Virginia:

AT A CONTINUED MEETING of the Nelson County Board of Supervisors at 10:00 a.m. at The Lodge, Three Notch'd Brewing Company in Nellysford, Virginia.

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

I. CALL TO ORDER

Mr. Parr called the continued meeting to order at 10:09 a.m. with four (4) Supervisors present to establish a quorum and Mr. Harvey being absent. Mr. Parr apologized for missing the last meeting due to a work conference.

Mr. Parr indicated that the Board needed correct what happened at last Board meeting in regards to Mr. Reed being removed from the Planning Commission as the Board representative and replaced by Dr. Ligon. He suggested making a motion to rescind the action from the September 10, 2024 Board of Supervisors meeting. Mr. Rutherford moved to rescind the action from the September 10, 2024 Board of Supervisors meeting. Dr. Ligon seconded the motion. There being no further discussion, Supervisors approved the motion unanimously (4-0) by roll call vote.

II. WELCOME & ITINERARY FOR THE DAY

Ms. McGarry reviewed the agenda. She indicated that they would need to pivot and switch Agenda Item III and Agenda Item IV as Davenport was stuck in traffic on I-64 with an estimated arrival around 11 a.m. The Board was amenable to the change in order of the agenda.

IV. YEAR IN REVIEW (QUESTIONNAIRE SUMMARY)

A. What We Did Well/What Needs Improvement (Common Themes)

Ms. McGarry reported that staff received some feedback on the Year in Review questionnaire that had been sent out to the Board which asked what we did well and what needed improvement. Ms. McGarry reviewed the responses received:

1. **THINGS WE AS A COUNTY DID WELL (SPECIFY IF COMMENT IS RELATED TO BOARD OR STAFF ONLY):**

RESPONSE #1

STAFF: I think the staff shines from top to bottom.

STAFF: Communication with County Administrator and public, NGOs, Community Groups, Schools and Supervisors has increased in quality and quantity immeasurably.

STAFF: Planning and Zoning has gotten more positive reviews from public in interactions and support.

Recovery Court is a huge asset to the community.

STAFF/BOARD: Positive movement in real estate purchases for new DSS Building and increased potential for Callohill Property. Also Larkin Property.

STAFF: Much more positive relationship and support for NCSA and necessary infrastructure projects.

STAFF/BOARD: Increased Support for Registrar and her needs.

BOARD: Support for Sheriff and Fire and Rescue and Dispatch needs and initiatives.

BOARD: Support for community projects and school initiatives: for instance, July 4th, Christmas, FFA, Library.

STAFF: Kudos to Parks and Rec for new, expanded programs and support joint use of community resources.

STAFF: Setting a positive tone for staff and the community.

STAFF and BOARD: Comp Plan process and outcome was very successful.

STAFF: Reuse sheds at waste disposal/recycling sites are a great asset.

STAFF/BOARD: Transparency is at an all-time high…still room for improvement…, video streaming of Board meetings, tech improvements with smart board visibility (see: Communication above).

RESPONSE #2

STAFF: communication, preparation, presentation, negotiation and de-escalation.

2. **THINGS THAT NEED IMPROVEMENT (SPECIFY IF COMMENT IS RELATED TO BOARD OR STAFF ONLY):**

RESPONSE #1

BOARD: The board has done a poor job in communication and creating a positive relationship with School Board and Superintendent. 2 x 2s have failed to materialize and Board has taken little initiative to reach out.

BOARD-STAFF: any initiatives to promote and create housing have yet to be initiated or implemented

BOARD: Employment-the largest employer in the county Schools- lack board support in the School Board's attempt to move towards filling empty and necessary positions, to the detriment of the county's economy.

BOARD/STAFF: Recycling program needs an educational component that it once had but has been lacking for years. The relationship between solid waste and recycling is huge. Programs are in need of a multi-jurisdictional commitment and upgrade.

RESPONSE #2

STAFF: Getting meeting minutes caught up.

Ms. McGarry opened the floor for additional comments and discussion.

Mr. Rutherford offered assistance to help with minutes getting accomplished. He noted that if the Board needed to articulate better, or speak into the microphones, to let them know. Ms. McGarry noted that the goal was to be caught up with the minutes before the start of the budget, especially since they would start having more work sessions. Mr. Rutherford commented that the budget work sessions were probably when things got bogged down. He suggested looking at technology that could possibly assist with the process. Ms. McGarry indicated that they would start looking at options.

Ms. McGarry commented that staff knew the meeting streaming needed improvement. She noted that it may take monetary investment to get it to consistently be where they wanted it to be. Dr. Ligon commented that technology investment usually paid for itself. Mr. Rutherford and Mr. Reed agreed. Mr. Reed commented that the tracking they were doing for short term rentals was a real positive, noting they had done focus groups and tracking. Ms. McGarry noted it was a work in progress. Mr. Rutherford reported that he had spoken Maureen Kelley and he noted was interesting how short term rentals were counted. He used Wintergreen and campgrounds as examples, noting they were counted as one short term rental, but they had many rooms/sites and it did not show that information. He commented that trying to further break it down might put an unnecessary burden on staff and the constituent. Mr. Rutherford noted that enforcement was continuing to improve, and with the change in Commissioner of Revenue, they should still advocate for the software that exists to help track the short term rentals. McGarry noted that software would likely be needed to help track each individual rental. She indicated that some of the software programs were reviewed when Pam Campbell was the Commissioner of Revenue, but it might be good to revisit with the new Commissioner of Revenue.

Dr. Ligon noted that the School Board always had one of their board members attend the Board of Supervisors meeting. She asked if the Board should consider attending the School Board meetings. Mr. Rutherford noted Mr. Reed attended the School Board meetings pretty regularly. He commented that they could have two (2) Board members attend. Dr. Ligon noted that with the exception of during budget season, she did not hear much about the schools. She suggested that they consider rotating Board members. Mr. Reed noted he doesn't always report on the schools during Board reports. He reported that a few important things happened at the last School Board meeting, noting that for the first time all of their schools were now accredited, with no conditions. He indicated that less than 20 percent of schools in Virginia had been able to accomplish that. He noted other things came up from time to time that were relevant to the Board regarding expenditures. Mr. Reed indicated that he was going to start including the schools in his Board report during the meetings. He encouraged the Board to attend the School Board meetings. He noted that it was neat to see the awards given during the meetings. He indicated that the things that might interest the Board most would likely occur later in the meetings.

Dr. Ligon commented that she was not sure how to push on with 2x2 meetings with the School Board. Mr. Parr noted that the 2x2 meetings had been encouraged on the Board of Supervisors' end but the School Board had been the hurdle in getting those to happen. He indicated that when he moved from the School Board to the Board of Supervisors, that was something that he tried to push. He noted that January 2020 was last 2x2 meeting that the two boards had. He indicated that he had conversations with the past chair and the current chair, but it had not materialized. He commented that the School Board would not schedule a 2x2 meeting without all five (5) School Board members approving it first. Mr. Parr noted that there was an email from the School Board chair, asking about scheduling a joint Board-School Board meeting before March. Mr. Parr and Mr. Rutherford both noted that while there had not been 2x2 meetings, there had been lots of 1x1 meetings. Ms. McGarry noted that if meetings were arranged for 1x1 or 2x2, staff could provide any information that the Board may want to have on hand for those meetings.

Dr. Ligon asked for some background information on the County's recycling program. Ms. McGarry explained that they had a recycling coordinator and her strengths were scheduling staff to work the sites and keeping the sites supplied. She noted that education was not her strength, and agreed that the educational piece could be greatly improved. Dr. Ligon asked if this was education of the public or employees. Ms. McGarry noted it was education of the public. Mr. Reed noted it would be helpful for the staff at the sites to also have the information, particularly on how recycling benefitted the County. He commented that the information could help reduce what went into the solid waste stream. Ms. McGarry reported that it had been a while, but there had been a but there used to be a recycling education program in the schools and a litter poster contest. She noted that staff was looking to get that back on track. Mr. Reed noted that when Susan McSwain was in the recycling coordinator position and she had been in charge of education. Ms. McGarry noted that Ms. McSwain was fabulous in that position and she had a passion for solid waste. She noted that the current person did not have that level of passion for the subject. Dr. Ligon asked about the process for recyclables. Mr. Reed noted that the recyclables went to Raleigh, North Carolina. He indicated that if there was not a market for plastic, then it was trashed. He commented that the majority of plastic ended up in solid waste. Mr. Rutherford noted the County paid a good bit to recycle to then have it trashed. Ms. McGarry noted that the County paid to recycle plastic and paper, and they only received money for metal.

Dr. Ligon stated that she had a passion for composting. She noted that it would be interesting to know how much they paid to recycle paper. She indicated that about 30 percent of trash was compostable, and heavy. Ms. McGarry suggested that composting could be part of the educational piece as well. She noted that they could provide information to citizens on composting and potentially reduce the waste stream. Mr. Reed indicated that a lot of urban communities included composting at their recycling centers and they had programs for them. He noted that he had not seen it in rural areas but they could probably consider that the major composters were already doing it because it was just part of the agriculture process. Ms. McGarry noted that they had not looked in a while to see where to take compostable waste. She commented that she thought Bedford may have a commercial composter. Dr. Ligon suggested not taking compost out of the County. Dr. Ligon and Mr. Reed both suggested that it would be more economical to not have to ship it. Dr. Ligon commented that compost was a product that they could either give it back to community, or sell it. Mr. Reed noted if the composting were to take place at the collection centers, people would then see that it was an option. Dr. Ligon asked if staff could gather numbers on what the County's total tonnage was altogether as well as what they were paying to recycle plastics and paper products. Ms. McGarry noted that information was pretty easy to get. She estimated that the County sent about 10,000 to 11,000 tons of solid waste to the landfill annually. She reported that amount had remained pretty steady over the course of the last 10 years or so. She noted that the staffed sites had cut down on a lot of out of county waste. Mr. Reed suggested a County worm farm. Mr. Parr commented that there had to be someone in the county who would love to get hands on that black gold of compostable materials. He asked how they could do it and whether it could be feasible economically. He agreed that they should not let it leave the county when it could become something. He noted that there had to be some other counties out there that were already doing something with compost. Mr. Reed noted he had received an email from a resident who was interested in insect farming. Ms. McGarry noted they could start networking and working with Extension. Dr. Ligon indicated that composting on a commercial level required some DEQ involvement. Mr. Parr suggested a set up at the collection sites similar to the reuse sheds for composting where citizens can separate their compostable items and at the same time, another citizen could come pick up compost for use at their home. Dr. Ligon commented that worms ate paper products and all food. She indicated that she did not think there was as much DEQ regulation on worm farms in comparison to composting. She noted that it could help reduce waste. Mr. Reed also noted that Food Lion had a large amount of immediate food waste because some of their produce did not sell. Dr. Ligon noted that there were USDA grants to help communities with composting that they could look into.

Mr. Parr asked about the comments regarding support to the Registrar and Sheriff and whether they were saying they needed to increase support to those departments. Mr. Reed noted they were positive comments, just indicating that they had been doing a good job and had provided increased support to those departments.

Mr. Parr gave kudos to Ms. McGarry and her team for the work they do. He noted that they made it look easy, but they all knew that it was not. He thanked them for doing a great job handling conflict, difficult discussions with the community, and being efficient with the budget items. He noted that they had a fabulous transition with leadership. Ms. McGarry thanked Mr. Parr, noting that they all worked hard to help the Board be efficient, look good and do the best they could for their community.

IX. FY2025-2026 BUDGET PROCESS DISCUSSION

Ms. McGarry suggested discussing ideas to improve the budget process. She noted that staff's thoughts on the improvements were to try and start working on the budget sooner and to try and get budget data back sooner from the departments. She noted that while they were building the full budget document, they could have work sessions where department heads would come in to discuss their budget needs with the Board. She indicated that this would provide a little knowledge base before they started to work on the full budget. Dr. Ligon asked if they could narrow it down to those departments that had a significant percentage change in their budgets. Mr. Rutherford suggested that they could bring the department heads in with big asks for the upcoming year. Mr. Reed noted that as a team, each Board member had particular interests and they may want to select a few departments that they would like to hear from.

Ms. McGarry noted that staff was considering making the Capital Improvement Plan more formal as a separate document, similar to what the Schools had for their CIP plan. She explained that this document could include the capital improvements that they wanted to do over the next five (5) years, while the more immediate items would be built into the Capital Outlay. Mr. Parr noted that getting it on paper helped to validate it and was more transparent. Dr. Ligon noted that would be helpful to new people and it would show that they were following a plan. Mr. Rutherford noted there were some non-departmental organizations where there was more room for criticism. Ms. McGarry asked if they should invite all agencies, or just the agencies that they were interested in speaking with. Mr. Rutherford and Mr. Reed suggested that they only invite the agencies that they had questions for. Dr. Ligon noted that the two (2) hour meetings blew the whole day. Mr. Rutherford suggested that they could run the meetings longer. He noted in the past that they had either had two (2) to three (3) day long meetings, or a series of short days. Mr. Rutherford indicated that he preferred the longer meetings, but he noted that they were not privy to all of the information all the time, so they would not be able to get rid of all the two (2) hour sessions. Ms. McGarry noted that if the Board preferred to commit a whole day, staff would happy to do that. The Board discussed having a few work sessions from 10 a.m. to 4 p.m. Ms. McGarry noted that staff could bring in lunch. Mr. Parr noted having the work sessions in a more casual atmosphere helped. The Board suggested that it would be good to consider options at other places for budget work sessions. Ms. McGarry noted that they could look into that. She indicated that there would likely be a cost associated with that and they would need to keep in mind that they would still need to allow for the public to attend.

Ms. McGarry asked for any other feedback on the budget work session format. Dr. Ligon commented that the rest of the Board was used to it, but how the budget was presented was confusing. Mr. Parr commented that once you got used to it, it flowed. He noted that he liked having the percentage change on the budgets included. Mr. Rutherford noted that he could understand Dr. Ligon's frustrations with her first budget experience. Dr. Ligon noted that there was no handbook to explain the process. Ms. McGarry noted that the budget and budgetary matters were ongoing education for Board members as they came into office. She commented that it was important for staff to continually educate the Board on the budget. She indicated that Davenport's presentation would be very helpful in regards to the budget.

III. DAVENPORT & COMPANY, INC. FINANCIAL ADVISORS

A. Draft Financial Policies Presentation Including:

a. Introduction/Peer Group Comparison/Policy Purpose

Roland Kooch and Ben Wilson from Davenport were present to discuss financial policy guidelines. Mr. Kooch noted that a lot of it was memorializing the good practices the County already did, but it also set into place key debt metrics/key reserve metrics to provide a benchmark as to how the County may be doing in comparison to other local governments. He explained that it also set up a framework that was designed to provide the Board and future Boards, a perspective on prudent and sound financial practices to maintain the good credit standing of the County. He noted that they were not talking about credit ratings necessarily, but the overall credit perspective from the public, banks, and state agencies. Mr. Kooch noted that a policy document had been drafted and provided to the Board for review. He indicated that they were not looking for the Board to take any actions, rather it was an informational session. He noted that they would recommend implementation of financial policy guidelines. He commented that most of the County's counterparts and colleagues were in the process of implementing financial guidelines as a framework.

Mr. Kooch referenced page 35 of Davenport's presentation which was in regards to potential investment management policies. He noted that they knew the County's Treasurer historically has had investment management policies. He indicated that Davenport had included a few additional concepts with respect to investment management policies and guidelines that they thought would be good in terms of bringing the Treasurer and the County closer together. He noted that it would help coordinate the management and stewardship of the funds. Mr. Kooch commented that the adoption of the financial policy guidelines was the Board's purview while the investment policies would be more of a partnership with the Treasurer. He suggested visiting the investment policies once the new Treasurer was settled in place. He noted that Davenport would anticipate another Q&A session on the financial policy guidelines in a Board meeting so that the public could hear it as well, and then work towards an adoption of the financial policy guidelines.

Mr. Kooch noted that the County had been doing a great job and he commented that the Board has historically had a good mindset towards financial practices. He explained that financial policies would memorialize the practices already being done by the County and could act as framework for future Boards. He noted that while they could not direct future Boards, the policies would provide framework and guidelines they would want to work within. He also commented that the financial policies would promote long term fiscal stewardship.

Mr. Kooch reported that the proposed financial policy guidelines had been prepared based on Davenport's experience with respect to comparable local governments and comparable peer group analyses. He explained that the peer groups were evaluated based on publicly available information. He noted that the peer groups were placed into two (2) groups based on the following criteria:

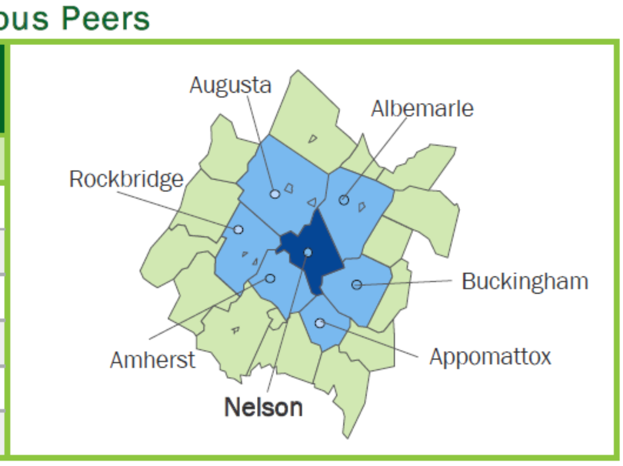
1. Virginia "Budget" Peers – Counties in Virginia with a Total Revenue Budget between $50 million and $80 million.

2. Contiguous Peers – Counties that share a border with Nelson County.

Mr. Kooch noted that Albemarle and Augusta had the larger budgets out of the group. Mr. Kooch noted that the total revenue budgets shown were General Fund plus the School Board, as reported by the Commonwealth of Virginia. He indicated that when they were talking about the School Board, they did not want to double count the Board's contribution in revenues. Mr. Wilson noted that the $65 million figure for Nelson included all of the taxes and revenues that the County collected as well as the revenues that the Schools received from the federal and state governments.

Contiguous Peers

	County	Total Revenue Budget ($000)
1	Nelson	$65,488.7
2	Albemarle	$526,814.0
3	Augusta	$263,211.2
4	Rockbridge	$98,974.9
5	Buckingham	$70,395.9
6	Amherst	$60,538.9
7	Appomattox	$57,554.3



Virginia Budget Peers

	County	Total Revenue Budget ($000)
1	Southampton	$79,949.8
2	Giles	$78,919.2
3	Buckingham	$70,395.9
4	Patrick	$69,031.9
5	Northampton	$66,183.3
6	Prince Edward	$65,612.9
7	Nelson	$65,488.7
8	Grayson	$61,046.6
9	Amherst	$60,538.9
10	King William	$58,551.1
11	Brunswick	$58,413.1
12	Clarke	$57,643.2
13	Appomattox	$57,554.3
14	Madison	$55,627.6
15	Charlotte	$54,694.6
16	Floyd	$54,660.1
17	Nottoway	$50,639.1

Mr. Parr noted he was confused by Buckingham and Amherst. Mr. Kooch explained that the information had been pulled directly from the state level data, so they had not reviewed each one in detail with respect to financial standings. He noted that it was a way to try and get a pool of local governments that they thought were comparable to Nelson. He noted that the included budget peers were also more rural. Mr. Kooch indicated that the state could also be including something that in 2023, could be ARPA funds in those figures that were reported at the state level. Mr. Wilson explained that the state annually collected audits from the counties, pulled data from the audits and put the information together.

Mr. Parr noted he would understand if Amherst were #3 and Buckingham was at #9. Mr. Wilson and Mr. Kooch explained that the tax rates and the composite index were both factors in the revenues. Mr. Wilson noted that they could dig into the information more, but they were just pulling from a report from the state. He explained that they were trying to use the same data points by using the state report, since the state was pulling the same data points from all localities.

Mr. Kooch noted that they would not be discussing the investment policies just yet. He indicated that they would want to work closely with the Treasurer to look at the Treasurer's current policies and how they might intersect with the proposed investment policies.

Mr. Kooch reviewed Section 1. Policy Purpose of the Proposed Financial Policy Guidelines. He noted that the policies were intended to be looked at and thought of as a living document. He indicated that the Financial Policy Guidelines would be reviewed for appropriateness on an annual basis during the budget process. He noted that the key metrics would be affected by the budget. He explained that as the County's budget grows, the reserve levels as a percentage of the budget would also grow. Mr. Kooch noted that they would need to think about maintaining the levels of reserves from a percentage basis. He indicated that the level of debt would be held within a determined limit.

Mr. Kooch noted that the objectives of the Proposed Financial Policy Guidelines were to:

- Guide management policy decisions that impact the fiscal health of the County;
- Promote financial stability and health;
- Account for the big picture in all short and long term planning;
- Maximize the County's credit such that it has reliable access to capital markets (either bank financing or public markets); and
- Provide County Board of Supervisors/citizens with a framework for measuring the fiscal impact of government services.

Mr. Kooch explained that the policies could be adopted by the County without getting a credit rating, and they could also work to help keep the County's credit in good standing. He noted they were not talking about a credit rating but obtaining a credit rating was something they could do. He commented on Nelson's participating in the Albemarle-Charlottesville Regional Jail Authority (ACRJA), noting that it was a blend of three (3) local government, two (2) of which had credit ratings, while Nelson did not. Mr. Kooch explained that ACRJA's review would come down to the participating jurisdiction members of the Authority. He noted that even though Nelson did not have a credit rating, agencies would look to see if the County had any financial policies and what their ratios and reserve levels were. He indicated that it would be easier and a little more streamlined if all three (3) jurisdictions had credit ratings. He noted that sometimes, if one (1) locality has a low rating or no rating, the agencies would look at that locality and bring everything down to that level. He commented that he was not saying that was going to happen, but it was a factor in the Regional Jail's credit considerations.

Mr. Kooch explained that with respect to maximizing the overall credit standing of the County without a credit rating, the financial policies and best practices really went a long way to those lenders in looking at the wherewithal of Nelson County and Nelson County's overall credit. He commented that they did not have to have a credit rating to have good credit.

Mr. Kooch indicated that the core document was designed to be something that the County would look at on a routine basis, particularly when thinking about debt capital programs - how they fit into the policies, and whether there was enough debt capacity.

b. Fund Balance/Reserves (Financial Condition)

Mr. Kooch explained that the County already had a policy with respect to fund balance and reserves. He noted that Davenport had reviewed the policy and while they were not proposing any drastic changes, they did recommend making some changes to the measurement aspect of it to make it easier to compare to other local governments.

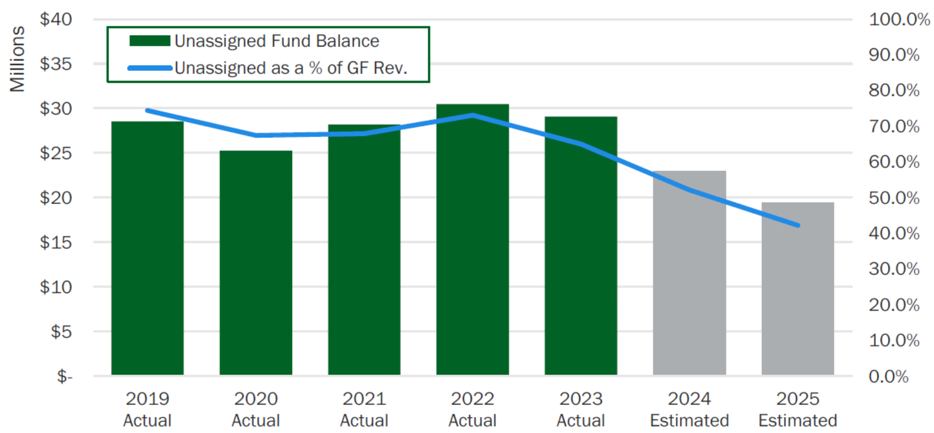
Mr. Kooch noted that fund balances were categorized as required by GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

Fund balance categories:

- Non-spendable
- Restricted
- Committed – by action of the Board of Supervisors
- Assigned – does not necessarily require Board of Supervisors action; assigned via encumbrance process/purchasing activity
- Unassigned – amounts not in the above that may be used for any available purpose

Mr. Kooch explained that what they would be focusing on was how to look at Unassigned fund balance in reserves. He indicated that the purpose of the fund balance policy was to establish a minimum reserve level, or reserve target, that promoted cash flow capabilities of the local government. He noted that annual review would take into account potential material changes in the County's budget.

Mr. Kooch showed a graph with the County's Unassigned fund balance from 2019 through 2023 actual. He noted that the information was taken from the County's audits.



	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Estimated	2025 Estimated
Unassigned Fund Balance	$ 28,540,188	$ 25,247,975	$ 28,169,080	$ 30,473,594	$ 29,078,931	$ 22,982,934	$ 19,405,507
Total General Fund Revenues	$ 38,361,577	$ 37,449,968	$ 41,484,023	$ 41,697,571	$ 44,743,496	$ 44,126,337	$ 45,952,760
Unassigned as a % of GF Rev.	74.4%	67.4%	67.9%	73.1%	65.0%	52.1%	42.2%
						(1)	(2)

(1) Based on the County's FY 2023 ending fund balance less $6,095,997 of fund balance budgeted to be used for capital projects in FY 2024.
(2) Based on the County's FY 2023 ending fund balance, adjusted for FY 2024, and further adjusted for the $3,577,427 of fund balance included in the FY 2025 Budget.
Note: does not include the Capital Reserve held in the Debt Service Fund (approximately $3.2 million as of FY 2023) that has been set aside as a part of the Multi-Year Debt Capacity / Affordability Analysis.

Mr. Kooch showed that in 2019 that County had roughly $28 million in Unassigned Fund Balance, which was about 75 percent of the General Fund Revenues Budget. He noted that through 2023, they were in the same ballpark range. He pointed out that during 2022 and 2023, they had COVID monies also. He indicated that the 2024 number was estimated and absent of any outperforming in the budget, with all things equal based on the program numbers in the budgets, they expected the numbers to decrease in 2024 and 2025. He estimated the Unassigned Fund balance to be around $22 million in 2024 (52 percent Unassigned as General Fund Revenue) and $19 million in 2025 (42 percent Unassigned as General Fund Revenue). He noted that in looking at those numbers, the County was still at a very high level.

Mr. Kooch indicated that Davenport would estimate Nelson County to be in the Aa range if they were to obtain a credit rating. He noted that in that range, the rating agencies looked at about 25 to 30 percent as a benchmark for where they look at their rated entities in having fund balance. He pointed out that the County was currently over the 60 percent range, while some of that was COVID related. He reiterated that Davenport was estimating that percentage to come back down to a normalized level.

Mr. Kooch reported that the County currently had a target minimum fund balance of 30 percent of the General Fund and School Board revenues. He noted that was what the County was benchmarking to and trying to maintain for a minimum fund balance target to avoid cash flow borrowings, and to have sufficient funds for emergency purposes. He indicated that the County's current policy roughly translated to about 30 percent of General Fund Revenues. He suggested that they make a slight change and look at it as a percentage of the General Fund budget, which he reported would equate to about $13.8 million of Unassigned Fund Balance as the County's minimum target.

Mr. Reed asked if Davenport had given any thought to 2026, based on those parameters. Mr. Kooch noted that they had not seen what a 2026 budget would look like for the County, but based on 2025 as they go into 2026, if things bear out, they would probably end up in the $19.5 million range in Unassigned Fund balance. Mr. Wilson reiterated that it would all be dependent on how the budget looked for 2026. Mr. Kooch explained that with the policy if they were looking at it as a percentage of General Fund Revenues, if the General Fund budget increased by $1 million, then the 30 percent amount would increase as well. He noted that it would guide how much discretionary fund balance the County had to utilize for certain things.

Mr. Kooch reiterated that benchmarking 30 percent of the County's General Fund Revenues would be about $13.8 million, based on the County's FY2025 Budget. He reported that the County's estimated FY2025 Unassigned Fund Balance of $19.4 million was $5.6 million above the proposed target.

Mr. Kooch indicated that Davenport was also proposing the potential for a budget stabilization fund reserve target. He explained it as an additional safety valve before they got into the Unassigned Fund Balance Reserve which would be 5 percent of the General Fund Revenues, or about $2.3 million based on the County's FY25 Budget. Mr. Rutherford noted that he was amazed that $13 million was the low point. Mr. Kooch noted that the Total Reserve target recommendation would be 35 percent of the General Fund Revenues, which would be about $16.1 million based on FY2025 budget. He indicated that the 35 percent was a very solid benchmark. Mr. Kooch referenced the GFOA's (Government Finance Officers Association) guidance was to at a minimum, have about two (2) months of operating expenditures, or about 17 percent. He recommended that the 35 percent level comprised of the two (2) components, the

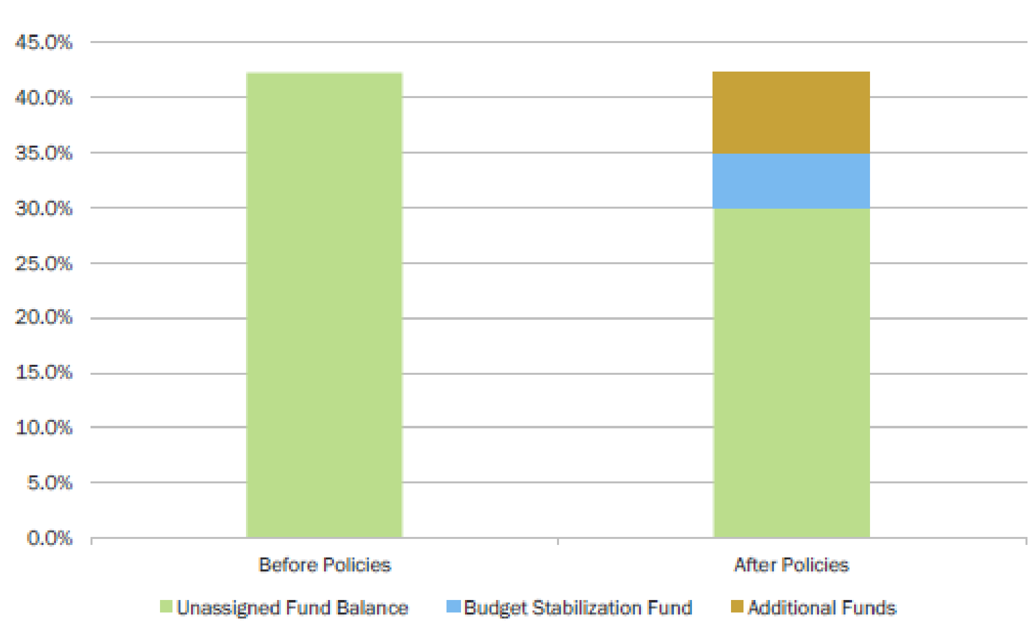
Unassigned Fund Balance Reserve and the Budget Stabilization Fund Reserve, made the most sense. He then explained that in the policy, if the County had to tap into those funds, they would use the Budget Stabilization Fund Reserve first, and then the Unassigned Fund Balance Reserve. He noted that if they were to utilize those funds for any reason, there was a three (3) fiscal year replenishment mechanism.

Ms. McGarry asked if it was fair to say that the $13.8 million Unassigned Fund Balance Reserve was for cash flow purposes so that the County could be able to meet any ongoing obligation without having to rely on any kind of supplemental funding throughout the year. Mr. Kooch agreed and noted that the reserve amount should be above the absolute minimum cash flow to allow not only for cash flow mechanisms throughout the year, but to also be used in an emergent situation. He indicated that they wanted to provide a little more insulation with respect to unforeseen one-time events. He noted that 2019 was pre-COVID and the Unassigned Fund Balance was just over $28 million. Mr. Kooch indicated that the CARES money (COVID funds) sort of skewed the past three (3) fiscal years. Ms. McGarry noted that the County was already doing a lot of the financial management in practice, but it was not in a policy that they could point to and reference so that they could explain to citizens when questions come up.

Mr. Kooch showed a representation of the FY2025 Reserves before and after the policies. He noted that the column with the policies showed the $13.8 million in Unassigned Fund Balance, along with $2.3 million in Budget Stabilization Fund and the additional funds over policies in the amount of $3.3 million. He commented that managing right to the 35 percent level and spending it all could put the County in a perspective that the following fiscal year they would have to budget an increase to that number. He noted that if they had some contingency above that, they would be in good shape to show that they had adequate reserves and they would not struggle to meet the policy. He pointed out that they did not want to put a policy into place that did not make sense from a credit standpoint, or that was difficult to meet.

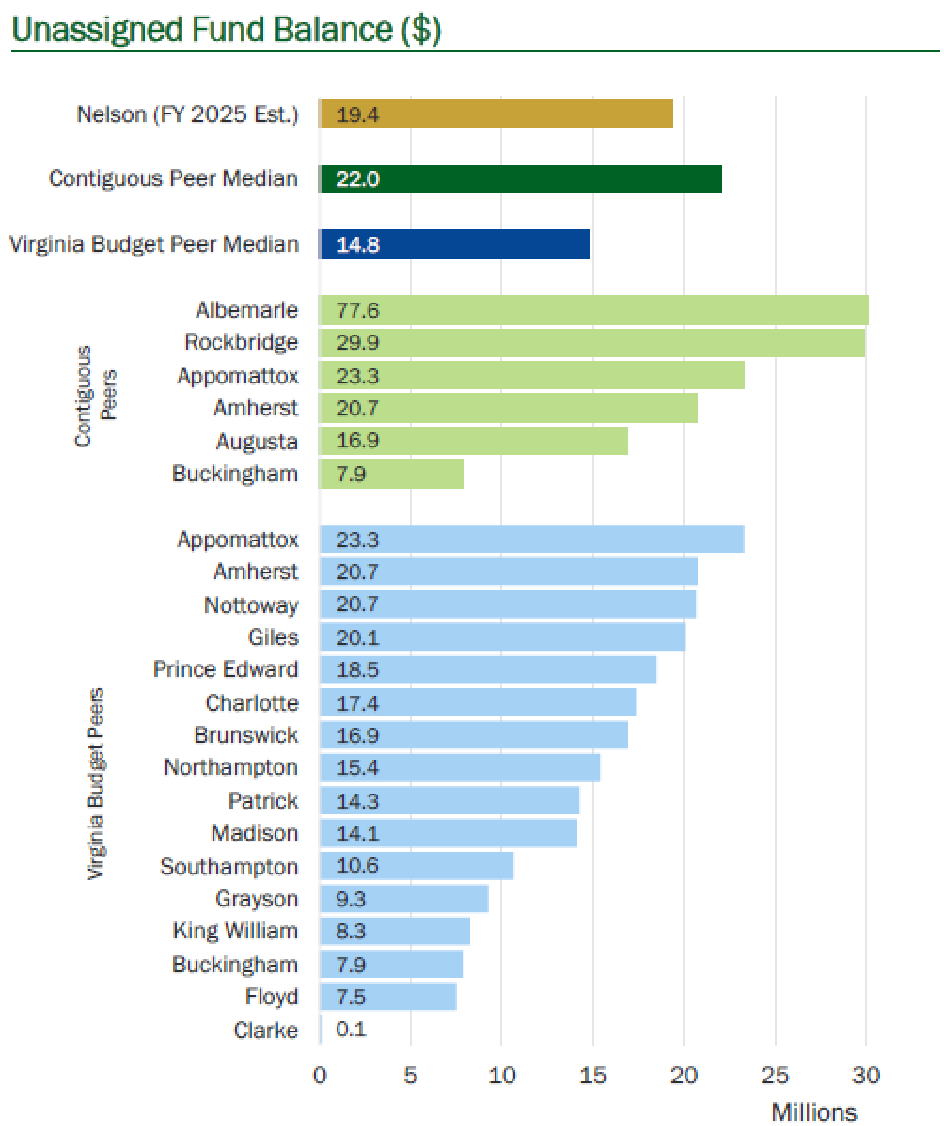
FY 2025 Reserves Before & After Policies

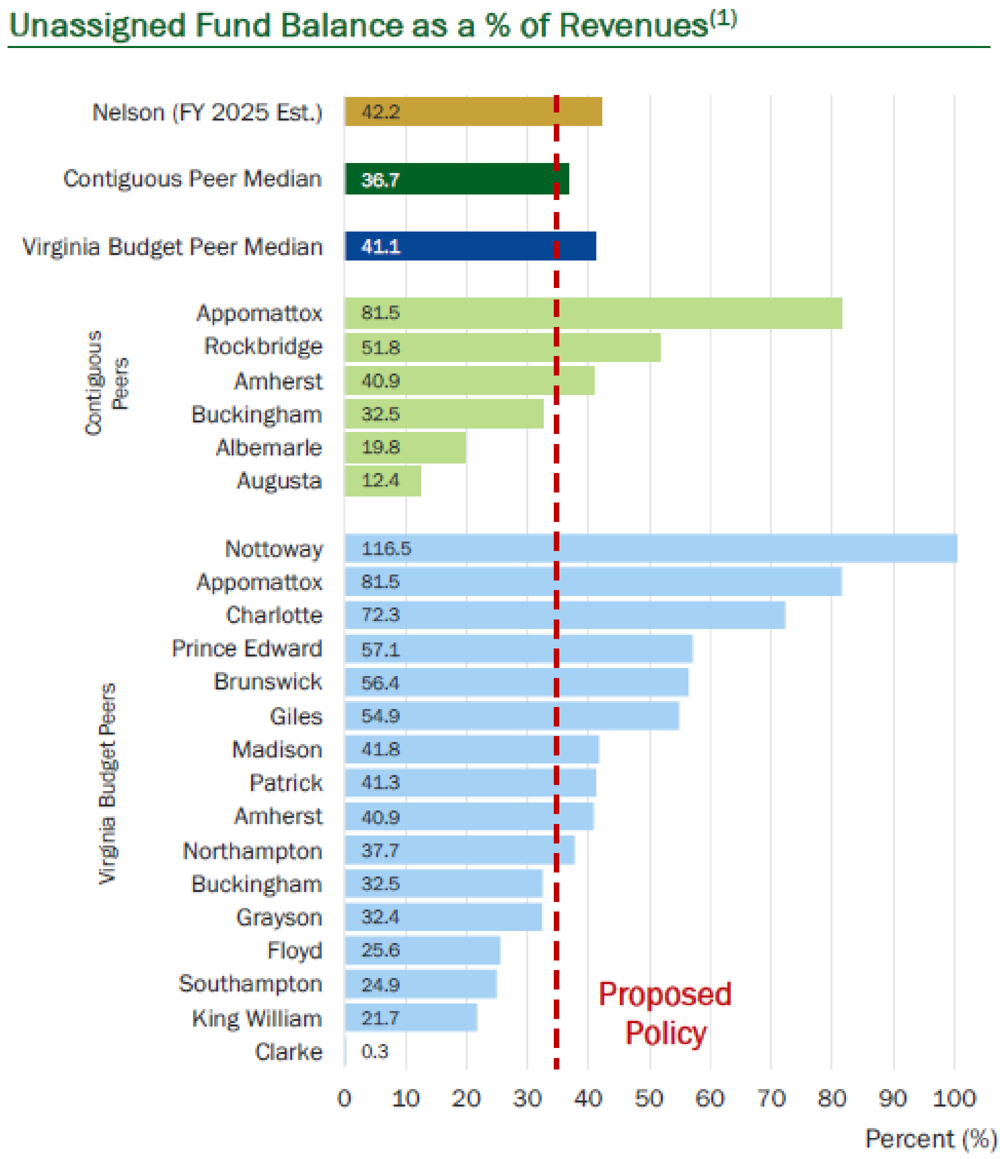
	Proposed Reserves Policy	Before Policies	After Policies
1	Unassigned Fund Balance (30%)	- n/a -	$ 13,785,828
2	Budget Stabilization Fund (5%)	- n/a -	$ 2,297,638
3	Additional Funds Over Policies	- n/a -	$ 3,322,041
4	Total Reserves	$ 19,405,507	$ 19,405,507
5	Total General Fund Revenues	$ 45,952,760	$ 45,952,760
6	UFB as a % of Gen. Fund Revs	42.2%	30.0%
7	BSF as a % of Gen. Fund Revs	- n/a -	5.0%
8	Additional as a % of Gen. Fund Revs	- n/a -	7.2%



Mr. Kooch reiterated that the Reserve Policy also incorporated a plan to replenish the Unassigned Fund Balance (UFB) and the Budget Stabilization Fund (BSF) over three (3) fiscal years in the event they were to be used. He noted that there was also a caveat that if three (3) fiscal years was too onerous, they could set a defined timeframe to replenish the funds. Mr. Wilson noted that the minimum level of 30 percent was to help the County cash flow, and not have to use a Revenue Anticipation Note (RAN) where they would have to borrow just to meet payroll. Ms. McGarry indicated that the County never wanted to be in that position. She noted that there were some localities that utilized that.

Mr. Kooch showed two Peer Comparisons, one based on the Unassigned Fund Balance as a dollar amount, and the other with the Unassigned Fund Balance as a percentage of revenues. He noted that the proposed policy line shown at 35 percent. He indicated that Nottoway's information was not accurate as they were currently working with Nottoway and Nottoway had issues with their auditor's classification of their funds.

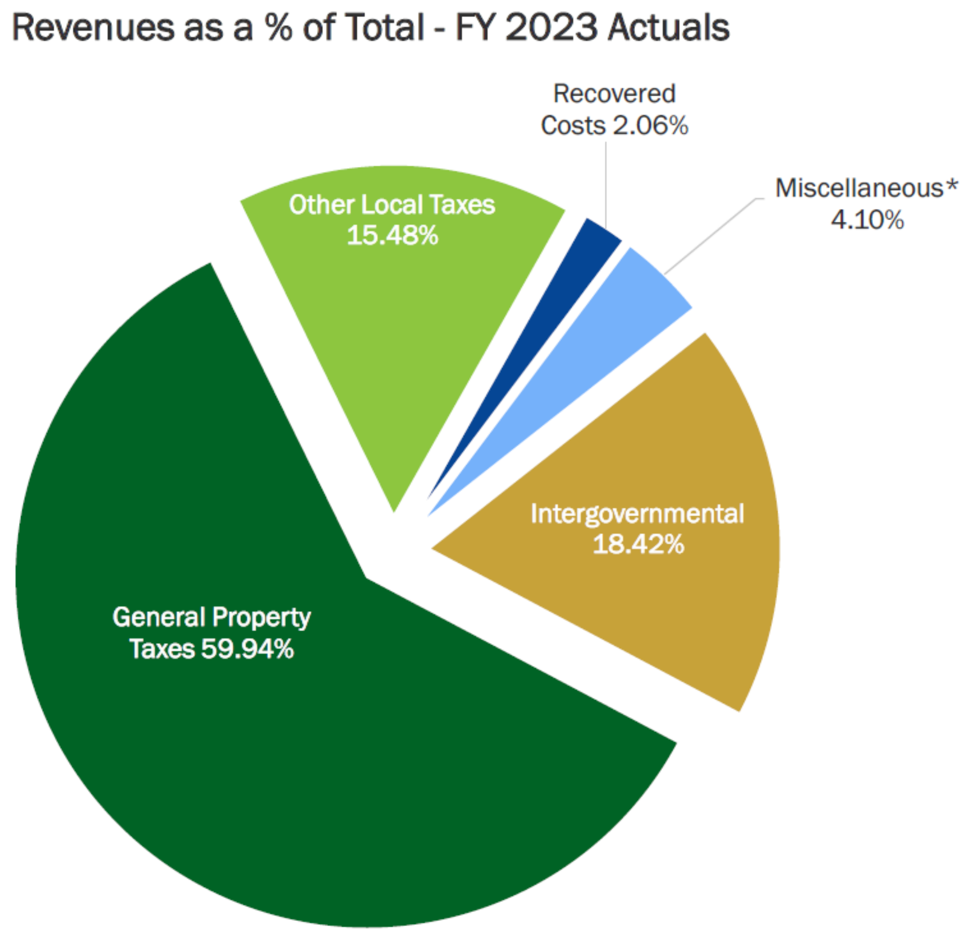




Mr. Kooch noted that Amherst was doing pretty well and was in the same ballpark as Nelson for the time being. He also indicated that Appomattox was doing well. He pointed out that Clarke County was struggling.

c. Revenues, Expenditures, Budgets, and CIP

Mr. Wilson reviewed Revenues in the proposed financial policy and he showed a pie chart of what made up the County's revenues as of the FY2023 audit.

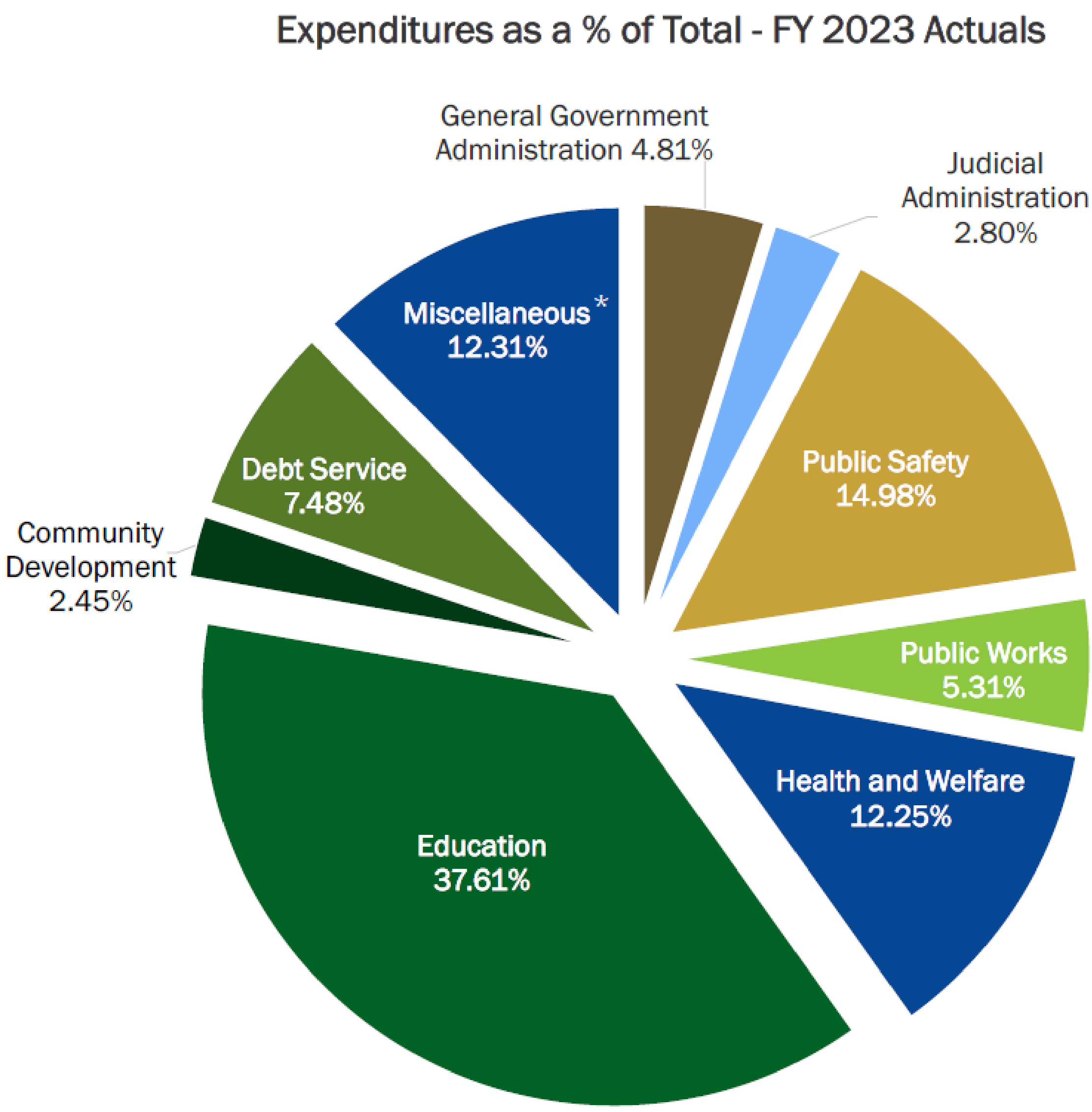


Mr. Wilson explained that the concepts they had included in the Revenues section of the Financial Policy included trying to get a diversified mix of revenues as much as they could. He noted that a significant portion of the County's revenues came from property taxes. He suggested that to the extent possible, fees and charges shall be structured in order to recover the full costs. He noted that the County's revenue estimates for the budget should be set at realistic and attainable levels. He stressed that the County did not want to overestimate revenues.

Mr. Wilson explained that the County should limit the use of one-time revenues to one-time expenditures such as non-recurring capital projects. He noted that they did not want to be in the habit of using fund balance or one-time dollars to cover recurring expenditures, because they would get to a point in the future where they would not be able to cover the cost and they would then have to come up with new revenues or cut services. Mr. Kooch provided an example of a local government they were working with that had gotten behind on their budgets and it had become structurally unbalanced. He explained that part of the issue was they had not kept up with the non-General Fund things like their appropriation to the School Board. He noted that the local government then had to dip into the Fund Balance to provide the School Board with the additional funds, and it was technically for salaries on the School Board side, so it caused them to get behind.

Mr. Wilson indicated that New Kent County received one-time funds from the horse track at Colonial Downs. He explained that New Kent made a planned effort to only use those funds for capital, because they do not know how long they will receive those revenues and they do not want to count on those funds just in case they are turned off. Mr. Wilson also referenced solar revenues received by localities and noted that they were also good for non-recurring expenditures.

Mr. Wilson then discussed Expenditures in the proposed financial policy. He showed a pie chart of the County's expenditures as a percentage total of the FY2023 audit.



Mr. Wilson reiterated that ongoing expenditures would be paid from recurring resources. He also indicated that the policy would had the County fund one-time expenditures with an offsetting revenue or from an established and adequately funded capital reserve fund. He noted that the County would want to make sure they were evaluating expenditures through the years to make sure they could be as efficient as possible with those. Mr. Wilson explained that he was reviewing the big picture concepts from the policy, but there was much more detail in actual policy document. He noted that these were things they could point to in the future as goals that the County was trying to meet, and they could help guide the County in decision making.

Mr. Wilson then discussed the Budgets section of the policy. He stressed that balancing budgets was a very strong practice and something that rating agencies and lenders looked at. He explained that the Budgets section of the policy also discussed specific practices. He noted the policy discussed how the budget was structured, and to get in writing how the budget works so that going forward if there were changes to staff or the Board, there would be a document to explain the budget process. Mr. Wilson reiterated the use of one-time revenues and one-time expenditure savings for non-recurring expenditures.

Mr. Wilson reviewed the Capital Improvement Program portion of the policy. He explained that it was a good practice to build out a five-year Capital Improvement Plan. He noted that the County was thinking about Capital projects in regards to the Social Services Building, the Schools and the potential development of the Larkin property. He explained that the five-year plan was not something that was set in stone, but it would provide a document to indicate what the County was planning for the future so that they could determine what needed to be done in regards to the budget to be able to complete the projects. Mr. Kooch indicated that the plan would help them to ensure that as they take on projects, they are following along with the policies as it relates to debt. Mr. Wilson noted that the Capital Improvement Plan was a five-year plan, and the Capital Budget was the first year of that Capital Improvement Plan that would adopted as part of the budget. He explained that the plan was not committing the County to doing the projects in the plan, it just helped keep them on the radar.

Mr. Reed noted that one of their biggest expenses were vehicles for Fire and Rescue, the Sheriff's Office and School buses. He commented that those expenses were not part of Capital Improvement Plans, and as a result, when looking at budgets, if they are not replaced for long periods of time, they became very large expenditures. He noted that it was similar to a capital expenditure. Mr. Wilson indicated that it would be up to the County on how they wanted to structure it. He noted that Davenport had generally said that the

Capital Improvement Plan would not include general routine annual maintenance, which if they were keeping up with the purchases of new vehicles, those would be part of annual maintenance since they had to buy new vehicles almost every year. He suggested that if they got to the point where they needed to purchase a lot of vehicles, it may make sense to build them in. Mr. Reed commented that the last two (2) school buses they purchased were solar because the Schools received grants for them. He noted that it had been many years since the County had purchased a school bus and now the needs were increasing. He asked if the County were to increase the solar fleet and charging stations, whether that could be considered a capital improvement. Mr. Wilson and Mr. Kooch both agreed that could be a capital improvement. Mr. Kooch explained that if they needed to replace a lot of buses or vehicles, they could map it out in a Capital Improvement Plan. He noted that if they needed to use equipment financing for the vehicles, that would impact the operational budget because it would result in a payment that they would work in and repay out of the operating side.

Mr. Reed commented that solar buses decreased the maintenance needed significantly. Mr. Kooch noted something to think about was whether they would need more solar buses because they did not have the range that a diesel bus had. Mr. Kooch indicated that building in all of the needs, along with the equipment cycle into the Capital Improvement Plan, would help them factor in whether any equipment financing would be factored into the operating budget. Mr. Wilson explained that the purpose of the Capital Improvement Plan was to have a conversation and put together a plan that allows the County to move forward and make decisions. Ms. McGarry noted that the Capital Improvement Plan would be reviewed annually as part of the budget process, so it was a fluid document. Mr. Wilson suggested that when the departments submitted their budget requests for operations, they should also submit their capital needs. He explained that it was not meant to be a wish list, it was what they felt was reasonable to do in the next five (5) years. Ms. McGarry indicated that they currently had the departments submit their capital needs, and that was something they would continue to do. She noted that going into this year, they would compile everyone's lists into one document where they could narrow it down to what would actually be programmed into the five-year Capital Improvement Plan (CIP) based on the Board's priorities.

d. Debt and Debt Capacity Update

Mr. Wilson reviewed the Debt section of the financial policy. He noted that the policy would not say whether or not the County needed to issue debt, but it would give guidance on when it may make sense to issue debt and what levels of debt would be reasonable for the County. He reiterated that it would provide financial policy guidelines but they were not things that would prevent them from doing anything. He noted the guidelines for debt indicated that Revenue Anticipation Notes (RANs) were not intended to be used. He indicated that there were cases where the County may use short term financing like they had done in the past few years with Bond Anticipation Notes (BANs), or lines of credit, when they expect to issue long term bonds or obtain large one-time funds in the future. He noted that the policy also included guidelines for lease purchase and master lease obligations. He noted that the policy also recommended the use of long-term borrowing for major capital improvements and long-lived equipment only. Mr. Wilson noted that the policy also touched on Public Private partnerships, and how the County might be able to leverage those for other projects. He indicated that the guidelines also stated that the County would follow the law.

Mr. Wilson reviewed the following three (3) new policies that he noted should help guide decisions in the future and could be applied to the work that they had been doing with the County's Debt Capacity and Affordability:

- Tax-Supported Debt as a percentage of Total Assessed Value of Taxable Property should not exceed 3.5%.
    - Note: this policy includes an exception for any debt that is repaid from dedicated and restricted funding sources, such as a potential Local Sales Tax specifically enacted for School capital and debt service.
- Tax-Supported Debt Service as a percentage of Total Operating Expenditures should not exceed 10-12%; and
- Tax-Supported Debt Service and Fixed Costs as a percentage of Total Operating Expenditures should not exceed 17%.

Mr. Wilson stated that all Debt Ratio Policies were intended to be reviewed at least annually and at such time as a new debt issuance being considered for approval by the Board of Supervisors.

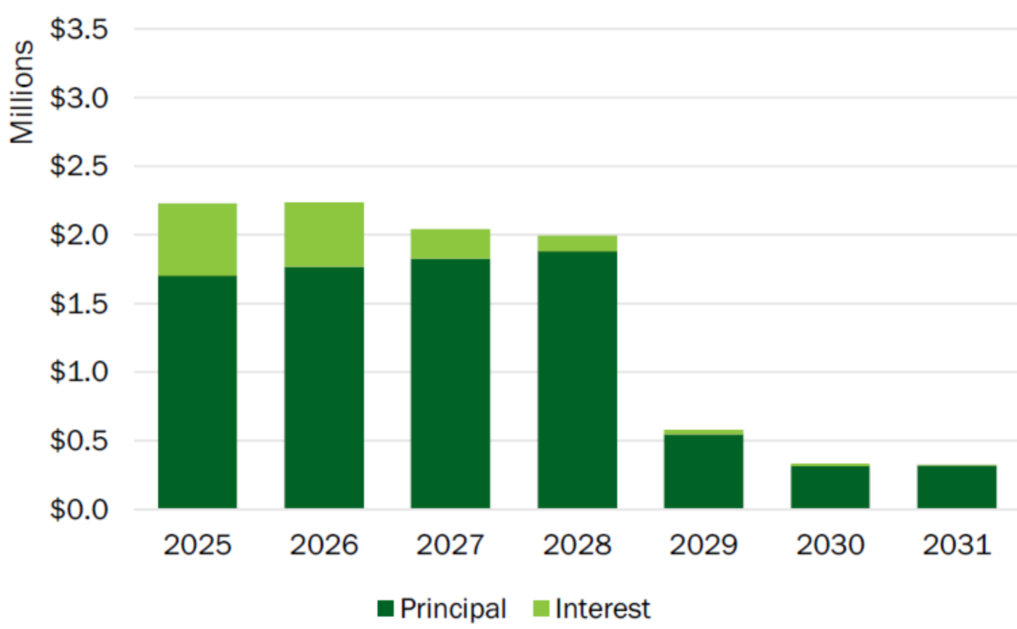
Mr. Wilson reported that as of June 30, 2024, the County had about $8.3 million in debt outstanding. He noted that the debt payments declined after 2028 as represented in the graphics below:

Tax-Supported Debt Service

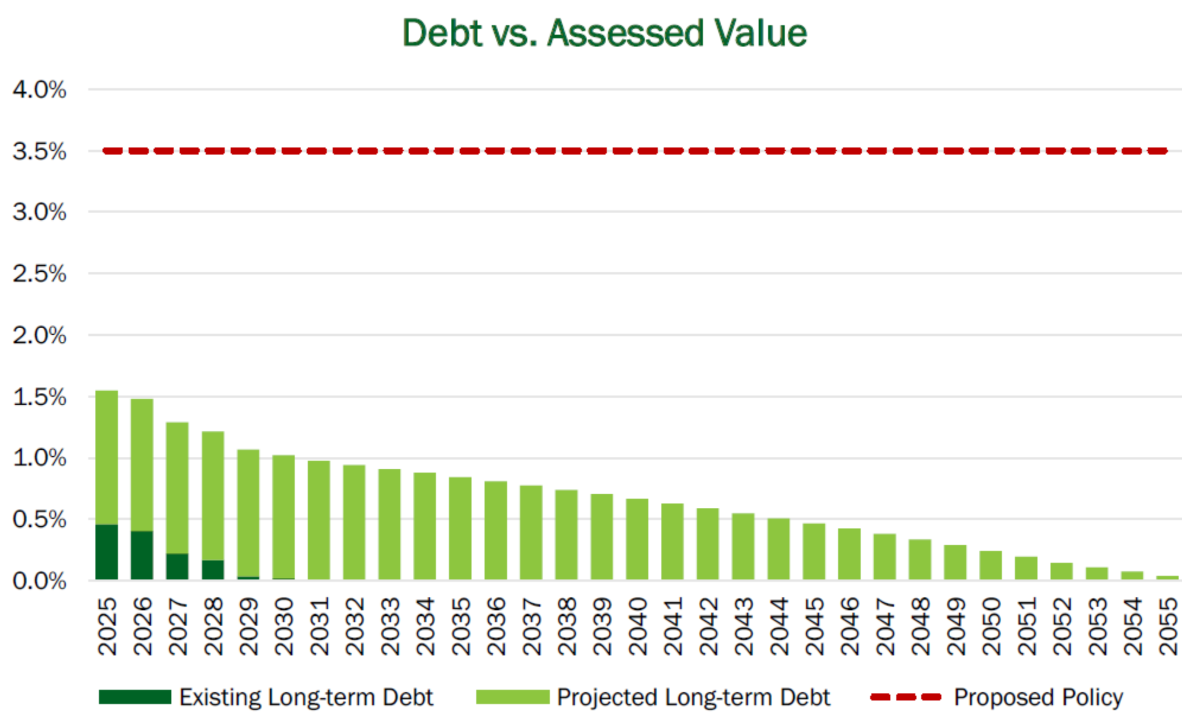
FY	Principal	Interest	Total
Total	$ 8,354,000	$ 1,380,866	$ 9,734,866
2025	1,702,000	526,246	2,228,246
2026	1,767,000	469,311	2,236,311
2027	1,826,000	215,944	2,041,944
2028	1,879,000	116,584	1,995,584
2029	545,000	32,859	577,859
2030	315,000	14,922	329,922
2031	320,000	5,000	325,000

Note: the table above and graph to the right include the interest on the 2022 and 2024 Lines of Credit.

Tax-Supported Debt Service

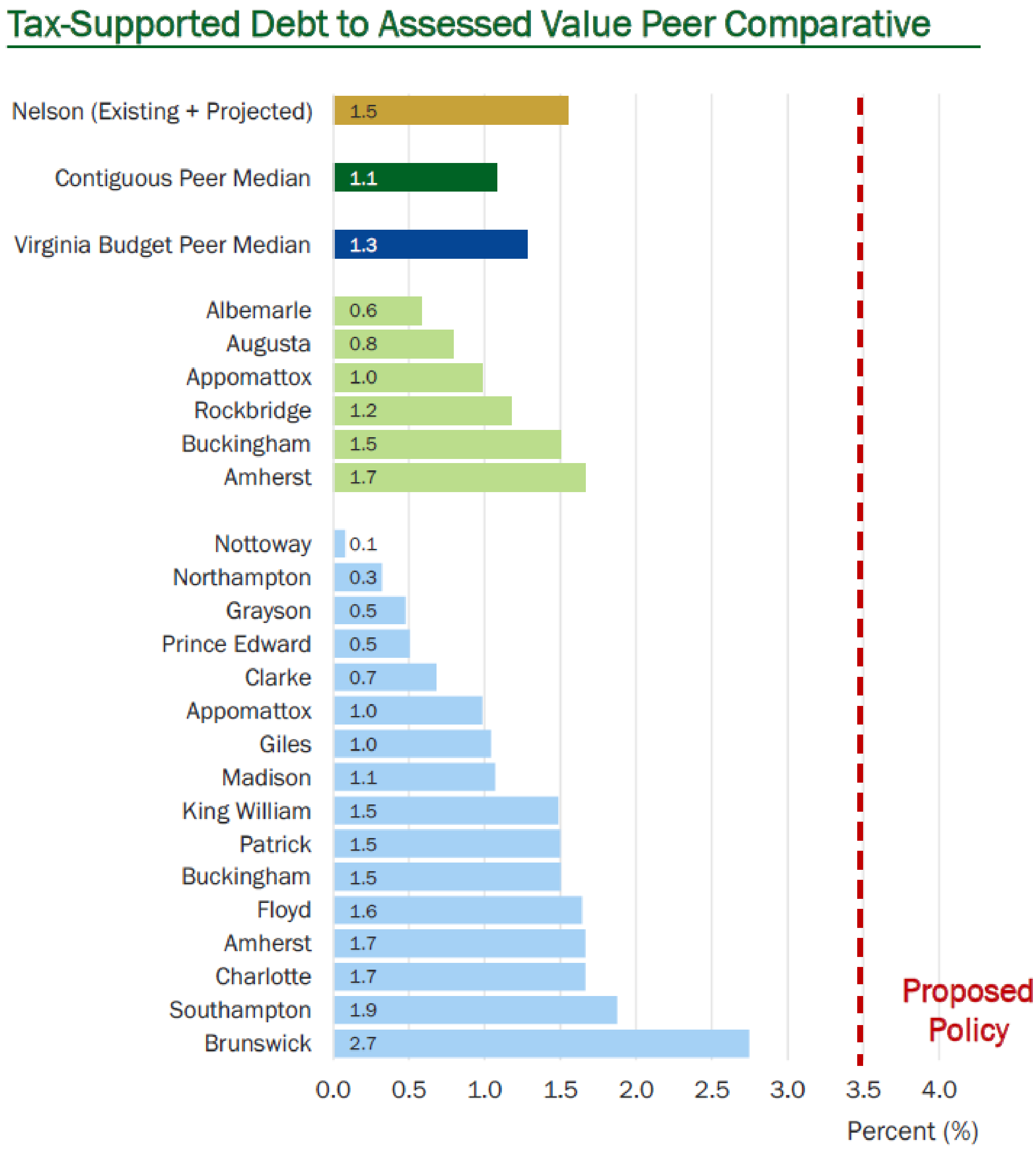


Mr. Wilson noted that the County had entered into a few lines of credit in last few years, one for the land purchase and then more recently the School renovation project and the Social Services building. He indicated that those were outstanding and would have to be repaid eventually with long-term debt. Mr. Wilson then showed a graph related to the Debt vs. Assessed Value policy.



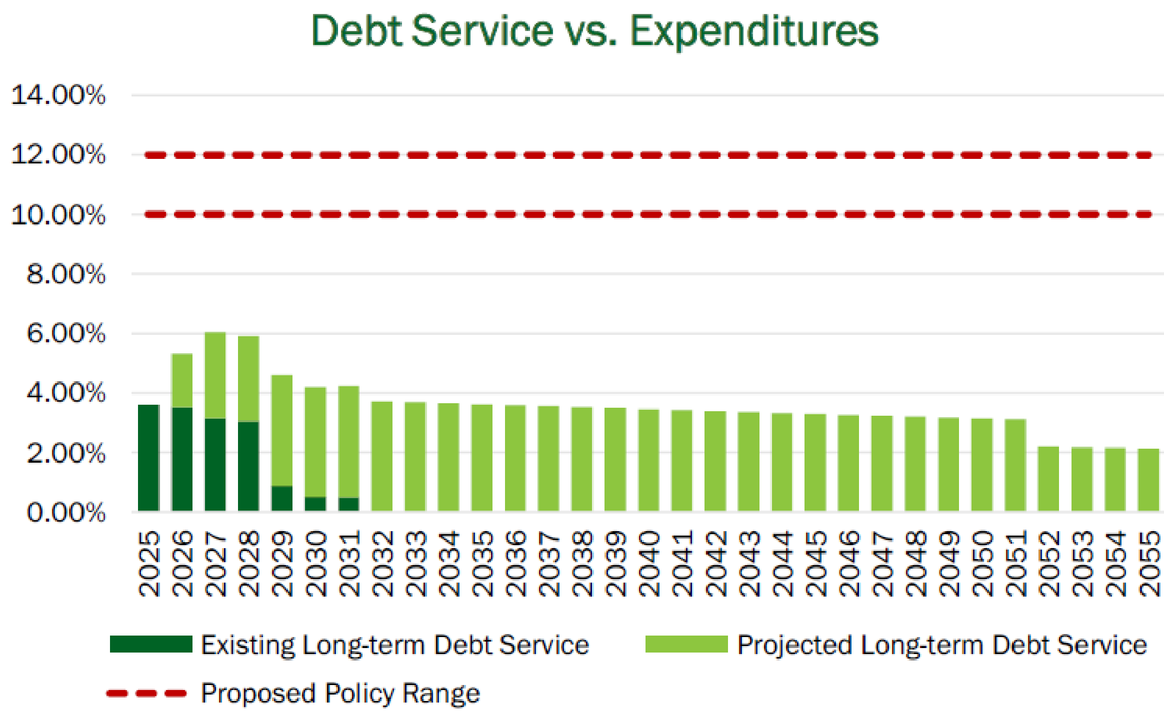
He explained that the dark green color was the County's existing debt and then layered in light green was the $35.1 million in projects that had been discussed before – the land purchase, the Social Services building, and the School renovation project. He indicated that even with all of that included, the County was still at about 1.5 percent of assessed value. He noted that after $35.1 million, the County would still have the capacity to fund approximately $64.3 million of additional debt. Mr. Rutherford asked if that considered the regional jail project. Mr. Wilson indicated that the regional jail was not accounted for. Mr. Kooch explained that with the regional jail, that debt was not directly allocated to the County, the County was paying a per diem based on the Service Agreement. Ms. McGarry indicated that they still needed to be cognizant of the County's responsibility.

Mr. Wilson showed a Tax-Supported Debt to Assessed Value Peer Comparative. He noted that all of the included localities were below the 3.5 percent of assessed value. He indicated that there were localities in Virginia that exceeded that 3.5 percent limit.



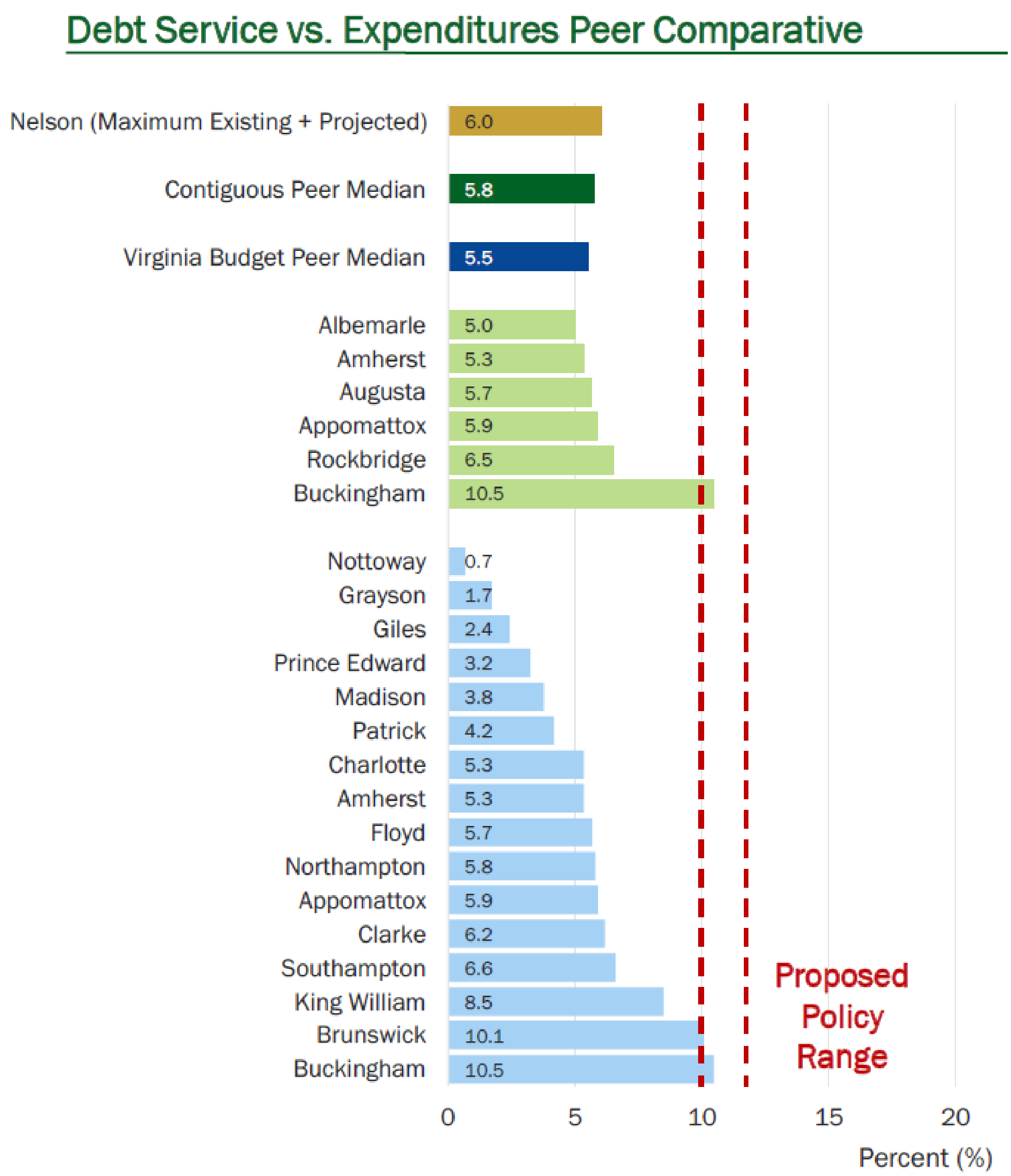
Mr. Wilson showed that even with the existing and projected debt, the County was at 1.5 percent of assessed value and that put them in the range of the medians of the two comparison groups that they were looking at. He explained that S&P, one of the rating agencies, provided guidance related to the Debt vs. Assessed Value metric and S&P said that as long as a locality was below three (3) percent, they considered them to be strong. He commented that a negative adjustment only happened when they were close to 10 percent.

Mr. Wilson then discussed the Debt Service vs. Expenditure ratio. He explained that the ratio measured how much of the annual budget was being spent to pay for annual debt. He reported that the County's current level of debt service was just below four (4) percent. He noted that Davenport was proposing a policy range of 10 to 12 percent. He showed on a graph that even when they layered on the debt for the assumed $35.1 million, the County still had a range of $30 million to $45 million of additional debt that could be issued. He noted that range was dependent on the actual payments for the debt.



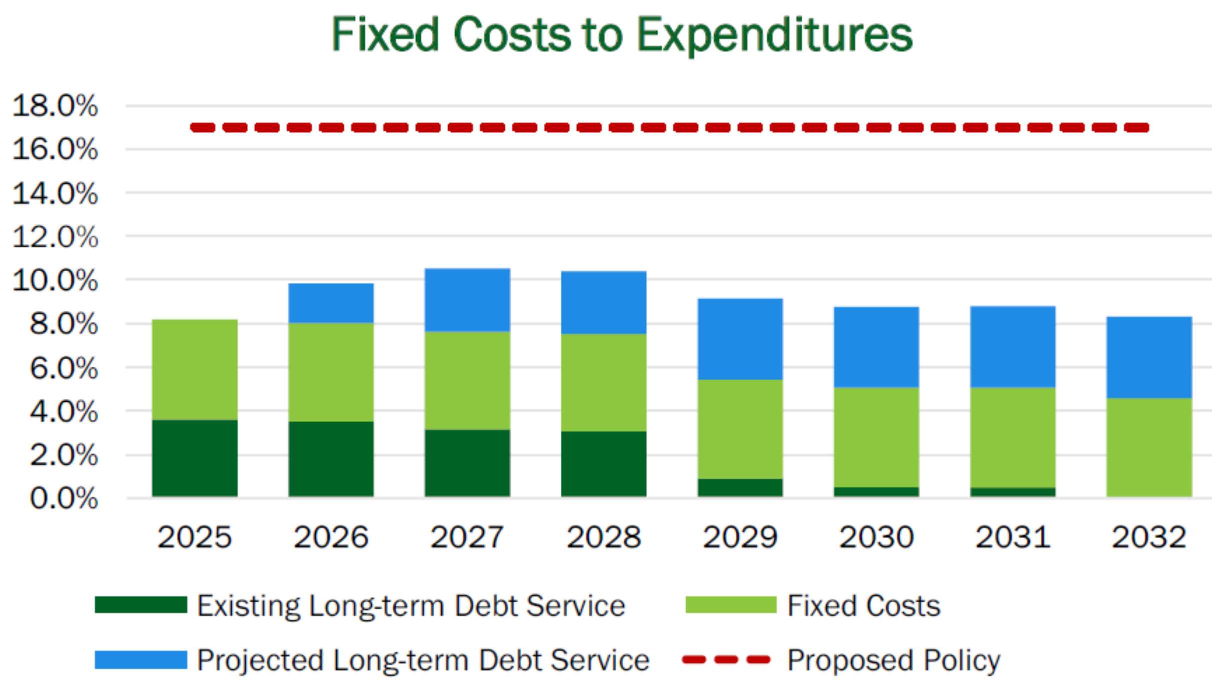
Ms. McGarry asked if the extra capacity that Davenport was talking about was within the proposed maximum. Mr. Kooch and Mr. Wilson confirmed that it was. Ms. McGarry noted that amount was not necessarily what the County could afford. Mr. Wilson confirmed that Ms. McGarry was correct, he noted that level did not address whether or not the County had the funds to set aside to actually make those payments. Mr. Kooch noted that what Ms. McGarry was referring to was the Debt Affordability, which asked whether the debt fit within the budget and whether the County had the resources to repay it. He explained that Debt Capacity was more of a theoretical calculation that was looked at from a financial practice standpoint. Mr. Wilson indicated that the $35.1 million took the County to six (6) percent, which was still below the 10 percent level.

Mr. Wilson reviewed the Debt Service vs. Expenditures Peer Comparative.



Mr. Wilson pointed out that Buckingham was above the 10 percent level. He noted that most of the other localities were below the 10 percent level. He indicated that some of the County's peers could be issuing debt very soon, particularly those with low debt ratios. He commented that low numbers were good, but it did not necessarily mean that the locality was in a good situation. Mr. Wilson noted that the six (6) percent level after the $35.1 million was still very much in line with the median levels. He indicated that S&P still considered under 15 percent to be a strong rating. Mr. Kooch noted that rating agencies looked at more on a national basis, and they may say that the County's debt levels are higher than the national medians. He explained that in Virginia, local governments had to fund schools. He noted that in most of the states in the national medians did not have to fund schools, because the school districts had taxing power and the school districts issued the debt. He noted that in Virginia, they were in a situation where the localities were issuing debt for the schools, so the debt ratios and the taxes had to cover that.

Mr. Wilson then reviewed the Fixed Costs to Expenditures ratio. He showed the Counties ratios on a graph to include years 2025 to 2032.



He explained the graph, noting that the County's existing Long-Term Debt Service was shown in the dark green; the light green represented the County's fixed costs. He noted that the graph showed where the County ended up with the policy of 17 percent. He indicated that even with the projected debt, the County would be looking at a little of 10 percent.

Mr. Wilson indicated that no significant changes were made to the Debt Capacity and Affordability Analysis. He noted that the County still in good shape with respect to the analysis.

Mr. Reed noted that the Debt Service Analysis was based on Revenue. He asked how the County's real property ownership could have leverage in terms of Debt Capacity for the County. Mr. Wilson noted he was unsure, he indicated that the biggest factor was the ability to repay the debt. Mr. Reed noted that for an individual looking to borrow money, the fact that their home mortgage was paid off would be valuable in being able to borrow money. He asked if that also worked for the County. Mr. Kooch explained that it did, but they also balanced out the Reserves and the ability to maintain a level of Fund Balance. He noted that using an element of debt helped preserve some of the fund balance, and helped preserve interest earnings on funds. He indicated that it also fit within their affordability and was an appropriate use of debt as a vehicle to spread those costs over time. Mr. Wilson noted that the County did have assets that could be used as collateral, and that did help, but the banks would be looking at the County's ability to make those payments.

Mr. Reed asked when applying for debt if there was a place for the County to list its capital assets, similar to when individuals borrowed money. Mr. Wilson noted that capital assets were included in the County's audit. Mr. Kooch noted capital assets are looked at, but what generally was more important were the County's absolute debt levels, as well as reserve and cash levels. He explained that debt implied liabilities and future payments.

Mr. Wilson noted that Moody's was one of the rating agencies. He explained that Moody's had a scorecard where they looked at the County's economy, finances and other metrics. He noted that each category is scored and they weigh all the scores to determine a final score. Mr. Wilson explained that one of the calculations that would cause adjustments to the score was the capital assets ratio. He noted that the ratio was capital assets versus the depreciation on the balance sheet. He explained that Moody's perspective was, if all assets were fully depreciated, there would probably be some needed maintenance.

e. Financial Reporting and Economic Development

Mr. Wilson noted that the document did provide a little information about financial reporting, the standards that the County maintains, and formalizing those practices. He indicated that the last section discussed Economic Development and provided framework in the event that the County had a large project come along and they needed to make sure that it was economically feasible. Mr. Kooch noted that the policy stated that prior to financial commitments, the County would evaluate the revenues and benefits to the County before any ask is fulfilled.

Ms. McGarry noted that in the past, the County had provided tax incentives as well as other incentives to businesses that were getting started in the County. She indicated that one of the County's major breweries was provided tax incentives. Mr. Kooch noted that a tax incentive could be less of a financial impact than the County providing millions of dollars to help a business get started.

f. Investment Management (Potential Future Policy)

Mr. Kooch reported that the last section discussed Potential Investment Management Policies. He explained that these investment management policies were designed to, in conjunction with the Treasurer, conform to the Investment Public Funds Act. He noted that the policy applied to the investment of the financial assets and funds held by the County inclusive of the investment of Bond Proceeds, Debt Service Funds, and Debt Service Reserve Funds. He indicated that the overall guidance included safety, liquidity and yield. He explained that it was the policy of the County to invest public funds that would safely preserve principal, provide adequate liquidity to meet the County's cash flow needs, and lastly, optimize returns while conforming to all federal, state and local statues governing the investment of public funds.

Mr. Kooch introduced the subject of a potential Investment Management Committee for the County, which would consist of one (1) to two (2) members of the Board of Supervisors, the County's Treasurer and the County Administrator. He noted that Davenport had provided some investment management policies regarding the selection of investments. He indicated that the selection of investments was ultimately the Treasurer's responsibility.

Mr. Kooch noted that authorized investments for public funds were set forth in the "Investment of Public Funds Act" of the Code of Virginia. He indicated that the "Investment of Public Funds Act" was very broad and there were some things included in there that the County did not want to have their governmental funds invested in. He recommended that the County limit the investment of assets to the following categories of securities:

Type	Maximum
U.S. Treasury Securities and Agencies	100%
Bankers Acceptance	40%
Negotiable CD's and Bank Deposit Notes	40%
Non-Negotiable Certificates of Deposits	40%
Insured Certificates of Deposits	40%
Commercial Paper	25%
Repurchase Agreements	30%
Mutual Funds	30%
Collateralized Deposit Account	30%
Corporate Notes	5%

Mr. Kooch noted that pooled and statewide investment programs such as LGIP (Local Government Investment Pool), SNAP (Virginia State Non-Arbitrage Program, and the VML/VACo investment pools, were considered broadly diversified and not subject to limitation. He indicated that the County could invest everything in LGIP if they wanted to. He explained that LGIP was a short-term investment vehicle that was currently earning very well. He noted that as the Fed cuts rates, it would start to come down. He indicated that investment management overall was probably a combination of short-term programs along with elements of CD's, treasuries and agencies. He noted that as investment rates come down, it may be beneficial to put money in a treasury that is two (2) years in duration. Mr. Kooch explained that wanted to introduce the investment concepts and then work with the Treasurer to determine how this would fit into the Treasurer's objectives also. Dr. Ligon noted that she wanted to be the Board member on the investment committee.

Mr. Kooch reviewed the next steps:

- Discuss and receive feedback from the County Board on additional revisions to the Proposed Financial Policy Guidelines.

- Revise the Proposed Financial Policy Guidelines for further consideration by the County Board and staff.

- Present the updated document to the County Board for consideration of adoption.

- Work with County staff to implement any new processes established in the Proposed Financial Policy Guidelines.

- Further develop the Potential Investment Management Policies with the Treasurer and County staff for future consideration of adoption by the Board.

Dr. Ligon asked whether Davenport had an expert on the Local Composite Index (LCI), or if they knew someone in Virginia that could educate the Board on where they County has gone wrong. She noted that the County was in rough shape when it came to the LCI. Mr. Kooch suggested that the best source on the Composite Index was the Department of Education (DOE) as they governed the Composite Index. He noted that one of the negative attributes of the LCI was that it skewed a lot of local governments the wrong way. He commented that Nelson's composite index was high and noted that was a function of the County's real estate tax base. He indicated that was the negative side in how the formula worked. He noted that the State looks at the LCI formula and says that Nelson County's tax base looks very strong relative to others, which disadvantages the County. He provided the example of Richmond which has some of the highest poverty levels, but because of the tax base their LCI is really high, which causes their school divisions to be stressed. He noted that poverty levels were not taken into consideration with the Composite Index. Mr. Kooch indicated that he would be glad to reach out to the DOE to coordinate a conference call. Dr. Ligon commented that if they were looking at the School budget as a tax on the County, they were tax poor. She noted that the County was putting so much money towards the Schools, that there were projects that they could not fund.

Mr. Reed referenced the JLARC study and noted that this year, they already had committees working on it. He indicated that it was one of the top priorities going on in Richmond. Mr. Parr reported that the LCI for Nelson went from .56 to .66. Mr. Reed noted that he was on the VACo Education Committee, and if the other Board members were unable to go to Richmond, he could try and relay comments. Mr. Kooch noted the best approach was talking to legislators. He stated that the LCI was skewing rural local governments quite a bit. He indicated that depending on how low a locality's LCI was, they could borrow money from the Commonwealth. Ms. McGarry indicated that the Schools were also communicating with legislators regarding the LCI.

V. LUNCH (Working if Needed)

The Board took a recess for lunch.

VI. BOARD GOALS FOR THE NEXT YEAR USING COMPREHENSIVE PLAN IMPLEMENTATION MATRIX – SHORT, ONGOING, OR SHORT/MID PRIORITIES

A. Rank Identified Focus Areas
B. Ways to Achieve Progress-Strategies

The Board set goals for the next year using the Comprehensive Plan Implementation Matrix. Ms. McGarry provided instruction for the Board to complete a ranking exercise to determine focus areas in order of priority. She noted that they were only looking at focus areas not related to zoning or subdivisions as they would be taken care of during the ordinance updates. The Board put focus areas in order of priority and then identified strategy priorities for each focus area.

VII. 15 MINUTE BREAK

The Board took a brief recess. Dr. Ligon departed at 2:00 p.m.

VIII. CONTINUATION OF ITEM VI.

The Board ranked the focus areas and associated strategies as included below:

NELSON 2042 FOCUS AREA (NON-ZONING/LAND USE) & STRATEGY PRIORITIES
SHORT-TERM (S), ONGOING (O), MID-TERM (M)
ESTABLISHED SEPTEMBER 19, 2024

#1 PRIORITY (12 VOTES)

Focus Area: Improve Infrastructure to Support Sustainable Growth and Development

(CH 8 – Serving the Community)

- Strategy Priority 1: 8.16 - Continue to work with regional partners to upgrade and develop necessary infrastructure to meet the county's long term water supply demand **(O)**

- Strategy Priority 2: 8.25 - Support expansion of cellular service quality and availability through cooperation with cellular providers. Evaluate the need for planning and zoning changes to improve service **(S)**

#2 PRIORITIES (8 VOTES)

Focus Area: Bolster and Promote Economic Growth

(CH 7 – Creating a Resilient Economy)

- Strategy Priority 1: **Addition**: Support and Work with local Economic Development Authority to identify and attract new business opportunities to appropriate areas of the County **(O)**

Designated EDA Strategies:

- Strategy Priority 2: 7.17 Continue to support place-making and wayfinding in the village areas, grant opportunities for village branding and identity, and establish village mixed use to incentivize infill and development **(S)**
- Strategy Priority 3: 7.19 Support Regional economic development partners that provide local business support services **(O)**
- Strategy Priority 4: 7.20 Work with TJPDC to implement recommendations from the regional Comprehensive Economic Development Strategy **(O)**

Focus Area: Protect and Improve the Existing Housing Stock

(CH 5 – Creating Livable Communities)

- Strategy Priority 1: 5.3 - Promote grant programs, provide incentives and partner with NCCDF, Habitat for Humanity, and other local organizations and businesses that facilitate investments in maintenance and rehabilitation of existing housing – as well as TJPDC septic and SERCAP **(O)**
- Strategy Priority 2: 5.1 - Maintain an inventory of all short-term rentals in order to track and better understand costs and benefits **(S/O)**

#3 PRIORITIES (7 VOTES)

Focus Area: Protect the Natural Environment

(CH 6 – Protecting Natural & Cultural Resources)

- Strategy Priority 1: 6.12 - Explore opportunities for an incentive program to utilize existing recycling and compost facilities. Focus on education and outreach, continue to support and make better use of re-use sheds **(O)**
- Strategy Priority 2: 6.11 - Support scenic river and blue-way designations for local waterways **(S/O)**

Focus Area: Preserve Rural Character and Heritage

(CH 6 – Protecting Natural & Cultural Resources)

- Strategy Priority 1: 6.17 Protect agricultural and forested landscapes from development through tools such as conservation easements, ag and forestall districts, use-value assessments, and purchase of development rights program **(O)**
- Strategy Priority 2: 6.21 Encourage assessment of unlisted historic sites for inclusion on the VA Landmarks Register and/or National Register of Historic Places **(S/O)**
- Strategy Priority 3: 6.22 Work with local partners such as the NC Historical Society to identify, protect, and celebrate historic and culturally significant properties **(O)**

Focus Area: Diversify and Improve Local Industry

(CH 7 – Creating a Resilient Economy)

- Strategy Priority 1: 7.11 - Support organizations and initiatives that provide agricultural assistance, community education, marketing strategies, information on agricultural support businesses, and alternative agricultural uses **(O)**
- Strategy Priority 2: 7.9 - Support expansion and diversification in the agricultural and

forestry industries while maintaining and encouraging environmentally sustainable practices **(O)**

- Strategy Priority 3: 7.12 - Assess local permitting, licensing, and fees for agricultural producers and streamline processes where practical to remove unnecessary procedural barriers **(O)**

Focus Area: Coordinate Land Use & Transportation

(CH 4 Connecting People & Places)

- Strategy Priority 1: 4.19 - Facilitate the creation of area plans that identify transportation improvements in County towns and villages, such as Lovingston and Nellysford **(S/M)**
- Strategy Priority 2: 4.18 - Facilitate the study of potential village and areas for designations as Urban Development Areas **(S)**

#4 PRIORITIES (6 VOTES)

Focus Area: Maintain & Improve Existing Road Network

(CH 4 Connecting People & Places)

- Strategy Priority 1: 4.2 - Conduct traffic safety and speed studies throughout the County as necessary, based on an analysis of existing traffic volume and crash statistics. Work with VDOT to address priority traffic safety issues, such as a reduction of speed limits **(S/M)**
- Strategy Priority 2: 4.3 - Work with VDOT to address priority traffic safety issues such as reduction of speed limits, safety improvements at high crash intersections, adequate turn lanes, and reduced tractor-trailer "cut-through" traffic **(S)**

Focus Area: Expanding Housing Opportunities

(CH 5 Creating Livable Communities)

- Strategy Priority 1: 5.8 - Explore County investment in a community land trust that can create more affordable housing options **(S)**
- Strategy Priority 2: 5.9 - Review related strategies offered in regional housing study "Planning for Affordability: A Regional Approach" by TJPDC **(O)**
- Strategy Priority 3: 5.7 - Work with developers, non-profit agencies, and community groups to preserve and increase the supply of obtainable housing **(O)**

Focus Area: Plan for Resiliency and Sustainability

(CH 6 Protecting Natural & Cultural Resources)

- Strategy Priority 1: 6.32 - Assess County-owned buildings to identify opportunities for improving energy efficiency using the EPA's resources for Energy Efficiency in Government Operations and Facilities, or a similar program **(O)**
- Strategy Priority 2: 6.26 - Continue to work with regional partners to update and implement the Regional Hazard Mitigation Plan **(O)**

#5 PRIORITIES (5 VOTES)

Focus Area: Enhance Effectiveness and Transparency of County Government

(CH 8 – Serving the Community)

- Strategy Priority 1: 8.1 - Expand and improve external government communications to increase transparency and public participation across all demographics through the use of resources such as County websites and social media **(S/O)**
- Strategy Priority 2: 8.15 - Where possible, provide County information, services, and programs in both Spanish and English languages **(O)**

Focus Area: Support and Cultivate Today's Workforce

(CH 7 Creating a Resilient Economy)

- Strategy Priority 1: 7.2 - Support NC Public Schools and regional partners in coordinating and enhancing workforce training programs, sponsorships, incentives, and financial support **(O)**

- Strategy Priority 2: 7.6 - Promote and support community centers as hubs for education and economic development **(O)**

#6 PRIORITIES (4 VOTES)

Focus Area: Protect Rural Character & Environment

(CH 3 –Shaping Community Character)

- Strategy Priority 1: 3.8 – Encourage revitalization, repurposing, and rehabilitation of existing structures by promoting available resources, such as grants and tax credits; pursuing funding to support such efforts **(O)**
- Strategy Priority 2: 3.7 - Identify opportunities to connect neighborhoods and development through sidewalks, shared use paths, and trails **(S)**

#7 PRIORITIES (3 VOTES)

Focus Area: Invest in Alternative Transportation

(CH 4 – Connecting People & Places)

- Strategy Priority 1: 4.11 - Install EV charging stations at County-owned properties such as administrative offices, schools, and libraries **(S/M)**
- Strategy Priority 2: 4.13 - Work with community organizations to help facilitate the installation of EV charging stations in the County **(S/M)**

Focus Area: Provide Quality Services that Improve Community Livability

(CH 8 – Serving the Community)

- Strategy Priority 1: 8.31 - Investigate and pursue options to create a centralized County-owned recreational facility to offer athletic fields, aquatic recreation, and exercise opportunities to the community **(S)**
- Strategy Priority 2: 8.35 - Create a joint public-private partnership with NC community centers to facilitate coordination between different organizations, increase programming, and connect residents with their services **(S/O)**
- Strategy Priority 3: 8.36 - Promote the use of school buildings, community centers, long-term care facilities, and multi-use facilities for citizens year-round **(S/O)**

#8 PRIORITIES (2 VOTES)

Focus Area: Support Livable Communities

(CH 5 – Creating Livable Communities)

- Strategy Priority 1: 5.17 - Consider conducting a neighborhood study for the village of Lovingston to identify community-based preservation, revitalization, and neighborhood improvement strategies. Pursue grant funding as appropriate to implement study recommendations **(S)**
- Strategy Priority 2: 5.11 - Target housing near the County's existing growth areas where public utilities are available with a range of housing types and densities **(O)**
- Strategy Priority 3: 5.13 - In partnership with NCSA, create a water master plan for the County that includes current maximum build out and considers possible expansion of public water and sewer systems to support housing goals and objectives **(S)**

X. WRAP-UP

Ms. Staton reviewed the priority order of the focus areas.

XI. OTHER BUSINESS (AS MAY BE PRESENTED)

The Board had no other business to discuss.

XII. ADJOURNMENT

At 3:15 p.m., Mr. Rutherford moved to adjourn the meeting. Mr. Reed seconded the motion. There being no further discussion, Supervisors approved the motion by vote of acclamation and the meeting adjourned.