AT A CONTINUED MEETING of the Nelson County Board of Supervisors at 4:00 p.m. in the General District Courtroom located on the third floor of the Nelson County Courthouse in Lovingston, Virginia.

Present: J. David Parr, West District Supervisor–Chair
Ernie Q. Reed, Central District Supervisor – Vice Chair
Thomas D. Harvey, North District Supervisor
Jesse N. Rutherford, East District Supervisor
Dr. Jessica Ligon, South District Supervisor
Candice W. McGarry, County Administrator
Amanda B. Spivey, Administrative Assistant/Deputy Clerk
Linda K. Staton, Director of Finance and Human Resources

I. CALL TO ORDER

Mr. Parr called the continued meeting to order at 4:00 p.m. with four (4) Supervisors present to establish a quorum and Mr. Harvey arrived shortly after.

II. FY25 BUDGET WORK SESSION

A. Staff Updates

Ms. Staton provided an overview of the changes to Contingency that had been authorized to date. She showed an introduced budget recurring contingency of $482,693. She noted that they added back $28,536 to the recurring contingency when they added the high deductible health plan, which gave the employer rates a lower cost than originally projected. She noted that the following agency budgets were reduced by the amounts listed: Nelson EMS Council ($5,500), TJEMS Council ($500), Gladstone Senior Center Meals ($5,000) and a reduction in Albemarle-Charlottesville Regional Jail (ACRJ) Local Contribution ($30,470). Ms. Staton explained that ACRJ came back with a reduced budget, which provided the reduction of $30,470. She indicated that the agency budgets had already been addressed by the Board at a previous meeting. Mr. Rutherford asked if there were any outstanding agencies. Ms. Staton confirmed there were not any agencies that had not reported.

Ms. Staton reported that the Jefferson Madison Regional Library had an additional request of $2,299 due to slight increases to their budget after their original submission. She noted that mostly involved staff salaries and benefits, which the Board had addressed. Ms. Staton then indicated that the Board had added in additional funding for JABA ($5,147) and Foothills Child Advocacy Center ($4,255), which had originally been level funded. She noted that the additional funding amounts reduced the amount of recurring contingency. Ms. Staton reported that the compensation adjustments that were approved for the final phase of the MAG (Management Advisory Group) pay study were included. She noted that they were approved to be implemented with the caveat of giving a three (3) percent increase to all salaries for FY25, or the equity adjustment, whichever was greater. She noted that the cost for the compensation adjustments was $50,237. Ms. Staton reported that with the changes as noted to the recurring contingency, they had added back $8,068 to the recurring contingency. She then noted that with the three (3) percent increase in salaries, the County would be receiving $61,528 from the Compensation Board for the constitutional salaries. Ms. Staton reported that the final balance of the recurring contingency (as of 3/22/24) was $552,289.

Ms. Staton then reviewed the Non-Recurring Contingency. She reported that there had been some back and forth on the Sheriff's vehicles. She noted that staff had taken out the additional vehicles, and the Board had opted to add two (2) Sheriff's vehicles back in the budget at a cost of $128,000. She then reported that $37,776 was allocated for the Sheriff's vehicle expenses. She explained that there had been an increase in pricing after the Board had approved the vehicle funding for the Sheriff's Office. Ms. Staton reported that two (2) vehicles had been deleted from the budget, a Motor Pool vehicle at $40,000, and an ECC First Response Vehicle at $72,500. She then explained that the Animal Shelter Roof ($38,982) had been removed from the budget as staff believed that it could be taken care of in the current fiscal year. She then noted that the Board removed the following items from the budget: BOS Meeting Streaming/Indexing/Transcription Solution ($76,000), Marcus Alert System ($20.000) and the Parks and Recreation Master Plan ($140,000). She noted that after the changes to Non-Recurring contingency, $221,706 was added back to the Non-Recurring contingency balance of $441,288, which provided a new Non-Recurring Contingency balance of $662,994 (as of 3/22/24).

Ms. Staton reported that the two (2) contingencies combined now equaled $1,215,283. She noted that was an additional $291,302 more than what was originally budgeted.

4/10/2024

Changes to Contingencies

Introduced Budget Recurring Contingency	$	482,693
Health Insurance Cost Reduction	$	28,536
Nelson EMS Council	$	5,500
TJEMS Council Reduction	$	500
Jefferson Madison Regional Library Additional Request	$	(2,299)
JABA Added Back	$	(5,147)
Foothills Child Advocacy Center Added Back	$	(4,255)
Gladstone Senior Center Meals Reduced	$	5,000
Compensation Adjustments (Greater of MAG or 3%)	$	(50,237)
Reduction in ACRJ Local Contribution	$	30,470
Subtotal of Changes	$	8,068
Balance as of 3/22/24	$	490,761
Staff Change -		
Additional 3% Comp Board revenue (Constitutional Salaries)	$	61,528
Balance at 3/22/24	$	552,289

Introduced Budget Non-Recurring Contingency	$	441,288	
Sheriff's Vehicles Added Back (2)	$	(128,000)	
Motor Pool Vehicle Deleted	$	40,000	
ECC First Response Vehicle Deleted	$	72,500	
Animal Shelter Roof Replacement in FY24	$	38,982	
BOS Meeting Streaming/Indexing/Transcription Solution	$	76,000	
Marcus Alert System Deleted	$	20,000	
Parks & Recreation Master Plan Deleted	$	140,000	
Additional Cost - Sheriff's Vehicles	$	(37,776)	
Subtotal of Changes	$	221,706	Total All
Balance at 3/22/24	$	662,994	$ 1,215,283

Other Changes Not Affecting Contingency Balances:

Dr. Ligon asked if County staff were to ask for raises because they had job offers in hand, what accounts would be used to cover that pay increases. Ms. McGarry explained that those would be recurring expenses, so they would come out of Recurring Contingency. Ms. Staton explained that if a pay increase were required, then they would look to see if there were existing funding available within that position's department, possibly due to vacancy savings or less expenses projected. She noted that many times, they had been able to cover those types of increases, without dipping into Recurring Contingency. Dr. Ligon asked if that was something that could be done without the Board's knowledge. Ms. McGarry indicated that staff would usually report that to the Board before it happened.

Dr. Ligon asked whether Debt Service Payments came out of Recurring Contingency. Ms. Staton noted that Debt Service Payments came out of the Debt Service Fund, so it was not part of the General Fund. Dr. Ligon commented that it came out of the General Fund and went into the Debt Service Fund, noting that the $610,000 annual contribution came out of recurring funds and went into Debt Service. Ms. McGarry confirmed that the $610,000 came out of recurring funds and it was in the FY25 budget currently. Ms. McGarry noted it would be reviewed later in the budget meeting.

Ms. McGarry reviewed the Preliminary FY24 General Fund Balance Analysis. She reported that at the end of FY23 and beginning of FY24, the County's total fund balance was $34,247,789. She noted that the total committed fund balances were $6,606,191. She explained that the committed funds were technically not available to be allocated as they were already committed. She then noted that after subtracting the committed fund balances from the total fund balance, the adjusted unassigned fund balance was $27,641,598.

Preliminary FY24 General Fund Balance Analysis- Accrual Basis (FY23 Audit)		
Audit Ending FY23 and Beginning FY24 Fund Balance	**$**	**34,247,789**
Committed Fund Balance as of 6/30/23 - GL070A		
Reassessment Reserve Balance	$	(85,224)
Collateral Reserve Balance	$	(459,255)
Courthouse Project Fund Balance	$	(14,979)
Debt Service Fund Balance	$	(3,237,412)
Capital Fund Balance	$	(705,252)
Broadband Authority Fund Balance	$	(350,030)
EMS Loan Fund Balance	$	(688,885)
VPA Fund Balance	$	-
School Fund Balance	$	-
School Textbook Fund Balance	$	(399,709)
School Cafeteria Fund Balance	$	-
Piney River Public Water and Sewer Fund Balance	$	(283,632)
CDBG Project Fund Balance	$	(50)
Ryan School Apartment Reserve Fund Balance	$	(39,455)
Special Welfare Fund-Fund Balance	$	(39,037)
Cash Bond Fund	$	(303,271)
Total Committed Fund Balances	**$**	**(6,606,191)**
Adjusted FY23 Unassigned Fund Balance at 6/30/23	**$**	**27,641,598**

Ms. McGarry then explained that they would make another adjustment by subtracting out the FY24 budgeted use of fund balance (Year Ending (YE) balance), which was $6,095,997. She noted that brought the FY24 Adjusted Beginning Unassigned Fund Balance down to $21,545,601. She then indicated that the other adjustment they needed to make, was a 90-day Operating Cash Requirement (25 percent of General Fund Operating Budget). She explained that this was basically a reserve. She noted that the 90-day Operating Cash requirement amount was $13,666,168. She reported that after subtracting that amount from the $21,545,601, they had an FY24 General Fund Balance Unassigned at July 1, 2023 in the amount of $7,879,433.

FY24		
Adjusted FY24 Unassigned Fund Balance at 7/1/23	**$**	**27,641,598**
FY24 Budgeted Use of Fund Balance (YE Balance)	$	(6,095,997)
FY24 Adjusted Beginning Unassigned Fund Balance at 7/1/23	**$**	**21,545,601**
90 Day Operating Cash Requirement (25% of GF Op Budget)	**$**	**(13,666,168)**
FY24 General Fund Balance- Unassigned at 7/1/23	**$**	**7,879,433**

Ms. McGarry then noted that the calculation of the 90-day Operating Cash Requirement was calculated as shown:

Calculation of 90 Day Operating Cash Requirement	
FY24 General Fund Budget	50,222,334
FY24 School Fund Budget	34,694,395
Less FY24 Transfers Including Schools	(24,066,135)
Subtotal	60,850,594
Less FY24 Non-Recurring General Fund Capital Outlay	**(6,185,921)**
Adjusted Op Revenue	54,664,673
90-Day Operating Cash Requirement or 25%	13,666,168

Ms. McGarry explained that she had wanted review the fund balance information, was because they had gotten an email from the Treasurer in March that showed the various balances that were invested, which did not total with the $34 million fund balance. She noted that in speaking with Treasurer Angi Hicks, she was able to figure out what was going on. She indicated that the $25.7 million as of February 28th, which was what the investment amounts were, were considered Unassigned General Fund money only. Ms. McGarry noted that Ms. Hicks had explained that the amount did not include any of the other restricted funds, as those funds did not get invested. Ms. McGarry noted that those funds were not a part of the investment funds because they were dedicated funds.

Ms. McGarry indicated that Ms. Hicks also said that funds in the General Funds bank account were not reported in the investment balances with that March email. Ms. McGarry noted that Ms. Hicks had indicated that the General Fund's bank account averaged about $2 million per month. Ms. McGarry noted that was the main reason for what looked like a discrepancy, but really the $27,641,598 was what could be invested, minus the $2 million that the Treasurer had in the bank accounts.

Ms. McGarry then noted that the 2 percent CD's were an average of multiple CD's, some were a lot higher than that rate, and some were low. She reported that the CD's averaged out to 2.46 percent. Dr. Ligon commented that they needed to be more active in knowing how the money was managed, even though they were not the ones managing it. Mr. Rutherford commented that interest rates would not change for a year. Dr. Ligon commented that if the $6.6 million averaging two (2) percent interest were to move into a five (5) percent account, that would make over $200,000 per year, which would change the County's budget. Ms. McGarry noted that Ms. Hicks would be happy to come and report to the Board on the investments on a regular basis going forward if they would like. Mr. Reed noted that there was also the question of when those investments would come to term.

Mr. Rutherford asked if a meeting had been scheduled with Davenport and staff. Ms. McGarry reported that she was not entirely sure whether anything had been scheduled. Dr. Ligon noted that she had spoken with Davenport the day before. She indicated that Davenport had started a program where they work with County Treasurers to educate them on proper ways to invest and when money is fluid. She noted that she was unsure of the program cost. She commented that she thought the program was great, considering the County was probably going to have a new Treasurer. Dr. Ligon asked if she was not supposed to say that. Ms. McGarry noted that she was unsure whether that was public knowledge. Dr. Ligon stated that as a tax payer, she was frustrated that the Board was not provided the investment information on a regular basis. She then commented that as a Board member, she was frustrated that they were making choices on borrowing money for higher percentages than their money was growing, without having all of the information. Ms. McGarry noted that she understood what Dr. Ligon was saying, but they were not doing that in terms of the interim financing. She explained that they had more in the accounts that were earning a higher interest rate than the interest rate on the amount they were borrowing. Dr. Ligon commented that they could agree to disagree. Mr. Parr noted that Mr. Kooch had addressed that during their meeting on Tuesday. Dr. Ligon commented that she and Mr. Kooch had spoken privately, and he was unaware of the $6 million growing at two (2) percent and was pretty surprised by it.

Mr. Parr asked how much was invested at 5.25 percent to 5.5 percent. Ms. McGarry reported that $12.9 million was invested in 5.49 percent. Dr. Ligon commented that all of their money needed to be working for them. Mr. Parr noted that he could not imagine that the County's treasurer would leave money in two (2) percent if she had an option. He noted he did not know, but he would assume that it was tied up in money that at the time, two (2) percent was good for when it was put in that account and the Treasurer was waiting for the timeframe to end so that she could reinvest those funds at a higher percentage. Mr. Reed noted that he would also assume the same, and he noted that the Board should put it aside and dig into it further. Ms. McGarry agreed and indicated that there would be some sort of fee related to working with Davenport.

Ms. McGarry noted that they had mostly wanted to update the Board on the fund balance, how it worked, and where the unassigned balance stood at July 1st.

B. Other Fund Budgets
   1. VPA/Social Services

Ms. Staton indicated that they were revisiting VPA/Social Services because there were questions regarding the VPA/Social Services request for an additional position for Social Services. Ms. McGarry noted that the Board had wanted more information on the request before deciding whether to keep the funding for the position in the budget, or take it out. She indicated that the position was currently in the budget. Ms. Staton reported that Social Services' budget total, including the position, was $2,190,378. She explained that the brand new position they were asking for was a Family Services Specialist IV, or a Senior Worker. She noted that the job description included with the budget request indicated that the position would take care of the CPS (Child Protective Services), APS (Adult Protective Services) and adoption caseloads, and serve as a backup to all positions within the Services department during vacancies. She noted that Social Services had reported that their CPS, APS and adoption caseloads had grown over the years, and they needed the senior level position in place to help with all programs within the Services, to allow the Supervisor to be a Supervisor and monitor cases without carrying a caseload.
Ms. Staton reported that staff had reached out to Brad Burdette of Social Services to request more information about the position, because they were not certain whether the position was a mandatory state position that needed to be added, or what the reasoning was behind the request. She noted that no response

had been received from Social Services regarding the request for more information. Ms. Staton reported that the cost to the County was $60,149 of the total $79,143. She indicated that the difference was state funded. She noted that if the Board chose to pull the position back out, staff would reduce the pull from contingency by $60,149 and add it back into the contingency fund for that amount.

Ms. McGarry asked Mr. Parr if he knew anything about the position at all. Mr. Parr commented that Social Services was currently handling the duties with Supervisors, and that was potentially creating a conflict in the department. He noted that they were extremely overworked. Dr. Ligon asked about the five (5) newly hired staff. Mr. Parr noted it was different work. Ms. McGarry indicated that they could leave it and come back to it. She noted that she had reached out to Mr. Burdette multiple times, maybe four (4) times, and had spoken to him by phone. She indicated that Mr. Burdette was going to write something up to share with the Board, but she had not received anything yet. She asked where they would put the person if the position was added in. Ms. McGarry noted that the main reason for bringing up the Social Services Transfer was to try and settle that piece. Mr. Reed and Mr. Parr agreed that it would be good to leave the position in and get some clarity on it the next week. The Board tabled the position request for Social Services. Ms. Staton reiterated that $79,143 was the total amount for the position and the difference to the budget was the County's cost of $60,149.

2. Piney River Water & Sewer

Ms. Staton explained that within the General Fund, there were other funds that were maintained either as Audited Proprietary Funds or as Assigned Funds. She noted that those funds were adopted and appropriated by the Board of Supervisors as part of the overall General Fund. She reported that Audited Proprietary Funds within the General Fund included the Piney River Water and Sewer Fund, and the Broadband Authority Fund. She noted that the Broadband Authority Fund was not going to be discussed during the current work session.

Ms. Staton reported that the County owned the portion of the water and sewer system in Piney River, which was operated by the Nelson County Service Authority. She noted that the system was typically self-sufficient. She indicated that due to multiple equipment failures and repairs within one of the pump stations over the past two years, a full replacement of that pump station has been recommended as soon as possible. She noted that a transfer of $350,000 was included from the General Fund to the Capital Outlay line in the Piney River Water and Sewer Fund for that purpose.

Ms. Staton reported that the FY25 Piney River Water and Sewer Fund budget was balanced at $539,908; an increase of $345,000 or 177 percent from the FY24 amended budget due to the necessity of replacing the pump station. She indicated that as of April 10, 2024, the Piney River System served 206 total customers. She noted that of the total, five (5) were water service only, 101 were sewer service only, and 100 customers had both water and sewer services. She reported that the sewer only base rate per month was $38.60 ($29.60 sewer = $9.00 grinder pump fee). She noted that not all sewer service customers had grinder pumps. She reported that the base rate for water only customers was $29.90 per month. She then noted that the combined water and sewer base rate per month was $68.50 ($29.90 water + $29.60 sewer + $9.00 grinder pump fee). Ms. Staton indicated that in the near future, staff recommended consideration of increasing the rates to provide for greater contingency funding for maintenance and repairs.

Ms. Staton explained that delinquent accounts were subject to the County's collection policy, which was established in 2016. She noted that accounts considered delinquent were those 90 or more days overdue, with a balance of $300 or more. She indicated that delinquent account holders were sent notices and given 10 business days to return full payment to avoid legal action. Ms. Staton explained that the next steps for accounts remaining 90 days in arrears for which no payment plan had been established, was to turn them over to the Treasurer for collection procedures. She noted that accounts considered uncollectible by the Treasurer would have a lien filed with the Circuit Court Clerk against the property to include eight (8) percent interest on the delinquent charges until paid in full. She reported that currently, Piney River Water and Sewer delinquent accounts represented only four (4) percent of total customer accounts in FY24.

Ms. Staton reported that the FY25 expenditures for Piney River Water and Sewer were proposed at $539,908. She noted that the notable proposed increases in expenditure projections for FY25 included: replacement of the pump station in FY25 estimated at $350,000 and rising costs of customer grinder pump repairs and replacements as the system ages.

Ms. Staton reported that the FY25 revenues were proposed at $539,908, utilizing a Year Ending Balance of $19,908 that was attributed to carry-over funds from FY24. She indicated that there had been no new connection or installation fees collected in FY24 to date, therefore, the budget projection has been reduced from $25,000 in FY24, to $20,000 in FY25. She indicated that the collection of water and sewer service fees were anticipated to remain unchanged from FY24 and no additional transfers from the General Fund to the Piney River Water and Sewer Fund has been required for FY24.

Mr. Reed explained to Dr. Ligon that the County had different rates than the Nelson County Service Authority, and they were significantly less, due to past years when the Board chose not to raise rates to be comparable to the Service Authority. He noted that there had been some discussion of the Service Authority potentially taking over the Piney River system, but the huge discrepancy in rates made that a problem. He commented that increasing the rates incrementally to be more in parody with the Service Authority would lend itself to the possibility of that happening. Dr. Ligon noted that the Service Authority rates had gone up in the last year. Ms. McGarry noted that each year the County's rates remained the same and the Service Authority's went up, it was creating a wider gap that they needed to try and tackle. Dr. Ligon asked what the percentage difference in rates was currently. Ms. Staton and Ms. McGarry noted that they did not know the percentage difference currently. Ms. McGarry noted that was something that staff could look at when they were considering a future rate proposal. Dr. Ligon asked if the system maintained itself at the current rates, prior to the need for a new pump station. Ms. Staton noted that it had been self-sustaining.

Dr. Ligon noted that she had spoken with George Miller of the Service Authority, and Mr. Miller had indicated that often, there was grant funding available for when systems fail but it was usually not available until that time. She asked if there was anyone dedicated to finding grant funds for the replacement of the pump station. Ms. McGarry noted there was no one person dedicated for that purpose. Dr. Ligon asked if there was a person at the Service Authority that would be willing to do that for the County. Ms. McGarry indicated that there could potentially be someone, but they would have to take to the Service Authority about it.

Mr. Rutherford commented that the County should not be in the water business. Ms. Staton noted that the Service Authority was ideally set up to do the work. She reported that the since the County was not able to do the work, the County paid service fees to have Service Authority maintain the Piney River system and do the billing and collecting to the customers. She indicated that the County was able to pay the Service Authority to maintain the Piney River System and do the billing, based on the County's customer base. She noted that if the County could pay for all of that to happen and remain self-sufficient at the current County rates, then she did not see why it was such an issue for the Authority to take on the system.

Mr. Rutherford noted that the Board had tried to transfer the system over to the Service Authority in the past. He commented that the Service Authority had referenced the rate difference being the reason why they did not want to take on the Piney River system, and they did not want to be responsible for the blow back if they had to increase the rate. Mr. Reed commented that the Service Authority had a uniform pricing structure, with the exception of Wintergreen Mountain. Mr. Rutherford noted that at the time, the Board did not have the appetite to increase the rates, which led to the Service Authority continuing to refuse to take over the system. He commented that with the information provided by Ms. Staton, if the Service Authority were to take it on, whatever revenue potentials that could exist in the future, could hopefully help offset other debt situations, since they would be increasing their economies of scale.

Dr. Ligon commented that taking on an aging system had risks also. Mr. Rutherford agreed that was a serious risk and asked if there was something that could be addressed with that. Dr. Ligon asked if there were any concerns, other than the rates, that kept the Service Authority from taking over the system. Mr. Rutherford indicated that the aging system was a big one. He also commented that they ran into an issue with the water system not being used enough at the end of one of the pipes and another system had to be installed for that. He explained that the lines installed for the water were oversized and not enough people were using the water, so that created some stagnant water. Ms. McGarry commented that the design of the system anticipated more users than were actually occurring. Mr. Rutherford commented that the transfer of the system had been of interest for a long time for the County. He noted that he was sure the Board would be interested in revisiting it with the Service Authority. Dr. Ligon noted that she was interested in the difference in rates, and from there, they could come up with a five-year plan of action. Ms. McGarry noted that Ms. Staton had worked on a plan to increase rates at one point, so they could bring that back.

3. Debt Service

Ms. Staton reviewed the Debt Service Fund. She noted that the County paid principal and interest for both County and School related debt out of the Debt Service Fund. She then explained that a corresponding transfer from the General Fund to the Debt Service Fund was made at the beginning of each Fiscal year in order to facilitate the debt service payments. She reported that the total School and County debt service payments for FY25 would be $2,028,105 and the total debt balances at the beginning of FY25 would be $10,954,000. She noted that the total Debt Service payments for FY25 were a decrease of ($1,137,264) or -35.9% from FY24 payments. Ms. Staton explained that the FY25 Debt Service Fund contained a Debt Service Reserve of $5,144,591, which included an additional $221,377 from the Debt Service Fund balance as reported in the FY23 audit, along with retired debt of $1,138,305 in FY24, and the $610,000 annual reserve established to increase the County's debt capacity during FY23-26 to facilitate financing future capital projects by means of this strategy.

Ms. Staton reported that the FY25 payments for County Debt Service totaled $1,189,842, which was a decrease of ($2,669) or -0.2% from FY24. She noted that the net decrease was associated with declining interest payments on current debt being slightly greater than the increase in principal payments. She indicated that the County debt balances at the beginning of FY25 totaled $7,670,000 and consisted of debt for the 2013 and 2015 addition/renovations for the Judicial/Sheriff/Courts wing and the Circuit Court/Administration areas of the County Courthouse, the 2018 Nelson Memorial Library Expansion project, and the Larkin property Lease Revenue Bond Anticipation Note.

Ms. Staton reported that the FY25 payments for School Debt Service totaled $838,263, which was a net decrease of ($1,134,595) or -42.5% from FY24 due to retiring the VPSA loan for the Nelson Middle School construction and High School renovation projects, and a slight increase in principal payments greater than the decrease in interest payments for FY25. She noted that during FY21, the County refinanced 2012 VPSA debt for the same term but at a lower interest rate such that overall savings over the next seven (7) years would be $185,368; approximately $26,000 to $27,000 per year through June 2028. She then reported that the School debt balance at the beginning of FY25 was $3,284,000, consisting of the sole VPSA loan balance.

Ms. McGarry explained that in looking at the FY23 audit, they realized that there was a balance in there of $221,377 and it had been in there for a few years. She indicated that the Board could consider, if they wanted to maintain the $610,000 to the Debt Service Reserve for FY25, they could transfer only the difference between the $610,000 and the $221,377. She noted that would still put them where they were supposed to be for FY25 in the Debt Reserve. Ms. McGarry pointed out that they essentially had $221,377 more than what they actually needed to have in the Debt Reserve for the County's debt capacity strategy. Mr. Rutherford asked if that was with the assumption of the High School renovation project and the Social Services building. Ms. McGarry confirmed that it did, along with the Larkin property. She noted that was only $31.5 million worth of projects out of the $57 million. She explained that the strategy they were working on right now was building a capacity for $57 million in borrowing. Mr. Rutherford commented that if they did not utilize the $221,377 for that, it was recurring revenue. Ms. McGarry noted that was correct. She explained that they could recapture that amount in recurring revenue and still be in the same place as if they had transferred the whole $610,000, prior to knowing about that balance. Mr. Parr noted difference was $388,623. Ms. Staton explained that the $221,377 was from the FY22 year-end audit in the Debt Service Fund. Ms. McGarry noted that instead of transferring $610,000 and be where they expected to be, they could just transfer the $388,623 and be where they expected to be for FY25. She indicated that staff had looked at some other scenarios, but this was something that was still hanging out there that needed some resolution in the budget.

Dr. Ligon commented that having clarity on the County's investments would be helpful because she was against bringing down the Debt Service as previously proposed. She noted that if the Treasurer was not allowed to invest those funds like regular fund money, then they needed to not use that money. She commented that having clarity on what they were allowed to do with the money while it sits there, and if it was not allowed to grow like other funds, then they should keep it as low as possible. Ms. McGarry noted that she understood what Dr. Ligon was saying, but they would need to have some other form of tracking mechanism to make sure they had what they wanted for the Debt Capacity they were trying to build. Dr. Ligon commented that she wanted the account high, higher than what Davenport had said, because she had concerns about drawing it down by not putting the $610,000 in as Ms. McGarry had proposed at the last budget work session. She commented that now that they were saying that the money was not working for them at the higher amount, the clarity would be nice. Dr. Ligon noted that if they were not allowed to invest at the higher interest rate, then they should be using the funds and putting less in. Mr. Rutherford commented that he had money market accounts that he could make debt service payments out of monthly. He noted that he did not know why they could not have $610,000 in an account making three (3) to four (4) percent, and as the payments realized, it automatically paid out. He commented that he knew it was government, but there was still a financial piece. Dr. Ligon indicated that Davenport had said that there was a possibility that a money market account held by Nelson County had to have a certain amount in it to negate fees. Mr. Reed commented that he did not want to go down the rabbit hole much further. Ms. McGarry noted that regardless of those things, some decision on any additional transfer was needed. Mr. Reed commented that it made sense to him that if the strategy was being met, and there was excess, then they could dedicate funds to something else when they looked at the other expenditures and revenues.

Mr. Parr asked whether they should leave the $221,377 to the side for a rainy day, or put it in the non-recurring budget. Ms. McGarry noted that they could choose to do nothing with it and it would still be there, but then would they need to consider whether they would be transferring money that they did not need to. Ms. Staton explained that the money would not come out of Debt Service, it would stay there. She noted that currently, they were planning to transfer $3,935,284 into the Debt Service Fund, but they could reduce that amount by the $221,377. Ms. McGarry indicated that in that sense, they would be gaining $221,377 in recurring money in the current budget. Dr. Ligon indicated that she needed more information before she could make a decision because she was all about money growing.

4. Capital Fund

Ms. Staton then reviewed the Capital Fund. She explained that the Capital Fund was created to segregate larger capital projects from the General Fund. She reported that it currently provided a holding place for capital reserves of $720,230. She indicated that of that amount, $300,500 had been set aside by the Board of Supervisors for remediating the building envelope at Tye River Elementary School, if needed, and $419,730 was unallocated. - no expenditures last year out of the fund, carried forward for many years as is. Ms. Staton noted that the fund as it currently existed had been by accounting standards an assigned balance within the General Fund as therefore, it was not considered when calculating unassigned General Fund Balance. She then explained that if the fund were not appropriated in FY25, the funds would become unassigned within the General Fund Balance. She noted that there were not any expenditures last year out of the fund. Ms. McGarry indicated that it had been carried forward as-is for the past few years.

Ms. Staton explained that they would normally review the School Textbook and School Cafeteria Funds as part of the process, but they had not yet received information from the Schools for the upcoming year. She noted that it would be provided as soon as it was available.

5. School Division Operating & School Nurse

Ms. McGarry noted that newest School request after factoring in the General Assembly's budget, was $1,786,209. She indicated that the School Board had a meeting that evening, and in speaking with Dr. Hester earlier in the day, they planned on a general review of things they could look at to mitigate any transfer of local money that was below that number. She noted that the School Board had some general things that they could look at, with some general costs associated with those things. Ms. McGarry noted that following the School Board meeting, staff could get a copy of the presentation from Dr. Hester. Ms. McGarry noted that the Governor had provided a revised budget back to the General Assembly, and they would be back in session on April 17th to work on some sort of compromised budget. Mr. Rutherford asked what the Governor's amendment had for Nelson. Ms. McGarry noted that they did not have the numbers yet. Mr. Reed noted that the School's request was now $1,786,209. Ms. McGarry confirmed, noting that the absolute first budget for the Schools was $2.3 million. She noted that the School's budget had evolved since the first budget. She explained that the School's March 27th budget was based on the General Assembly's recommended budget, and was the $1,786,209. Ms. McGarry noted that the $1.7 million was the amount of local funding needed to balance the School's FY25 budget. Mr. Parr and Ms. McGarry noted that the Schools wanted an additional $1,786,209, on top of what they got for FY24.

Ms. McGarry reported that the School's total budget request was $20,166,046, which included the $1.7 million. She explained that the budget request included a 3% salary increase for all positions, not just SOQ (Standards of Quality) positions. She noted that there was a request for two (2) additional positions over those that were included in the current fiscal year – one elementary position due to a projected increase in enrollment, and the other was due to a change in the SOQ requirements for English as a Second Language (ESL) students position which required the addition of an ESL endorsed teacher. Ms. McGarry reported that the budget also included a Behavior specialist position, due to the increasing amount of negative behaviors requiring student discipline and escalated social and emotional needs. She explained that the Schools planned to fund the position by using savings from the discontinuation of the part-time welding position and federal grants. She reported that the Schools were looking to add a full-time Ag teacher and noted that the position would teach some of the welding skills no longer being offered in a standalone welding program. Dr. Ligon commented that they were not going to have a welding program, but they wanted $680,000 to revamp the welding space. Ms. McGarry noted that project had remained in the Schools' CIP and had not been taken out. She commented that if the Schools did not have a welding program, she would imagine that they would not continue to ask for that.

Ms. McGarry indicated that something the Board could think about, was whether or not they would like to meet with the School Board to hear their thoughts on the budget request and to also allow them to hear the Board's thoughts on the County's budget. She asked for the Board's thoughts on having a meeting.
The Board discussed holding a joint meeting with the School Board to share information and talk. Mr. Rutherford asked when they wanted to meet. Dr. Ligon indicated that she preferred to meet before the tax vote. Ms. McGarry indicated that the Board had the option to vote on the tax rates at the public hearing that evening, or they could defer the tax vote until another meeting. She noted that the Commissioner of Revenue needed the tax rates by April 30th.

Mr. Reed was in favor of having a meeting as early as possible. Dr. Ligon noted that she had questions for the School Board. Mr. Reed suggested to Dr. Ligon that it may be helpful to provide those questions in advance to School staff allow them time to gather the information together before the meeting. He also noted that the thing that the Schools and the Board had to contend with was the composite index. Mr. Rutherford asked how long the local composite index algorithm (LCI) had existed. Mr. Parr noted it predated his time on the School Board, so he could not answer that.

Ms. McGarry asked whether staff should proceed with trying to get a joint meeting scheduled. She also suggested looking at other work session dates. The Board discussed availability. Ms. McGarry explained that the April 30th deadline allowed the Commissioner of Revenue to generate the tax book, which would then go to the Treasurer so that they could have the billing company send the tax tickets out in time. Mr. Reed preferred to meet with the School Board before setting the tax rate.

Mr. Parr suggested looking at April 18th to hold another Board work session.

Dr. Ligon indicated to the Board what she wanted to say to the School Board regarding the declining student enrollment. She noted that she felt that the Schools needed to provide the information for a consolidation study. She commented that she had heard the last time it was commissioned; the Schools would not provide the County with the information needed. She noted that it sounded like consolidation would save a considerable amount of money and it was worth the cost to do the study. Mr. Reed asked if that was relevant to the budget discussion. Ms. McGarry and Mr. Parr noted it was not for this year, rather it was a longer term conversation. Dr. Ligon commented that since they had not provided the information that the County needed, the budget talks could be a maneuver to get the information needed to complete the study.

Ms. McGarry referenced her conversation with Dr. Hester about the budget that morning, noting that she had previously requested the Moseley facility study report which appeared to have included information regarding some evaluation of consolidation. Ms. McGarry noted that Dr. Hester said that morning that the Schools realized they had not received the full report and they were waiting to hear back from Moseley. Ms. McGarry indicated that she would share that with the Board once she received it. She commented that they could look at the level of evaluation that was done with Moseley's study. Ms. McGarry noted she had indicated to Dr. Hester that there was some interest in looking at consolidation, and in her opinion, it should be something that both boards met and discussed because only a school board could approve a consolidation. Ms. McGarry commented that in order to do a study as Dr. Ligon was noting, the County needed the Schools' cooperation to get the information that was needed and access to the buildings.

Mr. Parr asked if there had been conversations outside of the school system about potentially leasing out space in Rockfish River Elementary School to another school system. Ms. McGarry noted that she and Dr Hester had not had that conversation, but she had heard from other people that there was some potential for that. Dr. Ligon noted that she had asked Dr. Hester about it. She explained that was interest from a facility in Crozet, but when those people came to tour Rockfish, it blew up. She commented that Crozet had backed off because their teachers did not want to drive to Rockfish. She also noted that there were concerns from parent at Rockfish as well. Dr. Ligon commented that it was probably done. Mr. Parr asked if it had been a conversation. Ms. McGarry noted it had not, but possibly because nothing had come of it.
Dr. Ligon commented that it made her think that the School Board may be able to relocate to Rockfish River Elementary School. She also noted that Sheriff Embrey had indicated that they were out of space. Mr. Rutherford asked about the Alpha Wing at the High School. Ms. McGarry noted that she thought it housed the alternative school.

The Board confirmed that their next budget work session would take place on April 18t at 2 p.m. Ms. McGarry asked if she should inquire whether the School Board could meet on that day. The Board was in agreement to extend the invitation to the School Board and if that date did not work, then they could work on another date to meet with them.

Ms. McGarry noted they may not have any updates on the state budget until the following week. The Board looked at meeting dates for the following week and selected April 22nd at 2 p.m. as another possible meeting date.

III. ADJOURN AND CONTINUE - EVENING SESSION AT 7PM

At 5:18 p.m., Mr. Rutherford made a motion to adjourn and reconvene at 7:00 p.m. and Mr. Reed seconded the motion. There being no further discussion, Supervisors approved the motion by vote of acclamation and the meeting adjourned.

EVENING SESSION
7:00 P.M. – NELSON COUNTY COURTHOUSE

I. CALL TO ORDER

Mr. Parr called the meeting to order at 7:00 p.m. with five (5) Supervisors present to establish a quorum.

II. PUBLIC COMMENTS

There were no persons wishing to speak under Public Comments.

III. PUBLIC HEARING

A. Real Estate Tax Rate

Mr. Parr reviewed the guidelines for speaking during the public hearing and he then opened the public hearing.

Michael Hevener – Faber, VA

Mr. Hevener stated that he was opposed to the tax increase for real estate. He commented that it was 25 percent to 50 percent more expensive to live, it does not make sense. He estimated that the County would have roughly $320,000 in net gain. He noted that Mr. Reed had indicated that the budget was tight. He commented that the budget was balanced. He asked the Board to keep the rate the same, or possibly give the Nelson County homeowners a break and lower the tax rate if that was an option. Mr. Hevener reiterated that he was opposed to the tax increase and noted that there were several others that were opposed, but they were unable to attend the meeting.

Mr. Parr noted that he put the cart before the horse and jumped the agenda. He indicated that before they went into the public hearing, the County Administrator wanted to give a presentation.

Ms. McGarry gave a presentation on the proposed increase in the Real Property Tax Rate (Real Estate and Mobile Homes). She reported that pursuant to State Code §58.1-3001 and §58.1-3007:

- The Board of Supervisors authorized the public hearing on the proposed Real Property Tax increase at their March 22, 2024 budget work session.
- The Public Hearing Notice was published in the April 7, 2024 edition of the Nelson County Times providing the seven (7) days' notice required by State Code 58.1-3007.

Ms. McGarry showed a copy of the advertised public hearing notice which showed the current 2023 rate of $0.65 per $100 of value, and the proposed 2024 rate of $0.66 per $100 of value. She reported that the one (1) cent increase was anticipated to generate approximately $321,707 in revenue.

LEGAL NOTICE
NOTICE OF PUBLIC HEARING
NELSON COUNTY BOARD OF SUPERVISORS
INCREASE IN REAL PROPERTY RATE

Pursuant to Virginia State Code §58.1-3001 and §58.1-3007, a public hearing will be held by the Nelson County Board of Supervisors in order to receive public comment on the proposed 2024 Real Property tax rate effective January 1, 2024. The public hearing will be held on **Thursday, April 11, 2024 at 7:00 p.m.** in the General District Courtroom on the third floor of the Nelson County Courthouse located at 84 Courthouse Square, Lovingston, VA 22949.

The following is the current (2023) Real Property tax rate and the proposed (2024) Real Property tax rate to be levied per $100 of assessed value. The proposed Real Property tax rate increase of one (1) cent is anticipated to generate approximately $321,707 in revenue.

Real Property Tax Rates

Current (2023)	Proposed (2024)
$0.65	$0.66

BY AUTHORITY OF NELSON COUNTY BOARD OF SUPERVISORS

Ms. McGarry then reviewed a chart with tax levy examples at the proposed rate increase.

Assessed Real Property Value	Annual Tax Levy at $0.65/$100 Value	Annual Tax Levy at $0.66/$100 Value	Annual $ Increase
$50,000	$325	$330	$5
$150,000	$975	$990	$15
$300,000	$1,950	$1,980	$30
$500,000	$3,250	$3,300	$50
$1,000,000	$6,500	$6,600	$100

Ms. McGarry noted that the next steps would be to conduct the public hearing to receive citizen input on the proposed Real Property Tax Rate Increase (Real Estate and Mobile Homes). She indicated that the Board could obtain input from staff if desired. She then indicated actions for the Board to consider which included:

- Defer action to a future meeting date prior to April 30th (Commissioner of Revenue deadline)
- Consider action to approve or disapprove the tax rate increase to $0.66 by motion, second and vote
- If action is taken, approve Resolution R2024-32 Establishment of 2024 Tax Rates inclusive of the approved Real Property Tax and Mobile Home Tax rates (either $0.65 or $0.66), the Tangible Personal Property Rate of $2.79/$100, and Machinery & Tools Tax of $1.25/$100.

Ms. McGarry showed the example resolution and noted that they would fill in the authorized Real Property Tax that was authorized if the Board chose to decide that.

Resolution R2024-32

RESOLUTION R2024-32
NELSON COUNTY BOARD OF SUPERVISORS
ESTABLISHMENT OF 2024 TAX RATES

RESOLVED, by the Nelson County Board of Supervisors, pursuant to and in accordance with Section 58.1-3001 of the Code of Virginia, 1950, that the tax rate of levy applicable to all property subject to local taxation, inclusive of public service corporation property, shall remain effective until otherwise re-established by said Board of Supervisors and is levied per $100 of assessed value as follows:

Real Property Tax	$___
Tangible Personal Property	$2.79
Machinery & Tools Tax	$1.25
Mobile Home Tax	$___

Approved: __________ Attest: ___________________,Clerk
Nelson County Board of Supervisors

Mr. Parr returned to the public hearing.

Carlton Ballowe - Faber, VA

Mr. Ballowe stated that he was opposed to a tax increase this time, because he would be opposed to a tax increase most any time. He noted that he did not believe that it was necessary at this time. He indicated that the County had options, much better options. He noted that the County had a substantial reserve to dip into if needed to get through a temporary cash flow crunch. He commented that the County was close to another reassessment, and he expected the real estate values to go up between 20 and 30 percent over a four (4) year period. He noted that the County was in for a significant windfall without changing the rate in the next few years. He commented that the County had enough reserve to get through for the next few years. He pointed out that most Nelson residents did not have a substantial reserve to dip into but the County did. He commented that he hoped the Board would consider other options before they opted for a tax increase.

Daniel Rickerd - Lovingston, VA

Mr. Rickerd noted that $10 not much for $100,000, so if someone had a $100,000 house, $10 per year extra was not that much. He commented that a $200,000 house, $20 extra per year was not that bad. He noted that in the grand scheme it did not seem like a lot, but he was there to suggest that it was. Mr. Rickerd said that any time a governing body was proposing an increase in taxes, which was forcibly taking money from its citizens essentially, it should be done with great sobriety and calculation. He noted that he could not find a specific designation for the additional funds that would be generated. He, noted that he was looking for a specific intention for those extra finances because that extra $10 or $20 per year never goes away. He commented that governments did not usually decrease taxes, they only increased them. He suggested that any time a governing body were to increase taxes, it should be done with great calculation and there should be a very specific intent for the increase. He referenced a comment made that the County's budget was tight and he noted that he was glad the County's budget was tight, because it meant his tax dollars were not being wasted. He suggested that anytime there was a surplus in a governing body, it should be returned back to its citizens. He reiterated Mr. Ballowe's comment that the reassessment was coming up, and noted that inflation was still pretty high. He stated that the price of houses was still increasing and when they were reassessed, that revenue would come back to County then. He noted that they were in a tight budget, and they should be in a tight budget. He commented that in a few years, they would be a less tight budget because the revenue of the County would increase. He noted that if the County were to come to him with a specific purpose for that additional $10 or $20, like they were going to add another 10 police officers, they could probably get him onboard with it and he would probably show up in support of it. He noted that when they said that the budget was tight and they wanted to throw more money at the school but did not have a specific reason for what it was going to, he was very wary of that. He asked the Board to consider this and consider being more transparent on where the extra money would go to. He encouraged the Board to not raise taxes and to not raise them unnecessarily, unless there was a specific reason.

Steve Peglow, Nellysford, VA

Mr. Peglow commented that in the he had been 15 years been here, he had seen taxes go up significantly from a combination of the assessments and tax rates. He noted that it did not seem like a lot, but it did add up over time. He commented that there was a lot of pressure on people, especially people who were retiring, who did not have the money they thought they might have. Mr. Peglow stated that he was opposed to a tax increase for many of the reasons already stated as well as the ratcheting effect they were seeing.

Heywood Greenberg, Arrington, VA

Mr. Greenberg stated that he had been told that there was a change in the composite index which governed how much money the state gave to the counties and cities to fund the public education system. He noted that the County was expecting to receive more than $1 million less from the state. He commented that he could not believe that an extra dollar per month on a $500,000 house, and less than that on a $200,000 house, would really impact anyone all that badly. He noted that it seemed to him, that anything they could do to compensate for that loss of state funding would be desirable for the school system.

Paul Davis - Nellysford, VA

Mr. Davis commented that he was watching the news out of Roanoke before he came to the meeting. He noted that they reported that groceries for families were costing $227 more per month than they were one year ago. Mr. Davis noted he was opposed to tax increases for several reasons. He cited the upcoming national election, noting that they did not know what the economy would look like a year from now. He noted that the upcoming reassessment and rezoning could also affect people's property values. He stated that the ones who absorbed increases from government were homeowners or landowners. He referenced the earlier comment that once taxes increased, they never saw them come back down. Mr. Davis stated that he was opposed to any increase and he asked the Board to hold off until next year to see the results of the election and economy. He noted that people renting were struggling now, and any increase would be passed down from the landlords to the renters.

Jeri Lloyd - Afton, VA

Ms. Lloyd stated that for over 10 years, she was on the Loudon County Credit Union Supervisory Committee, which meant that she audited the credit union on a quarterly cycle. She noted that she was currently on the financial committee for the National Dance Society, so she continued to deal with large sums of money as the National Dance Society was not only national, it was international. She reported that the CPI (Consumer Price Index) and the ECB (European Central Bank) were keeping their interest rates the same. She noted that they may consider dropping their rates, but they were not increasing them because increasing them would lead to a possible recession. Ms. Lloyd commented that banks were seeing an increase in delinquencies on credit card payments, loan payments, and mortgage payments, because things are going up in price. She noted that AEP, Dominion and CVA were increasing their rates. She stated that the County at moment was solvent, even if School Board budget was fully funded. She noted that she hoped that the School budget was fully funded. She commented that the County was fully solvent and had money for catastrophic emergencies. She stated that $321,707 was not going to impact much and no one had said what the money was for.

Sarah Sumner - Faber, VA

Ms. Sumner stated that she stood with everyone tonight, especially as a young person trying to make a living. She commented that she went to school for a four-year degree and all she was getting was a three (3) percent increase in her pay. She noted that she moved to Nelson three (3) years ago from South Carolina. She commented that she loved it in Nelson, but she was noticing that year after year, her mortgage was increasing, property taxes were increasing and groceries were increasing. She asked how someone like her could keep affording that kind of life. She noted that the school system was beautiful. She asked how she could she afford a child because she could barely afford groceries or a new car. Ms. Sumner stated that she was opposed, and asked that the Board not raise the tax rate. She commented that she thought it should be lowered.

Stephen Bayne - Nellysford, VA

Mr. Bayne stated that increasing the Real Estate tax rate was wrong for Nelson County. He then stated that Nelson must live within its means, just as all of its constituents must. He noted that inflation was hurting residents. He commented that inflation on groceries, gas, and housings costs totaled 20 to 30 percent over the past three (3) years. He noted that it was important for constituents to know that the County had their backs with no increase to the tax burden. Mr. Bayne indicated that he had been reviewing the details of the County's budget, and he saw no reason for an increase in the Real Estate tax rate. He commented that he would provide more feedback regarding potential savings. He noted that he had also been reviewing the details of the Schools proposed budget and he also saw no reason for an increase in the Real Estate tax rate. He commented that he had been reviewing the efficiency for the school system, and he would provide more feedback regarding opportunities for improved efficiency and savings. He stated that the School system must also live within its means and the County must hold it accountable and not write a blank check to the Schools. He then stated that the County and the public schools must live within their means, just as the citizens must. He noted that the citizens were hurting from inflationary costs of living and it was important that they knew the County had their backs, with no increase to the tax burden. He noted that other counties were decreasing their tax rate, while Nelson was considering an increase to the tax rate. He stated that increasing the Real Estate tax rate was wrong for Nelson County.

There were no others wishing to speak and the public hearing was closed.

Mr. Rutherford noted that he remained opposed to the consideration of a tax increase. He indicated that he prepared to go back to his original proposal to keep the rate the same as last year's.

Dr. Ligon thanked Mr. Parr and Mr. Rutherford for getting people fired up. She noted that she was happy people were there in attendance and commented that she would like to see that kind of attendance at every meeting. She noted that people were finally worried about the things she had been stomping her feet about for the past year. She apologized to those who felt she had lost her way with her vote previously. She commented that those who knew her, the reasons she ran were fiscal responsibility, protecting the future of Nelson's citizens young and elderly, and the cost of the capital projects proposed prior to her coming on the Board. She noted that she had had considerable education in finance, and never would she have imagined a proposal for a tax increase before they finished working on the entire budget.

Dr. Ligon noted that she had collected information since the vote to authorize the public hearing for the tax increase. She stated that the debt service proposed for the two (2) capital projects worried her. She admitted that the $35 million to $75 million in debt service did work on paper, but she was troubled by what seemed to be shortsightedness by the Board as a whole. She noted that there were many things facing the county. She commented that County employees were being recruited by other localities, so a jump in payroll was possible. She noted a decrease in volunteerism and if the County were to have paid firefighters, that would be another increase in payroll. She commented that the growing Emergency Services staff was outgrowing the space they had at the Courthouse. She stated that a water impoundment would draw in business and create jobs for the County. Dr. Ligon commented that the Building Inspections office and the Lovingston Fire Department were both in disrepair and would not be cheap to replace. She noted that she hoped to inspire the citizens to speak with their Supervisors about the excessive costs of one office. She asked that the people remind that Board that Social Services had needs and wants, and it was up to the Board to choose and building a facility that enabled Social Services to serve the community, and that is it. She stated that spending excessive money would tie the hands of the Board in progressing with projects that have a return on investment. She noted that it would also make the County vulnerable if there were special emergency circumstances. She asked the Board to consider other taxes or enforce the taxes they already had. She noted that the Board should look at taxes that State allowed Counties to impose, and diversify the income. She stated that so far, her singular voice was not enough to sway the Board and the plans that had been set into motion. She asked the people to stay informed and understand that the money proposed to be spent had to come from somewhere. She then stated that in Nelson, the majority of the money came from property owners, which seemed unfair. She commented that the people need to stay aware of the spending proposed over the next few years.

Mr. Reed confirmed that he did make the motion to increase the Real Estate tax rate by a penny. He explained that reason that he did it, was not because they had a clear budget with very clear revenues and expenses, it was done in response to the over $1 million change in the amount of money to be received from the state. He commented that it would not make sense to make a large increase in the tax rate to try and make that up. He noted that the smallest amount they could do, was to try and make up a quarter of that. He commented that he thought anyone who would think it was anything other than a modest increase, would be mistaken. He noted that if the County's fortunes did well in the following years, then they would create a tax rate that matched that budget. He indicated that the County and the Schools had both set a goal to give a three (3) percent cost of living increase to their employees, and he did not see how that would be possible without some increase in revenues to do it. He explained that the Board had set itself on a goal to have the enough Debt Service and Reserves to be able to do the things they needed and wanted to do. He noted that he was not opposed to the plan, and it had been something they had been building upon since he had been on the Board. He commented that it was true that if they should decide that it was not a priority anymore, then revenues would be available that could go to pay some of the expenses that they were committed to doing. He noted that those were services to the Sheriff's Department, Fire and Rescue, the Schools, and to the employees of the County and the Schools. Mr. Reed commented that the largest employer in the County, was the County with Administration and Schools. He noted that when they put that together, an investment back into community, almost 80 percent of the expenses in the Schools were dedicated to salaries. Mr. Reed said that if he were building a future for Nelson County, it would be a future where the people working and living in Nelson County had more means. He commented that as the largest employer in the County, it made sense to do everything they could for a cost of living increase, to allow those people to do better than survive.

Mr. Reed commented that there were other things that they could do, noting the proposals as mentioned by Dr. Ligon. He explained that the Debt service allowed the County an opportunity to borrow money if they chose to, and to invest money if they chose to. He noted that the County had properties that could be invested in, for the benefit of the County. He commented that perhaps, the needs of the County were clearly connected to housing and employment, and putting money into those things was something that the County had the ability to do. He noted that he had not seen a desire of any developer to invest significantly in the County. He commented that the County was getting older, and unfortunately, the number of students and families that the schools served was a higher level of ESL (English as a Second Language) and families below the poverty level that the County had ever had. He noted that to try and create a future for those people, if the County had the ability and desire to do those things, it could do it through the Reserve and Debt Service. He noted that during the budget meeting earlier, the Board received information that more money was available in the Debt Service. He indicated that the amount was similar to the amount that the tax increase would be, noting it was not quite that much but it was some, and it would get them there. Mr. Reed stated that he was a lifelong educator and he attended as many School Board meetings as he could. He noted that he also spoke with the School Board members, and knew many teachers and students at the Schools. He commented that he felt the Schools' plight, and investing in the children of Nelson County was a real investment. Mr. Reed stated that if the tax increase did not happen, he would not be terribly upset, but he would try to look at the budget and get the money needed for the Schools. He noted that he would hope the people of Nelson County would share in that burden.

Mr. Harvey noted that the toughest budget that the Board had to deal with was the School budget. He commented that he felt very strongly about making sure they funded the schools at the level they needed to. He noted that when his group came up, they were privileged to have the funding there and they deserved to give the kids coming up today that same type of support.

Mr. Rutherford noted that he had been in Schuyler recently speaking with a retired person about their experiences with water and sewer costs and what it meant when taxes went up. He noted in the community, taxes were not equal to all people. He commented that if someone's property value went up 50 percent in the last few years, that was a tax increase. He noted that some parts of the community did not see a 50 percent jump, they saw a 10 to 20 percent jump in real estate values. He noted that COVID hit and the world kind of changed. He stated that the Board needed to be as fiscally responsible as they could, and look to the future to see how they could support jobs to come to the community that could allow people to support their families. He noted that people moving back to Nelson County, were having to decide how soon would they be able to start their family. He noted that the Board needed to asking the question of how to take care of how take care of those who were struggling the most. He indicated that the next vote determined how much to do in tax relief and he hoped the Board would look at increasing the relief percentage. He stated that the best decision the Board could make, would be to bring rate back down to $0.65.

IV. ESTABLISHMENT OF 2024 TAX RATES (R2024-32)

Mr. Rutherford moved to adopted **Resolution R2024-32** with the blank amounts for Real Property Tax and Mobile Home Tax set at $0.65. Dr. Ligon seconded the motion. Mr. Parr noted that they had a motion and second to maintain the Real Property Tax at $0.65, Tangible Personal Property at $2.79, Machinery & Tools Tax at $1.25, and Mobile Home Tax at $0.65.

Mr. Harvey asked if these were the same rates from last year. He stated that they had to maintain finances for the County.

Mr. Rutherford called the question. Mr. Parr asked if there were any other comments. Mr. Harvey said they should have some comments and noted that he did not think they were ready to vote.

Dr. Ligon commented that if they did not take on the Debt Service, and they treaded lightly on the school budget, she would agree that their budget was okay. She stated that she believed that they would take on the debt service proposed. She noted that she had been informed by many people that the public would prefer a reactive tax increase, instead of a preemptive watch the ship sink situation. She commented that it was what it was. She noted that if they were willing to discuss the School budget, and be cognizant of spending the money on more than just two (2) projects, she was game to keep it the way it was.

Mr. Harvey stated that they were supposed to be fiscally responsible to the County. He noted that he was not someone for raising taxes, but they had a responsibility to make sure that the kids were well educated. He commented that it was a long sad story and they could not balance it on the kids.

There being no further discussion, Supervisors approved the motion (3-2) by roll call vote with Mr. Reed and Mr. Harvey voting no and the following resolution was approved:

RESOLUTION R2024-32
NELSON COUNTY BOARD OF SUPERVISORS
ESTABLISHMENT OF 2024 TAX RATES

RESOLVED, by the Nelson County Board of Supervisors, pursuant to and in accordance with Section 58.1-3001 of the Code of Virginia, 1950, that the tax rate of levy applicable to all property subject to local taxation, inclusive of public service corporation property, shall remain effective until otherwise re-established by said Board of Supervisors and is levied per $100 of assessed value as follows:

Real Property Tax	$0.65
Tangible Personal Property	$2.79
Machinery & Tools Tax	$1.25
Mobile Home Tax	$0.65

V. ESTABLISHMENT OF 2024 PERSONAL PROPERTY TAX RELIEF (R2024-33)

Ms. McGarry provided a presentation on the establishment of 2024 Personal Property Tax Relief – PPTRA% Discount. She clarified that the Personal Property Tax Relief was not a public hearing, it was just another responsibility that the Board had with regards to Personal Property Tax.

Ms. McGarry reported the following information:

State Code Authorization

Pursuant to State Code §58.1-3524:

For tax year 2006 and thereafter, localities will be reimbursed by the State for providing the required tangible personal property tax relief as set forth in this code section. In 2006, $950 Million in tax relief was divvied up between the County's, City's, and Towns in the Commonwealth based upon their pro rata share of their actual payments for tax year 2005 as compared to the actual payments to ALL County's, City's, and Towns in 2005. It was also established that this amount would be the same for each subsequent tax year.

At that time, the annual amount of tangible personal property tax relief provided to the County by the State was determined to be $1,708,030. State Code mandates that a tax relief rate for qualifying vehicles be annually established in order to receive this tax relief reimbursement from the State.

Therefore, pursuant to State Code §58.1-3524 (C), proposed **Resolution R2024-33** 2024 Personal Property Tax Relief, establishes the percentage reduction in rate used for distribution of the County's Personal Property Tax Relief amount of $1,708,030 for qualifying vehicles under the statute.
The 2023 tax year % relief is 39%. The County's financial system calculates this percentage given the amount of current tax revenue expected and the qualifying vehicles as categorized by the Commissioner of Revenue within the system. At the beginning of tax year 2023, a personal property tax relief percentage of 39% distributed approximately $1,534,747 of the $1,708,030 in tax relief received from the State; which left $173,283 for distribution throughout the fiscal year.

Ms. McGarry reviewed the Distribution of PPTRA Per State Code 58.1-3524:

- Qualified vehicles with an assessed value of $1,000 or less will be eligible for 100% tax relief;
- Qualified vehicles with an assessed value of $1,001 to $20,000 will be eligible for ___% tax relief;

- Qualified vehicles with an assessed value of $20,001 or more shall be eligible to receive **___%** tax relief only on the first $20,000 of assessed value; and

- All other vehicles which do not meet the definition of “qualifying” (business use vehicle, farm use vehicle, motor homes, etc.) will not be eligible for any form of tax relief under this program.

Ms. McGarry then reviewed a table to show how the tax relief would be distributed at varying percentages of the tax relief. She noted that each one percent increase distributed about $38,417 in relief. She noted that the Board wanted to look at different rates in order to determine which rate to set.

% PPTRA Relief	PPTRA Tax Relief Distributed	$ PPTRA for Fiscal Year Adj.	Local Funds Utilized
39%	$1,534,747.00	$173,283.00	0
40%	$1,573,164.00	$134,866.00	0
41%	$1,611,581.00	$96,449.00	0
42%	$1,649,998.00	$58,032.00	0
43%	$1,688,415.00	$19,615.00	0
44%	$1,726,832.00	$(18,802.00)	$18,802.00
47%	$1,842,083.00	$(134,053.00)	$134,053.00
50%	$1,957,334.00	$(249,304.00)	$249,304.00

Ms. McGarry explained that at 39 percent, it distributed about $1.5 million, and they would have about $173,283 for any adjustments throughout the tax year. She noted that they could get up to 43 percent before they started distributed more than what the state provided. She explained that at 44 percent, they would distribute$1,726,832 which would require $18,802 local dollars. She then reported at 47 percent, they would distribute about $1.8 million, which would require local funding of $134,053. She noted at 50 percent, they would distribute about $1.9 million, with a local cost of $249,304.

Ms. McGarry reviewed next steps:

- Obtain Input from Staff if desired
- Action to Consider:
    - Defer action until all 2024 tax rates are set; prior to April 30th (COR Deadline) - The 2024 % PPTRA needs to be set along with the Personal Property Tax Rate
    - Consider action or come to a consensus on the 2024 % PPTRA relief to be used; and
    - Approve **Resolution R2024-33** that officially sets the 2024 % PPTRA relief for the Commissioner of Revenue to use when generating the 2024 Personal Property Tax levy book

    - Should the Board approve a % PPTRA that requires local funding, staff direction would be needed on the source of those funds.

Dr. Ligon asked how often there was an adjustment. Ms. McGarry noted that adjustments took place throughout the year as people bought and sold vehicles. She noted that the relief was distributed as the changes were made.

Mr. Rutherford noted that earlier that day, staff had reported that they had locate about $200,000. He suggested giving the funds back to the tax payers to provide them with more relief. He indicated that he was sitting at 47 to 50 percent relief. Mr. Reed stated that he was not in favor of 50 percent relief, but he thought the 43 percent was a no brainer because the County would not lose any funds by doing that. Mr. Parr noted that earlier in the year, he had made a proposal to double the tax relief for volunteers' vehicles because it had not been adjusted since 1995, and it passed. He commented that they were focusing on the percentage, but he thought that they also needed to look at the $20,000 figure, because the value of vehicles was increasing. Ms. McGarry indicated that the $20,000 threshold was prescribed by State code, and they could not change it, unless the state changed it. Mr. Parr agreed with Mr. Reed, at a minimum 43 percent. He noted that they had just voted down a Real Estate increase, and he did not think it would be good to go beyond 43 percent. Dr. Ligon agreed.

Mr. Rutherford commented they just found a few hundred thousand dollars that day. He noted that they had a lump sum in their coffers that they could utilize for whatever the expense was.

Dr. Ligon made a motion to approve **Resolution R2024-33** with the relief amount set at 43 percent. Mr. Reed seconded the motion. There being no further discussion, Supervisors approved the motion (4-1) by roll call vote with Mr. Harvey voting no, and the following resolution was adopted:

RESOLUTION R2024-33
NELSON COUNTY BOARD OF SUPERVISORS
2024 PERSONAL PROPERTY TAX RELIEF

WHEREAS, the Personal Property Tax Relief Act of 1998, Va. Code § 58.1-3524 has been substantially modified by the enactment of Chapter 1 of the Acts of Assembly, 2004 Special Session I (Senate Bill 5005), and the provisions of Item 503 of Chapter 951 of the 2005 Acts of Assembly; and

WHEREAS, the Nelson County Board of Supervisors has adopted an Ordinance for Implementation of the Personal Property Tax Relief Act, Chapter 11, Article X, of the County Code of Nelson County, which specifies that the rate for allocation of relief among taxpayers be established annually by resolution as part of the adopted budget for the County.

NOW THEREFORE BE IT RESOLVED that the Nelson County Board of Supervisors does hereby authorize tax year 2024 personal property tax relief rates for qualifying vehicles as follows:

- Qualified vehicles with an assessed value of $1,000 or less will be eligible for 100% tax relief;
- Qualified vehicles with an assessed value of $1,001 to $20,000 will be eligible for 43% tax relief;
- Qualified vehicles with an assessed value of $20,001 or more shall be eligible to receive 43% tax relief only on the first $20,000 of assessed value; and
- All other vehicles which do not meet the definition of "qualifying" (business use vehicle, farm use vehicle, motor homes, etc.) will not be eligible for any form of tax relief under this program.

BE IT FINALLY RESOLVED that the personal property tax relief rates for qualifying vehicles hereby established shall be effective January 1, 2024 through December 31, 2024.

VI. OTHER BUSINESS (AS PRESENTED)

A. Virginia Opioid Abatement Authority Joint Application for Cooperative Projects

Ms. McGarry reported on the Virginina Opioid Abatement Authority Joint Application for Cooperative Projects. She noted that the application had been discussed briefly amongst the TJPDC localities. She indicated that she thought it was originally not going to move forward, but she found out that week that the deadline had been extended to May 1st and OAR (Offender Aid Restoration) indicated that they wanted to get the application submitted potentially before the Board were to meet again. She explained that the application would be to the Virginia Opioid Abatement Authority, which was where several localities could cooperate on an application to get funds from the state's pot of opioid abatement money.

Ms. McGarry reported that the application would provide for OAR hiring a regional specialty docket (Drug Court) related administrator, a Peer Recovery Support team manager and three (3) Recovery Support specialists. She noted that the new positions would greatly enhance OAR's ability to deliver accessible, quality services to individuals who had been most adversely affected by the opioid crisis. She noted that no local match was required, but $5,000 had been requested from each participating locality, which included Albemarle County, Charlottesville City, Fluvanna County, potentially Nelson County, Orange County and Madison County. She indicated that a local match strengthened the application and it got a better score from the state. She noted that the $5,000 could come from the County's opioid abatement funds that they received directly for opioid mitigation. She indicated that those funds were being used to support the County's drug court. She reported that the County had $47,000 in the FY25 budget from opioid abatement funds. She reiterated that the match was not required, but could be done if the Board chose to do so. She noted that it was a five (5) year grant that was thought to provide good outcomes for those going through the drug court and would provide peer recovery support specialists to help keep people on the right track. Mr. Parr noted that it would give them an opportunity for greater return and there was zero impact to the budget, other that reallocating the funds. He asked what type of impact it would have on the usage of the $47,000. Ms. McGarry noted that she thought it would be minimal. She indicated that the County would be getting funds each year because it was a multi-year distribution from the lawsuits. She also reported that Charlottesville City had volunteered to the be fiscal agent, so the County would have no responsibility at all, other than to join the group. She noted that OAR would monitor the entire grant and take care of hiring the new positions, so there was no added burden to the County to participate.

Mr. Rutherford made a motion to approve the application and authorize Ms. McGarry to sign any related documents for the grant. Mr. Reed seconded the motion. There being no further discussion, Supervisors approved the motion unanimously (5-0) by roll call vote.

Ms. McGarry asked to clarify whether the motion included the $5,000 contribution. The Board confirmed that it did.

VII. ADJOURNMENT

At 8:08 p.m., Mr. Rutherford made a motion to adjourn and continue to April 18, 2024 at 2:00 p.m. for a budget work session. Mr. Reed seconded the motion. There being no further discussion, Supervisors approved the motion by vote of acclamation and the meeting adjourned.