

April 15, 2020

Virginia:

AT A SPECIAL CALLED MEETING of the Nelson County Board of Supervisors at 2:00 p.m. in the General District Courtroom located on the third floor of the Nelson County Courthouse, in Lovingston Virginia.

Present: Jesse N. Rutherford, East District Supervisor
Thomas D. Harvey, North District Supervisor – Chair
Ernie Q. Reed, Central District Supervisor – Vice Chair
J. David Parr, West District Supervisor
Robert G. “Skip” Barton, South District Supervisor
Stephen A. Carter, County Administrator
Grace Mawyer, Administrative Assistant/Deputy Clerk
Candice W. McGarry, Director of Finance and Human Resources
Shannon Irving, Assistant Superintendent for School Administration

Absent: None

I. Call to Order

Mr. Harvey called the meeting to order at 2:03 pm, with five (5) Supervisors present to establish a quorum.

II. Emergency Ordinance – Fiscal Year 2019-2020 Tax Relief (EO2020-02)

Mr. Carter provided an overview of the ordinance and started with distributing a spreadsheet developed by Ms. McGarry to the Board. He noted that what is proposed in the emergency ordinance is 100% tax relief for the personal property tax and the machinery and tools tax for June 5th, 2020. The total tax relief would be \$2,051,542, and in addition to that is the State Personal Property Tax Relief Funds that make the total relief just over \$2.8 million.

Mr. Carter noted that with using the FY20 Projected Carryover of \$1,131,528 to offset that total relief amount, the total relief would actually be \$920,014. Mr. Carter then noted that Staff is optimistic that the next stimulus proposal, which is currently being debated in Congress, may include monies to offset local revenue losses. He continued by explaining some formulas and estimates provided by VACo, and advised that the net effect to the County could potentially be zero.

It was clarified that this is for personal property and machinery and tools taxes for the first half of the year, due June 5th.

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Mr. Harvey noted that this fund balance did not happen overnight, but rather growing slowly through good economics and being fiscally responsible. Ms. McGarry agreed and noted it is only recommended to use the fund balance for one-time expenses.

Mr. Carter noted that Staff had first considered relief for real estate, but it was too sizeable, and then considered personal property, which would be manageable and also impact everybody who lives in Nelson County. Mr. Parr thanked Staff for also including the machinery and tools tax, adding that the businesses who pay that tax are hurting right now.

Mr. Rutherford noted that this sets a wonderful precedent into the community showing that the Board works for their people. He added a lot of people in the county are suffering, and this is the reason the County has a rainy day fund.

Mr. Harvey noted that everybody is hurting and advised that expenses need to be cut. He suggested the County not buy any new vehicles or include raises for this next fiscal year.

Mr. Reed noted this shows that the County and Board can tighten their belts and be generous at the same time.

Mr. Carter advised this is a two-part approval. The Emergency Ordinance authorizes the tax relief, and the next budget amendment includes how the adjustments will be made within the budget to make the funding available.

Mr. Rutherford then moved to approve Emergency Ordinance **EO2020-02**, Covid-19 Tax Relief and Mr. Parr seconded the motion. There being no further discussion, Supervisors voted unanimously (5-0) by roll call vote to approve the motion and the following emergency ordinance was adopted:

EMERGENCY ORDINANCE EO2020-02
NELSON COUNTY BOARD OF SUPERVISORS
COVID-19 TAX RELIEF
Preamble

The current Covid-19 or Coronavirus has been declared a world-wide pandemic by the World Health Organization. The spread of the Covid-19 Virus throughout the world, including the United States, threatens the health and well-being of all people. The efforts to combat and contain the virus include governmental mandates for “social distancing”, closing of businesses, schools and universities and non-essential services. Millions of people across the United States have become unemployed threatening their economic security and sustainability. The federal government, including the Federal Reserve, has approved trillions of dollars for assistance programs focused on combatting the virus to save lives and to sustain the national economy. The severity of the Covid-19 Virus also threatens the health and well-being of the citizens and businesses of Nelson County, which challenges the Nelson County Board of Supervisors to approve a historic measure to assist the residents and business owners of Nelson County, as follows:

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WHEREAS, the Nelson County Board of Supervisors hereby affirms its responsibility to endeavor to safe guard the public health, safety and welfare of the citizens of Nelson County; and,

WHEREAS, said Board of Supervisors recognizes the threat that the current Covid-19 or Coronavirus is to the public health, safety and welfare of all of Nelson County; and,

WHEREAS, the Board of Supervisors of Nelson County has decided that tax relief to the residents and businesses of Nelson County is a meaningful and tangible means to assist the County's citizenry during an unprecedented public health crisis that is also impacting the economic wellbeing of the entire Nelson County community.

NOW, THEREFORE BE IT ORDAINED by the Nelson County Board of Supervisors, the personal property tax levied on motor vehicles and the machinery and tools tax levied on commercial entities payable during the first half of 2020 and due on or before June 5, 2020 shall be neither assessed or collected; and,

BE IT FURTHER ORDAINED this emergency ordinance does not affect the obligation to pay personal property and machinery and tools taxes levied and assessed on motor vehicles and machinery and tools for the second half of 2020 and due on or before December 5, 2020 nor in tax years subsequent to 2020.

LASTLY, BE IT HEREBY ORDAINED, this ordinance becomes effective upon adoption and the estimated tax relief of \$2,051,542.00 provided to the residents and businesses of Nelson County is a small but significant amount to assist the citizenry and business owners served by the Board of Supervisors in a time of financial uncertainty.

Mr. Harvey thanked the Staff, Treasurer, and Commissioner of the Revenue for their help on this and acknowledged that the County has been fiscally responsible for years, adding he feels they owe it to the public to do this.

Mr. Rutherford noted he is hopeful this sets a level of precedent across the Commonwealth.

III. Fiscal Year 2019-2020 Budget Amendment (R2020-17)

Ms. McGarry briefly explained the budget amendment, noting the first section is an appropriation of funds, the second section is a general fund transfer, and the third section is the transfer of funds that effects the personal property and machinery and tools tax relief as was approved in the emergency ordinance.

Mr. Parr then moved to approve resolution **R2020-17** and Mr. Reed seconded the motion. There being no further discussion, Supervisors voted unanimously (5-0) by roll call vote to approve the motion and the following resolution was adopted:

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**RESOLUTION R2020-17
NELSON COUNTY BOARD OF SUPERVISORS
AMENDMENT OF FISCAL YEAR 2019-2020 BUDGET
NELSON COUNTY, VA
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BE IT RESOLVED by the Board of Supervisors of Nelson County that the Fiscal Year 2019-2020 Budget be hereby amended as follows:

I. Appropriation of Funds (General Fund)

<u>Amount</u>	<u>Revenue Account (-)</u>	<u>Expenditure Account (+)</u>
\$1,174.00	3-100-003303-0025	4-100-031020-7040
\$50,000.00	3-100-002404-0046	4-100-091050-7170
\$482.24	3-100-002404-0001	4-100-031020-5419
<u>\$175,454.00</u>	3-100-004104-0006	4-100-094100-3160
\$227,110.24		

II. Transfer of Funds (Non-Recurring Contingency)

<u>Amount</u>	<u>Credit Account (-)</u>	<u>Debit Account (+)</u>
\$225.00	4-100-999000-9901	4-100-013010-3007
\$7,000.00	4-100-999000-9901	4-100-013010-1010
\$1,300.00	4-100-999000-9901	4-100-013010-5201
\$6,800.00	4-100-999000-9901	4-100-013010-5401
\$5,300.00	4-100-999000-9901	4-100-013010-5413
\$1,050.00	4-100-999000-9901	4-100-013010-5501
\$500.00	4-100-999000-9901	4-100-013020-1003
\$200.00	4-100-999000-9901	4-100-013020-5401
<u>\$30,596.00</u>	4-100-999000-9901	4-100-092010-9201
\$52,971.00		

III. Transfer of Funds (Personal Property and Machinery & Tools Tax Relief)

<u>Amount</u>	<u>Debit Account (+)</u>	<u>Credit Account (-)</u>
\$1,809,858.00	3-100-001103-1028	3-100-009999-0001
\$202,239.00	3-100-001103-2027	3-100-009999-0001
\$30,189.00	3-100-001104-1042	3-100-009999-0001
<u>\$9,256.00</u>	3-100-001104-2041	3-100-009999-0001
\$2,051,542.00		

EXPLANATION OF BUDGET AMENDMENT – APRIL 15, 2020

I. Appropriations are the addition of unbudgeted funds received or held by the County for use within the current fiscal year budget. These funds increase the budget bottom line.

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The General Fund Appropriation reflects an appropriation request of **(1) \$1,174** in Department of Criminal Justice Services Byrne Justice Grant funds for the Sheriff's Department. Grant funds will be used to purchase a gun safe for the Department's armory room. **(2) \$50,000** in State Public Safety Answering Point (PSAP) grant funds for Text to 911 implementation required by the State. **(3) \$482.24** in Sheriff's Department Asset Forfeiture funds to be received from the State for the period 3/26/20-3/26/20. **(4) \$175,454** is requested to cover remaining Library Expansion construction contract expenditures through the end of the fiscal year and project. \$2,006,056 is currently budgeted in FY20 for Construction and Furniture and a total of \$2,181,510 in Construction including Furniture is needed. VRA Bond Proceeds are requested to be appropriated from General Fund Balance on the revenue side to cover these costs.

II. Transfers represent funds that are already appropriated in the budget but are moved from one line item to another. Transfers do not affect the bottom line of the budget.

This General Fund Transfer is a request of **(1) \$21,575** from the General Fund Recurring Contingency requested by the Registrar to cover the cost of the June 2020 Dual Primary (see attached) and **(2) \$30,596** for a refund of Bank Franchise Taxes for years 2012-2014 due to amended tax returns being filed by BB&T. Note Approval of this transfer will serve as approval of the refund. *Following this transfer, the Recurring Contingency will have a balance of \$155,758.*

III. Transfers represent funds that are already appropriated in the budget but are moved from one line item to another. Transfers do not affect the bottom line of the budget.

This General Fund Transfer represents the estimated amount of Personal Property Taxes and Machinery & Tools Taxes that the Board approved to neither assess nor bill per adoption of **EO2020-02** for the First Half of 2020 (January-June 2020). The tax relief amounts are transferred to Year Ending Balance within the budget and it is proposed that estimated FY20 Carryover of \$1,131,528 be used to offset this use of General Fund Balance. In this case, the appropriated amount of Personal Property Taxes -FH 2020 is being reduced by \$1,809,858 and Personal Property Taxes-SH 2019 is being reduced \$202,239 for a total reduction of **\$2,012,097**. Machinery and Tools Tax FH 2020 is being reduced by \$30,189 and SH 2019 is being reduced by \$9,256 for a total reduction of **\$39,445**. These amounts were split between the two halves of the fiscal year's collections because the relief amounts for the First Half of 2020 were greater than the budgeted amount. The combined total of **\$2,051,542** is being transferred to Year-Ending Balance and as noted is proposed to be offset by use of estimated FY20 Carryover of \$1,131,528 for a net impact to the General Fund Balance of \$920,014.

Introduced: Additional item to be considered – Tye River Water System

Mr. Carter noted that the County and Service Authority helped the Department of Environmental Quality several years ago to address an underground storage tank issue, and the water system at the old middle school, now the Heritage Center, was used to connect that system over to the east side of 29 to

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deal with 4 properties that had their wells contaminated by leaking fuel tanks. Last November, the elevated storage tank began leaking, so the leaks were plugged, and Staff moved forward with working toward replacing that elevated water tank. He advised that what was previously presented to the Board was a solution to use four pressure vessels and some other upgrades to make that system work, and that has been pursued and presented preliminarily to the Health Department for comment, who had no real issues with it. Mr. Carter noted that the Service Authority then took a look at it and suggested that the elevated tank be replaced with a 5,000-gallon storage tank instead of this current solution. He stated that he will leave the decision up to Board, adding that Staff is pretty much ready to go with the pressure vessel option, and this can be completed at less expense by the end of the summer or sooner. Mr. Carter noted the cost for the pressure vessel option (Option 1) is about \$102,000, and the cost for the new storage tank option (Option 2) is about \$155,000, and Option 2 likely could not get done until the end of this year. The pros of the storage tank are that it gives more water storage capacity, at a greater expense, so potentially, additional customers could be added. He advised that the other system has a storage capacity of only 130 gallons and pumps out of the well, which was tested and has 21 gallons per minute, so it has more than adequate capacity for the customer base. Mr. Carter advised that the engineers are comfortable with either option and asked for the Board's direction. He added that Staff is ready to go with Option 1, and Option 2 would require new engineering, new submittals to the Health Department and much more time.

Mr. Reed asked if Option 1 leaves possibilities for expansion or increased output. Mr. Carter stated it is his understanding that it is just designed to serve the current customer base. He added that the engineer does not think the pump will burn out sooner under Option 1, based on current demand, but Mr. Carter added that the pump will go out sooner or later.

Mr. Harvey noted that they do not want to increase the customers here. Mr. Rutherford agreed and noted that they would have to expand water production as well, and that specific well would be unable to handle more, as it is already handling 4-5 customers. Mr. Rutherford noted he believes Option 1 is perfectly fine for the situation and water output they currently have.

Mr. Rutherford then moved to approve Option 1: Pre-Pressurized Tank Design for the Tye River Water System, and Mr. Barton seconded the motion. There being no further discussion, Supervisors voted unanimously (5-0) by roll call vote to approve the motion.

IV. Fiscal Year 2020-2021 Budget Work Session

Mr. Carter noted that Staff has adjusted, on the revenue side, the local sales and use tax by \$200,000 or \$300,000. Staff annually gets an estimate from the State, which they use to plug that number in. He noted when they received it a couple weeks ago, it was less than what Staff had estimated, so they adjusted that number. He noted that Staff also consulted with the Treasurer on interest earnings, because they know those earnings will be impacted, and that number has been reduced by about \$50,000 or so. He added that nothing else has been adjusted, yet, because it is so unpredictable at this point. He noted

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with these changes, the total funding excess is \$356,142. He advised that this is the ability at this point without using fund balance.

Mr. Carter then referred the Board to a sheet showing proposed budget reductions that Staff has come up with.

Expenditure Reductions to FY21 Introduced Budget

County Departmental Reductions

Maintenance & Planner Positions	\$ (70,409.00)
BOS Budget-Books & Subscriptions	\$ {200.00}
Registrar- Travel	\$ (1,000.00)
Circuit Court-Reduced Jurors Compensation	\$ (5,000.00)
Magistrate -Office Supplies/Furniture	\$ (550.00)
Detention Home -Reduced Amount	\$ (5,000.00)
J&D Court-Furniture & Fixtures	\$ (700.00)
Commonwealth Atty-Conference & Travel	\$ (1,000.00)
Commonwealth Atty-Dues & Memberships	\$ (850.00)
Technology-Travel Convention & Ed	\$ (2,000.00)
Building Inspections-Uniforms	\$ {260.00}
Animal Control-telecom (cell phones)	\$ (600.00)
Parks & Rec Blue Ridge Tunnel Trail Maintenance	\$ (4,250.00)
Planning & Zoning- Advertising	\$ {1,000.00}
Sheriff's Department Required Increase-Academy Costs	\$ 2,145.00
	Subtotal \$ (90,674.00)

Non-Departmental

Employee Benefits- Proposed 3% or 33% Market Salary Adj	\$ (192,515.00)
Health Insurance Reduction to \$0 Increase	\$ {10,212.00}
<u>Agencies:</u>	
JAUNT-Level Fund	\$ (8,317.00)
Sexual Assault Resource Agency-Level Fund	\$ (500.00)
Gladstone Senior Meals-Level Fund	\$ {746.00}

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TJPDC-Level Fund	\$ (55.00)
Health Department Request Reduction	\$ { 15,630.00)
JMRL Regional Library Request Reduction	\$ (2,866.00)
TJSWCD -Level Fund	\$ (992.00)
	Subtotal\$ (221,621.00)

Capital Outlay

Comprehensive Plan Update	\$ (100,000.00)
Fixed Asset Software	\$ (2,500.00)
Animal Control K-9 Beds-Buy in FY20	\$ {2,239.00)
	Subtotal\$ (104,739.00)

Total FY21 Expenditure Reductions From Introduced Budget \$ (417,034.00)

FY21 Overall Expenditure Growth- Introduced Budget	
<i>*Revisit Motor Pool & Sheriff's Budget Request</i>	\$ 302,288.00

Mr. Carter noted that the potential budget reductions would be \$417,034, which could be added into the \$356,142 excess.

Mr. Rutherford asked if there was a health insurance change, and Ms. McGarry noted that there was no change for this year. She added Staff had originally budgeted a 5% increase of \$10,212, but they backed that out to a zero increase.

Mr. Carter noted that included in the reductions is the proposed salary adjustments for County Staff. He added that they level funded just about all of the agencies and also took out the comprehensive plan update, which Staff would like to do, but does not feel is critical at this point.

Mr. Carter reiterated that if the Board concurs with these reductions, the \$417,034 could be added to the \$356,142 to amount to a total of \$773,176.

Ms. McGarry pointed out that the employee benefits reduction is just the raise amount, and there are still some mandatory required increases for benefit costs, which amounts to \$119,687.

Ms. McGarry then noted that the second sheet provided to the Board outlines some required costs within the budget:

Required Costs-FY21 Introduced Budget

Non-Departmental

Employee Benefits - Required Increase in Benefit Costs \$ 119,687.00

Capital Outlay

Public Safety Items

*ECC Carpet Replacement \$ 14,475.00
*ECC Station Reconfiguration \$ 8,834.00
Emergency Services Vehicles - Faber Fire Truck \$ 312,794.00
Radio Console Upgrade \$ 239,000.00
E911 Microwave System Upgrade-Moved from FY20 (Carryover) \$ 369,500.00
Bucks Elbow Tower Equipment Replacement \$ 15,000.00
Animal Shelter Epoxy Floor \$ 6,000.00

Technology Items

IT Email Archive System-Moved from FY20 (Carryover) \$ 12,500.00
ProVal Server Replacement \$ 26,000.00
Replace DVR Servers for Johnson Controls \$ 15,000.00

*Optimal Time is While CAD is Being Replaced

Mr. Carter advised that if the Board is on track with what has been presented, they can discuss school funding next. He noted that included in the agenda is a requested FY21 budget summary received from the School Board. Ms. McGarry noted this outlines where they came up with the \$851,926 shortage. Mr. Carter stated that County Staff, after getting more information from Dr. Eagle, added up the School Board's mandatory costs such as VRS, Group Life, etc. and the 4% health insurance increase and the part-time driver's education position. He noted the total of these mandatory costs is \$321,793. He reiterated that the School Board request was for \$851,926, and County Staff did not include any compensation increases or new positions, other than the driver's ed position.

Mr. Rutherford asked if there is an update from the State or Governor's Office. Mr. Carter referred to Virginia Department of Education information included in the agenda. He noted that the Governor has proposed amendments that the General Assembly will consider on April 22nd. He stated that the Governor has recommended, under Incentive Programs on the worksheet provided, the Compensation Supplement for FY21 of \$100,565, to be unallotted. Also, the At-Risk funding of \$216,397 from the State with a local match would be set aside for now as well. Mr. Carter advised that other than these two

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things, he is not sure what other impacts the schools will realize right now. He noted this is of course subject to the General Assembly's approval of the Governor's recommendations.

Mr. Rutherford noted that the items he feels appropriate to look at right now are the mandatory costs, such as VRS and Global Life.

Mr. Carter noted that the schools are likely going to get hit with the loss of state revenues, because those are enrollment-driven, which is the problem.

Mr. Reed noted that right now, the proposed school funding increase does not even cover the loss of revenue, and Mr. Carter confirmed. Mr. Carter advised the County would either have to reduce more on their side or dip into the fund balance to fully fund the school division for operations. At this point, there is no money for capital unless taken out of the fund balance.

Mr. Carter noted that the schools likely will have some savings during this shutdown period, but the School Division staff does not know what they are, yet.

Mr. Parr asked if County Staff has any documentation from the School System that is similar to the County's expenditure reductions. Mr. Carter noted Staff only has what has just been shown to the Board. Ms. McGarry noted that one thing not on the County's expenditure reduction list is the motor pool items; Staff has not yet made any reductions to this line item in terms of vehicles and Sheriff's equipment. She advised that right now, \$132,172 is budgeted for vehicles and Sheriff's vehicle equipment in the motor pool budget, so that could potentially be pulled out if the Board chooses not to buy any County vehicles or Sheriff's vehicles. She added this number covers about two and a half vehicles.

Mr. Carter related to Dr. Eagle's concern about lost food income and noted that if the school system is still providing food to the students, they may be able to keep track of those expenses and get reimbursed from the feds, since this is an emergency situation.

Shannon Irving, in attendance, came forward to address the school-related questions. She noted that the school system serves anywhere between 450-500 students each Wednesday, and each child gets 10 meals at that time. She advised that eventually, they will get reimbursed from the federal government.

Ms. Irving then noted, regarding costs, about 80% of the School Board budget is tied to Human Resources, and they are continuing to pay their staff while they are working from home. She advised they will have some savings in substitute wages, but they are getting a lot of unemployment claims. Ms. Irving added she knows they will save in fuel for buses and also electrical costs.

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Mr. Reed noted he is concerned that the schools will have a bigger shortfall than last year due to the loss of state revenues. Mr. Harvey stated that there comes a time when everybody needs to be tightening their belts up and make adjustments.

Mr. Carter noted that Staff has not proceeded any further with the consolidation study, adding that they gave the report to the School Board Administration, but they have not gotten authority to move forward with the study. He suggested that moving forward with this study could be very helpful if what has been proposed in the study turns out to be correct.

Mr. Parr noted he is confident that if the County can come up with \$550,000 of expenditure reductions by tightening their belt, then the School System can also come up with a similar number by tightening their belt. He suggested the number the Board focuses on is somewhere between the \$321,793 representing the mandatory expenses and the \$356,096 that the School Division reported as loss of revenue. He then noted that the \$356,096 covers their lost revenue and suggested adding in the \$23,609 for the part-time driver's education position, and the total of those two would be \$379,705.

Mr. Rutherford noted that this is still a draft budget, so any decision made today is not final. He added that it is still unclear what the Governor or Feds will do for the schools. He noted his agreement with Mr. Parr's suggestion of \$379,705 and then seeing how things look at the end of the year. He added that he would like to ask the School System what adjustments are going to be made on their end.

Mr. Reed stated it is important to him that they show a commitment to the schools. He noted what the future holds is up in the air, and they should not shorten their support of the schools at this time.

Ms. Irving noted that they should have a calculation tool by the end of next week, and then they can have a better idea about the compensation supplement, at-risk, and enrollment loss information. She then noted they typically like to get the contracts out to teachers in May so that they can figure out who is or isn't coming back. Mr. Harvey advised that she knows enough now from what has been discussed today to be able to do that. Ms. Irving thanked the Board.

V. Other (Requires the Attendance of All Members of the Board of Supervisors)

The Board then returned to discussion of the feasibility study. Mr. Harvey asked Staff how much the study may cost. Mr. Carter advised that it could be anywhere from \$15,000-\$25,000 for the team that Architectural Partners has assembled. He added that this company could not be hired directly, and they would have to do a Request for Proposals; other companies could cost less or more.

It was noted that at the last meeting, the Board voted to present the study packets to the School Board, which has been done. Ms. McGarry noted that they also voted to set up a meeting with the School

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Board, but with the coronavirus situation, that has kind of been put to a halt right now. Mr. Carter noted that Staff could ask for the School Board's input by requesting Dr. Eagle to provide it to the Board.

Mr. Reed noted he thinks it is important to at least hear from, if not get together with the School Board before voting to go ahead with this study. He added this keeps them on equal footing with a good foundation, no matter what they decide to do.

The Board then discussed having another budget work session and decided on Thursday, April 30, 2020 at 2:00 PM.

VI. Adjournment

At 3:44 PM, Mr. Rutherford moved to adjourn and continue the meeting until Thursday, April 30, 2020 at 2:00 PM and Mr. Parr seconded the motion. There being no further discussion, Supervisors voted unanimously (5-0) by roll call vote to approve the motion and the meeting adjourned.