

March 24, 2022

**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 Lovingson, 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 10:11 a.m. with four (4) Supervisors present to establish a quorum. Mr. Harvey was not present at the beginning of the meeting.

**II. CONSENT AGENDA**

Mr. Parr made a motion to approve the Consent Agenda and Mr. Barton seconded the motion. There being no further discussion, Supervisors approved the motion by vote of acclamation and the following resolution was adopted:

- A. Resolution – **R2022-17** Addition of Optional Health Insurance Coverage for Governing Body and Dependents

**RESOLUTION R2022-17  
NELSON COUNTY BOARD OF SUPERVISORS  
ADDITION OF OPTIONAL HEALTH INSURANCE COVERAGE  
FOR GOVERNING BODY AND DEPENDENTS**

The Local Choice Health Benefits Program provides health insurance benefits to our employees and their dependents. Be it hereby resolved that this 24th day of March, 2022, the Nelson County Board of Supervisors does approve that coverage be added for our elected governing body and their dependents to be effective on July 1, 2022 and continuing in conjunction with our health insurance benefits. It is our desire to cover them as a special class of full time employees. We recognize that health benefits for this class of employee will be available as long as they remain in their elected position. Retiree coverage for elected officials is not available.

**III. FISCAL YEAR 2022-2023 BUDGET WORK SESSION**

Ms. McGarry provided a review of Expenditure Changes to FY23 Introduced Budget.

**Expenditure Changes to FY23 Introduced Budget**

<b>Recurring Contingency as of Budget Introduction</b>	<b>\$ 1,280,404.00</b>
<b>County Departmental Reductions/Increases</b>	
None as of 3-22-22	
<b>Subtotal</b>	<b>\$ -</b>
<b>Non-Departmental</b>	
<u>Agencies 3/17/22 Changes:</u>	
Nelson County EMS Council- Additional Funding	\$ (15,171.00)
Nelson County Health Department- Additional Funding	\$ (49,414.00)
Gladstone Senior Meals-Additional Funding	\$ (746.00)
Habitat for Humanity Piedmont Region - Additional Funding	\$ (2,500.00)
<b>Subtotal</b>	<b>\$ (67,831.00)</b>
<b>Total FY23 Net Change From Introduced Budget</b>	<b>\$ (67,831.00)</b>
<b>FY23 Total Unallocated Recurring Funds</b>	<b>\$ 1,212,573.00</b>
<b>Non-Recurring Contingency as of Budget Introduction</b>	<b>\$0</b>
<b>Capital Outlay - Non-Recurring Expenditures</b>	
<u>Capital Outlay 3/22/22 Changes:</u>	
Acquisition of Property Site Assessment - Funding Removed	\$ 295,000.00
1 Motor Pool Truck - Funding Removed	\$ 39,000.00
1 Animal Control Truck - Funding Removed	\$ 39,000.00
Marcus Alert System - Funding Removed	\$ 18,000.00
Animal Control livestock trailer - Funding Removed (donation pending)	\$ 13,000.00
<b>Subtotal</b>	<b>\$ 404,000.00</b>
<b>Total FY23 Net Change From Introduced Budget</b>	<b>\$ 404,000.00</b>
<b>FY23 Total Unallocated Non-Recurring Funds</b>	<b>\$ 404,000.00</b>

Ms. McGarry then reviewed the proposed revenue enhancements and uses.

<b>Proposed Revenue Enhancements &amp; Uses</b>		
	<b>Recurring FY23</b>	<b>One-Time FY22</b>
<b>Real Estate Tax</b>		
Real Estate Tax Revenue from Advertised \$.65 Tax Rate (98% Collection)- Revenue	\$ 2,201,260	\$ 1,100,630
<b>* Debt Service Set-Aside (Transfer to Debt Service Fund)- Expenditure</b>	\$ (2,010,000)	
Balance	\$ 191,260	
<b>Transient Occupancy Tax</b>		
Increasing TOT from 5% to 10% - New Unrestricted Revenue (100% Collection)-Revenue	\$ 1,318,525	
Unallocated-Expenditure	\$ -	
Balance	\$ 1,318,525	
<b>EMS Revenue Recovery Rates</b>		
Increase in EMS Revenue Recovery Rates to 150% of Medicare Fee Schedule - Revenue	\$ 136,230	
Offset to Increases in Paid EMS Service Delivery - Expenditure	\$ (136,230)	
Balance	\$ -	
<b>Budgetary Adjustment - YE Balance Revenues &amp; Transfer to Debt Service Fund Expenditures</b>		
<b>* Debt Service Set-Aside (Transfer to Debt Service Fund) One Time From Fund Balance</b>	<b>\$ 2,300,000</b>	
<b>* Provides for a Maximum Debt Capacity of \$ 57M in 2023-2024 and an additional \$18M in 2026</b>		

She noted that the Board had authorized an advertised \$0.65 tax rate which would yield about \$2.2 million in recurring revenue in FY23 and a one-time \$1.1 million windfall in June. She pointed out that the Board had discussed a \$2,010,000 debt service set-aside as recommended by Davenport to be transferred to the Debt Service Fund for future debt service. She noted there was a balance of \$191,260 and indicated that the entire amount could be transferred or the balance could be transferred elsewhere.

Ms. McGarry noted the Board authorized a public hearing to consider increasing the transient occupancy tax from 5% to 10%, which could provide additional \$1.3 million of unrestricted revenue. She pointed out that the additional revenues were unallocated on the expenditure side.

She then reviewed the EMS revenue recovery rates, noting that an increase in EMS revenue recovery rates to 150% of the Medicare fee schedule would provide an additional \$136,230 in revenue. She noted that the additional revenue could help offset increases in Paid EMS service delivery on the expenditure side. She explained that the rates could be changed at any time during the year.

Ms. McGarry noted that a debt service set aside one time from fund balance of \$2.3 million as recommended by Davenport would provide for a maximum debt capacity of \$57 million in 2023-2024 and an additional \$18 million in 2026.

The Board had no questions or comments.

Ms. McGarry then reviewed the small list of agency clean up items. She noted that she was waiting to hear back from OAR on clarification in their request.

Mr. Rutherford then asked the Board to discuss the Nelson County Community Development Foundation (NCCDF). Mr. Reed confirmed he was in support of the amount requested, and Mr. Barton agreed as well. Mr. Parr preferred to level fund. Mr. Rutherford was in agreement to provide funding as requested. The Board agreed by majority to fund NCCDF at \$69,661 as requested. Mr. Rutherford noted that Mr. Harvey had voiced his choice to level fund in last meeting.

Mr. Rutherford revisited funding for OAR. Mr. Barton and Mr. Reed were in favor of funding as requested. Ms. McGarry reviewed communication from OAR which clarified that they were seeking an additional \$3,846 in new money. Ms. McGarry noted the communication acknowledged that Nelson was experiencing increases in per capita intake rates. Mr. Parr was in agreement to fund the additional money. The Board agreed by consensus to fund OAR as requested.

Ms. McGarry noted that the next item for discussion was the additional 24-hour crew requested for the Paid EMS program. Mr. Parr reported that EMS Council and the Piney River Volunteer Fire Department have been adamant that an additional paid crew is needed. He explained that Piney River's volunteer firefighters have been pulling double duty to back up Roseland Rescue and they were getting burnt out. Ms. McGarry reported that an increase for an additional crew would add \$275,047 to the operational budget. Ms. McGarry confirmed that the amount was only operational, it did not include the new ambulance requested. Mr. Rutherford asked if the extra crew would station at Faber. Mr. Parr noted that Curtis Sheets had reviewed data and it made more sense to station the crew at Lovington. Mr. Rutherford and Mr. Reed both agreed there was a need. Mr. Parr noted after discussions with volunteers, it was very necessary to make this happen. The Board was in consensus to fund for the additional crew. Ms. McGarry asked the Board if they would be open to reconsider if Mr. Carter provided any additional comments.

Mr. Parr asked if the Board had discussed the need for generator upgrades at the fire stations. He had spoken with Danny Johnson, who had reported a cost of \$25,869 for NEMS to upgrade their generator, not including a gas line installation from Tiger Fuel. He noted the cost would be the same for Lovington Volunteer Fire Department. Mr. Parr noted that Mr. Johnson suggested they needed to replace two generators per year as they are all about 20 years old, but he thought they could spread it out over four years. Mr. Rutherford suggested that may be a good use of ARPA funds. Ms. McGarry noted it may be good to provide additional funds to the EMS Council to cover the generators and they could disperse funds to the departments. The Board was in agreement to receive a request with quotes on the generators and did not feel that they needed to be considered with the budget process.

Mr. Reed asked if there was any new information on ARPA. Ms. McGarry noted there was not, they still were working with the same time frame to spend. She noted it had been considered to use the funds towards the school projects but they had until 2024 to commit the funds and by 2026 to spend them. She reported they had about \$2.8 million unallocated as only \$5,000 was used for Social Services' request.

Mr. Carter joined the meeting. Ms. McGarry updated Mr. Carter on the Paid EMS discussion that the Board wanted to fund. Mr. Carter noted the information reported previously to the Board was per information from Russell Gibson and not in agreement with information from Curtis Sheets. Mr. Carter noted they could match up the information to see where things are at. Mr. Parr reiterated that fire department members were backfilling for rescue. Mr. Rutherford noted the Board was in consensus to fund the additional 24-hour crew.

Mr. Rutherford suggested the Board look at School funding next. Mr. Carter distributed the Pending FY23 State Local Educational Funding information which showed Governor Northam's version, as well as the Senate and House versions of educational funding. He noted the funding amounts were based on a 1,454 enrollment. He added that the Northam and Senate versions included a one-time \$1,324,290 school

construction grant. He provided comparisons in the proposed funding for FY23 versus FY22 funding to show increases in local required funding. Mr. Carter reminded the Board that they were already meeting the local required amount for school funding.

PENDING FY 23 STATE LOCAL EDUCATIONAL FUNDING

*NORTHAM	STATE	LOCAL
	\$10,618,691	\$9,005,348
*SENATE	\$10,774,381	\$9,145,524
HOUSE	\$9,191,410	\$7,604,306
	<ul style="list-style-type: none"> <li>• INCLUDES \$1,324,290 ONE TIME SCHOOL CONSTRUCTION FUNDING</li> <li>• BASES ON 1,454 ENROLLMENT</li> </ul>	

FY22 VS FY 23

NORTHAM	STATE	LOCAL	\
	\$10,618,691	\$9,005,348	FY23
	\$8,659,467	\$7,604,306	FY22
DIFFERENCE	\$1,959,224	\$1,401,042	
SENATE	\$10,774,381	\$9,145,524	FY23
	\$8,659,467	\$7,604,306	FY22
DIFFERENCE	\$2,114,914	\$1,541,218	
HOUSE	\$9,191,410	\$8,660,293	FY23
	\$8,659,467	\$7,604,306	FY22
DIFFERENCE	\$531,943	\$1,055,987	
	*BASED ON 1,454 ENROLLMENT		

Mr. Carter explained that the additional \$3.4 million requested by the schools was primarily driven by salaries, noting that transportation and technology were other factors.

Mr. Carter distributed a list of 2020-2021 Rankings of Virginia School Districts. He noted that only Albemarle and Charlottesville exceeded Nelson’s local per pupil funding. Mr. Reed noted pointed out that the salary structure for first-year teachers was high, but it did not hold across the board for more experienced teachers. Mr. Carter noted that was the system the Schools created. He stated that the schools were able to remedy their problems without an additional \$3.4 million.

Mr. Barton asked if the schools were available to be present to answer questions. Mr. Rutherford noted that school staff was not available to attend.

The Board reviewed the school’s budget request for FY23. Mr. Rutherford noted that the Schools were asking for an additional \$3.4 million in funding. Mr. Parr reviewed the request and asked what the \$5,305,255 figure represented. Ms. McGarry noted that was the total change in projected expenditures. The Board clarified that the Schools were projecting a \$5,305,255 increase in expenditures, which was offset by a \$1,873,881 increase in revenues, leaving a shortage of \$3,431,374.

Mr. Carter noted that Appomattox paid nothing above the local effort and their schools were ranked 46th.

Mr. Rutherford suggested that the Board review line by line of the school’s request. Mr. Reed felt that the Board should wait to discuss until Mr. Harvey was present.

Mr. Rutherford suggested the Board take a brief recess. Mr. Parr noted that the trailer donation to Animal Control was coming together and would be coming off of the budget. Mr. Barton asked if the school staff

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would be available to discuss their budget. Mr. Rutherford noted that he was working with Ms. Margaret Clair, Chair of the Nelson County School Board, to set up a joint meeting.

The Board took a brief recess to wait for Mr. Harvey to arrive.

The Board returned from recess with Mr. Harvey joining the meeting.

Mr. Rutherford noted the schools were asking the County to help cover a \$3.4 million shortfall.

Mr. Reed asked for a plan for the rest of the day and into next week. Mr. Rutherford noted that the Board could conduct a general overview of the school's budget request. He suggested having a joint meeting with the School Board on Tuesday, March 29<sup>th</sup> in the evening.

Mr. Reed asked if the Board could flag questions during the review for the School Board to clarify at the meeting. Mr. Rutherford confirmed that they could do that. Mr. Harvey asked what had changed so much with the proposed budget. Mr. Carter noted the primary driver of the \$3.4 million was salaries, and that transportation was another factor, which was understandable at the moment. Mr. Reed noted that the Board should flag salaries for questions and ask what the justification was for the increases. He stated that the School Board would likely have an explanation for the increase in salaries.

Mr. Barton explained that No Child Left Behind had negative impacts on schools and put added pressure on teachers and administration to improve test scores and teach to the test. He noted the negative impacts of COVID on schools and teachers working to educate students virtually. He stressed the importance of teachers and the need to treat them like professionals, rather than a cost to the budget.

Mr. Rutherford asked for input from the Board on how to proceed. He asked if they want to consider a dollar amount, or whether they needed to get additional information. He felt that the joint meeting would be helpful, but did not think that would be the time to determine a dollar figure for funding. He asked for direction from the Board.

Mr. Harvey asked how much the tax payers could afford to pay.

Mr. Parr asked if the budget was being compared properly and if COVID was making an impact to what the increase looked like. He noted the schools were asking for a twenty percent increase from the last year. He asked if the previous year's budget was less because of COVID and virtual learning. He wanted to see the last five years to get a better understanding of the increases. He noted that the County's budget was less than a two percent increases. Mr. Parr noted the need for the School administration to be responsive. Mr. Harvey suggested level funding the budget and then the schools may be willing to talk. Mr. Parr noted that the support staff within the school system could use a pay increase.

Ms. McGarry noted that she was looking at the non-salary items and came up with a number around \$2.7 million instead of \$3.4 million. Mr. Reed asked Ms. McGarry to get clarity from the school staff before the joint meeting. Mr. Reed agreed that no decisions should be made at a joint meeting on Tuesday.

The Board was in consensus to wait until after Tuesday's meeting to work on a dollar amount for the schools. Mr. Rutherford directed the Board to provide any questions to Ms. McGarry to work on answers prior to Tuesday.

Mr. Rutherford noted he had spoken with School Board Chair Margaret Clair about setting a joint meeting on Tuesday, March 29<sup>th</sup> at 6:30p.m. Mr. Parr noted he was available in the afternoon, but not that evening.

Mr. Barton asked Mr. Rutherford why the School Board wouldn't meet. Mr. Rutherford clarified that they would not meet in two by two meetings with the Board of Supervisors, rather that the School Board preferred to meet as a full Board. Mr. Parr noted that some of the Board and School Board had been in one on one conversations, but not an in depth discussion. Mr. Reed asked what the final date for the budget was. Ms. McGarry noted June 30<sup>th</sup> was the deadline. Mr. Parr noted he could not be available on Tuesday, but the Board could proceed as needed. The Board was in consensus to meet on Tuesday, March 29<sup>th</sup> at 6:30 p.m. with the School Board in the Old Board Room for a joint meeting. Mr. Parr noted he would be there.

**V. ADJOURNMENT (CONTINUE TO MARCH 29, 2022 AT \_\_\_ FOR A BUDGET WORK SESSION)**

At 11:40 a.m., Mr. Reed moved to adjourn and continue to March 29, 2022 at 6:30 p.m. Mr. Parr seconded the motion. Mr. Rutherford called for a vote of acclamation, and hearing no opposition, the motion passed and the meeting adjourned.