

July 19, 2021

The Carroll County Board of Supervisors held a work session on July 19, 2021, in the Board Meeting Room of the Carroll County Governmental Center.

Members Present:

Rex L. Hill
Dr. Tom Littrell
Phillip McCraw
Robbie McCraw
Tracy Moore

Others:

Michael Watson
Crystal Adams
Justin Martin

CALL TO ORDER

Dr. Littrell called the work session to order at 5:30 p.m.

FINANCIAL MANAGEMENT POLICIES

Mr. Watson told that the Financial Management Policies are setting up future debt policies and financial stability. I know this has been talked about in the past. The general idea here is for committing long term fiscal stability. As we looked through this, we felt that 12 % of the annual budget, that includes us and the School Board. This would be put into a savings account, similar to an LGIP or some type of equitable interest-bearing account. This will allow us to have money put back for times that things change or something happens. If you don't have the revenues coming in for some reason, this would be your savings account. You do not want to spend your fund balances down so you have to rely on your checking account to be your only source of savings. That is part of the policy and some of the other things we looked at are we wanted to put back a 2.5% of the general fund for grants. This gives you the ability to apply for grants, match grants or you might get a grant that needs to be paid up front and get reimbursed. This will give you operating cash flow to do it. We put back on the unassigned \$6 million. That would go into your checking account to pay monthly bills and that number has come from taking several years worth of data and that was the amount we needed June 30th of each year in order to not take a revenue anticipation bond. Then you have the savings account in case something changes.

Dr. Littrell asked if the \$6 million is in addition to the 12%.

Mr. Watson replied yes. There is 12% that would be put into savings which is approximately \$10 million and then you would put 6% in savings. We were talking about this earlier and in 2012, Carroll County had about \$17 million in the bank and in 2017 you did a revenue anticipation note. That is because of not having policy in place saying that these things have to balance out year. Every year at the end when the numbers come in these numbers will be verified that we are following all of the rules. It will be sent to the Board to assure that the debt policy and financial stability policies are being followed. Before we start looking at loans or appropriating funds, we need to make sure these things are done. This really sets a guideline in order to move forward without having the opportunity to someday coming up and saying we need more money. In 2020 we went to twice per year collections and that gave you the one-time jump. You can never do it again. The second collection increased your cash flow. With the current cash flow you should be fine with the \$6 million in it. There will be annual reporting of fund balances. The \$10 million that we are recommending, it does go into a savings account and you will generate some interest off of it. There is one thing that we probably need to change, it is the debt secured by the general obligation bond must be approved by the board and a public referendum. I don't think it has to be with a referendum, we can do it through a public hearing. On the allowable debt ratios, to be in compliance there is a check list, it shows as

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one, two and three. Your debt per capita should not exceed \$1650. This just gives you an opportunity to make sure these funds are available moving forward and that we don't get to a point where too much debt has been issued. The Capital Improvement Plan is on the last page. We do not need to adopt this tonight; we can adopt at a regular meeting. As we set funds back for a capital improvement project, if the project is not done, we want to carry the money over and continue to do those projects in the future. A lot of times the project is not done in one year and then you never end up doing the project. You will see we have taken the money that was planned for the EDA, EMS and Capital Plan and we are putting it into fund in order to fund future capital improvement projects.

Mr. Robbie McCraw asked about the general obligation bond and the section where it speaks about public referendum. Is it above our purview to say that school construction would require a public referendum?

Mr. Watson told that would be a decision by the board. School construction does not have to be on a referendum for debt. If you want to designate a certain tax towards a project, then you would need to in order to raise taxes and dedicate that tax. That would be a decision by the board. I would also like to set, right now we have the opportunity with debt payments lowering for the school, I would like to set a number to say we will pay this much toward debt. That will give them an idea of how much they can spend in the future and also gives them a way of planning. Let's say it is \$3 million, I would hope that you would stagger that every five years you can do a new project.

Mr. Robbie McCraw told that I forgot how many years ago it was that the schools were remodeled. I feel like that should be something the citizens should be able to speak out about. They did this in Pulaski last year. It should be put out there for them to make the decision. This is a very well written document; I like the way that it is laid out. It is helping us build a better financial stability and future for this county. I am all for it.

Mr. Watson told this would be a good year to start deciding what kind of debt can be endured because there is about \$1.2 coming off, \$400,000 this year and then the year after there is \$1.2. We need to find the number in which you can still keep up with your projects. You don't want to wake up one day and not have any roofs, but you don't want it to go too far the other way either.

Mr. Robbie McCraw told we need good planning in advance.

Mr. Hill told we have Economic Development funds; can that be part of the grant? We didn't put anything in the budget this time, but could that be considered a grant?

Mr. Martin told that he would set that up separate. What we are including here for the EDA would be more for if a business is coming in and we needed to do an incentive like a water line. The 2.5 would be for a matching portion of a grant.

Mr. Watson told there is a portion of a balance for Economic Development, that is not writing the EDA a check. The money for EDA grants is paid and then we give it to them. It is not really out of the revenue that you are receiving. We are trying to take the money that was from this year and fund next year's CIP. In the budgeting process we will have to adjust our CIP and long-term planning based on what we can fit into the budget. We would always be funding in advance.

Mr. Martin asked on the general obligation, would it be acceptable to write it to hold it under a public hearing and the board would evaluate the need to do a referendum.

Mr. Robbie McCraw replied that works for him.

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Mr. Martin told there have been other counties that have had snowstorms and destroyed part of their buildings. You would hate to not be able to do something that would be needed at the time.

Mr. Robbie McCraw told he is fine with that.

Dr. Littrell asked on page 9 on the e section, do you know what the current numbers are?

Mr. Martin told that is on the supplemental page and is kind of like a pass/fail test. I broke it down two ways to see how we would test, with the County alone and if we added the PSA. At the top of the page you will see the criteria. With this criteria which can be adjusted, if we include the PSA it might really restrict us for a period of time with the debt per capita. There is not much room left. It would be at your discretion how we went down that road to include them in that calculation or not. Either way, at the moment we would pass that test.

Mr. Hill told you could plug in a debt, like if we wanted to do an auxiliary gym we could plug it in and see whether or not we could meet it.

Mr. Martin replied this can be evaluated before any debt would be issued. You can also use it for preplanning.

Dr. Littrell asked if we need to specify which way to go.

Mr. Watson told his recommendation; in my opinion the PSA can't get another loan. They have no way of borrowing debt unless the County steps forward. The problem with adding the PSA is right now you have \$1636 out of the possible \$1650. This would keep the county from borrowing any money. You would be better off not to.

Mr. Robbie McCraw told he agrees but we also have a moral obligation to the PSA.

Mr. Watson replied, that is our debt. We are supposed to pay on an annual basis the availability fee. When the debt was issued, they should have been able to cover the other part. We will get to that point, hopefully. They will not be able to finance any more projects unless it increased revenue.

Mr. Robbie McCraw asked if we should do something similar to this with the PSA.

Mr. Watson replied yes. They need to have their own policy.

Mr. Robbie McCraw asked if we desire to have the same kind of plan wrote up for the PSA, is this something Justin can do? Does the PSA need to reimburse the county for?

Mr. Watson replied he is a salaried employee so we can take care of it. We want to look at doing new financial software and we will look at incorporating PSA. He will be able to get me numbers and be able to look at things and have a better understanding.

Mr. Robbie McCraw told I don't think we should let the PSA tie our hands any more than they already are. We also need to set up some policies for the PSA to follow.

Mr. Watson told that was his desire after we get this one and work out some of the kinks on it.

Mr. Moore stated, my only problem with that is it is our debt. If you have a policy, you can't just sweep that backwards.

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Mr. Hill told when I look at this stuff I want it to be in County Code so future Boards will have to look at this and say okay we are not going to spend the fund balance to build another county building. We don't want to get in this predicament again, none of us on this board want that.

Mr. Watson told that you can place it in code under classification and a reference and if you need to amend it you can do a public hearing.

Mr. Robbie McCraw told we need to do all we can to make sure this is followed in the future.

Mr. Moore told that he agrees with that, but if we are going to add school we need to add PSA too.

Mr. Martin told that the school can't show debt so they had to be included. The PSA holds theirs so it shows on their side. If the board did decide to issue debt for something and we went over the amount it might hurt going out for a bond or something.

Mr. Robbie McCraw told that is what he sees is how will it tie our hands. None of us really want to take on any new debt.

Dr. Littrell told that we would like to set a policy for future boards but they can do what they want. A long time ago when this was done it was intended to be an economic development money that came out of the county to help pay the PSA back and the current board has kind of changed that so it has really put the PSA in a bind. Different boards have different ideas. It is a good idea to start a policy, but it may not continue. I like this but four years from now who knows what another board will do.

Mr. Robbie McCraw asked if you need a motion.

Mr. Watson replied I am just looking for guidance and at the next meeting we will have a vote to approve it. We will also look at putting it in the code book. Are you good with these numbers?

Mr. Robbie McCraw replied, I am.

Dr. Littrell stated he is just glad we can use numbers like this. I appreciate you working on this.

ARPA

Mr. Martin told this is the most recent stimulus package that passed under President Biden. We applied for it and in total were awarded \$5,786,553. That funding comes out in what they are calling two tranches. We have received the first at the end of last fiscal year. We have included this in the budget so it will be up to the board to decide how to spend it but it won't have to go back out for a public hearing because we have already included that in our budget. I have broken it down between the two tranches just for cash flow purposes. The overall expenditures for this have to be done by December 31, 2024 with the exception of water and sewer projects and they have to be obligated by then but can be spent a little further out until 2026. There are four categories which the funds can be used for. They are rather broad but there are more strict guidelines than what may initially appear behind each one. Our first category is public health, emergency and negative economic impacts. That is where the bulk of a lot of the projects are. Category b is premium paid eligible workers. It is allowed but it is very very strict. It is far stricter than the Cares Act was. Category c is very broad based which includes revenue reduction in total. For our county it will be difficult to fit anything into that category. Category d is also where a heavy portion is being pushed towards from the guidance that I have seen and that is water sewer and broadband infrastructure.

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Mr. Watson told that we can move some of these monies around. In December we need to have a plan of how we are going to spend the money.

Mr. Martin told the first reporting is August 31st. They are asking at that time what you anticipate the projects will be. Reporting after that will be quarterly.

Mr. Watson told we have went through this to make sure these fit the guidelines. The costs are all guesstimates. In category a, you have a response vehicle for the fire department, one for Hillsville and one for Cana. I think this is a little short on what we need. We also put in two command vehicles. We are also looking at about \$30,000 for the Commonwealth Attorney to add some space for an additional person. Working toward getting the Extension Office to the Farmers Market. SCADA, I talked to someone about that last week. We have the financial software, that number might be a little high. Water hookup grant, where we can offer grants for customers to hook up or an extension. We will come back to the board to have this allocated for those funds. This document is just a guideline. For Woodlawn School, we are working on social distancing with renovations to restrooms and maybe a meeting area. We didn't put anything in category b or c. In category d we are looking at connecting the two tanks together and it would create a more reliability. We have some pump stations that need some work. We have sewer plant renovations. I am going to ask for a flow study at Exit 1. With broadband we might be able to find some other money to subsidize this. As of right now we have \$778,000 over on projects. We will have to tighten up. A lot of these are needs, if there is something you want to change just get with me. I will be going ahead and asking for the flow study.

Dr. Littrell asked for a brief break to get something out of this vehicle. He told that we have a joint meeting with E-911 about the needs for radio capability. I thought some of that could fit in here. It seems like Carroll's part is close to \$2 million. It looks like possibility some of that could come out of this money.

Mr. Martin told that it would fall under category a.

Mr. Watson told that I have heard all kinds of numbers. I heard \$6 million with \$1 million per year to keep them updated. I know there is some issues with the microwave between some of them. We have applied for a grant to help replace some of the radios. With this we are just wanting to show you what we are looking at so far.

CIP

Mr. Watson told that this incorporates the last CIP that we could find. We tried to take out the small things. We have also included some ARPA funds on this. We did that on the software, that really needs to be done. That is going to take probably 3 years. Also, the office renovations, Extension Office, Fire trucks, EMS vehicles and Woodlawn School renovations. These are general things that were on the existing CIP. You see at the bottom you have Economic and Community Development, that is for future projects, and it is probably not enough, but it gives you a start. This would not be an incentive, more of a construction project to encourage it like to extend a utility. We would like to have the CIP voted on and approved by the board, but this does not release the money. This is a guideline for us to work toward. Some of these things for FY 22 might not get done in FY22, but we will carry it over with the same amount of money because it is prefunded.

Mr. Martin told, back to the fund balance policy that we talked about, that would give us the ability to set this up as a fund and be able to track those carryovers for what they are for.

Mr. Watson told the items can change also. We might be able to find funds for these things somewhere else.

TRAINING CENTER PROPERTY RESOLUTION

Dr. Littrell read the resolution.

WHEREAS, in 2012 the Commonwealth of Virginia entered into a settlement with the U.S. Department of Justice (DOJ) regarding Virginia's compliance with the Americans with Disabilities Act (ADA) and the 1999 Supreme Court decision in the Olmstead case, and

WHEREAS, because of this settlement it was decided that the Southwest Virginia Training Center would close, resulting in the displacement of hundreds of residents and the loss of approximately 300 jobs, and

WHEREAS, in 1971, the property upon which the SWVATC is located was transferred to the Commonwealth of Virginia for use as a training center for the benefit of individuals with intellectual disabilities, and

WHEREAS, the County of Carroll, Virginia paid the purchase price for the real property upon which the SWVATC is located, in the amount of \$180,000 (equivalent to approximately \$1,207,537.00 today), and

WHEREAS, the SWVATC property is no longer used for the purposes contemplated by the Commonwealth of Virginia or the County of Carroll, and ownership thereof should be transferred to the County of Carroll.

NOW THEREFORE, BE IT RESOLVED by the Board of Supervisors for the County of Carroll, Virginia that the Commonwealth of Virginia is hereby requested to convey the SWVATC property to the County of Carroll for the County's use to support the public health, safety and welfare.

Mr. Robbie McCraw made a motion, seconded by Mr. Moore to approve the resolution to include changing the word patient to resident.

Roll call vote was as follows:

AYES:	Rex Hill	Phillip McCraw
	Robbie McCraw	Tracy Moore
	Tom Littrell	

NAYS: None

ABSENT: Joe Webb

ADJOURNMENT

Mr. Robbie McCraw made a motion, seconded by Mr. Moore to adjourn the meeting.

Roll call vote was as follows:

AYES:	Rex Hill	Phillip McCraw
	Robbie McCraw	Tracy Moore
	Tom Littrell	

NAYS: None

ABSENT: Joe Webb

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Chairman