

Virginia:

AT A CONTINUED MEETING of the Nelson County Board of Supervisors at 4:00 p.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 continued meeting to order at 4:00 p.m. with five (5) Supervisors present to establish a quorum.

II. FISCAL YEAR 2022-2023 BUDGET

Mr. Rutherford asked Ms. McGarry to provide updates on the budget. Ms. McGarry explained that the budget had been updated to reflect the transient occupancy tax (TOT) remaining at the 5%, noting that they had originally budgeted revenues at a 10% rate. She reported a reduction of budgeted TOT revenue by \$1,150,131. She also noted that staff had just learned about an increase of \$132,000 in solid waste hauling costs with Thompson Trucking. She explained that the rates had not changed since 2014. She noted that the increased costs for solid waste brought the subtotal for recurring contingency down to \$749,750. She also explained that they had budgeted a \$2,010,000 transfer to Debt Service Reserve (Recurring Revenue) which brought the total available Recurring Revenue to \$2,759,750. She reminded that the Board would need to make up the \$1.1 million so that would bring the Available Recurring Revenue down to \$1,609,619. Ms. McGarry explained that the staff recommendation was to keep a transfer to Debt Service Reserve of \$610,000 to realize a \$57 million Debt Capacity in 2023-2024, which brought the adjusted balance of available Recurring Revenue down to \$999,619.

Reduction of Budgeted TOT Revenue to Anticipated 5%	\$ (1,150,131.00)
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Areas of Expenditure Reduction w/ \$1.5M New School Operational Funding	
Recurring Contingency	\$ 881,750.00
Staff Adjustment for Solid Waste Hauling Increase	(\$132,000.00)
Subtotal Recurring Contingency	\$ 749,750.00
Budgeted Transfer to Debt Service Reserve (Recurring Revenue)	\$ 2,010,000.00
Total Available Recurring Revenue	\$ 2,759,750.00
Total Available Recurring Revenue	\$ 2,759,750.00
Reduction to Cover reduction in TOT Budgeted Revenue	\$ (1,150,131.00)
Subtotal Available Recurring Revenue	\$ 1,609,619.00
Staff Recommendation:	
Keep Transfer to Debt Service Reserve of \$610,000 to Realize \$57 Million Debt Capacity in 2023-2024	\$ (610,000.00)
Adjusted Balance of Available Recurring Revenue	\$ 999,619.00

Ms. McGarry noted that the \$610,000 was in addition to the one-time \$2.3 million that would be moved from the fund balance. Ms. McGarry provided options for the balance. She noted they could put the \$999,619 in Recurring Contingency for Use in the current or future fiscal years, or utilize some or all of the \$999,619 in another expenditure area. She confirmed that the financial scenario presented included the additional \$1.5 million in operational funding to the School Division. She noted it did not include any other changes other than the solid waste hauling expense.

Mr. Harvey asked about the increase in solid waste hauling. Mr. Carter and Ms. McGarry noted that the hauling costs would almost double and there wasn't much that could be done. Mr. Carter noted they had extended the contract for one year and could then put it out to bid for next year.

Mr. Rutherford reminded the Board they did not have to vote on the budget that day and had up to June 30th to approve it. Mr. Carter suggested they wait until they have more information on the State' budget. Mr. Rutherford suggested the Board could wait until the regular June meeting to vote. Mr. Parr commended staff for making the numbers work. He noted the loss of \$1.1 million in revenue by not increasing the TOT.

He felt that the loss should be shared with the organization that made up almost 50% of the budget, the School Division. He thought they should share in half of the reduction, so instead of \$1.5 million in new money, they could bring down the amount to around \$1 million. Mr. Parr noted it was something the Board should consider.

Mr. Reed noted he had some other considerations as well but wanted to wait until the next Board meeting.

Mr. Barton noted his time in the schools visiting and low morale. He explained to the Board that the teachers would like for the Board to visit the schools to talk with them and see what is going on. He spoke about the teachers who worked hard to continue to do the best they could for the students. Mr. Rutherford noted he had asked a few times about setting up a visit and it had not worked out. Mr. Carter asked why teacher morale was so low. Mr. Barton cited the unintended consequences of the No Child Left Behind Act and the pressures put on the teachers. He noted the impacts of the pandemic and virtual learning. He noted that teachers are professionals and they aren't often treated like professionals.

Mr. Carter noted to the Board that if they gave the \$1.5 million and then they had a 5% increase the next year, it was likely that the recurring fund balance would not be there. He reported a lack of communication from the School administration in answering questions about their budget needs.

Mr. Parr noted he understood where Mr. Barton was coming from. He explained that he was only looking at it from a budgets and numbers side and was suggesting that the Schools and the County share the revenue loss, particularly since the Schools made up about half of the budget. He agreed that the last few years had been rough and was very much in tune with what was going on in the Schools because of his household connection to the School system and friends.

Mr. Reed noted the School budget discussion and his request to Mr. Rutherford to have the meeting streamed and archived. He did not want to talk about the budget any further because they had a limited audience and were not live streaming the meeting. He stated that they were supposed to be streaming and archiving all meetings. He noted that the budget was one of the biggest decisions they made during the year. Mr. Rutherford appreciated Mr. Reed's concern for openness and noted he still planned on waiting to vote on the budget at the June meeting that would be live streamed.

Mr. Barton noted the revenue that would be missed out on by not increasing the TOT. He reminded everyone that it was a tax paid by the people visiting Nelson. He cited the costs that citizens bear when people visit – traffic, loss of long term rental properties. Mr. Harvey wanted to work on collecting from those who were not paying, rather than increasing the tax. Mr. Barton noted the additional revenue that would help keep the taxes low for everyone and help fund the schools. Mr. Rutherford reminded Mr. Barton that they were putting a mechanism in place to address those who were not paying their share of the TOT.

III. 2022 LEASE REVENUE FINANCING SCHEDULE

The Board was provided an updated financing schedule. Mr. Carter noted that the purpose was to provide for interim financing in the purchase of the Larking property. He estimated to have a closing date around the end of June or beginning of July, with the property purchase and financing wrapping up at the same time. Mr. Carter noted that the Board could consider paying for the property with cash. He noted that if they wanted do a capital improvement project, this financing would dovetail into that. He reminded the Board about financing needs coming up for the new County office facility as well as the roof and brick project at the High School.

Mr. Reed asked Mr. Carter and Ms. McGarry to walk through the Debt Capacity 2023-2026 Chart that had been provided. Ms. McGarry explained that with no debt reserve or new revenue for debt, they would have new debt capacity of \$800,000 in 2024, then \$19,100,000 in 2025. She then noted that with a \$2.3 million reserve and no new revenue, they would realize \$34,782,138 in new debt capacity in 2023. She added that with a \$2.3 million reserve and \$610,000 in new revenue, they would gain a new debt capacity of \$57 million in 2023-2024. Mr. Reed asked about the significance of \$610,000. Ms. McGarry noted that was the amount given by Mr. Kooch of Davenport to get the County to that level of debt capacity. She noted that additional revenues could bring the debt capacity up to \$75 million around 2023-2026. She noted that the \$75 million was the maximum debt capacity that kept the debt ratios within a good level. Ms. McGarry reminded the Board that they had committed to debts associated with the new County office building, the property acquisition and the roof and brick project, along with any other capital projects that they may consider.

IV. OTHER BUSINESS (AS PRESENTED)

The Board had no other business to discuss. Mr. Rutherford noted they would need to continue the meeting to May 31st. He asked for details on that day. Ms. Spivey explained that was the date of the Comprehensive Plan kickoff presentation.

V. CLOSED SESSION

Mr. Reed moved that the Nelson County Board of Supervisors convene in closed session to discuss the following as permitted by Virginia Code Sections 2.2-3711 (A)(1): “Discussion, consideration, or interviews of prospective candidates for employment; assignment, appointment, promotion, performance, demotion, salaries, disciplining, or resignation of specific public officers, appointees, or employees of any public body” – Discussion of Prospective Candidates for County Administrator Position.

Mr. Parr seconded the motion. There being no further discussion, Supervisors voted unanimously (5-0) by roll call vote to approve the motion.

Supervisors conducted the closed session and upon its conclusion, Mr. Reed moved to reconvene in public session. Mr. Parr seconded the motion and there being no further discussion, the motion was approved without objection.

Upon reconvening in public session, Mr. Reed moved pursuant to the requirements of Chapter 37, Virginia Freedom of Information Act and Section 2.2-3712 of the Code of Virginia, that the Nelson County Board of Supervisors certify that to the best of each member’s knowledge (i) only public business matters lawfully exempted from open meeting requirements under this chapter and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered in the meeting by the public body. Mr. Parr seconded the motion and there being no further discussion, Supervisors voted unanimously (5-0) by roll call vote to approve the motion.

VI. ADJOURN AND CONTINUE TO MAY 31, 2022 AT 6 P.M. FOR COMPREHENSIVE PLAN JOINT MEETING WITH PLANNING COMMISSION AND BERKLEY GROUP.

At 4:58 p.m. Mr. Reed moved to adjourn and continue the meeting to May 31, 2022 at 6 p.m. Mr. Barton seconded the motion. There being no further discussion, Mr. Rutherford called for a vote of acclamation, the motion passed without objection and the meeting adjourned.