

Virginia:

AT A CONTINUED MEETING of the Nelson County Board of Supervisors at 10:00 a.m. in the Former Board of Supervisors Room (#420) located on the fourth floor of the Nelson County Courthouse, in Lovingston, Virginia.

Present: Ernie Q. Reed, Central District Supervisor – Chair
Dr. Jessica L. Ligon, South District Supervisor - Vice Chair
Jesse N. Rutherford, East District Supervisor
J. David Parr, West District Supervisor
Candice W. McGarry, County Administrator
Amanda B. Spivey, Administrative Assistant/Deputy Clerk
Grace E. Mawyer, Director of Finance and Human Resources

Absent: Thomas D. Harvey, North District Supervisor

I. CALL TO ORDER

Mr. Reed called the meeting to order at 10:00 a.m. with four (4) Supervisors present to establish a quorum. Mr. Harvey was absent.

II. CORRECTED FY26 HEALTH INSURANCE RENEWAL (R2025-16C)

Ms. McGarry stated that this update is to correct **Resolution R2025-16**, the Retiree Medicare plan premium for Advantage 65 dental and vision, from \$218 to \$232.

Dr. Ligon moved to approve **Resolution R2025-16C** as presented. Mr. Rutherford seconded the motion, which passed unanimously (4-0) by roll call vote, and the following resolution was adopted:

RESOLUTION R2025-16C
NELSON COUNTY BOARD OF SUPERVISORS
FY26 HEALTH INSURANCE RENEWAL AND ESTABLISHMENT OF RATES

WHEREAS, Nelson County participates in the Local Choice Health Benefits Program and the renewal deadline for the next plan year of July 1, 2025-June 30, 2026 is April 1, 2025, and

WHEREAS, premiums for the next plan year will remain the same for the current Anthem Blue Cross Blue Shield plan offerings;

NOW THEREFORE BE IT RESOLVED, by the Nelson County Board of Supervisors that Nelson County's 2025-2026 health insurance plan year renewal rates be hereby established for active employees and retirees as follows and submitted to Local Choice by the renewal deadline of April 1, 2025:

Active Employees	FY26 (July 1, 2025-June 30, 2026)		
<u>Key Advantage 250</u>	Employee	County	Total
Single, Comprehensive	\$ 94.00	\$ 845.00	\$ 939.00
Dual, Comprehensive	\$ 616.00	\$ 1,122.00	\$1,738.00
Family, Comprehensive	\$ 1,167.00	\$1,369.00	\$2,536.00
Single, Preventative	\$ 92.00	\$ 826.00	\$ 918.00
Dual, Preventative	\$ 602.00	\$ 1,097.00	\$ 1,699.00
Family, Preventative	\$ 1,141.00	\$ 1,339.00	\$ 2,480.00

<u>Key Advantage 500</u>	Employee	County	Total
Single, Comprehensive	\$ 85.00	\$ 765.00	\$ 850.00
Dual, Comprehensive	\$ 557.00	\$ 1,015.00	\$ 1,572.00
Family, Comprehensive	\$ 1,056.00	\$ 1,239.00	\$ 2,295.00
Single, Preventative	\$ 83.00	\$ 746.00	\$ 829.00
Dual, Preventative	\$ 544.00	\$ 990.00	\$ 1,534.00
Family, Preventative	\$ 1,031.00	\$ 1,209.00	\$ 2,240.00

High Deductible Health Plan	Employee	County	Total
Single, Comprehensive	-	\$ 686.00	\$ 686.00
Dual, Comprehensive	\$ 402.00	\$ 867.00	\$ 1,269.00
Family, Comprehensive	\$ 803.00	\$ 1,047.00	\$ 1,850.00
Single, Preventative	-	\$ 665.00	\$ 665.00
Dual, Preventative	\$ 390.00	\$ 840.00	\$ 1,230.00
Family, Preventative	\$ 780.00	\$ 1,016.00	\$ 1,796.00

Retirees Not Eligible For Medicare (Before County Supplement)	
Key Advantage 250	Retiree
Single, Comprehensive	\$ 939.00
Dual, Comprehensive	\$ 1,738.00
Family, Comprehensive	\$ 2,536.00
Single, Preventative	\$ 918.00
Dual, Preventative	\$ 1,699.00
Family, Preventative	\$ 2,480.00

Key Advantage 500	Retiree
Single, Comprehensive	\$ 850.00
Dual, Comprehensive	\$ 1,572.00
Family, Comprehensive	\$ 2,295.00
Single, Preventative	\$ 829.00
Dual, Preventative	\$ 1,534.00
Family, Preventative	\$ 2,240.00

High Deductible Health Plan	Retiree
Single, Comprehensive	\$ 686.00
Dual, Comprehensive	\$ 1,269.00
Family, Comprehensive	\$ 1,850.00
Single, Preventative	\$ 665.00
Dual, Preventative	\$ 1,230.00
Family, Preventative	\$ 1,796.00
Retiree Medicare Plans (Before County Supplement)	
Advantage 65 (Dental & Vision)	\$232.00

III. AGENCY REVIEW

A. MACAA – John Edwards, Interim Executive Director

Mr. John Edwards stated that he is a native of Jacksonville, Florida, and still resides there. He said that about 30 years ago, he became executive director of the Northeast Florida Community Action Agency—intending to stay two years but remaining for 21. He stated that after leaving in January 2014, he began consulting for community action agencies, nonprofits, and local governments in crisis. Mr. Edwards said he started his consulting business in March 2014 and, along with two colleagues, has served in interim executive director roles for troubled organizations.

Mr. Edwards stated that this was his eighth engagement as interim executive director for a community action agency, including one Urban League since leaving his full-time role. He said MACAA reached out to him and negotiated a six-month contract for him to help change the organization's trajectory. He explained that his goal was to resolve issues internally, emphasizing that success or failure depended on leadership.

Mr. Edwards stated that MACAA's Board of directors established policy and strategy, but daily progress relied on the executive director and staff. He highlighted his experience and expertise in leadership, working with

Boards and struggling organizations. He said agencies never call him when they are thriving—only when they need help.

Mr. Edwards said his role was to help MACAA sustain itself and prepare for its next full-time executive director. Mr. Edwards said change would not happen overnight, as “Rome wasn’t built in a day.” He said progress could be expected during his tenure and thanked the County for its contributions, noting that the \$36,000 went a long way to support the agency’s mission in helping low-income people achieve economic security.

He stated that MACAA provides several services in Nelson County, including an after-school program at Tye River and Rockfish, emergency services such as utility and rental assistance, and Project Discovery at the high school, which helps students become the first in their families to attend post-secondary education, offering tutoring and college tours, and exposure to college environments.

Mr. Edwards stated that statistics support their work, and the three main programs in Nelson County are the after-school program, emergency services, and Project Discovery. Mr. Edwards said there are plans to expand the after-school program in Nelson County for the next fiscal year. He stated that MACAA’s mission is to empower families to navigate systems for economic security, a goal shared by roughly a thousand community action agencies nationwide.

Mr. Edwards said he was available to answer questions and welcomed input on any issues raised at the last Board meeting.

Ms. McGarry asked how far into the six-month contract he was. Mr. Edwards responded that it had been six weeks.

Dr. Ligon expressed concern that he would not be here long enough to stay and train people, and his six-month contract ends before the school year starts. She commented that last year, she felt “downright lied to” in terms of where the money was going and what programs MACAA would be doing, and there have been problems now two years in a row.

Mr. Edwards stated that he cannot change the past but emphasized his current role in assisting MACAA’s Board of Directors with the search for a new executive director. He said this is part of the service provided, and he will help conduct a nationwide search to find a professional—someone who tells the truth and avoids exaggeration. Mr. Edwards said that while it would be ideal to hire someone locally, the outcome remains uncertain. He stated that this will be his fifth engagement assisting a board of directors in such a search, noting his prior experience serving on a community bank Board and many others.

Mr. Edwards said his role is to strengthen the organization from within and facilitate the onboarding and training of the new executive director. He stated that he cannot train the new executive director in their skills, as they must arrive prepared to work from day one—just as he did when he first conducted an internal organizational assessment.

Mr. Edwards said his focus is on identifying weaknesses and transforming them into strengths, acknowledging that progress takes time. He stated that two people have already resigned because they could not meet his expectations, leaving without notice. He said he will instill in the permanent executive director the importance of truthfulness: to fulfill commitments, admit when tasks cannot be completed, and transparently communicate failures with reasons and future plans.

Dr. Ligon asked if he had numbers of families served by MACAA, and a dollar amount reflected by those services.

Mr. Edwards said MACAA worked with 44 families, and he would get the Board the dollar amount.

Dr. Ligon said that with the after school program, she was under the impression that Nelson teachers were running around trying to fulfill the duties of the after-school program. She said hopefully that was not happening anymore and asked what MACAA is actively doing now, as well as what hurdles Mr. Edwards was seeing.

Mr. Edwards responded that the biggest hurdle currently is their reputation. He said one thing they do in his business is risk assessments, including reputational risk, which is hard to overcome once it is compromised but eventually will turn around. He noted that the agency he inherited in Jacksonville was on the front page of the newspaper, which is not a good place for a nonprofit, and it took five or six years to overcome that. He emphasized that with the right leadership, MACAA can do that as well, if given the opportunity.

Dr. Ligon suggested that it would be more successful as a smaller effort dedicated to a few things at fewer sites, developing something good then spreading out again.

Mr. Edwards stated that the programs currently being run by MACAA are central to the agency's mission, such as Hope House in Charlottesville. He said that Project Discovery is an essential program, aiming to serve around 60 participants and currently involving approximately 49, and that program has been very successful in its several years of operation. He said that Head Start was a massive responsibility for the agency and that the decision to relinquish the program was made collectively. Mr. Edwards stated that the agency is lighter now, with 15 employees, which is significantly fewer than when they managed the \$4 million Head Start program. He said that the current budget stands at just over \$1 million, which is manageable for the existing team. Mr. Edwards said additional staff may be added, or some may be let go, depending on whether they meet his expectations during the six-month tenure.

Mr. Reed said that MACAA's application last year under Dr. Hanks was for Project Discovery, emergency assistance, and Head Start. He noted that the Head Start program was no longer happening. He asked how the after-school program was running now.

Mr. Edwards responded that his understanding from his team is that it is operating well in the two schools in which it is located, but he has not yet visited them.

Ms. McGarry commented that Superintendent Hester has let her know that they have 9–10 kids participating in the after-school program and both elementary school principals feel that it is going well. Ms. McGarry said Dr. Hester also noted that the program did not start at the beginning of the year, which possibly impacted participation, and in the upcoming year they would probably have more participants if it starts on time.

Mr. Reed asked how many people were involved with the program. Mr. Edwards said there were two teachers serving the program per school, with substitutes as needed, and they had been able to keep it fully staffed.

Ms. McGarry asked Mr. Edwards to clarify the \$19,000 additional amount of their request, which makes the amount requested for FY26 a total of \$55,000. She noted that was up from last year's amount of \$36,000.

Mr. Edwards responded that it is most likely dedicated to growing the after-school program, as they are also doing in Charlottesville, which requires additional funding.

Mr. Reed commented that the budget explanation form stated that there was no significant projected differences between the two fiscal years, noting that did not line up with what the request was. He asked for clarity on what the agency really needs and what MACAA can do for Nelson County with that additional \$19,000.

Mr. Rutherford suggested they have more conversation at the joint School Board meeting on Thursday.

Dr. Ligon commented that Mr. Edwards has an interesting job, and six months seemed like a short timeframe.

Mr. Edwards agreed, noting that he is often extended beyond his initial six months.

Mr. Edwards also gave a brief explanation of the organization currently running Head Start, which is a national entity known as CDI. He commented that Head Start struggles to retain employees. He said to address that issue, the Head Start national office has allowed agencies to submit a plan to reduce enrollment but use level funding to pay Head Start teachers more competitive salaries—but for some reason, MACAA did not do that. He commented that it was best for MACAA to relinquish Head Start rather than have it taken from them, so that once they strengthened their organization, they could ask to be considered by Head Start's national office. He also confirmed that MACAA has a significant strategic planning effort underway, which will update their 2023 plan based on today's reality.

Mr. Reed emphasized that the County wants MACAA to be able to succeed at their mission, and he wants to know what it will take to help them do that. Mr. Edwards said he was surprised the agency did not reevaluate that when they relinquished Head Start, as that was a key component of their program offerings and a large focus of their funding.

Mr. Reed commented that CDI is not the permanent solution they would like to see for the program, and he looked forward to a positive outcome.

Mr. Edwards emphasized that they would do the best job they could to win back trust, and this is the third Board of Supervisors he has addressed, in addition to numerous community groups and partners. He added that they cannot survive as a dynamic organization without those collaborations.

Mr. Rutherford stated that it is hard to serve in an interim capacity, and MACAA has served an important role historically in the region; it is unclear at this point though how this might translate into dollars and cents—and he looked forward to more information about numbers served to see the return on investment. The Board was amenable to having Mr. Edwards provide further information through email.

B. Nelson County Community Development Foundation

NCCDF Executive Director Margaret Clair stated that the local request for the organization is \$25,000, stating that the home building project identified for this funding would be a great program for the high school. She explained that the allocation would be for materials to start the program, with a percentage in the future from the sale of the houses built. She confirmed that the home would go on one of the two acre lots on Jefferson Avenue in Arrington that NCCDF already owns. Mr. Rutherford commented that the \$52,000 foundation estimate seemed high, he noted he could help Ms. Clair with some contacts for foundation, block and waterproofing work. Ms. Clair stated that it would take the project team a year to build the home, so they would likely not be setting the house on a foundation until almost FY27.

Dr. Ligon said her family bought a few high school homes in the past, and she asked if the high school students were benefiting more from doing the houses this way versus building the homes and then auctioning it off.

Ms. Clair responded that she would need to talk with the CTE teacher, as the auction model was a while ago. She said the last 5 or 10 homes built were Habitat houses. Dr. Ligon noted there was a lot for kids to learn on what it takes to move the homes and set them up. Ms. Clair commented that the Memorandum of Understanding (MOU) welcomes students who want to learn and finish the home on site. She commented that if they did this home under the current model and it was a bust, they could always move to an auction model. She noted that the proceeds could possibly go into a fund to help do house flips. She emphasized that flips are money heavy, and she is just using cash that she can generate.

Dr. Ligon stated that she loves this path but would love to see the schools have other avenues to make money, and it would take doing this first to see what the best path is. Ms. Clair noted there had been some discussion on the cost, where the schools would get back 10 percent of the materials back. She commented that they could determine how that could work with consideration for a percentage of the proceeds from the house sale.

Mr. Reed commented that in addition to the person getting the house, they wanted the students and the NCCDF to benefit from this.

The Board briefly discussed with Ms. Clair the relationship with Habitat for Humanity. Ms. Clair noted that Habitat did not currently have any lots to put houses on.

Ms. McGarry confirmed that the \$25,000 being requested was currently in the budget, and Ms. Clair said that could be adjusted if the project did not move forward, which she hoped to have nailed down by August.

Mr. Rutherford commented that he really likes the high school house program, but it is not the most affordable way to build a 1,000-square-foot, 3 bedroom, 2 bath house. He said what makes it interesting to him is the benefit to the kids. He also offered to share his contacts with Ms. Clair to help reduce some of the costs.

Ms. Clair said she has not tapped into the local homebuilders association meetings, which would be beneficial. Mr. Rutherford confirmed that these are held on the third Monday of each month. Ms. Clair noted that the local builders could help mentor the students.

The Board also discussed funding for utility assistance and the organizations who provide that – Social Services and MACAA. Dr. Ligon asked where else they could send people for help. Ms. Clair noted that Unity in Community was another option. She noted that there were requirements such as a cutoff notice and then there was a limit to the amount of assistance provided. She commented that receiving a cutoff notice negatively impacted a person's credit score.

Ms. Clair stated that NCCDF spent \$60,000 over 12 months helping with mostly electric bills, filling fuel tanks, some medical bills, and some rent. She explained that not paying the electric bill was a bigger issue than they knew and one with far-reaching implications.

Ms. Clair also reported that to finish the apartments in Roseland, she would need to come up with \$65,000 because the Perry Foundation will not use a match from local, state, or federal funds.

Dr. Ligon asked how many houses needed to be added to County inventory to not have a housing crisis.

Ms. Clair said a recent metric used is 1% of the population, and she recalled a number for Nelson of approximately 150 homes per year. She said Nelson's demand on stock was fairly flat, and they would only need a five-year plan versus an annual plan. She commented that 150 homes in five years was more likely. Ms. Clair stated that they have been studying land banks and working with a land trust to establish the best way to make use of the land they have. She added that affordable rentals are not going to be very profitable right now.

IV. FY26 DRAFT GENERAL FUND BUDGET INTRODUCTION

Ms. McGarry reported that they were starting with a balanced budget, with revenues equaling expenditures at \$51,088,536.

Ms. McGarry said that historically, introduced budgets are based on the premise that annual expenditures will be funded by revenues generated from general property tax rates, which are set every four years with the County's reassessment cycle. She stated that the Board typically conducts a reassessment, reviews values and rates, makes any necessary adjustments, and distributes the resulting revenue each fiscal year until the next reassessment.

Ms. McGarry said this has long been the practice. She stated that the County's tax structure continues to prioritize agricultural land, businesses, the elderly, disabled, and veterans. Ms. McGarry said the budget maintains the use of previous fiscal year carryover, which are funds generated when anticipated end-of-year revenues exceed anticipated end-of-year expenditures. She said these carryover funds are typically used for non-recurring costs in the subsequent fiscal year budget. Ms. McGarry stated that, overall, this budget maintains current service levels while absorbing inflationary increases in all operational facets.

Ms. McGarry said funding priorities include completion of the 2026 local reassessment of real property, the zoning ordinance update, an economic development strategy plan with the EDA, law enforcement, Albemarle-Charlottesville Regional Jail operations and renovation, and emergency services for both volunteer and career agencies. She stated that also included in the budget is full funding of the school division's request for operations and buses, departmental fleet vehicle replacement, repairs and maintenance of County facilities and equipment at end of support or useful life, continued investments in cybersecurity and local election security compliance, investment in human capital through implementation of state and local employee compensation increases, continued use of grant funds, and software for inventorying and monitoring short-term rentals to optimize lodging tax revenue.

Ms. McGarry said an overview of how the FY26 introduced budget addresses support supervisors' priorities was provided in the packets as supplemental information for Board review. She said that the Board would not go through all of that information today. Ms. McGarry stated that in terms of FY26 General Fund revenues, no changes in tax rates or fees have been incorporated into the budget. She said the real estate mobile home tax remains at 65 cents per \$100 of value.

Ms. McGarry stated that the value of a penny in the FY26 budget real estate tax is \$326,652. She said a collection rate of about 99.9% would make the value of a penny \$326,325. She stated that personal property tax rates are \$2.79 per \$100 of value, machinery tools tax rate is \$1.25 per \$100 of value, and the transient occupancy tax as of July 1 was 7%. Ms. McGarry said that anticipated bond proceeds from the high school renovation and social services building project will be incorporated into each entity's Capital Fund budget, and not reflected in the General Fund. Mr. Rutherford commented on the Mobile Home Tax, noting that the term mobile home was pre-1976 homes, and now most mobile homes are now defined as manufactured homes.

Ms. McGarry reviewed the FY26 estimated revenues by category as compared to the FY25 amended budget through February 2025 and FY25 Budget projections:

	<u>FY26 Estimated Budget</u>	<u>FY25 Amended Budget</u>	<u>FY25 EOY Projected Budget</u>	<u>\$ Change FY25 Amended Budget</u>	<u>% Change</u>	<u>\$ Change FY25 EOY Projected Budget</u>	<u>% Change</u>
Local	\$ 40,832,717	\$ 39,960,576	\$ 40,684,225	\$ 872,141	2.18%	\$ 148,492	0.36%
State	\$ 5,073,398	\$ 5,338,377	\$ 5,416,737	\$ (264,979)	-4.96%	\$ (343,399)	-6.34%
Federal	\$ 1,310,121	\$ 1,518,880	\$ 1,518,958	\$ (208,759)	-13.74%	\$ (208,837)	-13.75%
Other	\$ 0	\$ 2,436	\$ 272,437	\$ (2,436)	-100.0%	\$ (272,437)	-100.0%
YE Bal.	\$ 3,872,300	\$ 4,056,072	\$ 4,056,072	\$ (183,772)	-4.53%	\$ (183,772)	-4.53%
Total	\$ 51,088,536	\$ 50,876,341	\$ 51,948,429	\$ 212,195	0.42%	\$ (859,893)	-1.66%

Ms. McGarry reported that the FY26 estimated local revenue budget is \$40,832,717, which is \$872,141 or 2.18% higher than the FY25 amended budget of \$39.9 million and only \$148,492 or 0.36% higher than the FY25 end-of-year projections. She stated that FY26 state dollars are estimated at \$5,073,398, a decrease of 4.96% from the amended budget and a 6.34% decrease, or \$343,399, from the end-of-year projection for the current fiscal year. Ms. McGarry said FY26 federal funds are projected at \$1.3 million, down \$208,759 or 13.74% from the amended FY25 budget, and \$208,837 or 13.75% less than the FY25 end-of-year budget. She noted other revenue items are minor, with the end-of-year budget for FY25 exceeding the amended budget due to a \$270,000 transfer from the reassessment fund to the General Fund for reassessment expenses.

She stated that the total FY26 estimated budget is \$51 million, \$212,195 more than the current amended budget or 0.42% more, but \$859,893 or 1.66% less than the FY25 projected end-of-year budget. Ms. McGarry said local revenues are expected to increase 2.18% or \$872,141 from the current amended budget, and \$148,492 from end-of-year projections, with a slight increase in real estate taxes due to natural growth amounting to \$321,007. She stated that the FY26 value of a penny in real estate is \$326,652, equating to \$50,254,154 of real estate value. Ms. McGarry noted FY26 real estate tax collections are based on the second half of 2025 and the first half of 2026, meaning any changes from the 2026 reassessment will impact collections. She said the public service tax is budgeted at \$1,058,861, matching FY25, until new SCC data arrives. She also noted an increase in personal property taxes is comprised of anticipated slight decline in 2025 personal property values per JD Power, with an offsetting increase for 2026 related to federal tariffs, resulting in a \$187,635 increase from the current year. She noted that the Commissioner's office expected to have the actual 2025 vehicle data in early April, which could necessitate an adjustment to the estimate.

Ms. McGarry said that local sales and use taxes are expected to rise 6.3% from budgeted, or about \$139,000, and by 2.62% or \$59,041 from FY25 projections. Ms. McGarry said meals and lodging tax revenue is expected to increase by 14.1% and 0.2%, respectively, for a total increase of \$322,965, with meals tax projections remain flat and FY25 lodging tax projections higher than budgeted, despite the increase in the tax rate from 5% to 7% effective July 1, 2024. She stated that FY26 estimates are reduced by 5%, or about \$136,000, from FY25 projections, considering potential declines in short-term rentals or bookings.

Ms. McGarry said building permit fees are expected to increase by 4.6% or almost \$16,000, reflecting conservative assumptions due to economic conditions, mortgage rates, and material costs. She noted FY25 projections are 24.3% or \$117,660 higher than budgeted, due to high-value projects like the NCHS renovation permit, and current projections do not account for possible Renaissance Ridge development permitting.

Ms. McGarry stated that court fines are expected to increase 51.5% or \$114,287, and court fees by 54% or \$27,000, due to increased traffic enforcement and a new speed enforcement position. She said this is \$64,000 more than the FY25 estimate. She noted a projected decrease in interest earnings of about 18.3% or \$246,000 from the FY25 amended budget, and a slight decrease of about \$19,000 from the end-of-year projection, attributing this to the use of \$2.7 million in ARPA funds held in the General Fund and transferred to the School Division for the high school roof project in FY24, and stated that interest rates are expected to remain stable or drop slightly over the next year. She added there are no significant impacts to the General Fund balance anticipated that would affect interest earnings and said this will be monitored closely.

Ms. McGarry said an 8.1% or \$63,000 increase in EMS revenue recovery fees is anticipated, with a 5.24% or \$42,000 rise from FY25 projections due to a higher ambulance transport billing rate beginning January 2025. She stated that other miscellaneous revenues include a one-time \$120,594 health department overpayment, a \$93,000 Virginia Tourism Corporation grant, and nearly \$110,000 in Colleen water/sewer connection fees related to the high school renovation. She explained that \$11,500 in receipts relate to the

Sheriff's Department's MOU with UVA for special event staffing, with employees paid overtime reimbursed by UVA. She stated that state revenues are projected to be about 5% or \$265,000 lower than the amended budget and 6.34% or \$343,000 lower than FY25 end-of-year projections, as many grants are not received annually or budgeted until awarded. Ms. McGarry explained the General Assembly's recommended budget includes a 3% salary increase and a 1.5% bonus for state-supported local offices effective July 1, resulting in an approximate 4.5% increase in salary and benefit reimbursements that the County will receive from the State Compensation Board, with an additional 6% salary increase for state compensation Board-supported public safety communication operators, and these are included in state revenue estimates.

Ms. McGarry reported that no increases are currently anticipated for Children's Services Act reimbursements, with the state share at 68.68% and local share at 31.32%. She noted small increases are expected in reimbursements for Department of Social Services costs, with 40% state funding for the non-local portion. The General Assembly's recommended budget, she said, contains a 3% salary increase for state-supported local offices, including social services, but the actual reimbursement amount is undetermined and will offset the associated increase in expenditures. Ms. McGarry stated that other categorical state aid includes fluctuating grants such as fire funds, tourism and economic development funds, and library grants, with a decrease of \$450,212 or almost 78% at the start of the new fiscal year. She noted that those grants are typically appropriated within the budget when awarded or received.

Ms. McGarry stated that FY26 federal revenues are projected to be about 14% or \$209,000 lower than the FY25 amended budget and similarly lower than FY25 end-of-year projections due to the cyclical nature of many grants. She said a 1.5% or \$16,788 increase is expected in federal reimbursement for Department of Social Services costs, with the non-local portion funded by 60% federal funds. Ms. McGarry noted Department of Justice adult recovery court and victim witness grants are steady with FY25 and net reductions in federal revenue stem from other grant reductions. She stated that the main difference in other FY26 revenue is the absence of a \$270,000 transfer from the reassessment fund, which was used in FY25 and FY26 to cover related costs.

She stated that overall, to be FY26, Year-Ending Balance revenues are projected to be 4.53% or \$183,772 lower than the FY25 amended and projected budgets, as these balances fluctuate during the fiscal year as funds received from a previous fiscal year are utilized within the current budget year. She reported that the FY26 year-ending balance is \$3.8 million, including \$600,000 in general fund balance and \$3.2 million in FY25 carryover funds, with projected FY25 revenues of \$51,948,429 exceeding projected expenditures of \$48,676,129. Ms. McGarry detailed that projected net expenditure savings for FY25 amount to \$2.2 million, including \$553,728 in departmental operations, \$237,400 in non-departmental operations, \$359,030 in unspent capital outlay funds, and \$1,050,055 in unused contingency funds. She also noted \$1,072,088 in projected net increases in categorical revenue, with \$723,649 in local, \$78,360 in state, \$78 in federal, and \$270,001 in other revenues.

Ms. McGarry stated that on the expenditure side, the FY26 year-ending balance of \$3.8 million will be used as follows: \$2,125,109 for capital outlay, \$341,303 for non-recurring contingency, and \$699,406 for miscellaneous carryforward and non-recurring costs, including a \$106,482 bonus payout for full-time employees and \$200 for all regular part-time employees. Ms. McGarry said \$600,000 is allocated for four school buses, taken from the general fund balance, bringing the total year-ending balance revenues to \$3.8 million. She itemized \$699,406 in miscellaneous carryforward and non-recurring costs, including \$100,000 in unused ARPA LATCF funds, \$47,699 in unused direct opioid settlement funds, \$112,000 in unused solar siting agreement funds, \$128,138 in unused ARPA balance post-NCHS roof funding transfer to the School Division, \$70,321 in unused forest sustainability funds, \$17,000 in unused balance of Virginia Outdoors Foundation grant funds, \$212,248 in Lovington TAP grant local match, and \$12,000 in unspent FY25 Circuit Court AV replacement funds.

Ms. McGarry concluded by stating that some funds, such as \$100,000 LATCF and \$112,000 solar siting, are unrestricted by code. She said the ARPA funds of \$128,138 also have no spending restrictions, and these, along with the LATCF funds, are considered revenue replacement funds available for Board allocation, in addition to the \$343,000 non-recurring contingency, though tracked in separate budget lines.

Ms. Mawyer stated that the FY26 introduced budget is \$51,088,536 for expenditures, an increase of \$212,194 or 0.42% over the FY25 amended budget, with projected revenues estimated to match the increase from FY25, balancing the budget. She then reviewed changes to the Employee Salaries and Benefits. She said a new part-time shelter attendant position for Animal Control is proposed but not currently funded, with wages and FICA estimated at \$31,348. Ms. Mawyer stated that a 3% increase to salary and benefits for full-time and part-time employees totals \$247,948, with partial reimbursement by the Comp Board for certain employees, included in the biennial budget. She said an additional 6% increase to salary and benefits for all full-time dispatch employees totals \$41,453, also in the current biennial budget. She said that

effective July 1, 2025, the total salary and benefit adjustment—including the 3% increase—will total \$289,401.

Ms. Mawyer stated that there is a one-time 1.5% bonus for all full-time employees plus a \$200 bonus for regular part-time employees, totaling \$106,842. She said the 1.5% bonus for state-supported local employees is pending approval by the Governor on March 24. She stated that there is no health insurance increase for FY26, and the overall VRS employer contribution rate and short-term disability rates remain the same. She reported that \$15,669 was earmarked for estimated increases in workers' compensation. Ms. Mawyer said there are incremental increases in utilities, fuel, mileage, postage, telecommunications, maintenance service contracts, repairs and maintenance, and equipment.

Ms. Mawyer stated that there is year three of adult recovery court expenditures, covered by a four-year Department of Justice grant at the direction of the Commonwealth Attorney's Office. Ms. Mawyer said third-year funding for FY26 is \$192,000. She stated that there is a regional jail operational increase of \$120,508, which includes \$58,752 in interest-only debt service for the Grant Anticipation Note issued to cover architectural and engineering services and permanent financing interest related to the jail renovation project. She said the County's five-year average census increased slightly from 15.87% in FY25 to 16.32%, noting that the five-year average census determines the percentage share for each jurisdiction. Ms. Mawyer then reported that there was a paid EMS increase of \$118,297, which includes a 5% general labor cost increase of \$56,041 to salaries and wages, a 26% increase of \$56,313 to benefits, and an \$8,000 increase for repair and maintenance costs of older transport units.

Ms. Mawyer said the capital outlay of \$2,125,109 is covered by carryover funds from the Year-End Balance, including \$379,000 for emergency services vehicles, \$260,484 for four (4) law enforcement vehicles for the Sheriff's Office, \$40,000 for a motor pool vehicle and \$51,000 animal control truck, \$156,729 for animal shelter repairs and upgrades, \$86,000 for asphalt repair at the courthouse and collection sites, \$162,000 for a full telephone system upgrade, \$75,000 for fire and rescue pager replacement, \$60,000 for CAD and RMS server replacement, \$234,592 to replace the transfer station tipping floor, and \$40,000 for short-term rental software.

Ms. Mawyer stated that there is level funding for most agency requests for FY26 except the regional library, Nelson EMS Council, Health Department, and MACAA. Ms. Mawyer said there is a level transfer to debt service of \$3,325,284 as prescribed by the debt capacity strategy, and level funding of school nurses as requested by the School Division. She stated that there is an increase of \$1,014,298 over FY25 in funding in the operational budget for the School Division, totaling \$20,004,135 for FY26, as requested by the School Division.

Ms. Mawyer said the County's ARPA carryover funds total \$128,138, which is the balance of funds not required for the school roof project. She stated that the recurring contingency is currently zero, while the non-recurring contingency is \$341,303, making the total contingency funds for FY26 \$341,303.

Ms. McGarry pointed out that the \$0 recurring contingency is a bit eye-opening but is also typical of the historical funding strategy—whereby they banked money at the start of a reassessment, then it is used incrementally until the next one. She emphasized that it is not unusual for them to not have any recurring contingency as they get to the year prior to the reassessment being effective. She said with the non-recurring contingency, they have several other pots of money totaling a few hundred thousand dollars in separate budget lines, serving in a sense as an "additional contingency." Mr. Reed asked Ms. McGarry if she would anticipate a large recurring contingency in next year's budget. Ms. McGarry commented that she would anticipate that, pending the Board's decisions based on the value results. She noted that the philosophical question is whether they want to see a large increase in taxes once every four years, or instead spread it out over those years. Mr. Rutherford noted the current situation with inflation and stated that he would not support any rate increase this year. Ms. McGarry indicated that the FY26 budget did not include any level of anticipated increase in values, other than a natural increase.

Ms. McGarry stated that reassessments would be completed by December 2025, with those values effective for January 2026—so whatever the Board decides will impact the FY26 budget a little.

The Board briefly discussed the math and state-enabled process behind rate equalization. They also noted the need to establish the Board of Equalization, which would be here about a year from now, and funding for that Board is in the budget.

V. FY26 BUDGET WORK SESSION

Ms. McGarry explained that in their packets, there is the introduced general fund revenue and expenditure synopses that compare the amended budget for this year to the proposed budget for next year, with the dollar

increase or decrease in percentage changes. She said they also have the larger versions of the spreadsheets used to evaluate the dollar and percentage differences, as well as the financial system detail printouts in their packets. Ms. McGarry reviewed the expenditures first.

Ms. McGarry noted the expenditure line for Courts (all) Including CSA, Magistrate, Recovery Court. She indicated that there was a \$12,771 decrease, which was a staff change. She explained that amount was related to a salary increase that Judge Doucette had requested for his judicial assistant. Mr. Rutherford asked if the Comp Board covered that. Ms. McGarry noted that it was a fully funded local position, which was why it was highlighted and backed out of the budget line. She commented that it could be added back in if the Board decided to meet that request. Ms. McGarry noted that his assistant had in the past received the same percentage increases as all employees that are approved by the Board. Dr. Ligon asked if there was a reason for the requested salary increase. Ms. McGarry commented that there was not, but it could be asked.

Ms. McGarry indicated that one of the larger increases typically was for the Technology department, which had a \$66,758 increase, or 17.8%. She noted that the increase was primarily due to increases in maintenance service contracts.

Mr. Rutherford asked why the land use panel was jumping up so much, and Ms. McGarry replied that it was because it is a reapplication year so they have to go out and look at everything. Dr. Ligon asked what the path would be if they wanted to change their approach to proving land use. Ms. McGarry responded that the Commissioner of Revenue would have to agree to change it, which would involve changing the land use values that go into the system. Dr. Ligon said she meant the proof point aspect of it, which she has to do in Augusta and Bath counties every year, and she sees lots of vacant properties in Nelson where people are claiming land use but not farming it. She noted that she was not saying get rid of land use, she was just asking that the use be proven. Ms. McGarry reiterated that this is a Commissioner of Revenue role, as they are the ones that run the program. She added that they are likely just doing what has historically been done, but the Board could certainly make a request of that office.

Ms. McGarry continued with the line-item budget discussion, noting that there were not a lot of areas with significant changes. She explained that for employee salary adjustment benefit costs, they include all funds estimated to cover the proposed employee salary and benefits increase; then once it is approved, it gets transferred from that budget line out into the departments—so when it gets transferred, it makes the amended budget less. Ms. Mawyer noted that amount included the combined 3%, the 6% for Dispatch, and the one-time bonuses.

Dr. Ligon asked about the Economic Development line, noting that no increase was requested. Ms. McGarry explained that was a different line that some grants are put in, noting that it was not the EDA budget line. She noted it contained the AFID infrastructure grants that they received from the state, as well as the Historic District grants that come from the state. Ms. McGarry noted that they could change the description so that it reads Economic Development Grants

Dr. Ligon asked about the Anti-Litter grant, noting that litter was becoming a problem. Ms. McGarry noted that was a grant the County received and the funds were currently used to offset the Recycling Coordinator's expenditures.

The Board reviewed the Cooperative Extension's budget increase. Ms. McGarry noted that she thought the increase was related to salary and benefits.

Mr. Rutherford asked about the Opioid Abatement funds and whether the Jail was requesting that the County give their funds to them. Ms. McGarry noted that it was not related to the County's direct funds that are in the budget. She explained that the County has to submit an application to the Opioid Abatement Authority, which is estimated to be about \$21,000 of those total funds.

Dr. Ligon asked about Piney River water and sewer and if they ever increased rates to make it look more attractive to the Service Authority. Ms. McGarry noted that they had not. The Board was in agreement to circle back on the rates soon. Ms. McGarry noting that that the Piney River Water and Sewer budget is one of the other fund budgets the Board will review as part of the entire budget process once they get through the General Fund.

Ms. McGarry reported that they are carrying forward the balance of the transfer station tipping floor project because they plan to do that in September, which would fall into the next fiscal year. She noted that they were also carrying forward funds related to the Zoning and Subdivision Ordinance update.

Dr. Ligon stated that they had also previously discussed increasing building permit fees because they are actually quite low compared to neighboring counties. She asked when that discussion would take place.

Ms. McGarry noted they could discuss the water and sewer rates, as well as the building permit fees, whenever the Board wished to do so. She noted both subjects for future consideration.

She reported that one capital outlay requested was emergency management drones totaling \$27,089, but staff backed that out and suggested that grants may possibly cover that. She said they also backed out the ECC first response vehicle requested at \$71,527. She noted that the items were not backed out because they were not needed, they were backed out to balance the budget. She explained that the emergency services vehicle at \$379,000 is a NEMS ambulance, and that is included in Capital Outlay. She noted that for this fiscal year, they had the Faber truck budgeted. She said Danny Johnson had indicated that Piney River Fire Department has mentioned the need for a new fire truck, which would cost about \$700,000 and fall under the 80/20 split. She also noted that they agencies have typically borrowed their 20% share from the County's interest free loan program. She added that the request would likely fall under FY27 as the lead times on new trucks is lengthy, about 535 days.

Dr. Ligon asked staff to check into what the Roseland Rescue Squad ambulance responds to, as she does not see it going anywhere, yet it is a high-end vehicle.

Ms. McGarry noted that also included in capital outlay is the \$212,248 local match for the TAP grant in Lovingston.

Dr. Ligon asked staff to provide a breakdown of the Animal Control vehicles, as it seems they just got new ones. Ms. McGarry noted they could get that information.

Mr. Rutherford asked about the courthouse roof repair line. Ms. McGarry noted that they were still working to get an estimate for that. She indicated that there were leaks at various locations in the building.

Mr. Rutherford asked why the Lovingston pocket park had been backed out. Ms. McGarry noted that she had backed it out, commenting that she did want to do the project and they could utilize some of the forestry funds to pay for it.

Ms. McGarry commented that the Blue Ridge Tunnel security gates were a good idea and a bathroom facility would be nice there, but staff backed out things that were not seen as essential. Mr. Rutherford suggested that the Tunnel Foundation should be fundraising quite well, and Albemarle was trying to connect their Crozet trails to it and should provide some facilities as part of that.

Mr. Rutherford noted that they were basically using the entire \$587,438 in recurring revenue. Ms. McGarry noted that was correct for this year's budget, along with any additional local revenue. Mr. Rutherford asked how much of the recurring revenue was being used for non-recurring items. Ms. McGarry noted that they tried not to use any of it for non-recurring, but some things may have gone through. Ms. McGarry noted that the non-recurring contingency for this fiscal year started at around \$600,000, so they had used about \$200,000 of that in the current fiscal year.

Dr. Ligon asked about the wireless internet access point replacement/expansion. Ms. McGarry explained that was for the Courthouse, but also for the Registrar's office. She explained that the Registrar's wireless access points had to be ultra-secure. She noted that there were some wireless courthouse locations included.

Ms. McGarry noted they would circle back to the School budget after the joint meeting with the School Board later that week. It was also noted that the Board would need to determine the tax rates by the following Tuesday.

The Board took a recess for lunch.

The Board returned to session to discuss revenues.

Ms. McGarry reported that the real estate tax book value for 2025 showed 1.5% in growth from 2024 for a \$310,756 increase. She said she used a 2.5% estimated natural growth for 2026, combining the second half of 2025 and the first half of 2026 to produce an estimated FY26 amount of \$21,211,138, a 1.54% increase in real estate tax collection, and this was based on a 99.9% collection rate, which included some back taxes.

She stated that the public service tax remained unchanged from the FY25 projection of \$1,058,861 and noted that the SCC would provide actuals. For the personal property and manufactured housing tax, Ms. McGarry said the Commissioner's Office would have book numbers by early April, but she estimated 98%

of the 2024 book levy due to possible decreases from J.D. Power. For 2026, she said she used a 110% estimated increase, considering potential tariff impacts. Ms. McGarry stated these calculations produced \$6,201,403 for personal property and manufactured housing tax, which was an increase of \$187,635 for FY26, or 3.1%. She said the collection rate included about 11.3% estimated back taxes.

Ms. McGarry reported that she used a second half collection rate of 33.91% and a first half collection rate of 27.73%, then the 11.3% in back taxes for personal property. She noted that the County gets personal property tax relief revenue from the state, which amounts to about 27.5% of the total, or \$1,708,030. Ms. McGarry confirmed that the revenue from the state was included in the estimated \$6,201,403.

Ms. McGarry reported that tax penalty and interest did not change much. She commented that the late tax penalty had been slightly overestimated for FY25, noting that the projection was about \$30,000 less, so she dropped that back for FY26 to \$225,910, which was still a slight increase over projected FY25. She said the late tax interest is approximately \$162,000, which is fairly flat from this year. She reported that the projected number for local sales and use tax is \$138,716 higher than the amended budget. She explained that she built in an increase of 2.62% for FY26 local sales and use tax, and also indicated that a 5% increase was added for the electric consumer utility tax. She said that business licenses are still \$30 per business and will yield an estimated \$54,000. She stated that FY22 had almost \$555,000 in recordation taxes, and now that number is back in the \$360,000 range.

Ms. McGarry reported that the transient occupancy tax (TOT) increased because of the rate increase, but she built the FY26 numbers at \$2,587,193, based on some slowing down of bookings and the number of rental units. She said the meals tax revenue is projected to be slightly higher than budgeted, by just \$3,700, at \$1,592,798 for FY26.

Mr. Rutherford said if you analyze the TOT for FY26 at a 7% expectation, if you walk that number backwards just to see what the gross revenue is, he estimated that it should be about \$39 million in gross revenue related towards people staying in Nelson. He added that meals revenue would be \$31 million.

Ms. McGarry reported that the end of year building permit revenue for FY25 is expected to be a bit higher due to some higher-value projects, she noted that she increased the FY26 estimated revenue slightly from the FY25 amended budget. She also reported that court fines were also expected to be higher.

Mr. Rutherford asked why the well and septic fees were a negative. Ms. McGarry explained that they have not gotten anything to date on that and have not received for several years, so she just removed it. She clarified that the only thing that comes back to the General Fund is connection fees, and it may have been related to the health department at some point. Mr. Reed asked if that was through the Health Department. Ms. McGarry noted that she would have to check. Ms. Mawyer confirmed that the last time anything was logged under Well and Septic fees was in 2022, with \$16,775. Ms. Spivey commented that she thought that was money the County received when people paid for well and septic permits, possibly \$25 per permit. Dr. Ligon asked if that was something the County needed to request in order to receive it. Ms. McGarry noted that staff would look into it.

Ms. McGarry confirmed that the subdivision fees were related to Planning and Zoning fees.

Ms. McGarry noted that they would need to keep watch on interest on investments. She also confirmed that interest income was \$52,564 in 2022.

Ms. McGarry stated that real estate tax sale proceeds are appropriated as they come in, so she does not have anything budgeted for FY26 and will just appropriate it as it comes.

Ms. McGarry explained that most of the decreases they were seeing were from the projected amounts, and the projected amounts are based on what is historically happening and how it looks for the remainder of the fiscal year.

She reported that the Health Department refund was coming out, as was the Virginia Tourism Corporation grant. She noted that they had received the siting agreement from Wild Rose that week. She noted that the Colleen water and sewer connection fee was related to the new connection at the high school. Ms. McGarry noted that the estimated EMS revenue recovery is up slightly, due primarily to the increase in rates.

Dr. Ligon asked if they could get a quarterly update that shows interest earnings. Ms. McGarry noted that they should see that line in the monthly financial report. Dr. Ligon asked what the path would be if a correction were needed. Ms. McGarry responded that they could evaluate their investments in conjunction with the Treasurer, and there may be some offsetting increases through other revenues and midyear revenue enhancements.

Mr. Rutherford commented that the meals and lodging tax revenue is extremely cyclical.

Mr. Reed noted that the interest on investments is a 20% drop, and that should be monitored.

Ms. McGarry said they could also look at reducing expenditures on recurring business activities.

Ms. McGarry mentioned that state and federal revenue are more grant related, with most of the state revenue being Comp Board reimbursements for salaries and benefits, along with other grants and noncategorical state aid. She stated that she was uncertain as to whether the Forest Sustainability Fund money would be provided in FY26, so she did not include it. Ms. McGarry explained that it is a state-run program that has a pot of money, and applicants report how much money they are losing as a result of land use. She noted that the money was divided among the number of applicants who apply for it.

Ms. McGarry noted that the Spay and Neuter Fund was at \$100 and indicated that the amount had historically been under \$100. She commented that she would have to look into where those funds came from.

Ms. McGarry noted that the National Forest Payment in Lieu of Taxes (PILT) was not able to be estimated but would be appropriated as it was received. She noted the federal share for public assistance and welfare, which was being watched closely for any impacts to Medicaid.

Mr. Rutherford asked if insurance claims were a part of the budget, or if they were handled as they happened. Ms. McGarry confirmed that they dealt with as they happened. She explained that with vehicle insurance payments, they have been offsetting the expenditure line by the insurance claim payments so that budget line does not get out of order. She noted that technically it was an expenditure refund.

Mr. Reed asked about the bond financing proceeds from the Larkin property acquisition, which were shown as \$0. Ms. McGarry explained that was the initial \$2.6 million bond anticipation note that the County did for that purchase. She noted that when they did the permanent financings for the School project and the DSS building, those would be in the Capital Outlay budget. She commented that once they had done some water investigation at Larkin, they would need to look at future projects so they could wrap the repayment of the \$2.6 million bond into that permanent financing.

Mr. Rutherford noted that they had pretty much gone through the budget, with very few things to amend so far. He commented that the biggest item would be the School budget, which they did include 6 buses in the budget. Mr. Reed noted that they had included full funding of the Schools' request.

Dr. Ligon asked about the history of the buses. Mr. Rutherford noted it had been several years since a bus had been purchased. Ms. McGarry noted that they had gotten two (2) electric buses through grant funding. Dr. Ligon noted that she had been told that the electric buses had been an issue when it was cold and the buses were towed a lot. Ms. McGarry noted that at one point, the County did a lease program with the Schools for buses, which was pretty expensive and the Board decided to not do that again. She commented that at that point, the bus fleet was pretty decent, and from then to present, it has been hit or miss on whether buses were funded or not.

Dr. Ligon asked for additional statistics on the school bus fleet—age of vehicles, mileage, and routes.

Ms. McGarry noted that they had done a study on this, and the School Board was responsible for this expense in their budget except for certain lease arrangements where the County covers that, which are typically no longer done. She confirmed that the School Board had also provided a specific number as to when the bus was no longer worth repairing based on maintenance costs. She stated that the School Board's mindset now is that they have been including them in their capital budget planning—which they do not feel gets considered—so now they are including this in their annual operational request so it can be more in the forefront for consideration. Dr. Ligon commented that the Schools had just purchased several cars. Ms. McGarry explained that the cars were used to transport special needs students to day schools. Ms. Mawyer noted that the Schools had requested that if the County were to retire any vehicles, that they would consider them going to the Schools.

Ms. McGarry pointed out that they have a joint School Board meeting Thursday night, and she asked the Board to provide anything they would like for her to pass on prior to that, in addition to the school bus fleet information. She also mentioned that she had spoken with Superintendent Hester about space needs and the potential for a “space swap” with the Commonwealth Attorney’s office. She said asked Dr. Hester if there may be some extra classroom space at Tye River Elementary that could be used at least in the short term, and Dr. Hester had expressed an interest in staying on this end of the County due to proximity to schools.

March 18, 2025

VI. OTHER BUSINESS (AS PRESENTED)

There was none presented.

VII. ADJOURN AND CONTINUE TO MARCH 20, 2025 AT 6 P.M. FOR A JOINT MEETING WITH THE NELSON COUNTY SCHOOL BOARD.

At 1:56 p.m., Mr. Reed adjourned and continued the meeting to March 20, 2025 at 6:00 p.m.