Virginia:

AT A CONTINUED MEETING of the Nelson County Board of Supervisors at 10:00 a.m. in the Former Board of Supervisors Room located on the fourth floor of the Nelson County Courthouse, in Lovingston, Virginia.

Present: Jesse N. Rutherford, East District Supervisor –Chair
Robert G. "Skip" Barton, South District Supervisor – Vice Chair
Thomas D. Harvey, North District Supervisor
Ernie Q. Reed, Central District Supervisor
J. David Parr, West District Supervisor
Stephen A. Carter, County Administrator
Amanda B. Spivey, Administrative Assistant/Deputy Clerk
Candice W. McGarry, Director of Finance and Human Resources

I. Call to Order

Mr. Rutherford called the meeting to order at 10:07 a.m. with five (5) Supervisors present to establish a quorum.

II. Fiscal Year 2022-2023 Budget Work Session

Ms. McGarry introduced the employee health insurance information. She reviewed the number of affected employees currently enrolled in the Key Advantage Expanded plan which was being considered for elimination. She then provided a comparison of costs for employees for single, dual, and family coverage for the Expanded, 250 and 500 plans. Ms. McGarry reviewed the comparison of statewide plans.

Mr. Barton asked who would be making the decision to change. Ms. McGarry noted the Board would be making the decision to do away with the Key Advantage Expanded Plan. Mr. Barton asked if this was to help the County save money. Ms. McGarry noted they would be saving the County and the employees would be saving some money on a monthly basis. Mr. Harvey asked about any disadvantages. Ms. McGarry noted they would be doing away with the "Cadillac plan" but the Key Advantage 250 was still a good plan. Mr. Carter noted they could pick any of the three plans: Expanded, 250 and 500, but they could only pick two plans. Mr. Parr noted that the school system does not offer an equivalent to the Expanded system.

Ms. McGarry noted the insurance decision was needed by March 25th. She also confirmed that the Board could pass a resolution to be added to the health insurance. Mr. Barton asked if the options presented were what staff felt were best. Mr. Barton asked if the rate paid was tied to claims. Ms. McGarry noted that claims did affect the pool rating and the County had experienced a high claim in the last year.

The Board decided to hold off any decisions on the health insurance plans to allow time for review. Ms. McGarry noted they would need also have a decision on whether to allow the Board to be added to the health insurance.

Mr. Carter and Ms. McGarry provided a review of New Debt Capacity and Revenue Requirements to increase the debt capacity.

Ms. McGarry explained that in order to reach $57 million in debt capacity, they would need to set aside $2.3 million in reserve and additional revenue equivalent to about 2 cents in the new real estate tax rate ($610,000). Mr. Rutherford noted that moving from $0.61 to $0.66 RE tax, would give the ability to go to $75 million total. Ms. McGarry noted that would take place over time from FY23 to FY26.

Ms. McGarry noted $3.9 committed for the Social Services building and $3 million for property acquisition and site assessment. She additionally noted that the pending school roof and brick projects were estimated $2.1 million to $3.8 million. Mr. Carter noted there was $2.8 million in ARP funding that has not been committed yet. He further noted that the schools may also receive additional funds from the state, which with the use of ARPA funds, would eliminate funding impacts to the County for the project.

Ms. McGarry commented that the new revenue needed to fund $75 million in debt would be $2,010,000. She provided two options to provide revenue needed: 1) using 6.5 cents of the real estate reassessment revenue, or, 2) use all of the proposed transient occupancy tax increase to 10% ($1.3 million) and 2.5 cents of the real estate reassessment revenue. Mr. Rutherford confirmed that the transient occupancy tax could help offset a real estate tax increase. Mr. Carter suggested the Board may want to use the real estate and keep the transient occupancy for reserve. Mr. Carter reminded the Board they needed to prepare for other increased costs with the jail and drug court.

Ms. McGarry noted that the Board also needed to keep the debt vs. assessed value ratio in mind. She indicated that $75 million would take the County from Very Strong to Moderate rating, and the debt services vs. expenditures ratio would move the County from a Very Strong to Strong ratio. Ms. McGarry noted she was not comfortable going the full $75 million. Mr. Rutherford asked what dollar figure would keep the County in a Very Strong rating. Ms. McGarry was not sure and noted that staff would check to see what dollar figure may be in strong or very strong. Mr. Rutherford felt next step would be to discuss projects.

The Board began discussing the proposed recreation facility. Mr. Rutherford noted the recreation facility had been a topic for many years. He felt another key item to include would be childcare and to possibly having a partnership with the YMCA. Mr. Parr noted he would like to get to a point where childcare would be an all-day option with preference to County employees, school staff, and law enforcement.

Mr. Carter noted the Board needed to decide at what level of debt capacity they wanted to work with and then make decisions from there. Mr. Rutherford felt knowing what funding levels would keep the Board within good ratios. Mr. Reed commented on the Schools' Capital Improvement Plan, noting the total cost within the next three years was about $27.5 million for their wish list. He explained that he wanted include the $27.5 million within the debt capacity, not saying the that the Board would do it, but to have the ability to fully fund the schools' capital projects.

Mr. Barton asked if the Board needed to set a dollar figure for the recreation center. Mr. Rutherford noted they need to know what dollar figure would keep the County within in a good credit rating. Ms. McGarry noted staff had discussed with Architectural Partners how to plan and design for future expansion of the proposed recreation center.

The Board reviewed the bond ratings from Davenport. Mr. Reed asked if the school debt was built into the financing model. Mr. Carter and Ms. McGarry confirmed that the school debt had been accounted for. Mr. Carter noted that VRA loans were locked into an amortization period, they would not able to pay the debt off early or refund it. He explained that in the bond market, they could pay the debt off early or refund it. Mr. Rutherford noted the importance of being in a good financial position for the future. Ms. McGarry reviewed the goals and objectives on the Davenport analysis. Mr. Rutherford noted they could work backwards and figure how many pennies to keep in the real estate tax. The Board discussed the most expensive two capital projects: the recreation center and the school capital improvements. Ms. McGarry noted additional capital projects that were discussed at the December 7th planning session – the ag center, a business park.

Mr. Rutherford noted based on the financial information just received, the County could take on $57 million in debt and maintain a very strong rating and adding an additional $18 million would move the County from Very Strong to Strong. Mr. Rutherford asked what money would be left if they used $57 million, and subtracted out the allocated amounts for the office building and land acquisition. Ms. McGarry calculated about $50 million to work with for additional projects.

Ms. McGarry explained that in order to get to $57 million in debt capacity, the County would need $2.3 million in reserve and two cents in the new real estate tax ($610,000 in additional revenue). Mr. Rutherford asked to look at the $75 million debt capacity and how they could pay for it. He suggested they could keep additional real estate tax and possibly offset it with the transient occupancy tax. Mr. Carter suggested that the Board increase the real estate revenue and keep the transient occupancy tax as a buffer. He noted increasing costs in the future and potential operational costs for a recreation center. Ms. McGarry noted that the real estate funding stream was more reliable than the transient occupancy tax revenue. The Board considered the new real estate tax rate at $0.65 per $100, down from $0.72 per $100. Mr. Reed asked to wait for a little more from Davenport before the Board had a consensus.

Ms. McGarry provided a review of the personal property tax rates. She noted staff had proposed equalizing the rate at $2.79 and a personal property tax relief percentage of 39%. Mr. Rutherford was supportive of the change. Mr. Reed asked if mobile homes were taxed at the personal property rate or the real estate rate, staff confirmed mobile homes were taxed at the real estate rate. The Board was in consensus for a $2.79 tax rate for Personal Property.

Ms. McGarry noted that they did not propose any changes to the Machinery and Tools tax, it was proposed to keep at the current rate of $1.25.

Ms. McGarry noted that the Board could decide on the transient occupancy tax at any time. Mr. Carter explained that staff would need consensus from the Board to go to public hearing to consider increasing the rate from 5% to 10%. The Board was in consensus to have a public hearing on the transient occupancy tax. Mr. Rutherford asked if staff could look at having the public hearing at the regular April meeting.

Ms. McGarry noted staff is waiting on additional information on EMS from Curtis Sheets regarding calls in the Faber area. She explained that they were looking at call volume and response times to see if an EMS crew was needed in that area.

Mr. Rutherford asked if staff had any other items on the agenda for review. Ms. McGarry asked the Board about any decisions on the EMS recovery rates. Mr. Carter noted the fees were pretty much paid from Medicare, Medicaid and insurance. Mr. Rutherford asked if Mr. Parr could reach out to folks at the EMS Council meeting and suggested they wait until the next budget meeting to discuss further.

III. OTHER BUSINESS

Mr. Barton mentioned an area of Gladstone that the railroad is responsible for fixing with gravel and he noted that he would get more details for County staff to follow up.

Mr. Carter reported that County staff had received a proposal to include additional site investigation and engineering which would include: potable water source evaluation, soil investigation for sanitary, Geotech engineering and an environmental site assessment. Mr. Carter noted the cost ranged from \$146,000 to \$171,000, which was up from the shared \$59,000 cost. Mr. Carter asked if the Board was comfortable with proceeding and splitting the cost with Amherst. Mr. Parr asked if the scale could just be to look at the water. Ms. McGarry noted that portion of the cost was estimated at \$110,000 to \$134,000. Mr. Reed asked what would happen if no action was taken. Mr. Carter noted he just wanted to make the Board aware of the additional cost. Mr. Reed felt that with the other capital projects on the list, the ag center needed to be put to bed and stated that he would not be in favor of adding more money, even for the water evaluation.

Mr. Barton noted he had been opposed since the beginning. Mr. Harvey had no comment. Mr. Parr felt the scope of the study had room to scale back and preferred to only rule out any water issues on the site. He noted that the \$51 million project estimate was just a 20-year pie in the sky plan. He indicated the only asks from the committee were assistance with the land purchase, which was currently at \$1.2 million, with the cost split between Amherst and Nelson, plus any additional expenses it took to get to that point. Mr. Parr estimated Nelson's share of the cost to be about \$800,000, not a \$25 million cost. Mr. Rutherford was in support of finding out if water was there. He noted that staff needed a motion because costs had increased.

Mr. Reed moved to table the decision on proceeding with the water study, noting if Amherst wanted to continue, they could do so. Mr. Barton seconded the motion to table. There being no further discussion, Supervisors voted by roll call vote (2-2) with Mr. Harvey abstaining and Mr. Parr and Mr. Rutherford voting no. Mr. Rutherford and Mr. Parr asked County staff to report to Amherst that they did not have a consensus to increase the amount beyond the amount that was already committed.

IV. ADJOURNMENT

At 11:50 a.m., Mr. Reed moved to adjourn and continue to March 17th at 1 p.m. Mr. Barton seconded the motion, and there being no objection, the meeting adjourned.