Mathews County Board of Supervisors

1st Budget Work Session - Budget Goals
Zoom Meeting Platform

Due to the COVID-19 Pandemic and pursuant to Section 4.000(g) in HB30, this meeting will be held electronically per Governor Northam's amended Executive Orders 63, 67, and 72 which impose limitations on the gathering of more than 10 people, and per the Continuity of Government Ordinance adopted by the Board of Supervisors at its regular meeting on December 15, 2020.

PUBLIC NOTICE:
This meeting will be conducted electronically. Citizens are encouraged to view the meeting online at https://www.facebook.com/MathewsCountyVA/. A recording of the live meeting will be uploaded to the Mathews County Meeting Portal immediately following the meeting's conclusion: https://www.mathewscountyva.gov/355/Meeting-Portal

Wednesday, February 3, 2021 at 1:00 PM

MINUTES

1. PUBLIC PARTICIPATION GUIDELINES

A. Public Participation Guidelines

2. CALL TO ORDER

Chairman Rowe called the meeting to order at 1:00 p.m.

3. PLEDGE OF ALLEGIANCE

4. ROLL CALL

Board of Supervisors Members Present (Electronically):	Michael C. Rowe, Chairman Melissa Mason, Vice Chair Paul Hudgins, Supervisor Jackie Ingram, Supervisor Amy Dubois, Supervisor
Board of Supervisors Members Absent:	None
Staff Present:	Mrs. Melinda Conner, County Administrator Mrs. Julie A. Kaylor, Deputy County Administrator Mr. Thomas Jenkins, Planning and Zoning Director Mrs. Caroline Oxley, Deputy Clerk

5. **APPROVAL OF AGENDA**

MOTION: On Motion of Melissa Mason, seconded by Paul Hudgins, the Mathews County Board of Supervisors voted 5-0-0 as follows: Michael Rowe, Melissa Mason, Paul Hudgins, Jackie Ingram, Amy Dubois - aye; None - nay; to approve the agenda, as presented.

Roll Call Vote:
Michael C. Rowe, Chairman - Aye
Melissa Mason, Vice Chair - Aye
Paul Hudgins, Supervisor - Aye
Jackie Ingram, Supervisor - Aye
Amy Dubois, Supervisor – Aye

6. **BRIEF PRESENTATION BY COUNTY ADMINISTRATOR**

Mrs. Conner, County Administrator, stated that the purpose of today's meeting is for the Board of Supervisors to communicate their budget goals and priorities. Mrs. Conner stated that Mathews remains heavily reliant on real estate taxes as its largest source of revenue, and that this provides approximately $10 million. She noted that over half of the budget is allocated for the public schools. Mrs. Conner stated that without a tax increase there would be no new revenue to work with. Mrs. Conner stated that some fluctuations and possible increases are anticipated but will not be enough to fund large projects.

Mrs. Conner stated that based on changes in the way internet sales tax is handled, she hopes to see some increases there. She stated that another large local source of revenue is personal property which is around $2 million, noting that it is a volatile tax and that there is not a lot of confidence projecting increases. Mrs. Conner stated that the next largest local state source of taxes is the communications tax which is paid through telephone bills and that is approximately $400,000.

Mrs. Conner stated that Mr. Thomas Jenkins, Director of Planning and Zoning, will talk about the Meals Tax fund, noting a Covid-related decline but not as much of a decline as was anticipated. She stated that her goal this year is to create a draft budget without a tax increase and noted that it will not be possible to fund every request without additional revenue and that would have to come from a tax increase.

Mrs. Conner stated that while the Board of Supervisors and the School Board were unable to meet this year due to Covid, a meeting is planned between the two Board's Chairmen and the Superintendent and herself to discuss the school's needs. She stated that they have a significant decline in enrollment this coming year which means that the local cost share will increase, and the state share will decrease, noting that is probably the biggest concern this year.

7. **BOARD OF SUPERVISORS DISCUSSION - BUDGET PRIORITIES AND GOALS**

Chairman Rowe opened the floor for discussion.

Supervisor Hudgins asked for additional information on the CARES Fund expenditures. He questioned whether the fund had been looked at by outside sources. Mrs. Conner stated that an audit on expenditures has not been done as of yet. Chairman Rowe stated that staff is following guidelines in the management of those funds, Mrs. Conner agreed. Mrs. Conner stated that the CARES Fund is separate, not part of the operating budget and that it is not part of the discussion today.

Chairman Rowe stated that the school division is projecting a decline in enrollment to about 845 to 850 students, noting that this is significant and is troublesome.

Mrs. Conner stated that fund balance has increased to approximately $8.8 million, and that is good news. She stated that fund balance has seen a steady increase and that it is important to hedge against having to take on additional debt. She noted that it also helps to protect the community in case of natural disasters. Mrs. Conner stated that few localities have healthy fund balances, especially communities of the size of Mathews, and noted the importance of not only maintaining it but to also continue to increase it. Mrs. Conner reported a slight dip in fund balance occurred in 2019 due to a few emergency expenditures, but that it has recovered.

Supervisor Hudgins stated that he had additional CARES fund questions. Chairman Rowe stated that the CARES fund was not part of the budget discussions today. Vice Chair Mason provided clarification on the difference between the CARES fund and the budget and asked Supervisor Hudgins to share his questions with Chairman Rowe and Administrator Conner in a separate conversation so as not to confuse the public. Supervisor Dubois asked Mrs. Conner what her approach is to cover any expenses not deemed allowable for CARES funding. Mrs. Conner stated that she did not anticipate that being an issue, noting that staff had been careful to follow the guidelines and that Mathews had not done anything out of the norm for other localities in the same situation. Mrs. Conner stated that she is happy to answer questions from any Board member about the CARES fund and noted that some further discussion will take place when Mr. Jenkins provides his update on the Capital Improvement Plan, because staff was able to utilize CARES funds to protect some of the CIP budget. Mrs. Conner stated that items normally funded through the CIP, such as buses and patrol vehicles, were paid for with CARES funds which in turn allowed for some reorganization of projects identified in the CIP. Supervisor Hudgins stated that would be considered a surplus. Mrs. Conner stated that she would not use the term surplus, it just means we do not have to fund those items through the CIP.

Mr. Thomas Jenkins, Planning Director, provided a summary of recently approved and completed capital projects. He stated that some items mentioned by Mrs. Conner were not slated to be completed this year, but CARES funds made it possible to purchase buses, patrol cars and for renovations to the Administration building. Mr. Jenkins stated that funding for planning services was included in the plan for future renovations to the Administration building, but noted that Mr. Kevin Zoll, Building Official, was able to handle some renovations to the Administration building with CARES funding and County funds, which largely bypassed the planning phase altogether. Mr. Jenkins stated that there is $300,000 allocated in Committed Reserves that will not be used to fund the CIP this year because of utilization of CARES funding. Mrs. Conner stated that Mr. Zoll utilized CARES funds for improvements to the Administration building that included things like a new air exchange system and improvements that will allow for proper social distancing of staff and the public. Mr. Jenkins stated that these items will no longer need to be prioritized in the CIP and noted that staff in the Administration building, as well as citizens who visit the offices, appreciate the improvements. Chairman Rowe stated that these improvements have been a long time coming.

Mr. Jenkins stated that the Meals Tax fund balance is $623,000. He stated that projected revenue based on the first half of the year was about $278,000, which is equivalent to proposed expenditures, and that if all goes as planned fund balance will be level at the end of FY21. Mr. Jenkins stated that looking into FY22, conservative estimates are that the fund will take in $280,000 with only $165,000 in planned expenditures, allowing the fund to grow throughout FY22. Mr. Jenkins stated that allowing this fund to grow, while addressing current needs, will provide a means for handling significant projects in the future.

Mr. Jenkins stated that the plan presented to the Board today is the Planning Commission's recommendation to date. He asked for comments and feedback that the Planning Commission can consider at their regular meeting on February 16th. He noted that the Commission will consider adjustments at that meeting with an updated plan ready for the Board's work session in March. Reviewing the plan, Mr. Jenkins stated that some public access projects are in development now, and that some of those will tie into dredging projects. He reported that the East River Boat Yard is on the list but not recommended for funding in the coming year. Mr. Jenkins stated that the area of technology is significant because of the need to replace the outdated and unsupported Enterprise Resource Planning system. He stated that this system is the center of all services and used by almost all staff. He stated that this system support payroll, tax billing, and budgeting services and noted its value to providing services to citizens. Mr. Jenkins stated that the Planning Commission recommends replacing this system in FY21 and allocated $130,000 toward this project. He noted that this was an estimated based on knowledge at the time of planning and that a final cost will be determined after all things considered. Mr. Jenkins stated that the Main Street project is federally funded and that funds were not awarded for this project in the current year. He noted that this project will remain on the plan but will be moved to future years in hopes funding will be awarded. He stated that two projects, a ductless HVAC system for the Emergency Services building and an ADA ramp for the Administration building, were included in the plan. Mr. Jenkins stated that the schools had quite a few needs and that funding is planned for replacement of the boiler burners at Thomas Hunter Middle school and window replacement or repair, utilizing the Meals Tax fund. He stated that after the draft plan was prepared, Sheriff Barrick submitted needs for the E-911 center at a cost of $229,000 and that the Commission will work on integrating that request into the plan at their next meeting utilizing existing funding sources. Mr. Jenkins stated that the Volunteer Fire Department is exploring replacing the Courthouse fire station, noting that this will be a large expenditure in the future, but that he does not yet know what the request will be from the department. Mr. Jenkins outlined the breakdown of funding sources, noting that most will be covered by the Meals Tax fund and that the rest would come from Committed Reserves. Mr. Jenkins stated that this is the third year that the Planning Commission has been working on this and that it is getting easier for them now. He stated that they deserve a job well done for what they have done so far.

Supervisor Hudgins stated that priority should be given to replacing radio system for all emergency services county-wide. Mrs. Conner stated that this is one of the major projects that the community is going to need to address and that the system she has been looking at would not only solve that issue but would also benefit the expansion of broadband. She noted that this expense would be upwards of $800,000. Mrs. Conner stated that this project could be paid from fund balance or by financing. She noted that the fund balance option would eliminate the need for debt.

Supervisor Dubois agreed with Supervisor Hudgins on the radio system replacement and the fact that it would benefit broadband expansion. Addressing broadband expansion, Supervisor Dubois asked how local funding requirements would be addressed in the budget. Mrs. Conner stated that it would not be managed in the operating budget, that it would either be funded through the Meals Tax fund, Committed Reserves or fund balance. Supervisor Dubois stated while she was appreciative of the priorities mentioned, she was concerned about the window replacement at the schools and wondered if enough funding had been allocated for that priority to reduce the risk that was present, noting that during a walk-through of the buildings, it was discovered that several windows appeared to be leaning in. Mr. Jenkins stated that he would revisit the matter with the Planning Commission and that he was going to ask Superintendent Welch to attend the Commission's February meeting.

Supervisor Dubois addressed concerns at Tompkins Cottage. It was noted that Mr. Zoll planned to take on some repairs to the building in-house with staff. Supervisor Dubois stated that while she was glad it had been programmed, she was disappointed that it was two years out and that she looked forward to hearing from Mr. Zoll on his plans to address some of the issues.

Supervisor Dubois asked about work on the courthouse green. Referring to Tompkins Cottage, Mr.

Jenkins stated that lifting the building is a big ask because of magnitude, but he hoped that some repairs could be handled in house. Supervisor Dubois stated that the Mathews County Historical Society had been pursing grants. Mr. Jenkins reported that they were not successful to date but planned to continue efforts. Mr. Jenkins stated that the funding allocated for courthouse green work in the Committed Reserves could be reallocated to other projects.

Vice Chair Mason stated that she agreed with Supervisor Dubois regarding the school repairs. Mr. Jenkins stated that while he cannot speak for the Planning Commission, there is a need for additional discussion concerning the realigning of schools and the future use of the buildings that will determine the priority of repairs. Vice Chair Mason stated that the needs will continue to be there because all buildings will continue to be utilized.

Addressing Board members goals and priorities, Supervisor Dubois stated that she would like to see no increase to taxes. She stated that she felt the need to keep up momentum on the Compensation Plans in place, noting that the adjustments that were made allow the County to attract and retain qualified staff. She stated that by investing in those positions, it is an investment in the citizens by providing the hard work to be done, and that she does not want to lose ground because it takes too much to catch up later on. Supervisor Dubois stated that she is thankful for the schools reviewing their plans and hoped that the safeguards work, and enrollment numbers go back up. She noted that lots of children were removed for home schooling and that it is possible enrollment numbers can go back up. Supervisor Dubois stated that the Board does need to consider a backup plan if numbers stay low, noting that although she did not want to say the words, that there may be a reduction in force and that they had been blessed to not have to worry about that to this point. Supervisor Dubois stated that all requests presented to date seemed reasonable to her, noting that all were fairly essential and that not funding them would require a reduction in services. Supervisor Dubois stated that some she considered non-critical were indirect investments that would help with economic development and tourism and those asks were not large. She pointed out the hard job Mrs. Conner and Mrs. Kaylor had before them. She stated that she did not see anything frivolous. She stated that she saw reduced requests in some instances and that she appreciated everyone thinking about their requests. Supervisor Dubois stated that the Board must invest in broadband as it will support all other efforts. She noted that if the pandemic continues for any length of time, citizens must be connected so education, work, and health issues can continue to be addressed.

Vice Chair Mason stated first priority is broadband and its future impacts on economic development. Referring to the County's reliance on real estate tax as its largest revenue source, she stated that other revenue sources must be sought in order to be a vibrant and successful county. Vice Chair Mason stated that the Board cannot just look at increasing taxes, noting the need to grow tourism. Vice Chair Mason stated that no requests were frivolous, and that all were impactful. Referring to crucial areas, she identified education to mental health. She noted that the Board has to do what is necessary to make sure the school system is successful. Vice Chair Mason identified emergency services and broadband as other priorities that must be addressed.

Supervisor Ingram questioned the County's auditing firm and whether or not they would be auditing the CARES fund. Mrs. Conner stated that staff has gone through the procurement process as required and that the firm being utilized has been auditing Mathews County for many years and is well respected throughout the state. Mrs. Conner stated that there she would not recommend making any changes.. Chairman Rowe stated that Robinson Farmer Cox has been with the County for many years and that they do a good job.

No further comments from Supervisors, Mrs. Conner stated that the next step is for staff to prepare a draft budget. She noted that there are two upcoming budget work session meetings and that if there were a consensus agreement, those two meetings could be combined into one since the general feeling from the Board is that there be no tax increase this year. Chairman Rowe stated that it makes sense to combine into one, that there is no need for two, stating that impacts to schools will not be known for quite some time. He recommended the meeting be moved to later. Mrs. Conner stated that the upcoming meetings are scheduled for March 9th and March 25th, and that even by the 25th, we will not have all information from the state. Chairman Rowe stated to cancel the March 9th meeting but keep the meeting on the 25th as the next work session. Mrs. Conner noted that meeting would be on Tuesday, March 25, 2021 at 1:00 p.m. and that she planned to have a draft budget at that time. She noted that she will use the requests as presented.

Supervisor Hudgins stressed the importance of not increasing taxes.

8. ADJOURNMENT

MOTION: On Motion of Paul Hudgins, seconded by Melissa Mason, the Mathews County Board of Supervisors voted 5-0-0 as follows: Michael Rowe, Melissa Mason, Paul Hudgins, Jackie Ingram, Amy Dubois - aye; None - nay; to adjourn the meeting.

Roll Call Vote:
Michael C. Rowe, Chairman - Aye
Melissa Mason, Vice Chair - Aye
Paul Hudgins, Supervisor - Aye
Jackie Ingram, Supervisor - Aye
Amy Dubois, Supervisor - Aye

____
Michael C. Rowe, Chairman
Mathews County Board of Supervisors

____
Melinda Conner, County Administrator

____
Julie Kaylor, Deputy County Administrator/Clerk