

AT A MEETING OF THE MIDDLESEX COUNTY BOARD OF SUPERVISORS HELD ON
TUESDAY, MARCH 21, 2023, IN THE BOARD ROOM OF THE HISTORIC COURTHOUSE,
SALUDA, VIRGINIA:

Present: Wayne H. Jessie, Sr., Jamaica District
Don R. Harris, Saluda District
John B. Koontz, Jr., Hartfield District
Reginald A. Williams, Sr., Harmony Village District
Lud H. Kimbrough, III, Pinetop District

Matthew L. Walker, County Administrator
Ann Marie Ricardi, Assistant County Administrator
Heather W. Lewis, County Attorney

CALL TO ORDER

Chairman Kimbrough called the meeting to order at 9:05 a.m.

ROLL CALL

Attendance was taken by Ms. Ricardi with the following roll call: Mr. Williams – Present, Mr. Koontz – Absent, Mr. Harris – Present, Mr. Jessie – Present and Mr. Kimbrough – Present.

Mr. Williams led the group in prayer and Ms. Ricardi led the Pledge of Allegiance.

Mr. Walker started the meeting by reviewing the budget meeting calendar and said with the upcoming spring break holiday there are several people who will not be able to attend the April 6, 2023 meeting date. The Board were all in agreement to reschedule the Budget Public Hearing to April 13, 2023 at 7:00 p.m. and the Budget Adoption for April 20, 2023 at 7:00 p.m.

Mr. Koontz arrived to the meeting at 9:10 a.m.

UPDATED COUNTY REVENUE PROJECTIONS

Mr. Walker reviewed the County revenue and discussed the proposed increase to the elderly and disabled tax relief and mentioned a timing issue that the Commissioner of Revenue is concerned about. He added if the Board decided to change the amount to \$750.00 for qualifying applicants, the impact on the budget would be approximately \$30,000.00. Mr. Walker stated the real estate estimates remain unchanged, explaining there are unassessed properties, either new construction or renovated properties, and once assessed, are expected to be \$50,000.00 of additional taxes that could be used towards the tax relief for the elderly and disabled.

Mr. Walker said that based on the rough average of the maximum relief across reporting counties, which is \$640.00, setting the relief cap at \$750.00 would put the County above average. He added it was also important to consider that not everyone who qualifies for the relief may receive the full benefit of the maximum relief, as their tax payments may not be high enough to reach the cap.

Mr. Walker proceeded to discuss the local sales tax and said that it was estimated at 1.75% and came in at 1.749%. He added this amount is higher than the state estimate.

Mr. Walker reviewed the personal property tax rate and said the rate should go down over the estimate based on vehicle values decreasing by approximately 10%.

Mr. Harris asked about the additional taxes such as the game tax. Mr. Walker said the County no longer receives the game tax. He explained the occupancy tax is based on an estimate from the Commissioner of Revenue and said it had decreased since people are vacationing closer to home due to the economy. He added the campgrounds are strong and hopes with the opening of the new campground, the numbers will improve.

Mr. Walker explained that the budget does show the cost-of-living increase of 7%, which he is recommending based on what the state does.

Mr. Walker discussed the \$247,000.00 of ARPA funds which will help pay for the Health Pathways program. He said once he knows the rate, transfer balances between non-departmental expenses to the individual departments can be done. He expects possibly 30 employees will select the high deductible plan but said based on calculations, the entire \$247,000.00 may not be needed.

RECESS

Mr. Kimbrough called a recess at 10:00 a.m.

RECONVENED

Mr. Kimbrough reconvened the meeting at 10:40 a.m.

Mrs. Lewis noted for the record that Mr. Williams left the meeting due to a medical emergency and Mr. Koontz left the meeting. She added, Mr. Jessie, Mr. Harris and Mr. Kimbrough were present.

Mr. Walker briefly discussed the school's budget, stating the School revised their request to include the State's 7% increase. He added another change was a decrease of \$87,000.00 due to the General Assembly passing a stopgap measure to fix the shortfall due to the Department of Education's error of \$200 million worth of funding. He said the school's budget meets all their requests. There was further discussion on the school's budget.

Mr. Harris asked about the 5% versus 7% pay increase. Mr. Walker stated he had two budgets prepared. He said the contingency on the 5% version is higher because the full 7% is not funded. Mr. Kimbrough clarified that the difference in the State funding for the schools at 7% versus 5% is about \$125,000.00. Mr. Walker agreed.

The Board had further discussions regarding the 5% and 7% increases.

Mr. Harris discussed his concerns with the State's change in the increases from last year. Mr. Kimbrough said he was surprised when he saw the Social Security cost of living adjustment at 8.1% this year, compared to the more normal 2%-3%. He said the inflationary impacts are real and although he was unpleasantly surprised when the State was recommending 7% from their original 5%, but said he understands why.

Mr. Kimbrough said it was important that the County keep employee compensation competitive with the private sector so that highly talented people will want to come and work in Middlesex County. He said he has seen in the private sector what wage rates are and said they are rising a lot more than 7%. He said there has been a 25% increase in starting pay and said that kind of wage inflation is what is happening in the marketplace. He said one attraction of the 7%, and although it will cost \$138,000.00, the County would receive \$125,000.00 from the State. He said the County should maximize this advantage.

Mr. Kimbrough also addressed property assessments and mentioned using companies familiar with County properties. He said having the assessments conducted every two years instead of every five years will help lessen the burden of citizens being hit with a huge increase and will also help escalate the real estate property revenues more consistently. Mr. Walker agreed.

Mr. Walker said the schools increased their capital improvement, adding the LED lighting project is now estimated at \$300,000.00 instead of \$250,000.00.

Mr. Walker discussed the remaining items in the budget; saying the capital improvement reserve has increased to one million, and the Water Authority and the Economic Development Authority are fully funded. He said that healthcare costs are unknown and once he receives those numbers, a transfer of monies can be done out of the expenditure line item.

Mr. Jessie asked for clarification on how much longer the \$250,000.00 will be for the Water Authority. Mr. Walker said that the last model run, showed that after 10 years, the Water Authority would not need this money; however, it would still be there in case they did.

Mr. Walker briefly went over the capital improvements. He said a million is set aside for the dredging reserve and clarified this amount is not what the County will fund every year. He said the election equipment reserve slightly increased. He said the amount that is available for assignment and budgeting is \$6.4 million. He went on and discussed the school's capital improvements of \$1.1 million which includes the roof improvement. He said the County has a robust capital improvement program and said based on feedback from the retreat, the goal was to try and complete as many projects from the capital improvements plan. He said the following were on the plan:

- The Sheriff's office renovation budgeted for approximately \$500,000.00.
- The Cooks Corner Buddy Park budgeted for \$250,000.00; including \$130,000.00 moved from the recreation budget since this was more aligned with capital improvements.
- The Rappahannock Central Elementary School renovation budgeted for \$320,000.00, adding the roof is in urgent need of replacement.
- The engineering for the sewer project is budgeted for \$2 million, which will cover much of the soft costs to be paid to Timmons and will help to avoid having to finance the amount at a higher interest rate.
- The Hummel Field pump island improvement. He said there has been interest from private parties to take over airport operations by doing a lease to operate. He said the pumps are aged and need to be replaced.

Mr. Walker said the total County capital improvements are \$3.2 million and said this was a substantial increase. He said there are staff and the County engineer to help oversee these projects and get things moving forward.

Mr. Walker said the County has a fairly large percentage share of the Saluda pump station to fund since the County's flow is contributing to it and said that \$1.14 million will be kept in a set aside fund since the County will be paying sometime in 2025.

A motion was made to advertise the budget as presented at 7% was made by Mr. Jessie and seconded by Mr. Harris and carried by the following roll call: Mr. Jessie – Aye, Mr. Harris – Aye and Mr. Kimbrough – Aye.

Mrs. Lewis asked for confirmation of the date for the Public Hearing. Mr. Walker said the Budget Public Hearing will be held on April 13, 2023.

ADJOURN

Mr. Kimbrough adjourned the meeting until the Regular Meeting scheduled for April 4, 2023 at 3:30 p.m.

Lud H. Kimbrough, III, Chairman
Board of Supervisors