

AT A HYBRID MEETING OF THE MIDDLESEX COUNTY BOARD OF SUPERVISORS
HELD ON FRIDAY, APRIL 9, 2021, BOTH ELECTRONICALLY AND IN-PERSON IN
THE BOARD ROOM OF THE HISTORIC COURTHOUSE, SALUDA, VIRGINIA:

Present: Wayne H. Jessie, Sr., Jamaica District
Peter W. Mansfield, 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
Betty S. Muncy, Assistant County Administrator
Ann Marie Ricardi, Assistant County Administrator
Heather W. Lewis, County Attorney

CALL TO ORDER

Chairman Jessie called the meeting to order at 1:00 p.m. for the purpose of conducting a budget work session.

DECLARATION OF EMERGENCY

Ms. Muncy read the Electronic Meeting Provisions allowing the Board of Supervisors to conduct county business by electronic means, pursuant to the Board of Supervisors' Government Continuity Ordinance, #81, adopted on May 5, 2020, and re-adopted on November 4, 2020, extending the ordinance for up to an additional six months.

ROLL CALL

Attendance was taken by Ms. Muncy with the following roll call: Supervisor Mansfield – Present; Supervisor Kimbrough – Present; Supervisor Williams – Present; Supervisor Koontz – Present; and Chairman Jessie – Present. All five Board members were present; there was a quorum.

BUDGET FINALIZATION

Mr. Walker advised the Board that with the new round of CARES Act funds, now called the American Rescue Plan Act (ARPA) of 2021, the County could see approximately \$2 million over the next couple of years that would need to be spent by December 2024. Ms. Ricardi explained the requirements of the program and reviewed some of the sections in the ARPA. In Section 602, the funds go straight to the state; Section 603 funds are for cities and counties; Section 604 funds will be for capital project funding, based on population, and it is grant-based; and Section 605 is for eligible revenue-sharing counties that have federal land tracks. She said the terminology for Sections 602 and 603 said that they were to respond to the public health emergency with respect to the Coronavirus disease of 2019 or its negative

economic impacts, which could include assistance to households, small businesses and nonprofits, and industries such as tourism and hospitality. It is also to respond to workers performing essential work, to include supplemental funds. It is for the provision of governmental services if a loss of revenue was experienced. It also includes investments in water, sewer, and broadband infrastructure. She said that the National Association of Counties (NACO) had provided an information kit with the distribution formula. The first distribution of the funds, for approximately \$1 million, should be next month. The overall recommendation, however, is to not commit to anything until further guidance is received from the Secretary of the Treasury.

Supervisor Koontz commented that, in the Broadband Authority meeting last night, they began to review a Memorandum of Understanding (MOU) with Dominion. Dominion is looking to put fiber to 100% of the homes that are currently unserved and there are approximately 1,200 homes in the county that have no internet. The County's cost would be approximately \$350 per home. Dominion would basically be hanging fiber on their existing poles for the middle mile, and they have partnered with All Points Broadband in our area to do the last mile in Middlesex County. He said the MOU is currently being reviewed by the Broadband Authority's counsel and special counsel.

Mr. Walker stated that staff had a meeting yesterday with the schools and the Sheriff's Office where they focused on the operating budget rather than the capital budget. Mr. Walker and David Layman, Emergency Services Coordinator, believes the County could justify potentially using some of the ARPA funds to help offset the increased costs of the Rescue Squad. The County had to pay more to retain people for the Squad; the cost had gone up \$17,520. The plan is to utilize ARPA funds for this. If it is found later not to qualify, the county would have to repay those funds. Other items that Mr. Walker thinks can be justified are the increased costs for professional services on the Buildings and Grounds side of General Properties for increased cleaning. He said that the Bay Transit expectation for two buses had been funded through ARPA. He said that originally, the budget was giving the Food Bank only \$1,000, but by using ARPA funds, the Food Bank's request of \$5,000 could be funded. He said the Food Bank had offered a great service to the community during the pandemic, and he believes it would be justified to use ARPA funds to fund them at \$5,000. He said that \$45,000 in ARPA funds had been designated for the development of the park at Cooks Corner; he said that it would be building and developing tourism. He said that, potentially, ARPA money could be spent on sewer preliminary engineering reports (PERs) and design costs for the Topping and Deltaville sewer system. He said these monies are currently being paid out of the capital reserves set aside for sewer. He said a strong case could be made for funding that investment for these infrastructure needs. He said that the County is transferring \$257,000 for an availability fee to the Water Authority for the investment in the fire hydrants in the fire suppression system. He believes there is a strong possibility that ARPA funds could be used for this, but he is waiting for more guidance before committing to that. He said that a new revenue line had been added to the budget for the incoming ARPA funds.

Mr. Walker said the Board had voted to finance the debt service for the Cooks Corner renovation project and the HVAC replacement at the school without including the repayment of the down payment that had already been made. He said that he and Dr. Gretz, School Superintendent, were both comfortable that the HVAC down payment could be funded through ARPA. The original plan was to bring that money in from the fund balance. He believes that the County may be able to reimburse themselves for that expense. This would also leave a little bit more in the budget to potentially do a somewhat larger cost of living increase for the schools, which would get the County that much closer to being able to trigger additional state money for the schools.

Mr. Walker said he had received information from the Commissioner of the Revenue regarding vehicle license fees as asked for by Supervisor Williams. The Commissioner said that in 2020, the County had generated approximately \$300,000 worth of revenue from vehicle license fees. If the vehicle license fees were raised to the maximum recommended by the Commissioner, an additional \$180,000 in revenue could be generated. Cars, trucks, and motorhomes are currently at \$20.00; the new fee could be \$30.75. Trailers and campers are currently \$10.00; the new fee could be \$18.00. Motorcycles are currently \$7.50; the new fee could be \$24.75. The \$180,000 would be added to the revenue received from the personal property tax of \$2.60 on vehicles, jet skis, recreational vehicles, and apportioned trucks.

Dr. Gretz stated that the schools had been using CARES Act funding at every opportunity to offset this fiscal year's operating budget instead of using what the Board approved originally for the schools for operating. Also, many activities had been eliminated, so funds had not been spent on those. He said that the School Board does not know what the wrap up for their fiscal year looks like until June when the state trues-up its revenue. He anticipates that they may not spend between \$250,000-\$300,000 in this year's budget when the end of the fiscal year comes. He believes that could be used in leveraging getting the \$160,000 from the state. He wanted to make the Board aware that whatever amount they approve for the schools for FY22, some money from this year's budget would be coming back in to help offset some of that. He said that CARES Act money could not be used for salary increases. However, several school jurisdictions had used CARES funds for one-time hazard payments for when teachers, cafeteria workers and others had to interact with the public when there was a heightened sense of danger associated with exposure to the virus.

Dr. Gretz said the first round of CARES money for the schools was for approximately \$300,000. The second round was for \$1.3 million which has not been touched yet. The anticipated amount for the third round is \$2.7 million. He does not know when that is coming or what the stipulations for it will be. Much discussion was had by the Board and Dr. Gretz regarding the salary scales and steps. Dr. Gretz said all of the scales top out at 30, for every position. Supervisor Williams said he thinks the scales should top out before 30 in order to retain good teachers. Dr. Gretz said the point of having steps is to avoid compression, and the schools' steps right now are currently perfectly aligned to avoid that. He said that trying to fix compression is very expensive. Supervisor Williams said he believes money for salaries should be divided

equally, top to bottom, regardless of someone's salary. He said everyone needed to do more with less.

Mr. Walker said he attended the Local Government Administrators meeting this morning and it appears that most of the surrounding counties are handling the 5% from the Compensation Board very similarly to Middlesex. He said the Cigarette Tax was also a topic of discussion. It was unanimous of all members present to pursue a regional Board for the Middle Peninsula. He said he had been invited to attend the Zoom meeting held this morning of the Northern Neck Cigarette Regional Board. He said that the Northern Neck Board would be happy for the Middle Peninsula counties to glom onto their Board or join their Board until a Middle Peninsula Board could be established. He said they were also willing to have just one large Board of all counties in the region and to rename it to include all counties. He asked the Board for a consensus on whether to move forward with either joining the Northern Neck Board or creating a Middle Peninsula Board and moving forward with having a Cigarette Tax in Middlesex County. Administrative overhead costs would be about 5% of the collection. He recommended that, rather than create a Middle Peninsula Board, Middlesex County should just glom on to the Northern Neck Board and just have the Board renamed to something more regional and inclusive. The Board agreed, by consensus, to move forward and glom on to the existing Northern Neck Board and have the name changed.

Supervisor Mansfield asked Dr. Gretz how Middlesex would rank in salaries with the proposed increases. Dr. Gretz responded that it is early on, and he knows what other counties are proposing, but no counties have voted on their budgets yet. He said that right now, Middlesex is mid-level with their counterparts. If all counties move up in similar fashion, Middlesex County would continue to be mid-level.

Supervisor Koontz said he still had two items totaling \$15,157 that he would like to find in the budget for the Library for \$3,000 and \$12,157 for the Sheriff's Office. The \$3,000 additional request from the Library would be for matching money and that amount would be very consequential for them. He said that with \$12,157, the Board could actually meet the request of the Sheriff's Office which would help relieve compression issues. Supervisor Williams asked Mickey Sampson, Sheriff's Office, if the two vacant positions in the Sheriff's Office had been filled. Mr. Sampson replied that one had been filled and that employee would start April 17, 2021. They also had a candidate for the second position of Investigator, and he would hopefully be starting in the next few weeks.

Chairman Jessie asked if the ARPA funds being considered for use would be \$354,936. Mr. Walker replied that \$354,936 was correct. Chairman Jessie said that next year, when the ARPA money is not available, that would equate to a 2.5% tax increase on real estate. He said that using the ARPA funds and increasing everyone's requests would be affecting the budget for FY23. Supervisor Koontz agreed, saying that the Board could get into a lot of trouble if it gets used to using federal money that may not come again in the future. He said, however, that he thinks the assessments will be 20% or possibly higher, and the Board has assumed only 10%, which would

definitely increase the revenue stream. Mr. Walker stressed again that there is always a possibility that money will need to be taken from fund balance to pay some of the ARPA funds used back if they are found not to qualify. He said, however, that is why he had been very conservative on using any of the ARPA funds until further guidance is given. He does feel confident that the \$354,936 will qualify.

Supervisor Williams said he still did not want to raise the personal property tax rate to \$2.60. Mr. Walker said if that were not done, there would be a \$417,000 deficit. Mr. Walker said that, currently, Lancaster County is the only county lower than Middlesex, and Lancaster County is proposing to raise their personal property tax rate to \$3.75, which would result in a regional average of \$3.52. Mr. Walker said that if taxes have to be raised, always look where the taxes are lower first.

Supervisor Kimbrough said he was in support of the budget, as presented, and was in favor of running the ad as is.

It was agreed, by consensus, that the budget advertisement would run with a FY22 budget total of \$29,442,838.

Chairman Jessie said that, in his opinion, the County facilities need to open. Vaccines are available and people want to come in to pay their taxes. Mr. Walker said he had gotten a briefing from Dr. Williams this morning, who said that 70% of 65 years old and older had been vaccinated. As much as 40% of the 18 years old and up had been vaccinated. He said that the degree of disease in the region is fairly stable. Mr. Walker said that if any of the Constitutional Offices had any concerns, they could be given the flexibility to remain closed if they choose to, but he believes the Woodward Building and the Administration Office should be opened on May 1, 2021. Supervisor Koontz said he thought May was too early and thought June 1, 2021 would be more appropriate to give more time for people to get vaccinated. Supervisor Kimbrough said he was perfectly comfortable with opening on May 1, 2021. Supervisor Williams said that opening did not need to be rushed and opening on June 1, 2021 would be fine. He said people would still need to mask up and stay socially distant. Supervisor Mansfield said he would be fine with opening in either May or June. It was determined that the Woodward Building would be opened on May 1, 2021, with masking and social distancing required. The Treasurer and the Commissioner of the Revenue would have the discretion to operate as they see fit.

ADJOURN

A motion to adjourn until the Budget Public Hearing scheduled for Thursday, April 22, 2021 at 7:00 p.m. was made by Supervisor Kimbrough, seconded by Supervisor Koontz, and carried by the following roll call: Supervisor Mansfield – Aye; Supervisor Kimbrough – Aye; Supervisor Koontz – Aye; Supervisor Williams – Aye; and Chairman Jessie – Aye.

Wayne H. Jessie, Sr., Chairman, Board of Supervisors