

AT A MEETING OF THE MIDDLESEX COUNTY BOARD OF SUPERVISORS HELD  
ON TUESDAY, FEBRUARY 15, 2023, IN THE BOARD ROOM OF THE HISTORIC  
COURTHOUSE, SALUDA, VIRGINIA:

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

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

**ROLL CALL**

Attendance was taken by Ms. Ricardi with the following roll call: Supervisor Williams – Present, Supervisor Koontz – Present, Supervisor Harris – Present, Supervisor Jessie – Present and Chairman Kimbrough – Present.

**REVIEW OF REVENUE**

Mr. Walker reported that they have not received the health care renewals but a good estimate is built into the budget. He informed the Board that as of last Thursday, the County's \$11 million sewer funding request was still being funded for fiscal year 2024 in both the House and the Senate but more will be known by the March meeting. He reminds the board there is a request for \$15 million in revolving loan funds and that the approvals are somewhat flexible until the actual project costs are received.

Mr. Walker asks the Board if they want to give any special consideration to the agency reports or if they would rather leave it up to the staff to prioritize and balance the budget. Mr. Kimbrough expressed support for the Middlesex County Museum's request. Mr. Koontz echoes Mr. Kimbrough's sentiment, saying there are ways to financially support the museum but further research is needed. He also asks administration to go back to Ms. South and have her firm up the request for the new position. There were questions regarding the request for an additional \$5,000.00 for the Museums of Middlesex and clarification was given that each of the four museums receive \$5,000.00 for tourism purposes and the rest is for promotional printing material. Mr. Walker suggested working with the museum to define and sharpen how to help them and said funding could be done through appropriations later once there is a better idea of their needs.

Mr. Walker said the budget percentages are still a work in progress and explained the budget for Parks and Rec had been reduced by \$100,000.00 in the operating budget

but moved to capital because of the Buddy Park. There is discussion on the decrease of funding for the library due to budget constraints and priorities.

Mr. Harris asked for clarification on the adopted budget and the preliminary proposals for the next fiscal year. Mr. Walker explained that the preliminary proposal is what is used to balance the budget.

Mr. Williams expressed concern about the museum's size and lack of space and suggests the County think about the future of the museum and ability to showcase the history of Middlesex County. Mr. Walker suggested the old RCE building as a potential use for a community center and a museum. He stressed the importance of including many departments in the decision-making process.

Mr. Walker briefly went over the capital improvements and discussed school safety. There was discussion on funding for the library's mobile bookmobile, and whether this would be fully funded or not.

Mr. Walker presented his recommendations to the Board. He mentioned there is an estimated revenue surplus of \$257,760.00 with the proposed 5% employee increase, and suggested the County could use the surplus to provide a 7% increase for County employees' salaries instead of 5%. Mr. Walker informed the Board that the County Treasurer has moved \$2 million into a fund that currently pays 4% interest, which has contributed to the surplus. Mr. Walker suggested investing in short-term T-bills, which are yielding around 4%, instead of leaving the funds in CD's or low-yield accounts, with the goal being to maximize returns for the taxpayers. Mr. Koontz asked about the maximum duration of the investment term and Mrs. Lewis confirms it is up to five years per the treasurer's policy.

The discussion continued, focusing on investing the County's money in ways that will provide good returns and the concern with interest rates potentially going down and inflation remaining high, which could affect investment decisions.

Mr. Williams is concerned the devaluation of personal property is not fair to everyone. Mr. Walker explained, he has looked at all personal property and when he has done a 10% devaluation on the entire class of personal property, the deflationary valuation of vehicles comes out to be about 10% and suggests going through the estimates with Mr. Williams to obtain a better understanding of the situation. Mr. Walker is also concerned they may not see deflationary pressures as much as they thought, and it may even trend in the other direction and thinks they should wait to see how things play out before making any changes. Mr. Williams agrees and wants to look closer at the taxes to make sure everyone is treated fairly.

Mr. Walker continued discussing the estimated values of various types of personal property, including boats and vehicles. He said he is confident in the estimate, which has been adjusted to handle potential devaluation. Mr. Kimbrough notes that the value

of boats has increased significantly, which could be due to inflation or older boat owners getting out of the business.

Mr. Harris asked about the consumer utility tax, which has been trending down and is projected to be \$106,000.00 less than previous years. Mr. Walker explained that this tax includes communications and electricity consumption and has not been reaching a \$700,000.00 number in a while. There was further discussion regarding various sources of revenue for the County, including taxes, investments, and property rentals.

### **REVIEW OF COUNTY EXPENDITURES**

Mr. Walker continued discussing the various department requests and explained that the department requests are funded with a 5% increase but could pivot to 7% using the surplus. He discussed specific expenses, such as the treasurer's salary and hiring additional help, including the possibility of state funding for some positions. Mr. Harris asked if the Treasurer's budget includes the additional expenses for the rebate work, and Mr. Walker confirms that it included \$15,000.00 for additional part-time help.

Mr. Walker mentioned the unexpected increase in inflation rates that affected the County's budget plan. He said the State is considering a 7% increase due to higher-than-expected inflation rates, which is an increase from the 5% previously discussed.

Mr. Walker explained that the budget went up slightly, largely due to health insurance and PR services, which is being handled by a third-party PR firm. He also discussed the raises for school employees, and whether the County can afford to give them a 7% raise or not. The Board discussed the steps and grades system used by the school district to determine pay raises, which seems to be different from the system used by the County. Mr. Walker said when the State gives a 7% increase and the County does not follow suit, it causes internal friction within the workforce since some people will receive it and some will not. Mr. Kimbrough asked if the raise includes the State's contribution. Mr. Walker explained that the county's cost from the 5% to 7% for county employees is \$140,000 and for school employees is \$119,000. Mr. There was discussion on how the percentages are calculated if the state provides the 7% raise and Mr. Walker said that the County does not give more than 7% to any employee and some of the 7% is funded by the State.

Mr. Walker stated the school is requesting \$11,993,515.00 for a budget which includes a 5% increase in compensation. He recommends only funding what the State does and not pre-fund anything. He also mentioned that \$87,000.00 can be deducted from the school's requested amount since the General Assembly is going to correct the mistake made in the State's budget.

Mr. Walker mentioned the budget for the Cooperative Extension office, and said the request was to fund the 4-H program, stating that this is a valuable program to the County and noted the difficulty of fully funding positions that used to be the responsibility of the State.

Mr. Walker mentioned the budget request for the Sheriff's Department and touched on the need for additional deputies. He mentioned compensation increases and how many deputies the Sheriff's Department currently has. He also discussed the issue of recruitment and retention of qualified deputies, as well as health insurance costs as major issues the Department has.

Mr. Walker mentioned an upcoming meeting to discuss land use with the Planning Commission and the Economic Development Authority.

**RECESS**

Chairman Kimbrough recessed the meeting until the regular Board meeting later that same day, February 15, 2023, at 4:30 p.m.

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Lud H. Kimbrough, III, Chairman  
Board of Supervisors