

AT A MEETING OF THE MIDDLESEX COUNTY BOARD OF SUPERVISORS HELD ON
FRIDAY, JANUARY 6, 2023, IN THE BOARD ROOM OF THE HISTORIC COURTHOUSE,
SALUDA, VIRGINIA:

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

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

CALL TO ORDER

Chairman Kimbrough called the meeting to order at 9:30 a.m.

ROLL CALL

Attendance was taken by Ms. Ricardi with the following roll call: Supervisor Koontz – Present (left before the Economic Development Authority Presentation); Supervisor Harris – Present; Supervisor Williams – late (arrived during the Economic Development Authority Presentation); Supervisor Jessie – Present; and Chairman Kimbrough – Present. There was a quorum.

BOARD COMMISSION AND CITIZEN APPOINTMENTS

Mr. Kimbrough had one revision to the appointment list and stated that Mr. Harris does not serve on the Virginia Peninsula Public Service Authority (VPPSA).

Mr. Walker requested removing Mrs. Muncy and adding Ms. Ricardi as the alternate for the DSS Advisory Board and the Middle Peninsula Juvenile Detention Commission.

There being no objections to the list of Committee Citizen Appointments as amended, Mr. Kimbrough made the following committee appointments for 2023:

2023 Committee Appointments

<p><u>Lud Kimbrough</u></p> <ul style="list-style-type: none">• Middlesex Water Authority• Joint School Finance Committee• Historic Courthouse Committee• Sewer Study Committee• Middle Peninsula Economic Development Resource Organization/Middle Peninsula Alliance <p><u>Don Harris</u></p> <ul style="list-style-type: none">• Museum Board• Rappahannock River Basin Commission <p><u>Wayne Jessie</u></p> <ul style="list-style-type: none">• VACo Legislative Liaison• Sports Complex Commission• Oyster Festival Foundation• Middle Peninsula Planning District Commission• Director of Emergency Services• Emergency Services Committee• High School Renovation Project Committee <p><u>John Koontz</u></p> <ul style="list-style-type: none">• Joint School Finance Committee• Middlesex Foundation• Middle Peninsula Regional Security Center (Jail Authority)• Middlesex Broadband Authority (Chairman)• Middle Peninsula Chesapeake Bay Public Comment Access Authority• Virginia Peninsula Public Service Authority (Alternate)• MP-NN Community Services Board (Alternate for Dr. Pirok)• Keep Middlesex Beautiful Committee	<p><u>Reginald Williams</u></p> <ul style="list-style-type: none">• Middle Peninsula Planning District Commission• Airport Committee• Recreation Committee• Community Policy and Management Team (CPMT)• Planning Commission <p><u>Matt Walker</u></p> <ul style="list-style-type: none">• Community Policy Management Team Chairman (CPMT)• Middle Peninsula Juvenile Detention Commission• Middle Peninsula Regional Security Center (Jail Authority) (Alternate)• DSS Advisory Board• Virginia Peninsula Public Service Authority (Alternate) <p><u>Ann Marie Ricardi</u></p> <ul style="list-style-type: none">• Virginia Peninsula Public Service Authority• DSS Advisory Board (Alternate)• Middle Peninsula Juvenile Detention Commission (Alternate) <p><u>Kevin Gentry</u></p> <ul style="list-style-type: none">• Rappahannock Community College Board <p><u>Charlie Beam</u></p> <ul style="list-style-type: none">• Airport Committee Liaison <p><u>Marc Longest</u></p> <ul style="list-style-type: none">• Middle Peninsula Chesapeake Bay Public Access Authority (Alternate) <p><u>Michael Hurd</u></p> <ul style="list-style-type: none">• Middle Peninsula Community Criminal Justice Board <p><u>Sheriff/Deputy</u></p> <ul style="list-style-type: none">• Middle Peninsula Community Criminal Justice Board
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MIDDLESEX WATER AUTHORITY UPDATE

Mr. Jim Nagy provided an update and said everyone who wanted a meter, except for one person, has a meter. He explained the six phases of the project and said that four of the six are complete and two are in the final stages of completion. He said originally the total project cost was estimated at \$29.5 million and to-date the cost is \$29.4 million. Mr. Nagy said initially there were 494 subscribers and currently there are 716 subscribers. He said in December they billed \$43,000.00 and added the highest billing month has been October at \$49,000.00. He said that December, January and February will be lower billing months compared to the summer months, but said it is still too early to predict monthly revenue. Mr. Nagy stated that of the 716 subscribers, only 60% are hooked up to water and sited the shortage of local plumbers and costs as being the main reasons for this. He said the highest usage month was 3.2 million gallons and the permitted usage is 16.2 million gallons, well below the allowable amount. He said he has received calls from citizens regarding insurance bills, and said Mr. Layman is working to lower the County's risk rating which will benefit all citizens, not just subscribers.

Mr. Walker addressed the plumber shortage and said since the start of the project, plumbers have retired and fewer local tradesmen are doing the work. He said with the completion of the main part of the project, the major contractors will be able to pick up and help with the backlog of subscribers waiting to be hooked up.

Mr. Nagy said 20 psi is required in the system when pulling from hydrants and said there is flow from the hydrant, but it is getting dangerously low on the 20 psi. He added there is a modification at the Deltaville station scheduled to be installed in the next couple of months that will resolve any issues. Mr. Walker mentioned possibilities for inground water tanks if needed.

Mr. Kimbrough asked when the next phase of the water system installation is scheduled to begin. Mr. Chambers said the water and sewer sharing resources would help future growth. Mr. Kimbrough asked who citizens would call if they wanted hooked up to water or sewer. Mr. Walker said it would be up to the citizens to contact the Water Authority and the County and find out if hook up is possible.

Mr. Harris asked if the water and sewer would be combined in the future. Mr. Chambers said in the future water and sewer should be thought of as one authority from a strategic perspective. Mr. Walker said when the sewer system is deployed and financing is in order, he recommends the Board consider forming a Public Service Authority to oversee water and sewer.

SEWER PROJECTS

HRSD Update

Mr. Jeremiah Burford, HRSD representative, discussed the transmission force main from Urbanna to the Mathews transmission force main and said this portion of the project includes the Locust Hill pump station, the Hartfield pump station, and said Cooks Corner will be incorporated in with the Gloucester pump station. He said upgrades to the existing pump stations in Mathews County will accommodate the additional flow coming from Middlesex County during the project. He added they have accommodated for future growth in Christ Church. Mr. Burford said the project is estimated at \$33 million of capital from HRSD and is 100% HRSD funded and stated August 2025 as the estimated completion date. He said approximately half the needed easements have been acquired and the design for the force main is 100% complete. He added, the project should be ready for bid in April 2023 with an estimated two-and-a-half-year construction completion date.

Mr. Burford discussed the pump station design and said HRSD wants to ensure the design will fit with the neighborhood, have curb appeal and not be an eyesore. He then discussed the Locust Hill pump station which will be located outside St. Clair Walker Middle School. He said he has met with the School Board to ensure HRSD understands what the School Board wants, and the pump station will blend with the architecture of the school.

He said the next construction project is the gravity sewer project at Cooks Corner, which will have a pump station, a discharge force main and the gravity sewer. He added this will

connect all the commercial businesses, school, and the future workforce housing. He said the projected completion date of the project is July or August 2023, with an estimated project costs approved by the Board of \$4.7 million.

Mr. Burford said the other active project is the Deltaville force main and the approximate cost will be \$3.8 million with a projected completion date of September 2025. Mr. Burford said the Saluda phase one and Hartfield phase one are no longer active projects for HRSD. He added they were initially gravity sewer and will be closed out and no longer managed or operated by HRSD. Mr. Walker provided an explanation, stating HRSD will build the pump stations and most costs will be their responsibility with the County sharing some of the cost. HRSD has submitted a Cost Sharing Agreement that he is currently reviewing. Mr. Jessie asked if the County would operate the pump stations. Mr. Walker said that HRSD will operate the moving parts and the County will operate the low-pressure force main.

Mr. Burford explained the Gantt chart provided to the Board for review. He also said HRSD normally provides a year warranty after construction is completed. Mr. Walker said the Gantt chart will be included with the Staff reports for the Board's review. He also said that Mr. Burford will be asked to come on a quarterly basis to provide updates and said any changes before that time can be communicated to Mr. Beam who will ensure it is included in the Board packet.

Mr. Kimbrough asked about a news article he read regarding sewer storage tanks near St. Clair Walker school. Mr. Burford said the storage tanks will be below ground and added the tanks are made from a non-corrosive material. He also provided additional steps that will be taken to ensure public and environmental safety.

Mr. Harris asked about the easements with the school. Mr. Burford said they are waiting for a property acquisition from the school. He added that there isn't an agreement but expects one by the next meeting. There were additional discussions regarding meetings with the School Board and project plans.

Timmons Update

Mr. Ken Turner, Timmons Group representative, addressed the Board with updates regarding the project in the Deltaville area. He briefly mentioned an agreement between HRSD and the County which moves the force main up to General Puller Highway. Mr. Turner said the Board provided authorization to move the force main from one side of the road as the water main to the opposite side of the road and added with authorization, HRSD and the County agreed to extend the Topping force main up to General Puller Highway from Locust Grove Road. Mr. Turner requested additional funds to perform this work. He said the original scope of work that was authorized was \$312,000.00, Timmons indicated they would request an additional \$63,000.00 for additional survey, design, and environmental work.

Mr. Turner mentioned proceeding with the Deltaville sewer system in three phases and broke it down into specific areas and work, stating that phase one was Stingray Point, phase two was the Stove Point side of General Puller Highway and phase three was the Brewers Neck side of General Puller Highway. He added that given the available funding, they are looking for authorization to proceed with phase one. He said the cost of the work is significantly

lower since they are using the survey, design and existing information from the water system. Mr. Turner also stated they are requesting addition funds for project management and attending Board of Supervisor meetings through the end of the fiscal year.

Mr. Turner said he felt it prudent to start public outreach to identify a customer base in Deltaville. He mentioned working together with the Water Authority since customers couldn't hook up to the sewer system unless they are provided water from a metered community water system. Mr. Walker explained further that the water source does not have to come from the Water Authority, but it must be a metered connection. He said the reason behind HRSD's policy is this provides something to base the sewer bill on.

Mr. Turner said they are requesting authorization, and funding for additional services at Topping and for the survey and related work in Deltaville, for a total of \$193,500.00. He estimates the total construction cost will be \$41 million.

Mr. Kimbrough asked about the funding source and the process to proceed to authorize phase two and three in Deltaville. Mr. Walker said although there were discussions on proceeding with phase one, he understood that the design and seeking funding would begin for all three phases.

Mr. Koontz asked about a timeline for beginning construction on phase one. Mr. Turner stated they anticipate beginning construction in Deltaville in January 2024 assuming the easement acquisitions go smoothly. Mr. Walker said the Board will need to authorize Timmons to move forward with the final design in Deltaville, Saluda, and Hartfield. He said that Timmons would prepare an addendum to their agreement and submit it to the Board for approval. Mrs. Lewis requested a copy of the proposed addendum language and stated she needs a minimum of two weeks to review the document before the February Board meeting.

Mrs. Lewis added if easements are required prior to obtaining funding, a minimum of one year is a reasonable expectation for easements; however, it could be longer. The board discussed the process for obtaining easements.

Mr. Walker added that the resolution was given to Mr. Hodges at the General Assembly. He said he would be prepared to be available to go to the General Assembly to answer any questions regarding the County's funding requests.

Financial Discussion

Mr. Walker reviewed the estimates Mr. Turner provided, easement estimates, design costs and construction costs. He said the estimates and costs could be substantially less or more when the project goes to bid and reminded the Board when the project began, interest rates were at 2% and currently at 4.125% but warned this could increase again. He said currently \$854,000.00 is budgeted for sewer debt service and this goes into capital reserves if unused. He said as previously discussed; the estimated total project debt service costs are \$1.6 million. He said without any grant assistance, the amount needed is \$763,000.00 to deploy the system as proposed. He said if DEQ grant assistance is received, the County will need an additional \$176,000.00 for debt service and if any additional grant assistance is received,

the County would have an additional \$469,000.00. Mr. Walker reminded the Board these numbers were only estimates.

Mr. Walker discussed rates and said when operations begin, the rate expected is \$17.07 with increases expected over several years. He added the County portion of the rate will be \$7.17 and explained this is the portion the County receives for maintaining the collection system component and added the County would typically have a monthly fee of \$32.27. He discussed the possibility of having a minimum fee for the property owners who are part time residents but added this will need to be studied more. He said HRSD would bill on the County's behalf and the County will receive a portion of that bill for maintenance of the collection system.

Mr. Walker stated the revenues of the system are not enough to cover deployment which was never expected. He said the County wants the sewer system for current residence, for future customers and to make communities more viable for development as well as to maintain current business such as the marinas, restaurants and other businesses in the County.

Mr. Walker said future revenues are taken into consideration to help secure the loan financing through the State and informed the Board that the connection fees for a typical residential connection would be \$10,000.00, adding the connection fees would be higher for larger meters. He said the estimated annual revenue for Deltaville alone would be \$252,000.00.

Mr. Walker provided the Board with a financing overview, stating the estimated grant is \$18 million which includes the DEQ grant and the \$11 million from the General Assembly for the Deltaville portion. Mr. Walker said this is an investment the County can afford, and it will pay dividends for many years to come. He mentioned estimates for potential connections and the interest in sewer that was received during the water systems town hall meetings.

Mr. Walker continued to review the sewer system financials, saying that \$203,000.00 would be needed for the Saluda debt service and Hartfield, even though the smallest deployment, would need \$113,000.00 annually for debt service. He said he should hear from the DEQ and General Assembly sometime in March and April on the funding requests.

Mr. Walker discussed Topping and said the campground provides more revenue on an annual basis than required to fund it. He added there are other businesses in that area that expressed interest in connecting to sewer and briefly discussed potential partnership with the campground to help with funding on some deployment costs for the campgrounds.

Mr. Koontz asked about collateral. Mr. Walker said he does not intend to pursue lease revenue bonds. He said the County could pledge money from the general fund revenues to help deploy the system since it is a new system and over time, the revenue will grow and more than likely fund itself.

Mr. Kimbrough asked why the County was paying for the force main from Harmony Grove stating that it was HRSD that was extending the force main to Parsons Lane in Deltaville. Mr.

Walker said as part of the agreement with HRSD, the County is responsible for the portion of the force main from the County lift station.

Mr. Kimbrough asked how the \$2.4 million design fee would be funded. Mr. Walker said either the Clean Water Revolving loan fund or it will be paid out of general funds. The Board had further discussions on project funding.

ECONOMIC DEVELOPMENT AUTHORITY UPDATE

Mr. Funkhouser stated that the Economic Development Authority receives a portion of the transient occupancy tax the County receives totally approximately \$120,000.00 which funds the majority of the EDA's budget. He added they are currently cashflow positive with approximately \$400,000.00 on hand and approximately \$100,000.00 earmarked for site development. Mr. Funkhouser said there is a \$120,000.00 in AARPA funds and will be utilizing this money for advertising, primarily for rebuilding platforms to be responsive to how visitors plan their trips to the County. He said they are working with Virginia River Realm and participating museums in the area. He said that with the industrial revenue bonds becoming obsolete, the EDA has been looking at redoing CD's at a higher rate and will be focusing on recurring money sources.

Mr. Anzivino discussed the new strategic plan. He discussed the future of the Economic Development Authority and commended the Board for investing in water, sewer and broadband. He said during peak seasons, the population growth is around 40% and discussed the importance of providing core level services but maintain the ability to scale back during the non-peak seasons. Mr. Anzivino said in 1990 41% of residents left the County to seek good employment compared to 70% in 2020 and said during the same period, the per capita sales taxes lags significantly behind the state and national growth rates.

Mrs. Lewis made note that Supervisor Williams joined the meeting.

Mr. Anzivino then discussed the new Economic Development Authority plan and the direction they are planning that will result in positive job growth, tax base expansion, working with existing businesses and expanding those businesses and maintaining ongoing partnerships with other local governments and agencies both regional and state that support the initiatives of the Board of Supervisors. He added that this will not be an overnight success but will work on setting the framework for programs promoting job growth and successful economic development programs for the future.

MPPDC – DREDGING PROJECT UPDATE

Mr. Curt Smith provided an overview of the dredging activities in the county. He said over the past few years, there has been success in leveraging for grants to cover dredging projects in the County and discussed the DCR grant for dredging Broad Creek and said they are in the process of finalizing a change in the scope of the initial proposal and are awaiting the final decision. He added they are aware of the immediate public safety and commerce needs surrounding the channel. He advised the Board there will be an amendment to the service agreement and reminded the Board the service agreement was for designing a project; however, the projects overall cost will increase now that they are dredging the creek. He

discussed the next phase of the project being designing a structure along the channel to prevent future shoaling.

Mr. Smith informed the Board the Whiting Creek project was awarded and said this was preliminary notice and were still waiting for a contract and once received, he will bring it to the Board for discussions on the next steps for the project. He advised the Board that some of these grants require some level of local matching and encouraged the Board to remember the project when considering the annual budget.

Mr. Walker added there is currently \$750,000.00 set aside every year for dredging. He suggested reviewing this and dependent on the revenue and other demands on the budget, slightly increasing the amount.

Mr. Smith discussed other projects that are more regional, specifically launching a municipal regional dredging program. He said at the last General Assembly, \$5 million was allocated to purchase dredging equipment for the Middle Peninsula and said the stipulations were that the dredging was to cover Middlesex County, Mathews, Gloucester, as well as Accomack and Northampton on the Eastern Shore. He updated the Board on unintended obstacles and said legislative intent was for the Middle Peninsula to purchase the dredge and they are planning on resolving the matter by a budget amendment at the upcoming General Assembly session. He added that there will be another budget amendment clarifying how the money will flow from Richmond to the purchase of the dredging equipment and said legislative's intent was for the money to be used for these purposes; however, there wasn't a clear way to transfer between the General Assembly and the Virginia Port Authority who is supposed to receive the money.

BUILDING & GROUNDS PRESENTATION

Airport

Mr. Beam confirmed the letters authorizing the County Administration to sign for the airport construction grants had been signed and mailed.

Mr. Beam discussed the issues at the fuel facility and said the Virginia Department of Aviation notified him of a notice of funding opportunity in the amount of \$268 million to be used for discretionary grants for airport contract projects, capitol planning, noise planning and mitigation, energy and environmental sustainability. He said he would like to build a new fuel facility and said it would fall under this grant and added the application is due by the end of the month. Mr. Beam discussed ideas for future growth at the airport and will develop an airport layout plan to include with the grant application to find out how much of these funds would cover. He said he plans to get the current fuel facility up and operational in the interim and put together a preventative maintenance program.

Mr. Beam also said that he's working on setting up the airport as a separate line item so all revenue generated at the airport will stay at the airport.

Mr. Kimbrough asked if the airports lights were the only remaining unfinished project. Mr. Beam said the lights were on order and should arrive by April. He also said there was

seeding and grading that would need to be done in the Spring and said the Perkinson planting list had been narrowed down and trees and grasses used will be native to the area.

Mr. Harris asked who was overseeing the airport project. Mrs. Lewis clarified that Mr. Flynn should be resolving any contractual questions that are outstanding and Mr. Barber's contractual obligations he agreed to in writing.

Other Building Maintenance

Mr. Walker commended the building and maintenance staff, specifically Mr. Dwayne Thomas for the excellent work they have done. He said a systemic preventative maintenance plan is needed for all County buildings and although it isn't part of the capitol improvements plan, this is something that should be scheduled to do in the near future.

County Properties – Selling, Conveying and Use

Mr. Walker also discussed County buildings and briefly went over a list of the current County owned properties and their locations. The Board had a discussion on these properties.

ENTERPRISE PRESENTATION

Mr. Calvin Davis introduced Mr. Zack Midulla as the County's new account manager. Mr. Davis provided a brief history of the company, explaining they are a sister company of Enterprise Rent a Car and are partnered with approximately 30 government entities in Virginia to help manage fleet vehicles. He explained it is an ala carte approach, enabling their partners to choose the products and services best suited for their needs. He said they are not tied to any manufacturer and can help in vehicle acquisition with a network of over 65,000 dealers across the country and can assist with safety, financial, maintenance, resale and equipment installation such as public safety equipment. Mr. Harris asked which programs does Middlesex County currently utilize. Mr. Davis said acquisition, financing and outfitting, and they are discussing possibly adding resale. Mr. Davis provided brief explanations on each of the various programs Enterprise offers.

Mr. Jessie asked if they have an electric vehicle program. Mr. Davis said they are partnered with Geotab and working on implementing that program; however, currently they are only in the informational stage.

Mr. Walker said the primary reason the Sheriff's office and Administration was in favor of this program was the County's aging fleet vehicles with some having over 200,000 miles. He said the idea is to start replacing three or four under a lease agreement and develop a more efficient, less maintenance, modern and safe fleet.

Mr. Walker added, the optimal time to replace a vehicle is around 200,000 miles and the newer vehicles can be sold for more money which in some cases, the money from the sale could pay for the new one.

Mr. Davis said they've seen vehicle markup but said this should improve for 2024 since dealers are focusing on replenishing inventory. There was further discussion on the program and Mr. Davis provided examples of various costs which is dependent on the selected programs.

BOARD OF SUPERVISORS – ESTABLISH STRATEGIC GOALS & DISCUSSION

Chairman Kimbrough gave a PowerPoint presentation of what he considered to be keys to a successful community. He said one of the assets of the County is its location between two rivers on the Chesapeake Bay and that makes people want to come here and drives a lot of the County's industry. He stated the County has rural beauty and a historical uniqueness and is in close proximity to major population centers. He reviewed the priorities for 2023:

- Feature tourism and the County's visitor attractions such as the museums, historical sites and trailer boat launching at low or no cost and the elimination of the boat penalty, stating this would be an economic boost for the County.
- Support excellence in schools, fire rescue, law enforcement and other citizen services.
- Supporting the central water and sewer system necessary for the County's continued expansion.
- Supporting the Economic Development Authority's initiatives such as development of industrial park(s), coordinate internships and apprentice programs, and affordable housing for the growing work force. He said the Economic Development Authority's priorities align with the Board's strategic goals for continued growth in the County.
- Attract, enable and support local business such as the dredging of Broad Creek, stating it is the economic interstate for the County. He said continue to fast track the establishment of new businesses in designated zoning areas and consider incentives for job creation and investment and prioritize local suppliers for County projects.
- Chairman Kimbrough said communication is critically important and having a PR person to assist with communicating to the public would be a benefit for the upcoming planned projects.
- Keep Middlesex Beautiful is a great resource for maintaining the beauty of the County for our citizens and visitors.
- Continued support for County services and the continued staffing challenges the rescue squad faces. The Board is thankful for the volunteers the fire and rescue have.
- He said the Sheriff's office renovation is extremely important, as well as improving health care offerings for County employees. He said recruitment for the Sheriff's office is down in part due to the cost of health insurance.
- He would like to see an upgrade to the County enterprise software.
- Chairman Kimbrough spoke of sports tourism and wants to make sure sports are thought of more than soccer and baseball. He said Middlesex County has a North American champion sailing team and boating is the reason so many people come here.

REVENUE AND EXPENDITURE DISCUSSION

Mr. Walker discussed the State Budget and had several key takeaways from it. He said that rural localities have a much higher retirement population and if Middlesex County were combined with Northumberland, Lancaster and Mathews as a region, it would be the fourth oldest in the United States. He said a major issue for the County is keeping businesses open due to labor issues, the main thing being as the older population retires, the younger population is not located in the area, do not want these positions or they are not skilled in the work that is needed.

Mr. Walker said as inflation happens, personal property values increase as well as real estate and because of increased real estate values, people are paying more for homes which he does not expect to decrease soon. He also said the estimates for personal property is expected to be similar to last year but will reflect a 10-15% decrease due to the evidence that vehicle prices are declining in the U.S. He reiterated these number were only estimates.

Mr. Walker mentioned the County's debt picture has gotten better and believes the County is in a good position.

ADJOURN

There being no further business, the meeting was adjourned until the budget work session kick-off meeting on Tuesday, February 7, 2023, at 9:30 a.m.

Lud H. Kimbrough, III, Chairman
Board of Supervisors