

AT A MEETING OF THE MIDDLESEX COUNTY BOARD OF SUPERVISORS HELD  
ON THURSDAY, APRIL 21, 2022, 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  
Susan C. Traner, Deputy Clerk

**CALL TO ORDER**

Chairman Kimbrough called the meeting to order at 7:00 p.m. for the purpose of conducting the FY2023 budget public hearing.

**ROLL CALL**

Attendance was taken by Ms. Ricardi with the following roll call: Supervisor Harris – Present; Supervisor Jessie – Present; Supervisor Williams – Present; Supervisor Koontz – Absent; and Chairman Kimbrough – Present. Four Board members were present; there was a quorum.

**BUDGET PUBLIC HEARING**

Mr. Walker gave a presentation on the proposed FY2023 budget for the county and schools, totaling \$31,303,977, which is a 6% increase over last year. He said the proposed budget addressed the proposed revenues and expenditures for the county, the Board's proposed school budget, and capital improvement projects planned for next year, as well as other key issues affecting the budget. The proposed budget had been duly advertised, and the advertisement of the budget allows for adoption prior to May 1, 2022. Mr. Walker said that the public hearing on the proposed tax rates and the budget deliberation and adoption is scheduled for April 28, 2022 at 7:00 p.m.

Supervisor Koontz arrived at the meeting at 7:04 p.m.

***Revenues:***

Mr. Walker stated that there was a substantial increase in real estate taxes due to the reassessment conducted last year. The Board had proposed dropping the real estate tax rate to \$.61 from the current \$.62. However, due to the assessed value increase, that still equates to an increase of about \$.06 per \$100. The Board was considering adopting an increase in personal property tax on boats over five tons, from

the current rate of \$.62 per \$100 to \$.98 per \$100. Currently, boats under five tons, boat motors, and jet skis are \$.98 per \$100. This would be an increase of \$.36 per \$100 of assessed value.

Mr. Walker said that last year, the budget had a fairly substantial reliance on ARPA funding and revenue from the reserves to balance the budget. The reliance from the reserves decreased from \$1.3 million last year to zero in this year's budget. The reliance on the ARPA funds decreased from \$354,936 last year to \$126,350 in this year's budget, being used for still-eligible expenses.

Mr. Walker stated that the organic revenue growth is also a big story, both on real property as well as personal property. Even before the reassessment was brought into the picture, the County was seeing an uptick in development renovation which added real estate values on the books. There has been a significant increase in values of trucks, vehicles, and the like, which added a robust bump for the County as well. Organic revenue growth is a sign of a healthier economy.

Mr. Walker is also very impressed with the Cigarette Tax which is raising an amazing amount in funds. The numbers are continuing to come in strong, with an estimated amount of approximately \$200,000 per year.

Mr. Walker said that, even with lowering the real estate tax by \$.01, there will still be a healthy increase in real property taxes. If the personal property for boats over five tons is raised to \$.98, there would be an increase in those taxes of \$154,000. He said that while the Board brought in \$1.3 million to balance the budget last year, that would not be necessary this year with the proposed budget. He said there is a new fund balance line item this year for the E911 radio system maintenance of \$170,305. Monies had been held in escrow with the lender for those costs, but the lender returned those funds, and the County now had to pay for those costs annually out of those funds. The set-aside funds will be used for routine maintenance, checking and calibrating the system, and software upgrades.

***Expenditures:***

Mr. Walker stated that this budget does contain funding for a 7% cost-of-living (COL) adjustment for all County and School employees. This had primarily been done, as the Board had discussed, to help match the state's biennium proposal of 10%. Hopefully, this will get the County ahead of that this year by doing 7% of the 10% this year and leaving only 3%, if needed, for next year. The COL adjustment has been included in the proposed budget and advertised. The proposed budget also includes a new Administration position for a County engineer/Director of Utilities. This position would be co-funded by the Water Authority, and the position would serve as their Executive Director. The Water Authority would pay for half of all compensation. Mr. Walker said that increased funding was in the proposed budget for County fire and rescue services. The County fire and rescue services have not really seen a robust or dramatic increase in funding over the last 15 years. In comparison to surrounding

counties, Middlesex was the lowest in the region in funding. He said that the amount asked for by the volunteer fire and rescue services had been fully funded, with an increase of \$293,500. The County's Emergency Services department was funded with an increase of \$282,137, which includes the \$170,000 for the E911 radio system maintenance and \$107,000 for the County's contracted crews that run 24/7 in Urbanna and the upper part of the County. The non-departmental expenses would see a substantial increase primarily driven by the \$154,222 for the contingency line item should the boat tax be increased next week at the Tax Rates public hearing and be adopted. The contingency account is used for unexpected circumstances that arise. Per an agreement with the EDA, there is also \$167,000, which comes from the Lodging Tax revenue, that goes to the EDA for their tourism and marketing endeavors. Then the EDA returns money to the County to pay for their staff that is covered under the County as our personnel, even though they report to the EDA. The funding exchange takes place due to the agreement. The EDA has expressed a desire to possibly amend that agreement once the new EDA Executive Director begins.

The schools' budget request of \$11,169,803 for its operation this year was discussed by Mr. Walker. The proposed budget includes \$11,100,000, which is an increase of \$728,886, but approximately \$70,000 short of their budget request. Meeting the funding needs of the schools is always an important endeavor, but it is especially so this year in trying to meet the state's biennium budget requirements.

Mr. Walker discussed the increases in the proposed budget, reviewing certain line items and their increases. The Administration line item increased roughly 18% to cover the COL increases and to include \$145,000 for the new County engineer position. The fire and rescue line item increased by 69%, \$293,500 over last year. There is a 40% increase for Emergency Services for \$282,137 to include the radio maintenance. He said the school capital improvements had increased dramatically, but the school had done an amazing job funding a lot of their capital improvements, with the majority of their total CIP budget ask being funded through grants. He said the library had asked for an increase this year of \$30,000 to fund a part-time position to help drive their newly acquired or soon to be acquired library bus and that amount was included in the proposed budget. The library had not gotten an increase in many years.

Mr. Walker said the proposed school budget for FY23 was based on an ADM of 1,100, while last year's was 1,080. He reviewed key revenue items affecting the school budget. He said that \$6.5 million in state funding is expected, an increase of \$419,007, federal funding will have an estimated increase of \$53,000, and local funding of \$11.1 million, which is a proposed increase in local funding of \$728,486, but it is about \$70,000 short of what was asked for. The proposed local funding of the school debt service is at \$1,146,464. The proposed budget has a net school general fund of \$19.7 million, with a total school food fund of \$530,277, a total school textbook fund of \$145,618, and school capital improvements of \$954,280 with \$530,000 of that being funded through grants. All of that puts the total school budget at \$21,383,742.

Mr. Walker said that out of roughly \$954,000 for school capital improvements, \$530,000 was being funded through grants, leaving a County contribution of \$424,280. The school capital improvements include two new electric school buses for \$174,280, St. Clare Walker lighting upgrades for about \$250,000, and the elementary school and middle school paving and sealing parking lot improvements for \$530,000, which are grant-funded.

County capital improvements are \$531,350, partially funded by ARPA funds. The County's capital improvements include two Sheriff's vehicles for a total of \$80,000, the Cooks Corner Park at \$50,000, and the financial system upgrade for \$95,000. Also included is the Sheriff's Office Puller Center renovation estimated at \$180,000. David Layman, Emergency Services Coordinator, is working on getting Bi-Directional E911 amplifiers that will allow the radio signal to be amplified throughout the buildings for an estimated cost of \$126,350, but that project is ARPA funded and no County monies will be involved.

Mr. Walker reminded the Board that legally, the Board cannot take action on the budget at this time. The law requires that the Board wait a minimum of seven days after the public hearing before taking action on the budget.

### **PUBLIC HEARING COMMENTS**

Chairman Kimbrough opened the public hearing comment period at 7:22 p.m.

No speakers addressed the Board concerning the proposed budget.

Chairman Kimbrough closed the public hearing comment period at 7:23 p.m.

### **BOARD DISCUSSION**

Supervisor Koontz asked Mr. Walker about the increase in the airplane tax on the revenue side. He said it had almost doubled, going from \$11,000 to \$21,333. He wanted to know if the airplane traffic had increased significantly enough to cause that. Mr. Walker said there was no change to the personal property tax, but he believes that the valuation and the number of planes had increased.

Supervisor Koontz asked why the boat tax revenue of \$154,000 on boats over five tons, if those taxes are raised, would go into the contingency line item. He asked what the balance was, historically, for the contingency line item. Mr. Walker said the contingency has fluctuated between \$250,000 to zero. Last year, it was set at \$20,000. He said the contingency funds can be moved by the Board to other locations as they choose. Supervisor Koontz said so the County is then saying that it needs that money, that \$154,000, so much so that a different tax rate level will be set, to overfund the typical contingency balance of \$20,000. He said the biggest expense for the County is the school system and the majority of the money that is allocated to it goes to paying the teachers and staff. The school budget, based on its need, has gone underfunded for the last five to ten years. He does not feel the need to raise the boat tax if the

money is going to contingency and not to the schools where it is needed when their budget request or need was not met. It makes no sense to him.

**ADJOURN**

A motion to adjourn until the Tax Rate Public Hearing and Budget Deliberation and Adoption meeting, scheduled for Thursday, April 28, 2022 at 7:00 p.m., was made by Supervisor Jessie, seconded by Supervisor Koontz, and carried by the following roll call: Supervisor Harris – Aye; Supervisor Jessie – Aye; Supervisor Williams – Aye; Supervisor Koontz – Aye; and Chairman Kimbrough – Aye.

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Lud H. Kimbrough, III  
Chairman, Board of Supervisors