

Virginia:

AT A CONTINUED MEETING of the Nelson County Board of Supervisors at 4:00 p.m. in the Thomas D. Harvey Meeting Room located on the fourth floor of the Nelson County Courthouse, in Lovingson, Virginia.

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

Absent: None.

I. CALL TO ORDER

Dr. Ligon called the meeting to order at 4:00 p.m., with all five (5) Supervisors present to establish a quorum.

II. CONSENT AGENDA

A. Resolution – **R2026-09** FY26 Budget Amendment

Mr. Parr moved to approve the Consent Agenda as presented. Mr. Rutherford seconded the motion, which passed unanimously (5-0) by roll call vote and the following resolution was adopted:

February 25, 2026

RESOLUTION R2026-09
NELSON COUNTY BOARD OF SUPERVISORS
AMENDMENT OF FISCAL YEAR 2025-2026 BUDGET
February 25, 2026

I. Transfer of Funds (Employee Benefits & Departmental)

	<u>Amount</u>	<u>Credit Account (-)</u>	<u>Debit Account (+)</u>
\$	38,226.00	4-100-031020-1005	4-100-031020-1006
\$	60,976.00	4-100-081020-1004	4-100-081020-1001
\$	21,328.00	4-100-032010-1001	4-100-031020-1001
\$	11,274.00	4-100-091030-5616	4-100-011010-2005
\$	14,294.00	4-100-091030-5616	4-100-012010-1001
\$	222.00	4-100-091030-5615	4-100-012010-2011
\$	11,283.00	4-100-091030-5616	4-100-012090-1001
\$	202.00	4-100-091030-5615	4-100-012090-2011
\$	7,172.00	4-100-091030-5616	4-100-012130-1001
\$	48.00	4-100-091030-5615	4-100-012130-2011
\$	10,570.00	4-100-091030-5616	4-100-012150-1001
\$	246.00	4-100-091030-5615	4-100-012150-2011
\$	5,041.00	4-100-091030-5616	4-100-012180-1001
\$	1,681.00	4-100-091030-5616	4-100-013020-1001
\$	6,000.00	4-100-091030-5616	4-100-013020-1002
\$	201.00	4-100-091030-5615	4-100-013020-2011
\$	12,463.00	4-100-091030-5616	4-100-021010-1001
\$	278.00	4-100-091030-5615	4-100-021010-2011
\$	4,779.00	4-100-091030-5616	4-100-021060-1001
\$	4,284.00	4-100-091030-5616	4-100-021060-2005
\$	235.00	4-100-091030-5615	4-100-021060-2011
\$	15,140.00	4-100-091030-5616	4-100-022010-1001
\$	5,373.00	4-100-091030-5616	4-100-022010-1006
\$	525.00	4-100-091030-5615	4-100-022010-2011
\$	85,347.00	4-100-091030-5616	4-100-031020-1001
\$	3,074.00	4-100-091030-5616	4-100-031020-1010
\$	1,319.00	4-100-091030-5616	4-100-031020-1011
\$	3,673.00	4-100-091030-5615	4-100-031020-2011
\$	4,138.00	4-100-091030-5616	4-100-031020-7015

I. Transfer of Funds (Employee Benefits & Departmental)

<u>Amount</u>	<u>Credit Account (-)</u>	<u>Debit Account (+)</u>
\$ 660.00	4-100-091030-5615	4-100-032010-2011
\$ 3,428.00	4-100-091030-5616	4-100-032030-1001
\$ 1,253.00	4-100-091030-5615	4-100-032030-2011
\$ 71.00	4-100-091030-5615	4-100-034010-2011
\$ 6,807.00	4-100-091030-5616	4-100-035010-1001
\$ 3,687.00	4-100-091030-5616	4-100-042030-1001
\$ 76.00	4-100-091030-5615	4-100-042030-2011
\$ 15,617.00	4-100-091030-5616	4-100-043020-1001
\$ 357.00	4-100-091030-5615	4-100-043020-2011
\$ 133.00	4-100-091030-5615	4-100-053600-2011
\$ 3,799.00	4-100-091030-5616	4-100-071020-1001
\$ 2,941.00	4-100-091030-5616	4-100-081010-1001
\$ 124.00	4-100-091030-5615	4-100-081010-2011
\$ 21,491.00	4-100-091030-5616	4-100-081020-1001
\$ 54.00	4-100-091030-5615	4-100-081020-2011

II. Transfer of Funds (General Fund Nonrecurring Contingency)

<u>Amount</u>	<u>Credit Account (-)</u>	<u>Debit Account (+)</u>
\$ 15,041.90	4-100-999000-9905	4-100-013020-1001
\$ 1,150.71	4-100-999000-9905	4-100-013020-2001
\$ 406,082.61		

III. COUNTY FUND BALANCE & DEBT UPDATE – DAVENPORT

Ms. McGarry stated that Davenport, the County’s financial advisors, come annually to provide an update on the fund balance and debt capacity. She introduced Ben Wilson from Davenport.

Mr. Ben Wilson stated that Ms. McGarry requested an update on the fund balance and the current debt status. He said this presentation was informational and not intended to prompt any action, noting that it had been over a year since materials were last presented to them. Mr. Wilson said that Davenport has worked with the County for many years, and their involvement encompasses both planning, as reflected in the current review, and the execution of debt transactions when borrowing is necessary, which they can assist with.

Mr. Wilson reported that last year, Davenport permanently financed two projects: one through the Virginia Public School Authority (VPSA), a state program that allows debt issuance for schools in the public markets without requiring the County to go through the process of getting ratings, with that project mostly funded through that borrowing but also through a school construction grant from the Commonwealth that funded a piece of that project. He said the other project they funded permanently last year was the Department of Social Services (DSS) building, which they did through the Virginia Resources Authority (VRA), a similar program to VPSA but supporting projects other than schools.

Mr. Wilson reported that several years ago, \$2.5 million was borrowed for the purchase of the Larkin property, done on an interim basis because the plan at the time was that there may be projects associated with that property, and they would roll that land purchase into permanent financing. He said those projects have not materialized so far, but they need to keep in mind that the short-term financing matures in the summer of 2027—so it will need to be paid off, extended, or rolled into permanent financing. He stated that they could just permanently finance the \$2.5 million if preferred. He stated that interest payments on the short-term financing are incorporated into existing debt obligations; while projections assume permanent financing will occur next year.

Mr. Wilson reported that governmental accounting uses fund balance instead of equity, with allocations defined by external or internal restrictions. He said the general fund balance over five years is shown, going from most to least restrictive: non-spendable, restricted, committed, and unassigned. He stated that most fund balance policies focus on the unassigned category because it is unrestricted, while committed funds are designated by official action, and restricted or non-spendable funds are limited by external conditions.

Historical Fund Balance	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
	<i>Audit</i>	<i>Audit</i>	<i>Audit</i>	<i>Audit</i>	<i>Draft Audit</i>
2 General Fund Balance					
3 Nonspendable	\$ 381,307	\$ 488,413	\$ 389,510	\$ 670,552	\$ 639,167
4 Restricted	-	5,978	8,093	14,729	14,729
5 Committed	1,051,472	681,175	813,563	728,551	562,729
6 Unassigned	28,169,080	30,473,594	29,078,931	30,206,488	31,115,855
7 Total General Fund Balance	\$ 29,601,859	\$ 31,649,160	\$ 30,290,097	\$ 31,620,320	\$ 32,332,480
9 Other Fund Balances					
10 Debt Service Fund	\$ 220,280	\$ 221,377	\$ 3,237,412	\$ 3,397,328	\$ 4,626,213
11 Capital Projects Fund	720,230	720,230	720,230	720,230	18,368,535
12 Other Governmental Funds	50	50	50	50	50
13 Total Other Fund Balances	\$ 940,560	\$ 941,657	\$ 3,957,692	\$ 4,117,608	\$ 22,994,798

After adjusting for amounts appropriated in FY 2026 (\$4,734,712), the Unassigned Fund Balance totals \$26,381,143.

He reported that the County also maintains several other funds: the general fund, where most operations take place; and a debt service fund, capital projects fund, and other governmental funds. He said the debt service fund would be addressed further, and those funds have been set aside to help with debt service payments over the next few years. He noted that there is a peak in the debt service, then it comes back down again, so the \$4.6 million is set aside primarily for this purpose. He said the \$18 million reflected on Line 11 is bond proceeds from prior borrowing and is already committed.

Mr. Wilson stated that maintaining an unassigned fund balance is essential for operational liquidity—County operations and payroll, etc.—so it is important to at least maintain a certain level of fund balance for that, which differs from locality to locality. Mr. Wilson noted that other benefits to maintaining fund balance include earning interest on investments, and lenders generally look favorably at localities having more money in the bank, which leads to lower interest rates if they were to go to a bank or get a credit rating of their own. Mr. Wilson said the unassigned fund balance was \$31.1 million as of June 30, 2025, but there have been appropriations since then for FY26 budget and other items, reducing the total to approximately \$26.5 million.

Mr. Lenahan asked where the \$4.7 million was appropriated.

Ms. McGarry responded that on the revenue side, it shows as year-end balance on the budget, which the Board hasn't seen yet. She said they utilized it for non-recurring items within the budget, and then bringing forward previously funded items from previous fiscal years that had not happened yet and bringing that into the current budget.

Ms. Mawyer said in her budget amendments, it will show as Line Item 3-100-9999-00, which is fund balance.

Mr. Lenahan asked about the capital projects fund, which has a string of five \$720,000 items, then \$18 million.

Dr. Ligon explained that it is because of their bond issue and is just a matter of timing.

Mr. Wilson said that's probably all for schools, as the DSS building happened after the end of the fiscal year.

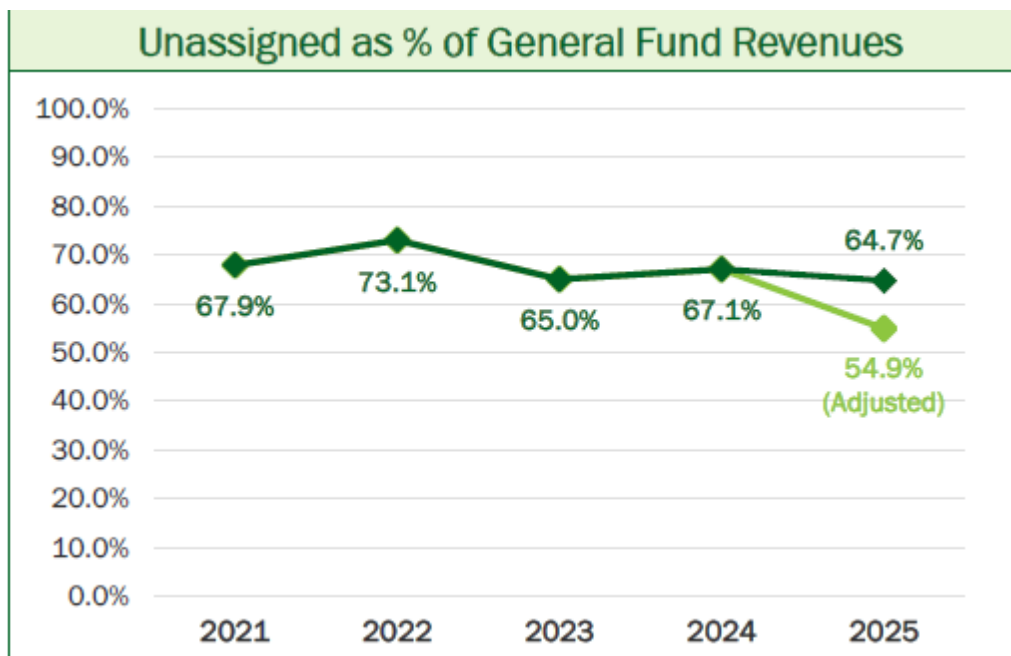
Ms. McGarry stated that out of the unassigned fund balance, they want to maintain a certain level of operating funds—usually a 90-day operating reserve at about 25–30%, which will be part of the fund balance as well. She noted that they have other balances such as the EMS loan fund balance and some other balances that are not technically committed but are part of that money as well.

Mr. Lenahan asked if they have a certain percentage in the recent school allocations, noting that Chesterfield puts 10% of their budget into a fund balance.

Mr. Rutherford said Nelson also has a debt service fund, which is similar to that structure, and Chesterfield is just on their macro level.

Ms. McGarry explained that Chesterfield probably established a more formal reserve, whereas Nelson's is less formal. She said Nelson is without any financial policies in place, which Davenport has worked with them to develop, but the County just has not adopted them yet.

Mr. Wilson said they could definitely revisit those and talk about a ratio to be considered. He said the information presented shows an unassigned fund balance, reflected in the last line of \$30 million or so, as a percentage of General Fund revenues.



He stated that they have been in the 60% to 70% range over the last several years; with the adjustment for what's been appropriated since the end of FY25, they are closer to 50%. He noted that this is generally what Ms. McGarry is talking about with the 25% to 30% they need to keep for operating. He added that there would need to be some analysis done about cashflows and how that ebbs and flows, as the County's revenues are a bit spotty; they come in once or twice a year in big clumps with real estate and personal property taxes coming in.

Mr. Wilson explained that in contrast, their expenses are fairly flat and happen every month, so they need to have some money in the bank to be able to make those payments until the revenues come in. He added that there are some governments that will borrow for that through revenue anticipation notes or tax anticipation notes, but those can be costly. He said they are generally 6–12 months long, and they are really just borrowing to meet expenditures for the next few months, then pay off the loan when revenues come in. He said that is something governments generally try to avoid, but there are places that do because it allows them to keep a lower fund balance.

Mr. Lenahan commented that he would not borrow money to pay his light bill.

Ms. McGarry responded that it was not a good thing to have to do. She stated that within the first month of the County's new fiscal year, they transfer out over \$20 million, which goes to the schools, social services, etc.

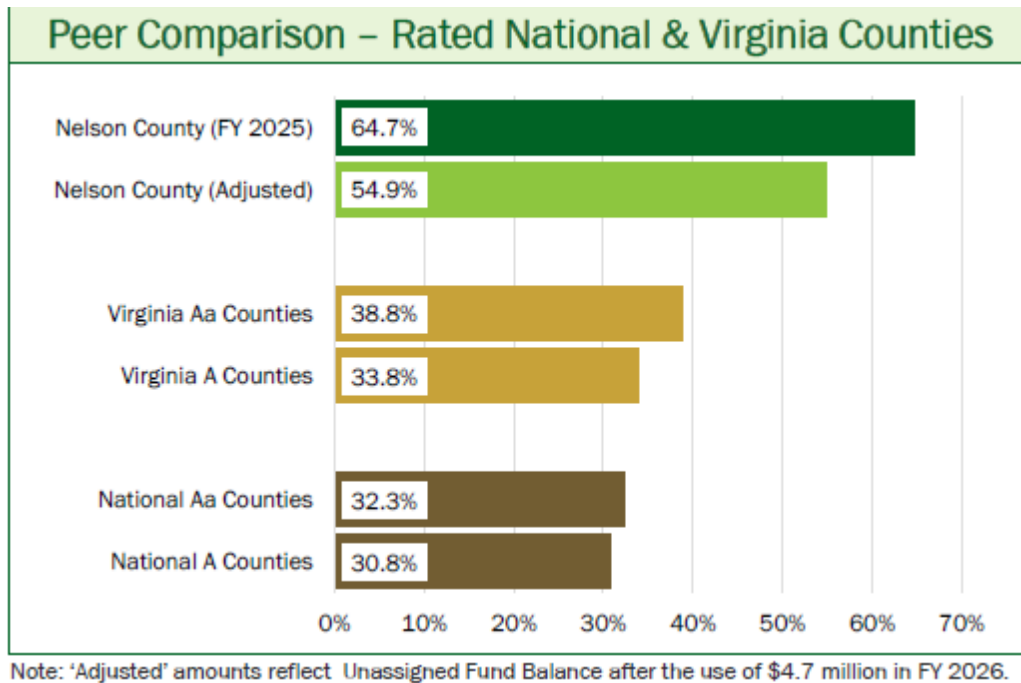
Mr. Rutherford asked if the schools get paid out all at once and if they invest their money.

Ms. McGarry noted that the Schools get paid out all at once. She said she assumed they did invest their money, and their money is actually part of the local government money.

Mr. Rutherford commented that investing that amount at 4% would provide a generous yield.

Mr. Lenahan suggested that the County allocate that money in two stages. Mr. Rutherford asked if the current structure was dictated by state statute. Ms. McGarry responded that it wasn't, and there are other ways they can appropriate it rather than all at once at the beginning of the year.

Mr. Wilson continued with his presentation, pointing out where the County's ratio has been for the last five years and a comparison to other rated entities.



He stated that Nelson does not have a credit rating and has not needed one, primarily because they have access to VRA and VPSA fundings. He said the County has several options to get capital funding: a direct bank loan, or the state programs as mentioned—which are similar to a bank loan but with the state.

He stated that they could also go into the public market and sell bonds, which would be purchased as bonds that Nelson County issued at public market rates. He noted that they would have to get a credit rating, which can be a costly and time-consuming process, whereas the state is essentially doing that through their programs.

Mr. Lenahan asked if not having a credit rating affected their borrowing. Mr. Wilson responded that it doesn't within those programs, which are based on the state credit rating, and every borrower that goes into those gets the same interest regardless of other borrowers' credit ratings. He said they also don't need a credit rating for a bank loan, although it can help as an external validation of credit worthiness. Mr. Wilson added that he was not in a position to tell them what that fund balance percentage should be at this point, but it is something they could explore further if they wanted to establish a formal policy.

Mr. Wilson reported that as of June 30, 2025, the County had \$28.6 million of existing outstanding debt, which was the actual loan amount and did not include the interest that would be paid. He said the County also had the 2022 Bond Anticipation Note (BAN) outstanding for the Larkin property, making the total debt outstanding \$31.2 million. He explained that after June 30, 2025, the County closed on the DSS building financing, which had a par amount of \$8.1 million; after adjusting for that, the debt was at \$39.3 million.

Par Outstanding – Estimated as of 6/30/2025

Type	Par Amount
Long-Term Debt as of 6/30/2025	\$28,607,000
2022 BAN	2,600,000
Total as of 6/30/2025	\$31,207,000
DSS Building (Issued After 6/30/2025)	8,145,000
Total (Adjusted for DSS Building)	\$39,352,000

Note: includes the par amount of the 2022 BAN. Adjusted for the 2025 VRA Summer Pool issuance for the DSS Building that closed after 6/30/2025.

See Appendix for details.

Mr. Wilson stated that all of the debt outstanding was fixed rate, and they would know what the payments would be through maturity unless the County took some sort of action such as refinancing for savings, paying it off with cash on hand, or permanently financing the BAN.

Tax-Supported Debt Service*

Fiscal Year	Principal	Interest	Total Debt Service	10-Year Payout
2026	\$ 1,767,000	\$ 1,289,780	\$ 3,056,780	36.0%
2027	1,996,000	1,619,340	3,615,340	35.9%
2028	2,054,000	1,511,140	3,565,140	35.5%
2029	1,305,000	1,403,671	2,708,671	35.1%
2030	1,115,000	1,346,201	2,461,201	36.5%
2031	1,165,000	1,294,593	2,459,593	38.6%
2032	885,000	1,245,753	2,130,753	41.1%
2033	935,000	1,199,631	2,134,631	44.5%
2034	980,000	1,151,101	2,131,101	48.4%
2035	1,030,000	1,100,165	2,130,165	52.7%
2036	1,085,000	1,046,568	2,131,568	57.7%
2037	1,145,000	990,056	2,135,056	63.2%
2038	1,205,000	930,503	2,135,503	69.7%
2039	1,265,000	867,909	2,132,909	77.2%
2040	1,325,000	808,398	2,133,398	86.1%
2041	1,380,000	752,223	2,132,223	96.8%
2042	1,440,000	692,366	2,132,366	100.0%
2043	1,505,000	628,697	2,133,697	100.0%
2044	1,570,000	561,473	2,131,473	100.0%
2045	1,640,000	490,545	2,130,545	100.0%
2046	1,715,000	416,410	2,131,410	100.0%
2047	1,795,000	338,262	2,133,262	100.0%
2048	1,875,000	255,069	2,130,069	100.0%
2049	1,965,000	167,119	2,132,119	100.0%
2050	2,055,000	75,033	2,130,033	100.0%
2051	555,000	13,978	568,978	100.0%
Total	\$ 36,752,000	\$ 22,195,984	\$ 58,947,984	

* Excludes principal on the 2022 BAN.

He noted that this did not include the \$2.6 million that was technically due in the summer of 2027. He said they are not showing that in the Tax-Support Debt Service because the expectation was that it would be permanently financed or at least extended to a point where other projects could be done with that property and permanently financed at that time. He said the last column shown was the 10-year payout ratio, and it was a forward look for any given year at how much was being paid off in the next 10 years as a percentage of what was outstanding. He noted that in 2026, the County would be paying off 36% of the debt in the next 10 years; the other 64% would get paid off in the subsequent 15 to 20 years.

Mr. Reed asked if there was any strategic benefit to rolling the \$2.6 million into a permanent financing scenario as opposed to waiting and doing it later.

Mr. Wilson responded that the benefit would be that if you start the permanent financing earlier, you're paying less interest on the current interim financing because when you roll it into permanent financing, you can start amortizing the debt and start paying back the principal. He said the benefit to waiting until you do something else is that it would streamline it, and you only have to issue debt one time. He noted that there are closing costs associated with issuing debt, so if you do the permanent financing of the BAN first and then decide to do a project a year later and have to close again, there will be some duplicative costs between those two.

Dr. Ligon asked what interest they are paying now.

Mr. Wilson responded that the interest rate is about 3.12%, so they are paying about \$80,000 a year; the last year is only \$40,000 because there is one final payment instead of two. He added that the 3.12% rate is a good rate in today’s market, and if they were to permanently finance that today over 20 years, it would be closer to 4%.

Mr. Wilson presented information on the County’s individual loans: the DSS building and the high school renovation.

Dr. Ligon mentioned that the current debt situation does not reflect what they will owe for the jail.

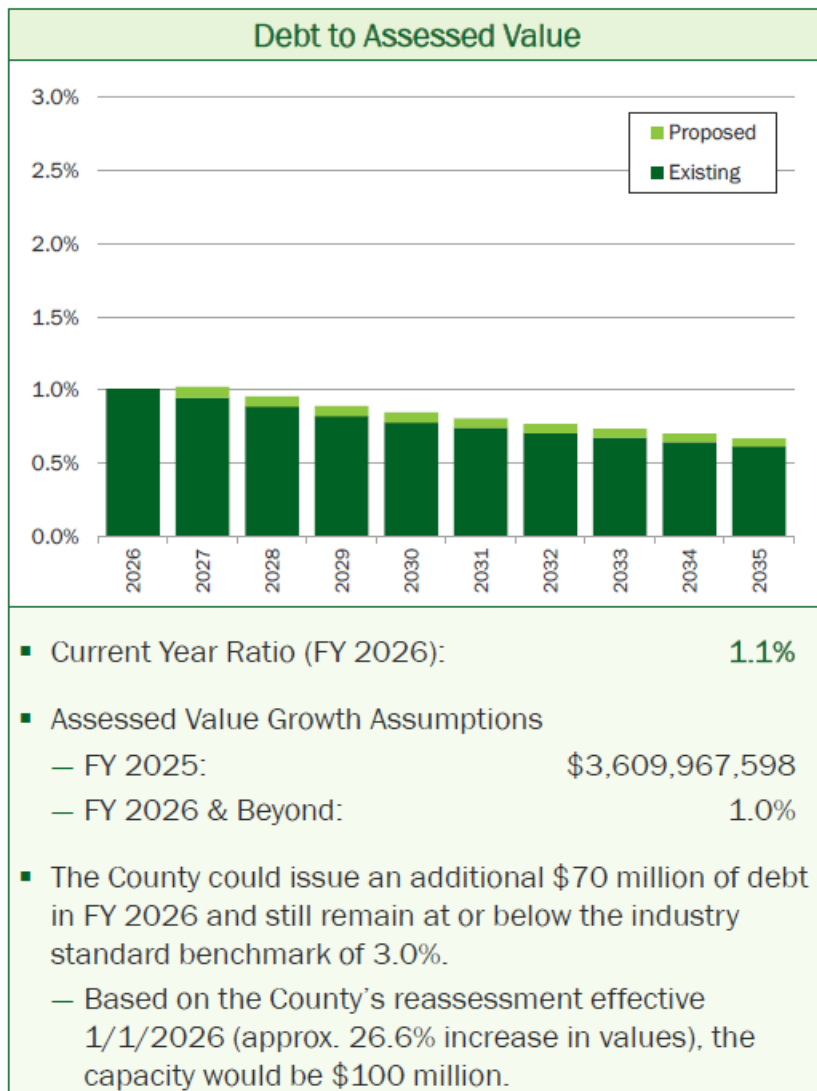
Ms. McGarry confirmed this and said that was part of the General Fund balance, and because it’s the jail authority’s debt, it doesn’t apply to this debt capacity scenario. She noted that the renovation debt would be about \$300,000, and she would bring back more information next week as to what the County’s portion of the debt would be. Dr. Ligon noted that the County’s share was based on the incarceration rate. Ms. McGarry confirmed that the annual amount would change based on the five year average.

Mr. Lenahan reported that in one of his supervisors classes, one of the other localities said that 65% of all their debt is paid off in a 10-year period, and if they are getting close to that limit, they do not issue new debt.

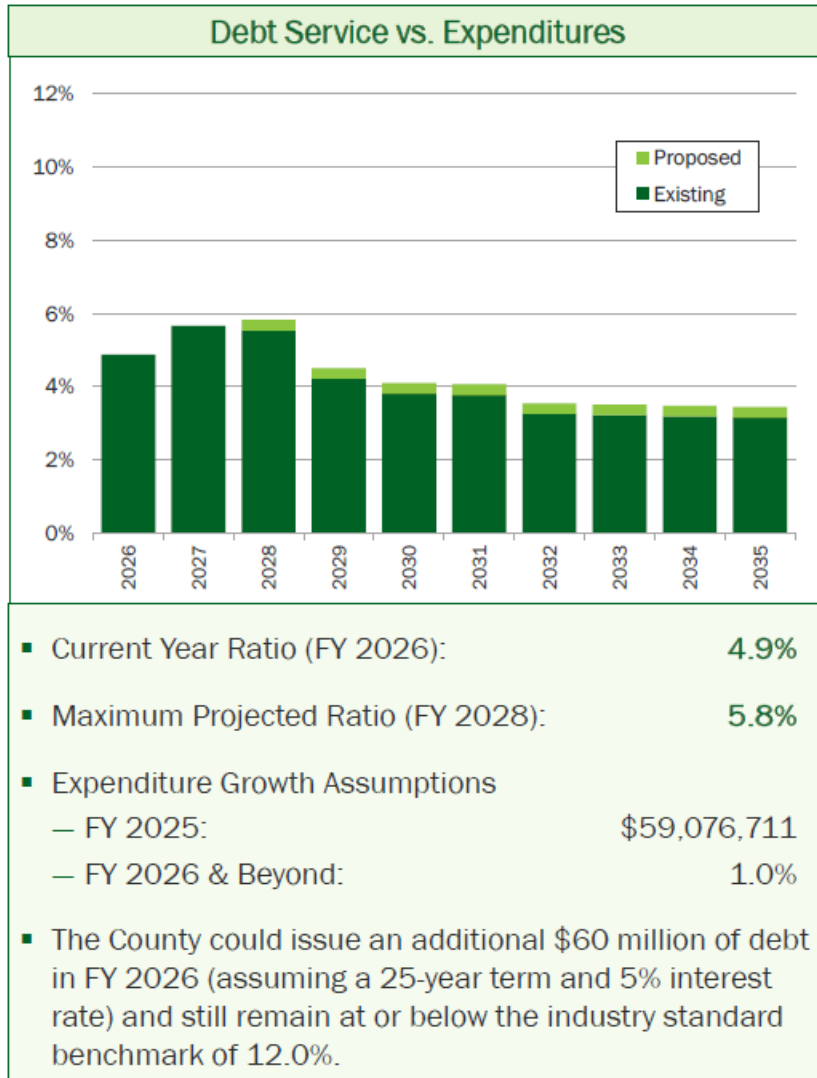
Mr. Rutherford said that is essentially the financial policy they were discussing previously.

Mr. Wilson agreed, stating that the locality has a policy for the 10-year payout ratio, which is not as in focus as some of the others they would be discussing—mainly because it’s dependent on how the projects they need to do come up. He said most lenders, credit rating agencies, and the Commonwealth will not bat an eye if the County comes in below that if they are doing a project they view as necessary. He also acknowledged that it is something that would prevent them from issuing a lot of debt going forward, as they are already below that.

Mr. Wilson presented information on debt as a percentage of assessed value, or how much principal they have outstanding as a percentage of tax base, as that is the biggest revenue driver. He said the County is at about 1%, with policies typically seen in the 3–4.5% range; if they went to 3% for a policy, they would have the capacity to issue about \$70 million more in debt and still remain under that. He noted that this would jump to \$100 million based on the higher tax base generated from the new reassessment.



Mr. Wilson reported on the affordability side, which is the debt service the County spends on an annual basis as a percentage of their budget and is about \$3 million in 2026. He said it is 5% in the current year, and when the debt service steps up, they're closer to 6% of the budget paying debt service. He noted that they do account for the school budget in this since the County issues debt on behalf of the schools. Mr. Wilson stated that policies for debt service versus expenditures generally range from 12% to 20%, with 20% being very high and 12% considered a strong policy; at the 12% level, they could issue an additional \$60 million of debt and still be in compliance with a policy that would be 12%.



Mr. Wilson said affordability includes policies that consider their capacity—how much debt they could reasonably issue, as well as how they can pay it back. He explained what he was presenting: Column A, done on a fiscal year basis, with the first year of 2025 showing the balance; Column B is existing debt service, which is the debt they already have outstanding—about \$3 million in 2026 that will step up a bit; Column C is proposed debt service, which is the permanent financing of that BAN; Column D is the sum of B and C, or the total County requirements; Column E is the amount they budgeted as a transfer to the debt service fund in 2026, which is about \$3.3 million, available in their current budget; Column H shows the differences between revenues and expenses, with a few years showing the debt service exceeding the budget—which is why there is a debt service fund balance in Column I, which allows them to make payments that are higher than their 2026 budget without having to increase the budget every year.

A Fiscal Year	B Capital Funding Requirements			E Revenue Available for DS			H Cash Flow Surplus (Deficit)	
	B Existing Debt Service	C Proposed Debt Service	D Total Requirements	E General Fund Transfer to Debt Service Fund	F Additional Revenues	G Total Revenues Available	(G - D) Annual Surplus/ (Deficit) Debt Service Fund Balance	
2025								\$4,626,213
2026	\$ 3,056,780	\$ -	\$ 3,056,780	\$ 3,325,284	\$ -	\$ 3,325,284	\$ 268,504	4,894,717
2027	3,615,340	-	3,615,340	3,325,284	-	3,325,284	(290,056)	4,604,661
2028	3,565,140	188,166	3,753,305	3,325,284	-	3,325,284	(428,021)	4,176,639
2029	2,708,671	188,166	2,896,837	3,325,284	-	3,325,284	428,447	4,605,086
2030	2,461,201	188,166	2,649,367	3,325,284	-	3,325,284	675,917	5,281,003
2031	2,459,593	188,166	2,647,759	3,325,284	-	3,325,284	677,525	5,958,528
2032	2,130,753	188,166	2,318,919	3,325,284	-	3,325,284	1,006,365	6,964,893
2033	2,134,631	188,166	2,322,797	3,325,284	-	3,325,284	1,002,487	7,967,380
2034	2,131,101	188,166	2,319,267	3,325,284	-	3,325,284	1,006,017	8,973,397
2035	2,130,165	188,166	2,318,331	3,325,284	-	3,325,284	1,006,953	9,980,350
2036	2,131,568	188,166	2,319,734	3,325,284	-	3,325,284	1,005,550	10,985,900
2037	2,135,056	188,166	2,323,222	3,325,284	-	3,325,284	1,002,062	11,987,961
2038	2,135,503	188,166	2,323,669	3,325,284	-	3,325,284	1,001,615	12,989,576
2039	2,132,909	188,166	2,321,075	3,325,284	-	3,325,284	1,004,209	13,993,786
2040	2,133,398	188,166	2,321,564	3,325,284	-	3,325,284	1,003,720	14,997,506
2041	2,132,223	188,166	2,320,388	3,325,284	-	3,325,284	1,004,896	16,002,401
2042	2,132,366	188,166	2,320,532	3,325,284	-	3,325,284	1,004,752	17,007,153
2043	2,133,697	188,166	2,321,863	3,325,284	-	3,325,284	1,003,421	18,010,574
2044	2,131,473	188,166	2,319,638	3,325,284	-	3,325,284	1,005,646	19,016,220
2045	2,130,545	188,166	2,318,711	3,325,284	-	3,325,284	1,006,573	20,022,793
2046	2,131,410	188,166	2,319,576	3,325,284	-	3,325,284	1,005,708	21,028,501
2047	2,133,262	188,166	2,321,428	3,325,284	-	3,325,284	1,003,856	22,032,357
2048	2,130,069	188,166	2,318,235	3,325,284	-	3,325,284	1,007,049	23,039,406
2049	2,132,119	188,166	2,320,285	3,325,284	-	3,325,284	1,004,999	24,044,405
2050	2,130,033	188,166	2,318,198	3,325,284	-	3,325,284	1,007,086	25,051,491
2051	568,978	188,166	757,144	3,325,284	-	3,325,284	2,568,140	27,619,631
2052	-	188,166	188,166	3,325,284	-	3,325,284	3,137,118	30,756,749
Totals	\$ 58,947,984	\$ 4,704,148	\$ 63,652,132		\$ -	\$ 89,782,668		

(Note 1)

(Note 2)

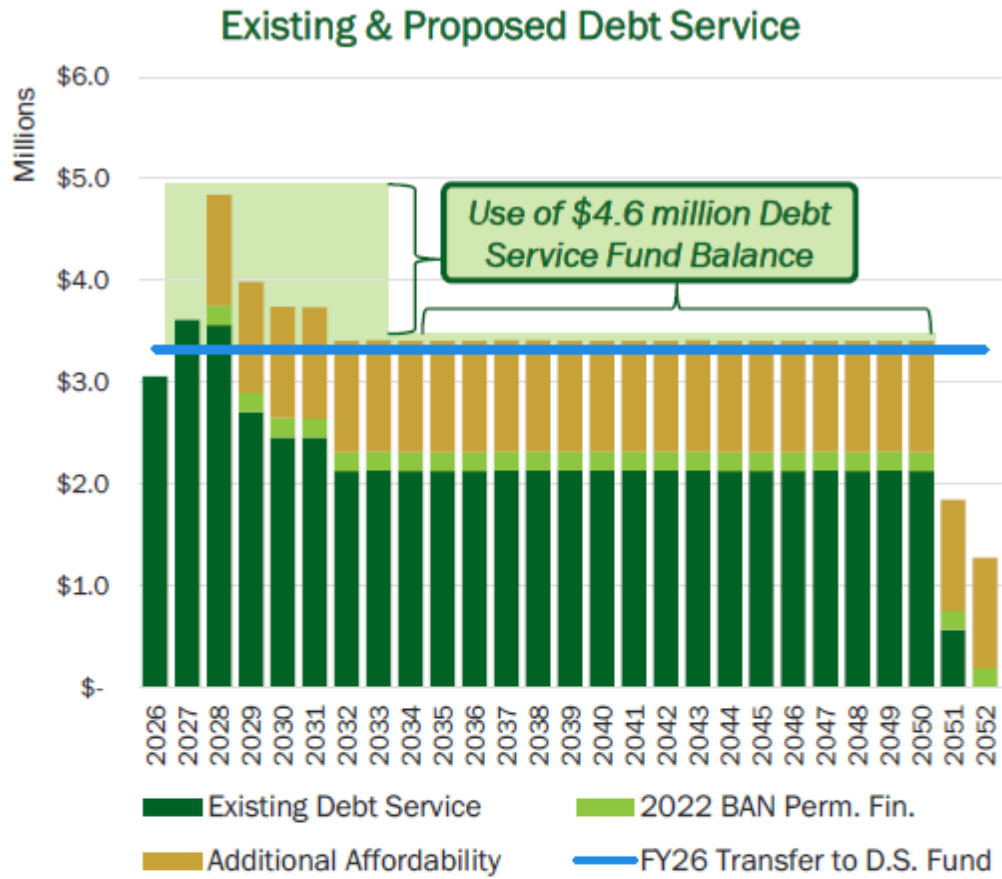
(Note 3)

(Note 4)

Ms. McGarry noted that several years ago, the Board decided to transfer about \$2.3 million in general funds to start establishing the Debt Service Reserve, so those funds could help offset the peaks they experience.

Mr. Wilson pointed out what was highlighted in gold was what essentially could be available in future years for any obligations they may have, which he would explain in the context of debt, but it could also be available to go back to the General Fund budget if that was needed. Mr. Wilson stated that after those two years when they need to dip into that fund balance, they would have about \$4.2 million in the Debt Service fund balance, and they could see the annual surpluses that would be in that Debt Service fund if they did not reduce the transfer.

Mr. Wilson said that in quantifying additional affordability, they are assuming that the \$3.3 million stays constant, using the \$4.6 million in FY27 and FY28 that was in the debt service fund balance at the end of FY25; if they were to just use up all of that affordability right now, it would be about \$15 million of additional debt. He noted that they could fund a \$15 million project now, without having to come up with new revenue sources within their budget. He stated that they have also quantified what additional resources could get them, realizing there are discussions around the reassessment and the tax rate, and he has included a table showing the impact of an additional penny, two pennies or three pennies to debt service and how much debt that turns into. He stated that if they dedicated an additional \$426,000 to debt service, they could issue an additional \$6.9 million, which with the \$15 million that they already could afford is about \$22 million.



Additional Recurring Revenue Dedicated to Debt Service			Resulting Additional Affordability	
			Incremental	Total
1¢	\$	426,540	\$ 6,900,000	\$ 21,900,000
2¢		853,080	13,800,000	28,800,000
3¢		1,279,620	20,700,000	35,700,000

Note: based on value of a 1¢ of \$426,540 following the reassessment effective 1/1/2026. Provided by staff.

Mr. Wilson said if there are specific projects they are considering, they could layer them into that model, which is what he’s done with the additional \$15 million so they can see how the cashflows work there. He stated that the deficits actually go out quite a few years, and because they have that fund balance built up, they can allow that to help them get much further out and spend it all the way out until 2050 to supplement their budget to afford that \$15 million. He noted that they can run additional scenarios to see the budgetary impact of projects. Mr. Wilson reported that the County is currently at about 1.1% on the debt-to-assessed value; if they issued that \$15 million, they would be at about 1.4%—still well within the 3% to 4.5% range that they discussed, and that debt service would take them from about 4.9% up to 7.4%, with an industry standard of 12% to 15%.

Mr. Wilson said they would need to revisit permanently financing that BAN or at least addressing it before that maturity next year so they do not get a one-time big expenditure in August 2027 that they have to cover. He noted that they could revisit policies, and it sounds like there may be some desire to do that.

Mr. Wilson reported that a 1% local option sales tax for schools is working its way through the General Assembly, and there are about nine local governments throughout the state that in prior years have gotten approval to hold a referendum and then charge an additional 1% sales tax that is specifically used for school renovations or new construction. He said what is going through the General Assembly right now is giving that ability to any local government that has schools; if it passes, the Board could choose to hold a referendum this November to allow the citizens to decide if they want to charge that 1% in the County, with those dollars going toward school construction—which includes debt service on projects for school construction. Mr. Wilson stated that one of the bills being considered would allow them to use it for existing projects, so they could potentially use those sales tax dollars to make payments on the VPSA loan they did last year. He said there are no guarantees that that makes it through, as it has been a sticking point with the existing localities because they were not allowed to do that with earlier loans. He noted that this could help relieve pressure on their General Fund budget

or do other school projects that arise. He added that the fact that it is a referendum allows voters to make that decision.

Ms. McGarry pointed out that they have a 1% sales tax in their General Fund budget, which is about \$2.3 million.

Mr. Wilson said there are some limitations and some things this new 1% wouldn't be applied to that are applied to the 1% they already have, so they'd probably be looking at a bit less than what they get from that 1%, but the \$2 million range would probably be a decent estimate. He mentioned that the book he provided the Board has additional details, such as what the actual payments are on each individual loan, when those payments are made, whether or not they can prepay it, etc.

Ms. McGarry presented information on existing debt that is not coming due but will be paid in the next few years, and she said that decline is part of the debt capacity strategy they're utilizing within the debt service fund.

Mr. Wilson confirmed this and said they have \$500,000 coming off the books on the 2013A issuance, but they've already taken that into account with the analysis for the DSS building. He emphasized that it's not just free dollars that will show up.

Ms. McGarry mentioned that staff has the financial policies that Davenport has done for the County and can share those with the Board if desired.

Dr. Ligon said if they tackled something and paid it off, they could gear it toward the higher-interest things.

Mr. Wilson acknowledged that this was possible, but there would need to be some analysis of whether they would be better off investing that money instead of using it to pay off debt.

Dr. Ligon responded that they are making way less than 5% on their money currently.

Mr. Wilson said not all of these are prepayable, and the one issued through the VRA in 2018 does not allow prepayment for 10 years. He explained that if they paid it off, they would have to essentially set it in escrow and pay it off in 2028—so there are associated costs, and it's not a dollar-for-dollar change. He reiterated that Davenport is available to run scenarios and revisit draft financial policies.

Mr. Lenahan said he would love to have some safety measures in place and put some guidelines in place for future spending, such as 10 years down the road, having 65% of debt completely paid off before any future debt is acquired. He added that he does that with his personal budget.

Mr. Wilson said there is a policy in the draft document that reflects that, with a level of perhaps 50–60%. He emphasized that this is a local government versus a personal budget, and the idea is that this one will be working into perpetuity.

Mr. Lenahan said with a personal budget, it's his own money; this budget is everyone's money, which he feels they should take into consideration.

Ms. McGarry said the financial policies are not set in stone; they are working documents. She said they could always set something at a certain level and revisit it at any time.

Mr. Wilson said these are written in that way and are self-imposed policies—so if they are putting it on themselves, they also have the power to come back and change it. He said it's in that policy document that they would review it on an annual basis to make sure it is still working as intended.

Mr. Reed said they also needed to set up a committee that keeps an eye on that.

Mr. Wilson suggested that they take another read through the document and provide any additional perspective.

Ms. McGarry agreed to send the full document back out to the Board.

IV. CIP REVIEW

Ms. Mawyer referenced the CIP master list that had been provided to the Board explained that she organized it by fiscal year, then went down the list by department. She asked if there were items the Board had questions about.

Mr. Rutherford responded that he would likely have questions about the Larkin water source.

Ms. McGarry said they were supposed to be getting some refined numbers on that.

Mr. Rutherford said it should not cost them \$160,000 to do two wells and draw down tests, but he said he could possibly rationalize some site work to access the well locations costing around \$10,000 to \$20,000.

Dr. Ligon asked if they had heard anything on possible grants. Ms. McGarry responded that they had not heard anything from CHA on that, noting that these costs came from the original report provided in October 2025 for the two wells.

Mr. Lenahan referenced the next item—comprehensive evaluation of County-owned facilities, to identify needs, repairs, replacement for future CIP needs, development of facilities, maintenance schedules. He expressed concern about spending \$75,000 for someone to tell them what to do, and he suggested calling the heads of departments and asking them about building needs—or send Jeremy Marrs of the building department.

Dr. Ligon said that department was quite busy at the moment.

Ms. McGarry pointed out that this was just a best guess, and she didn't know what the exact number was. She noted that the school facilities study was in the \$60,000 range.

Mr. Rutherford asked what the non-recurring revenue situation was.

Ms. McGarry responded that they did not know that yet and were still working on getting those numbers in place. She said the economic development study is the same—a best guess based on her conversations with Maureen Kelley.

Mr. Lenahan asked what was entailed with the comprehensive evaluation and what they find.

Ms. McGarry responded that the goal is identifying feasible strategies for economic development in the County.

Mr. Lenahan asked if that meant bringing businesses in.

Ms. McGarry said it would be that along with any other economic development strategies they can identify.

Regarding the \$75,000 for the County Facilities Study, Dr. Ligon asked if they are not trusting the manager they have in place to look at the buildings and tell them they need new gutters.

Ms. McGarry responded that it was not a matter of trust, it was that he does not have time to put it all together in a comprehensive manner, and a lot of the time when they do studies, the current staff doesn't have the capacity or expertise to do those.

Mr. Parr said there are costs with having the staff do it, and there might be a cost savings generated by having an expert do it.

Ms. McGarry said sometimes there's a value in having a study done when it comes to grants and such.

Mr. Reed asked if they were looking for thumbs up or thumbs down with the items listed.

Ms. McGarry responded that they were looking for any likes or dislikes so they know what they can start building into the capital outlay section of the budget for things that do not need to be financed.

Information Systems – CIP Items

Information Director Susan Rorrer reported that the first item in her budget request is battery replacement for the Eaton IT UPS, which is a fully redundant UPS system that serves the entire computer network at the courthouse. She said it needs new batteries every five years, with FY27 being the first year, and this is operating maintenance to keep it in good shape and prevent battery leakage from those kept too long. The cost for the battery replacement for the Eaton IT UPS was listed at a cost of \$30,000.

Ms. Rorrer said the next item is replacement of the BAI municipal software server replacement at \$65,500. She explained that this system supports all financial, real estate, personal property, and other data. She said this keeps all records for the County, so it is a highly critical server used by Finance, the Treasurer, and the Commissioner of Revenue. She noted that they need to get this ordered in a timely fashion so they can get it built and deployed prior to the end-of-life date. She reported that the cost estimate was based on current costs for what that server would cost once they get to the end of life point.

Mr. Reed asked if there would be annual recurring operation costs connected with doing that. Ms. Rorrer responded yes, noting that there is probably warranty or support that they maintain on that unit.

Ms. Rorrer also stated that the \$52,000 item for SIEM and SOC services has been removed from the capital outlay budget. She stated that they only need to replace one switch next year with the courthouse network switch upgrade at a cost of \$10,000, and they are in the process of replacing the ones that were in the current year's budget.

She said the next item is replacement of all their mobile data computers for the Sheriff's Office that will have reached seven years old during the course of the next fiscal year, which is a total of 19 units at a cost of \$95,000. She said some have been purchased at dates later than the original purchase date, and they won't replace those until they hit the seven-year mark.

Mr. Lenahan asked if all 19 of those were within the seven-year period. Ms. Rorrer confirmed that they were, noting that they were all purchased at one time when they deployed a new CAD system and mobile data components, so the drawback is that they're all the same age.

She reported the estimated costs for the raised floor tiles in the ECC at \$30,000, and the furniture refresh or replacement is for full replacement of that furniture at \$150,000, but they may be able to refresh certain things like finishes and fabrics without doing a full furniture replacement. She noted that the good news is they will have access to up to \$350,000 in funding from the state in the coming fiscal year—and whether or not the furniture or carpet would be items the grant funding could be used for is yet to be determined. She said that is a potential for covering the cost there. She noted that they would try to cover eligible expenses with that grant money.

She noted big ticket items in the CIP - the radio system upgrade to a trunk system at \$4.5 million, and possibly adding a radio tower site in southern Nelson at a cost of \$1.6 million. Mr. Lenahan asked when they would need to be done. She said it doesn't have to be done, but it is a limitation of communications currently. She said it would probably be best answered by the Sheriff and emergency services community, including dispatchers, because they've all seen the benefits to their operations that will come with this trunked system.

Dr. Ligon noted that this would make Wintergreen communication much easier, as their current system is erratic. Ms. Rorrer said that Wintergreen was operating off of an aging system that was not going to serve them much longer. She said they should consider moving Wintergreen into the all-County emergency communications system, and the trunk allows more efficient use of channels because users are not limited to four channels and four talk paths. She said you use those channels and the bandwidth dynamically and can create many more talk groups where people don't talk over one another. She said school buses could have their own talk group. Wintergreen Police could have theirs and the Sheriff would have a different one, with channels for things like event traffic. She said this provides much more flexibility and reduces or eliminates the potential for walking over one another's communications—especially an emergency situation.

Mr. Lenahan mentioned the firefighter bands used with the Rockfish Fire Department, and they're told to switch over to either government services or Firefighter 2, which is a short band that doesn't bounce off repeaters.

Ms. Rorrer said that's sometimes called a talk-around, but the trunk system is the way to go. She said it has many more features and over-the-air programming as opposed to somebody having to bring their radio in and have some kind of update loaded or changes in programming with an alias or the radio number; it is one that identifies the unit that's talking, but it comes at a price.

Mr. Lenahan said they are going from a \$212,000-a-year to a \$600,000-a-year maintenance cost.

Mr. Reed said these are the biggest ticket items in front of them right now, and he suggested that they flag these, as this system upgrade may be able to be postponed until 2028. He added that if they have the funds available, he would certainly be in favor of getting this done.

Ms. Rorrer said when she received the budgetary estimate last year, the cost of that system was \$3.25 million—and now it's over \$4.5 million. She added that it may be more cost effective to upgrade the infrastructure sooner rather than later, and it builds upon components that they already have.

Mr. Parr stated that it was a topic of discussion at the EMS Council meeting and their support of a need for this upgrade.

Dr. Ligon asked if this was something Wintergreen is going to be willing to help with, which she knows was also asked last year

Ms. Rorrer replied that Wintergreen is willing to help, but she does not know to what extent. She added that she was confident they are in favor of moving in the direction of a shared system.

Mr. Reed suggested that Ms. McGarry contact Curtis Sheets and get his opinion. Dr. Ligon said Mr. Sheets addressed this two years ago, at which time he said he was in favor of it. Mr. Reed asked whether an amount had been discussed with Wintergreen to support the cost. Dr. Ligon commented that had not been answered. Ms. McGarry noted that she could discuss that aspect with Mr. Sheets.

Ms. Rorrer mentioned the addition of the tower site in the southern part of the County, which has historically had gaps in coverage that they had received complaints on.

Dr. Ligon asked if they have sites already purchased by the County for it and if that was included in the cost estimate.

Ms. Rorrer responded that they would have to find a site, and one potential option is a site in Buckingham County. She said she had hoped Motorola would start looking at coverage and site location. She said she had hoped she would have some coverage studies. She said there is the Buckingham site and potentially the site at Gladstone Fire Department, which isn't a very tall site, but she has not received anything to date.

Mr. Lenahan asked if the \$43,000 a year is a recurring lease cost or just maintenance of the tower. Ms. Rorrer responded that she estimated how much it would increase the annual maintenance, such as the \$600,000 for the radio system, on a per-site basis.

Ms. McGarry asked if finding a site would take a little while, making it not be feasible to do this in FY27.

Ms. Rorrer explained that Motorola is looking for more commitment before they invest a lot of resources into launching something, but she would talk to them more about that and what could be done to plan for FY28, with the expectation that a lot more will come to light as far as what they are dealing with as far as the other site – before they start spending money.

Ms. McGarry said this new tower site could be independent of anything to do with the trunking of the radio system.

Dr. Ligon noted that they would still have the dead spots.

Ms. Rorrer explained that she received complaints from Gladstone about radio coverage in their service area, but when they provide her with a list of locations where their radios didn't work, three-quarters of those sites are usually in another County.

Mr. Rutherford said Amherst needs to pay something.

Dr. Ligon noted that four counties come together right there.

Mr. Lenahan asked if they could lease some of the towers out to offset costs. Ms. Rorrer responded that they can and do lease out some towers.

Ms. Rorrer reported that in FY28, they would need to replace the firewall at an estimated cost of \$8,500, which includes support for the next three to five years. She also noted that there will be four other network switches that will need to be replaced in FY28 at a cost of \$38,500, and that should get them to the point where Cisco does not end of life switches anytime soon. She said for FY29, the VESTA 911 call-handling equipment hardware refresh at a cost of \$175,000 is typically all paid by the state out of the 911 grant funding. She said they will also be due for a UPS battery replacement for the ECC UPS for \$15,000, and the call recording system will be coming up on an end-of-life milestone that year as well at a replacement cost of \$45,000. She said there were also two more network switches for FY29 at a cost of \$16,000.

Ms. Rorrer reported that in FY30, they will need to replace CAD workstations in the ECC for about \$10,000, noting that the replacement schedule was based on typically a five-year life cycle for those PCs. She noted that they would also be due for tower site UPS battery replacement, at a cost of about \$47,200. She said in FY31, they will be looking at battery replacement for microwave DC plant, which is in tower sites – an estimated cost of \$30,000.

Ms. McGarry asked if Ms. Rorrer had these items in order of preference or order of importance. Ms. Rorrer said for the most part, but they will all need to be addressed.

Ms. Mawyer asked if it would be safe to say that for FY27, everything except for the two big ticket items was somewhat mandatory.

Ms. Rorrer responded that she would not say the raised floor and the furniture is mandatory, especially without the availability of grant funding. She said they have had a couple of failures on the lifts on the furniture, which turns into a hassle for dispatchers for the days or weeks it takes to get somebody out here to disassemble a position, get the old lifts out from under it, the new lifts underneath, and the associated disruption to all these computers with all of this cabling. She emphasized that it will definitely be a benefit to be a little more proactive, especially on that component. She added that the carpet is really starting to show its age, and it's stained; they do clean it, but it gets a lot of wear and tear.

Ms. McGarry noted that they wouldn't be able to use any of this potential PSAP grant funding for any of the other IT items, because it's specifically for public service answering points.

Ms. Rorrer confirmed that it is specifically for 911 purposes, and radio is typically excluded. She noted that radio is essential, but no one wants to spend their grant money on it.

Ms. McGarry asked Ms. Rorrer if there was any grant funding that she could think of to help cover the radio system upgrade and the trunk system.

Ms. Rorrer responded that she could not immediately think of anything but would ask Motorola about funding.

Mr. Lenahan asked if the Sheriff's Office mobile data computers are put into the SRO vehicles as well.

Ms. Rorrer responded that she believes they do have those.

Ms. McGarry clarified that they all do, including Animal Control.

Ms. Mawyer noted that sometimes SROs have to go on the road and fill in.

Ms. Rorrer said that's the computer that the Sheriff's Office uses for any kind of reports they may have to file because that's where they enter all their report information.

Mr. Lenahan asked about the two drones for the Emergency Services Department at a cost of \$30,000. Dr. Ligon commented that she thought they were getting grants for that.

Ms. McGarry responded that Mr. Adkins has tried getting grants for them but hasn't been successful yet. Mr. Lenahan noted he was told by Mr. Adkins that the drones would be used to execute warrants. Ms. McGarry read from the department rationale: "The use of drones in search and rescue decreases time to find and assist lost or injured persons. In law enforcement, they can be used for overwatch during dangerous situations. For fire incidents, they can be used as scouts. In an emergency disaster response, these units are invaluable for damage assessment and searching for victims."

Mr. Lenahan noted that they had the State Police in Charlottesville. He commented that Forestry had a drone.

Mr. Rutherford stated that drones are only as good as the operators, and you must have FAA licensure. He suggested that they may want to get someone certified before they spend the money to get the drone, and possibly several people certified rather than just one person, so that they would always be able to operate it. Dr. Ligon suggested that Mr. Adkins could continue exploring grant opportunities to fund the drones. Mr. Rutherford suggested that this request needed to come out of the EMS Council.

Mr. Rutherford noted the building renovations to the Building Inspections office, which was listed on the CIP list at a cost of \$115,650. Ms. McGarry commented that repairs were definitely needed to that space.

Mr. Lenahan suggested that for the 12 x 12 addition, new construction for Animal Control, they could just purchase a storage shed instead of spending \$30,000.

Ms. McGarry said they could do that for the storage piece of it.

Mr. Lenahan suggested that the same could be done for the Scale House, which is on the CIP list at an estimated cost of \$125,000. Ms. McGarry noted a recent conversation with Jeff Brantley and reported that the plan was to try and complete work to the scale house while the tipping floor is down for replacement. She noted that people would not be coming through during that time, and Maintenance could get the scale house back in good shape without needing to replace the entire building. She noted they could remove the scale house from CIP.

Mr. Reed asked if she could speak to the staff needs at Animal Control for space, because it's not just storage.

Mr. Lenahan said they have an office there.

Ms. McGarry clarified that they have a separate office trailer there on the foundation now, but it was a mobile kind of unit that they put in place for offices. She recalled that the request was for part-time shelter attendant space for that person who is there in the shelter, but she would check into that to confirm.

Mr. Lenahan noted that they had 98 calls last month and had 14 services out of that.

Mr. Reed returned to the building renovations at the building department, commenting that it would be good to know whether the building was worth repairing.

Mr. Rutherford responded that it is not.

Ms. McGarry said they have an older structural assessment that Architectural Partners did on that building, and she can pull it back out.

Mr. Rutherford reiterated that the building is not worth saving, and there's no need to spend money to find that out. He said the CMUs are cracked, so they can either fix it as needed to make it last longer or make a longer-term plan.

Ms. McGarry said the problem with that site is it is in the floodplain, so they can't necessarily tear it down and build a new building at that location.

Mr. Reed suggested that instead of throwing good money after bad, they need to look at future fiscal years and possible debt service to get them in a better situation.

Mr. Rutherford noted that they had looked at adding them to the DSS building, but the cost difference was about \$6 million, which was astronomical. Mr. Parr noted that was when they were looking at locating that building at Callohill. Mr. Rutherford said if they're really considering that, it has to stick with the grander debt-capacity conversation—and it's not just going to be \$100,000, it's going to be several million dollars.

Ms. McGarry confirmed that they are taking the scale house out of this budget and she said she would follow up on the Animal Control addition.

Mr. Rutherford noted the new skid steer for the Transfer Station at \$75,000 on the CIP list. He said that instead of buying a new piece of equipment, he liked having two used pieces of equipment so when one breaks, you can hop onto the next one. He asked if the existing skid steer is still operational.

Mr. Lenahan responded that it is operational, but it is pretty rough. He said that \$75,000 is pretty close to mid-size for a skid steer. Mr. Rutherford noted they still had an excavator. Ms. McGarry confirmed that there were two excavators. Mr. Rutherford commented that they really could not have just one, they needed to have two. Mr. Lenahan commented that if they only had one, and it went down, they would be in a bad position.

Mr. Parr noted that it looked like the preference was to lease a skid steer. He commented that would cover the maintenance, and if the equipment failed, the lease provider would replace it until repairs are made.

The Board discussed the pros and cons of leasing equipment instead of purchasing. Dr. Ligon asked about the age of the current skid steer. Ms. McGarry noted that she would need to check.

Mr. Lenahan said his payment is \$2,500 a month on a \$150,000 piece of equipment. He also noted a line item that shows a 40x40 structure for buildings and grounds at a cost of \$23,000 versus the estimate for the addition at the shelter for \$30,000. Dr. Ligon asked where the building and grounds storage building would be located. Ms. McGarry noted that would be located at the Maintenance building on Callohill. Mr. Parr noted that the 40x40 is a carport.

Ms. Mawyer noted the ductless mini split for the men's public restroom on the third floor and indicated that the women's restroom mini split had just been replaced at \$8,500, so they estimated \$10,000 for the men's room to allow for any price increases.

Mr. Rutherford asked if the Lovington playground project is still being considered next to Building Inspections.

Ms. McGarry responded that it was a consideration, or identifying some other areas, and they could possibly use some of the forest sustainability grant they have in reserve.

Mr. Rutherford asked if they were ever successful interacting with Waynesboro on the tunnel to see if they would assist with any capital improvement needs there.

Ms. McGarry responded that she has not reached out to anyone there, and she was not sure if Mr. West had either.

Mr. Rutherford asked if Mr. Lenahan had contacts there.

Mr. Lenahan said that he did, and he noted the cost of the security gates at \$46,800 and said they should be about \$150 apiece.

Ms. McGarry responded that there was a total of three gates - one gate on the east and two on the west. Ms. Mawyer noted that the proposed gates would be electronic security gates.

Mr. Rutherford said they should loop in Augusta County as well. He noted that both Waynesboro and Augusta were benefitting from the tunnel trail.

Mr. Lenahan suggested that they speak with Jim Wood, a Waynesboro City Council member.

Mr. Lenahan asked about the repaving of the Piney River section of the Piney River Trail.

Mr. Parr explained that on the Piney River side, there is a quarter-mile of the trail that is a paved section, with the rest of it being crush and run. Dr. Ligon asked if there was a plan to do something about the tree roots that were undermining the pavement.

Mr. Rutherford said paving is nice, but if they were going into the issue of having to pave it every 10 years, they may want to consider other options.

Ms. Mawyer said Mr. West was looking into a grant to cover it. Ms. McGarry asked if the Board would like for Mr. West to look at options using gravel.

Mr. Rutherford noted that there would be labor costs associated with removing the pavement.

Mr. Parr stated that this goes back to the original purpose for paving it, and his best guess is that it was to provide easier handicapped access, with that pavement having been there since the trail opened. He noted that the paved portion is parallel to the gravel part, and they also put in the storybook posts.

Dr. Ligon said she would love to see this covered by a grant.

Mr. Reed commented that the rationale was likely a handicapped purpose, which allows for some access but does not use much more than a quarter mile.

Ms. McGarry said the forest sustainability funds could likely be applied to that project as well.

Mr. Reed stated that with the security gates, there is some value in having a person go up there morning and evening that you don't get from having it done electronically—and repairs for electronic gates becomes significant.

Ms. McGarry agreed and noted that Mr. West stops by there a lot of times on his way to and from work.

Mr. Parr asked if law enforcement made loops around that to keep an eye on things.

Ms. McGarry said they do as requested, if there are issues, but she did not know if it was on their regular route.

Mr. Reed said it would be valuable to get a report to help analyze the need for this.

Mr. Reed also mentioned the cost on the Larkin property, and he asked if they were to look to FY28 for the possibility of doing something for Building Inspections, whether those could be rolled together.

Ms. McGarry responded that she had that same question and would ask.

Mr. Reed said they're not in a great debt service scenario in 2028, but he would like to at least know what their options are.

Mr. Lenahan commented that Larkin is a large expense noting the \$15 million cost for phase one development included in FY28.

Ms. McGarry responded that the \$15 million arose when they looked at what the debt capacity was at the time and what projects they had coming forward, and it looked like they would have about \$15 million left. She said they have some different scenarios that are a few years old now that showed what was estimated that they could get for \$15 million at Larkin.

Mr. Rutheford commented that he could certainly see them spending \$5 to \$10 million to get water and sewer capacity improved for the 29 corridor to Lovington in the interim, whatever that might mean.

Mr. Lenahan said that's fine, as it helps with housing and bringing business here.

Mr. Rutherford said that number probably needs to stay there, and the first intent, he thought, was from an infrastructure standpoint, and he said they were going to find out that \$15 million probably is not going to take them that far.

Mr. Lenahan asked about what the phase one development entailed.

Dr. Ligon asked staff to send Mr. Lenahan the plan. She noted that the plan was prior to her time on the Board and was one of the reasons she ran for her position.

Mr. Parr said he is not exaggerating when he says there was \$35 million plan for Larkin at one time and a total of \$50 million to include other projects.

Ms. McGarry stated that she would like to know what the Board's priorities are, in terms of use of the remaining debt capacity. She asked if that was water and sewer capacity, noting that they would need to add in treatment because the water treatment plant was nearly at capacity. She said she thought they needed a higher level of cooperation with the Service Authority in terms of what is needed and what the County's role would be in helping that happen. She noted that it is a benefit to the County to have that extra capacity.

Mr. Reed commented that what they have here is a placeholder for Phase 1, which makes a lot more sense to be in infrastructure versus other type of development buildouts. He commented that they knew they were going to pay off the \$2.6 million Bond Anticipation Note from the Larkin Property purchase. He suggested possibly a master plan, noting that they should really have something that speaks to the needs and the cost.

Dr. Ligon said an infrastructure plan. Mr. Rutherford noted that \$15 million would not get them much.

Mr. Reed said this was something that could be considered sooner rather than later, at least an estimate of what that might be in terms of having a master infrastructure sewer buildout plan.

Ms. McGarry asked who would initiate that.

Mr. Reed responded that the County would definitely do it in conjunction with the Service Authority, but the chance of the Service Authority having the money to do that is probably slim to none. He said that the Service Authority was probably looking to the County for direction on that. Mr. Rutherford noted the Lovington Sewer project and commented that the Service Authority was already running into an issue with the costs.

Mr. Lenahan asked how much land was at Larkin. Mr. Parr and Ms. McGarry confirmed that there was just over 300 acres there. Mr. Rutherford said that the topography was pretty unforgiving on about 25 to 30 percent of the property. Mr. Lenahan suggested that they subdivide the property and sell it off to a developer, bring in some affordable housing, make a deal and bring some businesses in. Mr. Rutherford said he did not know about that. Mr. Parr said they could do that on the 600 acres across 29 when they buy that.

Ms. McGarry said they would separate out the \$2.6 million from the remainder \$15 million, and put a placeholder for water/sewer capacity and treatment infrastructure. Mr. Rutherford suggested that it may be ideal for a couple of Board members and a couple of Service Authority Board members get together and interact. Dr. Ligon noted that they had done that and taken a tour. Mr. Rutherford commented that the Service Authority just says that everything is at capacity and the needs are astronomical and there is no room to expand. Ms. McGarry noted that she was not sure that the current administration wanted to expand. Dr. Ligon agreed.

Mr. Parr noted that the second item for FY28, the School Board Offices Temporary Location, seemed to be pushed quite far into FY28, and he asked if that should be FY27.

Ms. McGarry responded that she was basing that on the expected vacation of the current DSS location because they should hopefully be ready to move in to their new space about a year from now. She noted it could be early FY28 if the current DSS space was to be the temporary location for the School Board. She noted that it could be sooner if there were another location. Dr. Ligon noted that two offices in the Courthouse had already run out of room.

Dr. Ligon asked if the schools had provided any input on the current Social Services location.

Ms. McGarry responded that she has not heard anything from the School Board, and Dr. Hester took a walk around down there one day after a meeting and just kind of looked around a little bit.

The Board reviewed the proposed new ECC/EOC center at an estimated \$10 million. Ms. McGarry noted she was not sure where the estimate came from. Mr. Parr commented that it probably was not far off and could be a low estimate considering the infrastructure that would need to go into a building like that. Ms. McGarry noted that John Adkins had stated that they currently have no space to train or have an EOC open in the event of a disaster. She said that they do have an EOC area for training and/or maintaining operations during disaster. The Board decided to removed the new ECC/EOC center from the CIP list.

The Board discussed the request for a recreation master plan. Mr. Lenahan said they needed a master plan for bringing in houses and businesses. Ms. McGarry noted that the EDA plan was proposed to do some of that. Mr. Rutherford commented that at TJPDC, the Regional Housing Partnership looked at that from a regional perspective as well as county specific, but he and Mr. Reed could not recall the timeframe on that study but it would be coming soon.

Mr. Rutherford said he didn't see how the cost was \$100,000 for the recreation master plan. Ms. McGarry said Mr. West has talked to other people who have completed a master plan recently and that is how he arrived at that number. Mr. Rutherford said he could see \$25,000 for a plan. Ms. McGarry suggested that there could be varying levels of comprehensiveness involved in the plan.

Mr. Reed said the justification for the master plan on the CIP talks about the push for a recreation facility, but there's no push to do that right now, given their position, and therefore the \$100,000, and the recreation master plan, is probably not realistic—at least through 2028.

Mr. Rutherford said that sports tourism is a real thing, and in some instances when he thinks about the Larkin property, he does see a potential piece to support sports tourism. He said he was not sure if that money was real enough to make the County invest \$25 million in it.

Mr. Parr said if they are moving forward on developing the Larkin property with recreational facilities, they could keep that in mind as a way to help offset some of the expense for that infrastructure to service the community, making some tourism dollars at the same time. He said that the sports tourism industry was a whole other industry that could be complementary to the tourism industry that the County already has. Mr. Parr said if they were moving forward with developing the Larkin property with recreational facilities, that could be something to keep in mind as a way to help offset some of the expense they would incur in putting in infrastructure to service the community, and they could make some tourism dollars.

Mr. Rutherford noted that having a major tournament location gets people who travel all over the East Coast.

Mr. Parr mentioned that Nelson will be hosting the national and international longest-drive competitions at Wood Ridge. He said that was the longest driving range in the country from what he was told. He also said they don't have the level of housing needed to accommodate these things, but they could certainly host some regional things. He said the ultimate purpose of the location is to serve the community, so perhaps they can piggyback on that goal.

Dr. Ligon suggested that they leave it in FY28 and talk about it again next year.

Ms. McGarry suggested bumping it to FY32.

Mr. Parr said he is diverging from the budget request and talking about big-picture philosophy for that property. Mr. Reed noted that the big picture for the property ties back to the infrastructure needs they had discussed earlier.

Mr. Lenahan noted that Mr. Wilson had just given them information that said the existing debt plus \$15 million would put them in the red 25 years. Ms. McGarry explained that just meant that they would be using up the reserve that is in the debt service fund, noting that the money was already there. Mr. Lenahan said they should have a balanced budget, not using the reserves out of that. Ms. McGarry explained that was the strategy that

was put in place. Mr. Rutherford commented that there were other loans that would be retiring over the course of the next several years. Mr. Lenahan said they had already spent that. Mr. Rutherford noted that was how the debt strategy worked.

Mr. Rutherford said he was willing to continue the conversation and talk with Mr. West about recreation master plan, and that could be an EDA thing as well.

Dr. Ligon noted that the EDA has a new board that might have a vision that doesn't cost \$100,000.

Mr. Lenahan asked if they wanted to try to split the \$90,000 cost of the vault system bathroom facility at the trailhead of the tunnel. He suggested that they try to split it three ways with Nelson, Waynesboro, and Augusta. Mr. Rutherford also noted the security gates as well. The Board agreed with that approach.

The Board discussed the Gladstone Depot Relocation/Restoration at \$3.1 million in FY29. Mr. Rutherford noted that the Gladstone Depot lost the VTAP money and is now reliant on all raw dollars.

Ms. McGarry confirmed that VTAP was gone, stating that when it came to the FHWA review of what was eligible or not eligible, VDOT said the majority of the project was not eligible. She broke the project down into phases based on the initial phasing of the VTAP grant, with the total cost currently at \$3.1 million. She noted that there is some potential if the Wild Rose Solar project gets constructed and put into use, noting that there would be funds from that to consider for the depot project.

Dr. Ligon commented that they didn't seem to be fundraising and were just expecting the County to fund the whole thing. Ms. McGarry responded that they were fundraising at some point, but she is not sure how active it is currently.

Mr. Rutherford said if the depot project were to move forward, the only entity capable of administering this is the County and the entire project would take several years – noting it would involve moving the depot to its new location, building and renovating it.

Ms. McGarry said she didn't know if there was a way the County, noting that the County would be giving up control over it, by donating money to the 501 (c) 3, Friends of Gladstone, to accomplish any of the phases. She said she also did not know what the Board's thoughts would be for funding the movement of the depot so it would be off CSX property, as the Friends of Gladstone have an agreement with the railroad to move it. There were questions about who owned the depot building currently. Ms. McGarry noted she would have to check. She commented that Friends of Gladstone had purchased land to relocate the depot to. She noted that CSX had not been pushing the movement of the depot as they had initially several years ago.

Mr. Reed asked if it would be possible to get an update on the project status from Joanne Absher, including which needs are most immediate and whether they need to include phase one and two. Dr. Ligon asked how old the estimates were. Ms. McGarry said the last estimate was done in September 2025. Mr. Rutherford asked who provided the estimates. Ms. McGarry reported that Coleman-Adams provided the estimate.

Dr. Ligon noted that the rest of FY29 was technology related.

The Board reviewed FY30 on the CIP list. Mr. Rutherford commented on the first listing "Stoney Creek Aqua VA system purchase" noting that he did not think they needed to buy Aqua's system. Mr. Reed requested that they leave it in FY30 as a TBD placeholder.

V. OTHER BUSINESS

There was no other business, but Ms. McGarry asked if the Board wanted to consider any of the work sessions before their March 10 meeting. She suggested March 4th as a next meeting date. Dr. Ligon noted that she and Mr. Rutherford would be having a 2x2 meeting with the School Board, without staff. She indicated that Shannon Powell and Ceaser Perkins would be the School Board members in attendance. Ms. McGarry asked if they were foregoing the committee, noting that the thought had been that two Board members from each Board, along with Admin staff, would meet on a regular basis in lieu of the 2x2 because they did not seem to be working out. Mr. Parr said there had been conversations with the new School Board members about getting the 2x2 meetings going again, so that was in the works. The Board was in agreement that they would prefer to have 2x2 meetings rather than the committee format. Dr. Ligon and Mr. Rutherford decided to hold their 2x2 meeting on March 4th in the afternoon, prior to the budget work session.

Ms. McGarry explained that for the budget work session on March 4th, they could hear from agencies and focus on those who had the largest increase in their requests. The Board set the meeting time for 5:00 p.m. on March

4th. Ms. McGarry said they would have their regular board meeting on March 10th, at which they will have a budget introduction. She suggested they could schedule two more work sessions on March 11th and March 18th, and they would then have March 19th through March 24th to work through authorizing a public hearing on the tax rates. Mr. Reed noted he was not available on March 18th. Ms. McGarry explained that during the evening session on March 10th, they only had a public hearing on an ordinance amendment, so they could potentially utilize that evening to do some work on the budget if desired. The Board was in agreement to take advantage of their time on March 10th.

The Board agreed to hold a long work session from 2–6 p.m. on March 11th, noting that they may not need March 18th. Ms. McGarry noted if there were agencies that were unable to attend on March 4th, March 10th at 7 p.m. could be the next meeting option.

VI. ADJOURNMENT

At 6:30 p.m., Mr. Parr **moved** to adjourn and continue the Board meeting to March 4, 2026 at 5 p.m. Mr. Lenahan **seconded** the motion, which passed unanimously (5-0) and the meeting adjourned.