by Category	
General Administration	\$ 2,010,000
Maintenance of Public Facilities	\$ 2,275,000
Public Safety Equipment	\$ 2,015,000
Parks, Recreation & Culture	\$ 9,550,000
Road Improvements	\$ 250,000
Grand Total: Project Expenditures	<u>\$ 16,100,000</u>
FY2011-2015 Revenue Sources	
General Fund Operating Revenue	\$ 1,260,000
Transfer from General Fund Balance	\$ 200,000
Total General Fund Revenues	\$ 1,460,000
Other Revenues	
General Obligation Bond Proceeds	\$ 8,375,000
Lease Financing	\$ 3,165,000
Intergovernmental-State Grant Funds	\$ 800,000
Total Other Revenue Sources	\$ 2,300,000
	\$ 14,640,000
Grand Total: Project Revenues	<u>\$ 16,100,000</u>

**Surry County Planning
Commission**

Eddie Brock
Thomas S. Hardy
Gabrielle Clark
Misty Furr
Kevin Monahan
Kenneth Holmes
Theodore Lunsford
Giron Wooden
Paul Cheatham
John Stokes

Reginald O. Harrison
**Board of Supervisors
Representative**

Tyrone W. Franklin
County Administrator

Rhonda R. Mack
**Director of Planning &
Community Development**

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INTERESTED IN LEARNING ABOUT THE
STATUS OF AN EXISTING PROJECT?
CALL 757-294-5271

Introduction

Capital Improvement Programming is a method of planning for the effective and efficient provision of public facilities, infrastructure improvements, major maintenance requirements, and acquisition of property and equipment. The first year of the *Capital Improvement Program (CIP)* represents the County Administrator's proposal to the Board of Supervisor as the Capital Improvement Budget.

A five-year CIP allows the Board of Supervisors and citizens an opportunity to view both the five-year capital construction and infrastructure maintenance needs of the County and Surry County Public Schools. Viewing these needs enables the County to better plan a financing strategy for capital improvements and annual operating requirements. A five-year CIP also allows for programming of multi-year projects.

What is a CIP?

Each locality establishes its own criteria for capital improvement projects. For, the County of Surry, a capital improvement project has a cost in excess of \$30,000 and a life expectancy of at least five years. Although the CIP is a means of implementing the recommendations of the County's Comprehensive Plan, proposed projects are not limited to those listed in the plan. Projects pertaining to the renovation, maintenance and/or construction of public facilities, equipment purchases and land acquisition for public use are included in the capital improvement program. All projects included in the CIP are classified in six categories: General Government Administration, Public Works, Public Safety, Road Maintenance, Parks & Recreation Improvements and Education.

Guiding Principles

Basic principles are used to help shape the Capital Improvement Program. These principles include, but are not limited to developing a balanced capital plan that funds projects in a variety of program areas which meet the highest priority needs; ensuring the CIP will be the platform for development in the County and business community and preserving the existing tax base. To further guide the CIP decision-making process, projects to be included in the CIP are evaluated on the degree to which they meet the following objectives:

- ✓ Meet a legal obligation or federal or state mandate
- ✓ Outside funding is available through a match of federal or state funding
- ✓ Address health concerns, safety or emergency needs
- ✓ Produce positive community impact and garners broad community support
- ✓ Meet prior commitments
- ✓ Can be funded within the parameters of established debt financial policies

Benefits of Capital Improvement Programming

The principal benefit of Capital Improvement Programming is that it requires the County to plan its capital needs in concert with available financing over a five-year period. This process contributes to a responsible fiscal policy. Other benefits of Capital Improvement Programming include:

- ✓ Fostering a sound and stable financial program over a five-year period given a set of revenue and expenditure assumptions based on current economic trends;
- ✓ Coordinating various County improvements so that informed decisions can be made and joint programs initiated among County departments in an effort to avoid duplication;

- ✓ Enabling private businesses and citizens to have some assurances as to when certain public improvements will be undertaken so they can plan more efficiently and effectively;
- ✓ Focusing on the goals and needs of the community through the provision of new facilities and infrastructure improvements;
- ✓ Evaluating annually the infrastructure needs of the County to provide for the public health and safety of the citizens of the County; and
- ✓ Providing a logical process for assigning priorities to the various projects based on their overall importance to the County.

CIP Process & Discussions

The annual CIP process commences during the normal budget proceedings. Suggested projects normally come from county departments, administrative staff and the Board of Supervisors. A CIP committee is composed of the County Administrator, Assistant County Administrator, Director of Finance & Information Technology, Parks & Recreation and Planning & Community Development. These positions are inclusive to the areas of economic development, public works, public safety and information technology which are integral departments to the CIP process. A preliminary planning session is conducted to review the current year's Capital Budget and Five Year CIP; subsequent meetings follow. Adjustments may be necessary based on priority, funding, legal requirements and other factors. Newly requested projects are reviewed and placed in the proposed CIP in accordance with established criteria.

Once a consensus has been reached on a recommended list of projects, an annual schedule for the current and next four fiscal years is developed for each project along with the proposed funding sources. This is the County's first year in which the proposed list will be forwarded to the Surry County Planning Commission for review, approval and recommendation to the Board of Supervisors.

The Board of Supervisors conducts a public hearing at which time the recommended CIP is presented. After all public comments have been received and discussion satisfied, the CIP is then adopted. This is normally done in conjunction with the hearing and adoption of the annual operating budget. The first year of the CIP is incorporated into the County Administrator's Recommended Budget as the Capital Improvement Budget for the upcoming fiscal year.

Capital Improvement Program Timeline

Month	Subject
January ~ February	CIP Process Begins; CIP Committee Meeting
March	CIP Planning Session with Board of Supervisors (BOS)
April	Planning Commission Reviews and Approves CIP; Recommendation sent to BOS
May	Public Hearing is Held on the Proposed CIP
May ~ June	Adoption by the BOS

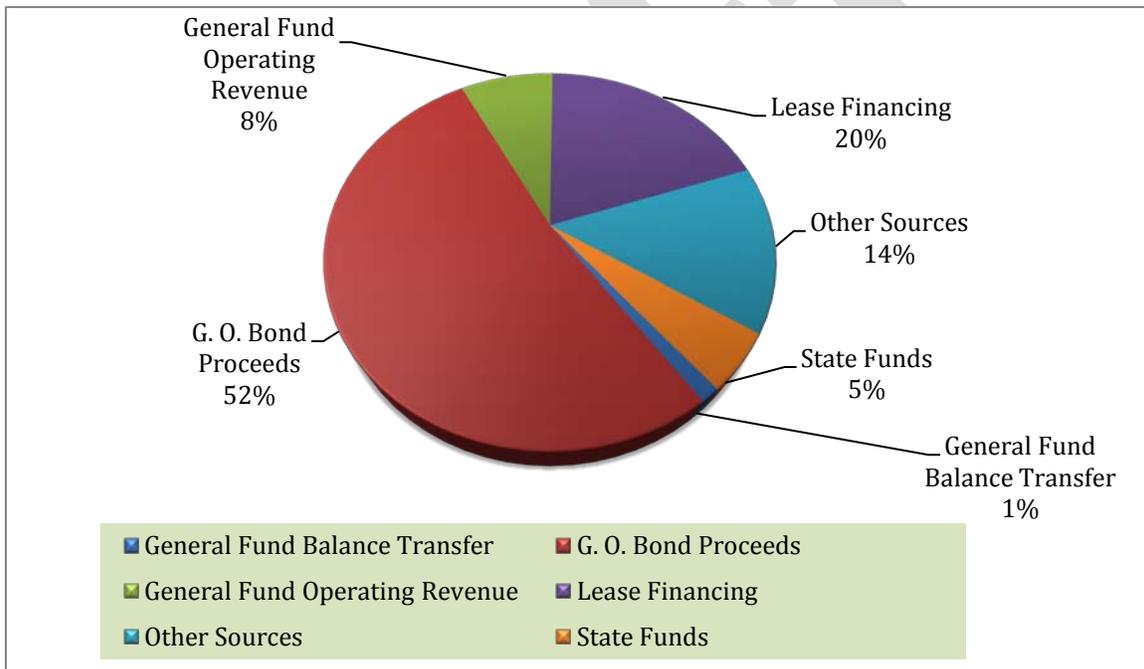
The Board of Supervisors holds budget planning work sessions for the specific purposes of identifying capital project needs in the County. This CIP is a document dedicated to a process designed to identify both the capital improvement needs and priorities of the County over a five-year period in conjunction with projected funding levels and the Board of Supervisor's vision and principles. Actual programming of projects is dependent upon the financial resources available. Funding constraints may preempt the actual inclusion of projects in the current CIP but may be listed as priorities for funding should resources become available. While every need is not addressed, the CIP intends to serve as a critical planning tool and a good foundation for future decision making.

Financial Advisor

The Board of Supervisors retained a financial advisor in FY 05-06 to work with County staff to 1) review, make recommendations for changes and/or develop fiscal policies for the County, 2) develop a long range funding plan that addresses the County's capital needs and 3) prepare the County for anticipated debt levels and ratios over the life of the CIP and beyond.

FY 2011-2015 Funding Sources

Each project in the FY 2011-2015 Capital Improvement Plan is coupled with one or more funding sources. Revenues that the County utilizes come from the following sources: proceeds from general obligation bonds, general fund reserves, federal and state government grants and lease financing agreements.



General Obligation Bonds

The issuance of bonds is a method used by many localities to fund capital projects. Bond issuances are governed by state laws and regulations. A loan is issued to the County on the basis of credit worthiness by demonstrating the current level of debt, revenue and savings or county reserves in exchange for the promise to repay the loan with interest. The repayment of the bond is usually long-term, 15 or 20 years. Typically, government regulations require that the proceeds from bonds issues be expended on one-time capital projects within a certain time frame after the issuance. Bond proceeds have been used to finance school projects such as the renovation to the high school. The level of debt that the County incurs is governed by Board approved financial policies.

Contributions from the General Fund

The General Fund receives taxes and fees including real estate and personal property taxes which are collected to support the general operation of the County. Where current financial policies do not dictate a certain percentage of

use of estimated General Fund revenues each year for the Capital Budget, a certain amount of funds are allotted based on the availability of prior year reserves. In other words, funds that remain unspent from the operating budget from year to year may be used to finance certain capital projects on a pay as you go basis. This has enabled the County to pay for certain projects as solid waste management facilities, landfill closure activities, technology improvements, governmental studies and planning related updates.

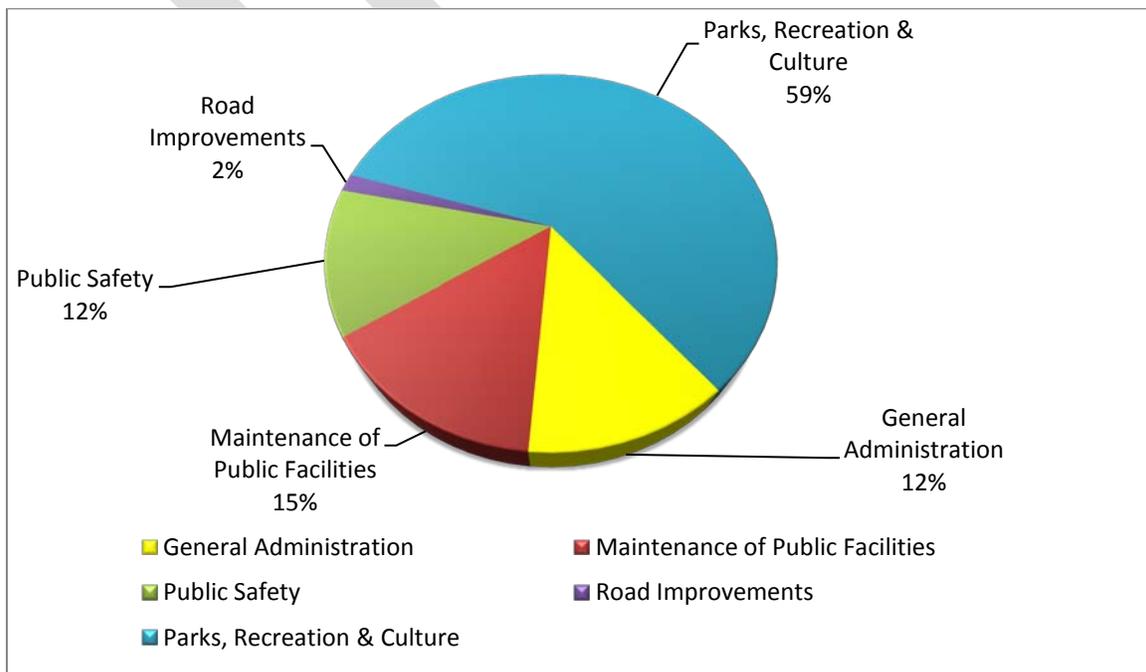
Federal and State Government

The federal and state government provide funding primarily in the arena of state and federal supported grants. In Surry's case, for example, state funds will be used to support the broadband initiative. In the past, state and/or federal funds have been used to support community improvement programs and enterprise activities (i.e. water and sewer improvements). It is important to note that funding received from these sources *may* require a local match from the County.

Lease Financing Agreements

Leasing Financing is a solution that is used when cost effective financing is sought for equipment and other fixed assets. This alternative allows the lessee, in this case, Surry County, to preserve capital and reduce borrowing capacity because it offers (1) 100% financing, (2) favorable tax treatment, (3) low to no closing costs and (4) lower monthly payments than traditional borrowing. This financing alternative is subject to all the local and state laws and regulations. The County has recently utilized lease financing agreements to acquire funding for public safety equipment and for the renovation of the government center and circuit courthouse.

FY2011-2015 EXPENDITURE CATEGORIES



Capital Budget for Fiscal Year 2011

<u>FY2011-2015 Project Expenditures by Category</u>	
Broadband Project	\$ 900,000
Solid Waste Management Collection	\$ 225,000
Solid Waste Equipment Purchase	\$ 150,000
Recreation Center Improvements	\$ 50,000
Sanitary System Improvements	\$ 600,000
Public Safety-E911 Center Upgrades	\$ 630,000
Road Improvements	<u>\$ 50,000</u>
Grand Total: Project Expenditures	<u>\$ 2,605,000</u>
<u>FY2011-2015 Revenue Sources</u>	
<i>General Fund Operating Revenue</i>	
Transfer from General Fund Balance	\$ 675,000
Total General Fund Revenues	\$ 675,000
<i>Other Revenues</i>	
State Grant	\$ 850,000
Federal Grant	\$ 600,000
Other Financing Source	<u>\$ 480,000</u>
Total Other Revenue Sources	\$ 1,930,000
Grand Total: Project Revenues	<u>\$ 2,605,000</u>

Capital Budget Descriptions for Fiscal Year 2011

Broadband Project..... \$900,000
 Supports funding for the County's current Broadband initiative to deploy high speed internet to Surry County. The Surry County Middle Mile Broadband Initiative seeks to connect the community to an existing Network Virginia source of internet access carried over an all fiber network servicing multiple municipal buildings, schools, two health care providers, emergency medical providers, and local businesses. Funds will engineer and build the proposed fiber infrastructure and towers and connect facilities. It would also allow for high speed communications between schools, municipal facilities and other users or wide area networks independent of the Internet.

Solid Waste Management Collection..... \$225,000

The initial scope of this projection included the construction of three solid waste convenience collection centers to be located strategically throughout the County. The Pineview Site off of Route 40 was completed in FY09. The sites are used by the general public for disposal of household waste, bulky waste, tires and recyclable materials. As a result many of the unmanned, green box sites have been removed. FY11 funding includes the addition of a third site in the County at a location to be determined.

Solid Waste Equipment..... \$150,000

Due to the acquisition and development of a third manned solid waste convenience site, a roll off truck is needed to accommodate this project. The county's current truck is ____ years old.

Public Safety Equipment Replacement..... \$630,000

Projects include the replacement of E911 Dispatch equipment (radio and computer aided dispatch/CAD system). The current equipment is outdated and is no longer support by Verizon and Motorola. Of this amount, \$190,000 is for the replacement of the phone system.

Sanitary/Wastewater Improvements..... \$600,000

Project includes the upgrade of the County's current wastewater treatment facility. It is anticipated that the current facility will exceed the required wastewater treatment limits.

Road Improvements..... \$ 50,000

Funding is allocated in the amount of \$50,000 to fund a portion of the Route 31 Ferry Project or other projects as recommended by the Board of Supervisors.

Recreation Center Improvements..... \$ 50,000

Funding is allocated in the amount of \$50,000 to fund a feasibility study for the proposed expansion of the Surry County Parks & Recreation Facility; proposed improvements include athletic fields, park area, indoor seating area and track, weight rooms, showers, etc.

FIVE YEAR CAPITAL IMPROVEMENT PROGRAM SUMMARY

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Total	ST/LT Debt	Local	Other Sources
GENERAL GOV'T ADMINISTRATION									
Technology Improvements			\$ 250,000	\$ 200,000	\$ 100,000	\$ 550,000	250,000	300,000	
Broadband Project	\$ 900,000	\$ 500,000				\$ 1,400,000	500,000	200,000	700,000
Comprehensive Plan Update		\$ 60,000	\$ -	\$ -		\$ 60,000		60,000	
Total General Administration	\$ 900,000	\$ 560,000	\$ 250,000	\$ 200,000	\$ 100,000	\$ 2,010,000	750,000	560,000	700,000
FACILITY MAINTENANCE									
WasteManagement Collection	\$ 225,000		\$ -	\$ -	\$ -	\$ 225,000	-	225,000	
Solid Waste Equipment	\$ 150,000		\$ -	\$ -	\$ -	\$ 150,000	150,000	-	
Surry Sewer Expansion	\$ 600,000	\$ 650,000		\$ -	\$ -	\$ 1,250,000			1,250,000
Facility Restoration/Stabilization		\$ 150,000				\$ 150,000		150,000	
Warehouse Garage			\$ 500,000		\$ -	\$ 500,000	500,000	-	
Total Public Works	\$ 975,000	\$ 800,000	\$ 500,000	\$ -	\$ -	\$ 2,275,000	\$ 650,000	\$ 375,000	\$ 1,250,000
ROAD IMPROVEMENTS									
Highway Revenue Sharing	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 250,000	-	150,000	100,000
Total Road Improvements	\$ 50,000	\$ 250,000	\$ -	150,000	\$ 100,000				
PUBLIC SAFETY									
Equipment	\$ 630,000		\$ 880,000	\$ -	\$ 505,000	\$ 2,015,000	2,015,000		
Total Public Safety	\$ 630,000	\$ -	\$ 880,000	\$ -	\$ 505,000	\$ 2,015,000	\$ 2,015,000	\$ -	\$ -
PARKS, RECREATION & CULTURE									
Visitor & Welcome Center	\$ -	\$ -	\$ -		\$ 1,000,000	\$ 1,000,000	1,000,000		
Surry Library Expansion	\$ -		\$ 2,500,000	\$ -	\$ -	\$ 2,500,000	2,500,000		
James River Waterfront Access					\$ 1,000,000	\$ 1,000,000			1,000,000
Recreation Center Improvements	\$ 50,000	\$ -	\$ 2,500,000	\$ 2,500,000	\$ -	\$ 5,050,000	4,950,000	50,000	50,000
TOTAL PARKS & RECREATION	\$ 50,000	\$ -	\$ 5,000,000	\$ 2,500,000	\$ 2,000,000	\$ 9,550,000	8,450,000	50,000	1,050,000
EDUCATION									
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			-
TOTAL ALL PROJECTS	\$ 2,605,000	\$ 1,410,000	\$ 6,680,000	\$ 2,750,000	\$ 2,655,000	\$ 16,100,000	\$ 11,865,000	\$ 1,135,000	\$ 3,100,000

cross check total \$ 16,100,000