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The Carroll County Board of Supervisors held a meeting on May 2, 2022, in the Board Meeting Room of the Carroll County Government Center.

Members Present:

Ronnie Collins  
Joey Dickson  
Rex Hill  
Robbie McCraw  
Tracy Moore  
Jody Early

Others: Michael Watson  
Crystal Adams  
Justin Martin

### **CALL TO ORDER**

Mr. Moore called the meeting to order at 6:00 p.m.

Mr. Collins lead in invocation and pledge.

Mr. Moore stated that he would like to amend the agenda to include Closed Session A8, following the Financial Analysis Presentation.

### **PUBLIC HEARING – SCHOOL BOARD BUDGET**

Mr. Collins made the following statement: Today's discussion involves the county budget, and this discussion may include funding for the Carroll County School Board. As many of you know, I have a position of employment with the Carroll County School Board. With regard to the proposed funding of the School Board, the proposed funding would affect the entire School System generally and not myself individually, and as a consequence, I am a member of a group of three or more individuals who are employed with the Carroll County School Board and similarly affected by the decision on the proposed funding. Therefore, in this situation, the exception to the Virginia State and Local Government Conflict of Interests Act, Va. Code Section 2.2-3112 (b)(1) applies to this situation. In compliance with that section, I hereby declare that I am able to participate in this discussion and voting on this topic fairly, objectively and in the public interest. As many of you are also aware, I serve in an unpaid volunteer position with the Carroll County Sheriff's office. Because I receive no compensation from the Sheriff's Office, the Virginia State and Local Government Conflict of Interests Act does not apply. I want to assure the public that I can participate in consideration of this matter fairly and objectively and in the public interest.

Mr. Early made the following statement: Today's discussion involves the county budget, and this discussion may include funding for the Carroll County School Board. As many of you know, my spouse has a position of employment with the Carroll County School Board. With regard to the proposed funding of the School Board, the proposed funding would affect the entire School System generally and not myself or my spouse individually, and as a consequence, I am a member of a group of three or more individuals who are employed with the Carroll County School Board and similarly affected by the decision on the proposed funding. Therefore, in this situation, the exception to the Virginia State and Local Government Conflict of Interests Act, Va. Code Section 2.2-3112 (b)(1) applies to this situation. In compliance with that section, I hereby declare that I am able to participate in this discussion and voting on this topic fairly, objectively and in the public interest.

Mr. Moore opened the Public Hearing at 6:03 p.m.

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With no one signed up to speak, the Public Hearing was closed at 6:04 p.m.

## **PUBLIC HEARING – COUNTY BUDGET/TAX LEVY**

Mr. Moore opened the Public Hearing at 6:04 p.m.

Fran Zimmerman thanked the Board for allowing her to speak on behalf of all the citizens and taxpayers of Carroll County, since they are the people that elected each and every one of us as their representatives to be their voice and to do what is fair and equitable for all of them. I came to you in February of this year to request some type of relief for our citizens on their personal property taxes. Since the NADA values increased drastically due to the supply and demand issues related to the coronavirus. Since the February meeting I have provided each of you updates on what all other localities across Virginia are doing to help their citizens with this unfortunate chain of events. With the last updated list that I received; I would estimate approximately 75 to 80% of other localities are doing some form of reduction to help their citizens. I have also provided each of you a copy of house bill 1239 which creates a new class of tangible personal property for local tax purposes that will allow localities to set a separate rate for automobiles, passenger trucks, motor vehicles specifically designed for use by the handicap, motorcycles, mopeds, campers, and recreational vehicles. This new law is applicable to tax years beginning January 1, 2022, but before January 1, 2025. I received notification by email by the County Administrator on Wednesday of this past week that it had been decided that you are going to leave the rate the same and look at it if the revenue comes in as high as I expect it to. I would not have continued to provide information on this issue if this were not going to be a problem for the citizens. I am not sure if you didn't believe what I was saying, if you didn't comprehend what I was saying on all of the information that I forwarded to you, but I was only visited by one supervisor to find out more information. To give you an update on what I expect and predict the revenues to be, I generated a personal property book this past Thursday. This again is a rough estimate of revenue since we are only four months into 2022 with our values and by no means are we near completion. The first four month of this year our reports are showing that just on cars, pickups and SUVs the increase will amount to \$1.6 million in additional revenue from these three class codes. Again, that figure is \$1.6 in tax revenue and that does not include the revenue that is generated from business equipment, mobile homes, machinery and tools, merchants' capital or public service. The average taxpayer with newer vehicle or vehicles could pay as much as an additional \$100 to \$150 on their tax bill, per vehicle depending on how many vehicles they own. If more than two newer model vehicles, their tax bill could increase as much as \$500. I will ask again for you to lower the tax rate on vehicles to help the citizens of Carroll County that elected each one of us to have their best interest at heart. We need to help the citizens and not put another undue burden on them as they are trying to recover from this pandemic also. I for one as an elected official will continue to fight for what I think is best for the citizens. My door is always open if you have questions or concerns or want to learn more about what our office does in daily operations.

Carolyn Honeycutt thanked the Board for allowing her to speak. I am here to speak on the same issue Fran spoke on. We in this room and all of your constituents are coming out of a two-year pandemic which left some of us emotionally traumatized, fearful regarding our and our family's future, economically strained and suffering from great personal losses. Because of additional income taxes and additional gas taxes imposed on all of the Commonwealth during the past two state administrations, our budgets are already strained to the limit. Current inflation is affecting all aspects of our daily lives regarding all the products needed to survive, especially household spending for groceries and gas makes getting by a real struggle for families. Censusreporter.org publishes in Carroll County that per capita income is \$24,476 and the median income is \$44,518 with a margin of error of 10%. This site also reports that 25% of our population are 65 years old or older. Surely you can see that families and households don't have a great deal of spending power and those individuals 65 or older are very limited if they want to increase their income so they can cover all these costs. House bill 1239 created a new class of tangible personal property for personal property tax purposes. Namely personal vehicles of most types. Localities may assign a tax rate to this new

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class that is different to other tangible personal property. The window to make this move is from January 1, 2022, and before January 1, 2025. Values of vehicles are adjusted almost yearly and currently the tax rate is \$2.30 per \$100 of value. The vehicle values as with other things I have mentioned have increased resulting in a greater tax bill for the families of Carroll. A greater bill that they, your constituents can do without. My point is this, please reduce the current tax levy on the vehicles to help your constituents. If you do so wisely, the county can collect the same amount from personal property taxes as they did last year. As our local governing body, these facts should be a prime consideration when you make decisions regarding setting or changing tax rates for vehicles, which by statute you are allowed to do just on the vehicles. Thank you for allowing me to speak regarding this concern.

David Boatman told that he is here also to ask you to please lower the taxes for citizens of Carroll County. Not everyone owns land or homes but everybody that goes to work has car and that is what we are talking about, the personal property. The other party in Richmond killed the Governors tax reduction for gas which would have equaled around 22 cents a gallon which would have helped a family of four an average of \$24 a month. Could you please find it in your hearts to either lower the rates to where you would receive the same amount of money or to a minimum have a drop of the \$25 vehicle fee per car which would give you about \$600,000 less in income. You know that I don't want to give you a problem without trying to come up with a solution. Here is the solution to recover that money, any facility coming into Carroll County that has persons staying there for less than 90 days, you have the ability to charge what is called an occupancy tax. This could be an Airbnb, vrbo or any type of business that comes in and houses people for money. Those people don't live here, they would be more than willing to pay \$5 to \$10 per night. If you collected that, say there is around 400 of these in the county, at \$5 per night that would give you around \$750,000 a year. If you charge \$10 per night, it could get you as high as a million and a half. I am not a mathematician, but I can add that up fairly easy. The best part is it won't cost Carroll County citizens a penny. These folks are traveling through, staying here on short term and we can get a little bit of money from them. Who doesn't want to leave this room saying that they voted to lower taxes for every registered voter in the county? I ask that you please do what you can with what you have and help folks out.

Mr. Watson read the following that was emailed in from Mike Goldwasser: I don't know whether the increase in taxes being considered by the Board is necessary. I do know that the fact that the increase results from the oddity of an increase in used vehicle values rather than from an increase in tax *rates* is a meaningless difference to the taxpayers who will be paying more; however, it is presented, it is a tax *increase*. Inflation has caused County expenses to increase significantly, just as it has for the taxpayers. Gas costs more for County vehicles; gas costs more for taxpayer vehicles. We're all going to have to watch our spending a little more carefully. It is the purpose of tonight's hearing to decide who will pay and how much it will be. This will require a careful balancing of the needs of the County and of the taxpayers. To increase taxes based solely on the amount of the increase in NADA vehicle book values is arbitrary--it is convenient, but it shows no effort to consider the balancing of needs. To burden vehicle owners with the entire increase in taxes is equally arbitrary and just as difficult to justify. Whatever the ultimate decision, the Board needs to forget about the NADA book and to begin as they should always begin, by determining the amount, if any, of increase that is absolutely necessary. Only after this is determined can they then decide on how that increase will be paid for, how the burden will be spread among the taxpayers. That is the only fair, open way to develop a budget.

Mr. Moore closed the Public Hearing at 6:17 p.m.

Mr. Collins asked if it is appropriate to make a motion at this point.

Mr. Durbin replied, no votes on the budget until the 7 days have passed.

Mr. Collins asked, so we can't make a motion to change that tax rate.

Mr. Durbin told you can when it is on the agenda for adoption.

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## DAVENPORT FINANCIAL ANALYSIS PRESENTATION

Mr. Rose told he has been here in front of you before. My partner RT Taylor is going to hand out what we are going to walk through tonight. We are not going to try to go through each page. In doing the comprehensive review on behalf of the county, the county is in good solid financial shape so we start from a position of strength and having said that you may recall if you go to page one a little bit of background. We are here not about tonight per say or about this budget per say but rather thinking about the next several years thinking about how to look at your overall capital program, how to be most effective with every dollar of the taxpayer. With that said you may recall that back in August we did a number of things and one of those was to identify some refunding opportunities. You may recall as well that I said there was an opportunity and RT is going to talk about that. The upshot is, we would not have been in the position to get the results we wanted and then some if the county wasn't considered desirable and in good shape with regard to investors. We had hoped for about \$1.7 million in savings and that was going to be considerably better than our assumptions, but we talked about \$1.5 million. What we are here to do tonight is to recoup what we talked about and give you a sense of how you compare to some of your neighbors and why we think you are in good shape and why the last couple years have been atypical, but at the same time we want to be careful and cautious going forward. When we talk about overall capital needs you have had an ongoing capital program, there has been roughly \$30 million in needs over the next couple of needs. I think there are two important takeaways, number one is thanks to some of the external funding sources, Cares Act and ARPA, there is about \$8 million that is available to help defray some of these needs. What we are talking about is a little over \$20 million in needs and how to fund those. The county has the ability, if done smartly, to take care of these needs without any additional tax equivalent increase. There is no extra burden on citizens if it is done strategically.

Mr. Taylor told through our preliminary analysis in coordination with staff we identified a potential refunding candidate. It was a 2014 loan through USDA and had an interest rate of 3.5% and it had roughly \$5.3 million outstanding. It matured in 2054 and when we ran our preliminary numbers and presented the opportunity, we were estimating roughly \$1.5 million. We saved roughly \$1.7 million, close to 10%. Your existing debt service went to 2054 and we cut over 10 years off. We were able to get that locked in at a very favorable time because the county is strong financially and the investors were interested in bidding on your loan.

Mr. Rose told let's look at the last several years of the county's operations. You have had some steady growth in revenues and at the same time, the tax rate was actually down from 20 to 21. At the same time there is some challenges and while the revenues were growing, we do see some challenges in the area of public safety, health and welfare. Those have moved up about 5% and 7 or 8% so we want to be careful. Our tax rate is basically within the median, a couple pennies above that. When we look at your neighbors, you are pretty much in the thick of it.

Mr. Taylor told the county has experienced steady growth in revenue but again we do have some potential challenges ahead of us as time will tell on our expenditure side.

Mr. Rose told on the expenditure side and fund balances, over the last couple of years you have actually grown your fund balance and that is important because at the same time the expenditures have been abnormal because of COVID. We don't think it is going to be sustainable. If you follow the stock market, Amazon just a week ago was selling at about \$3000 and today it is at \$2400. We want to be a little careful and not assume that the sales tax revenues will be high. There were some limitations on some of your expenditures at Parks & Recreation, things of that nature because things were closed down. As we get into this coming budget, we want to be cognizant of that. The jail expenses were lower than average over the last couple of years. We are living in strange times, this is my 40<sup>th</sup> year and I haven't seen a pandemic. We just want to be careful, but we also want you to know that you are entering into the future in a solid position. I feel before the county embarks on any major capital programs, we are going to have the opportunity to see what this year finishes up as and see what next year looks like at the same time we will also see what happens at the state level. We did a bunch of comparatives and looked at unassigned fund balance and you can see that

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our unassigned fund balance as a percentage of your revenues for the general fund only is very strong. I feel it is safe to say we have weathered COVID nicely and staff has done a good job, this board has done a good job, but again we also want to be careful that things could switch very quickly. Inflation is up, interest rates are up and a recession is very possible. In the last 13 times the federal reserve has meaningful raised rates, 11 of those times a recession has been a result. While we see you having a very good unassigned fund balance, we don't want to see you go out and just spend that. We want to be smart about that. We will be back with some capital recommendations and plans but I wanted to point that out and give you that caution. One of the things that the staff asked us to do is take a look at how this board funds its school system. Once you see all of this, I think you are going to walk away feeling good that this board does its fair share of taking care of the schools.

Mr. Taylor told that Carroll County is contributing more than their required local share as calculated by the state. After factoring in the operations and the debt service you are better than the majority of your peers. You are at 118% and you are basically in line with the peer media. The debt service that you are paying in your budget to support the schools is higher than the median and when you factor those two things together you are roughly \$1 million above the median. Carroll County is doing more than its fair share to support the schools.

Mr. Rose said that the county has a little over \$17.5 million of principal outstanding but you can see that it is heavily weighted toward the school side, and it is basically \$13 million or three times what the county side has. Schools are being funded through you. You can see a nice drop down in debt service after the 23 fiscal year that you are now in the midst of. It gives us an opportunity to layer in debt over time and not increase the burden from this board in future debt years. You may decide to do that if you are looking at a sizeable project down the road. In 10 years from now almost 75% of your principal is paid off. You are in a very good mode. You are well below your policy and you are well below your peers. In years 23 and 24 the drop down is about \$1.1 million. If you do the math, we could take on \$10 to \$12 million dollars of debt. In 2028, the dropdown jumps to \$3 million so that becomes a substantial opportunity. If you do your reviews of your CIP and there is some new major project, if we do this right, we can layer that to work towards some of these dropdowns. Lastly, you have a preliminary Capital Improvement Plan Program. In 2023, the biggest part is that radio system. That could be done without having to ask for additional dollars. If we can answer any questions, please let us know. Hopefully this gives you a sense of things.

Mr. Watson told we have had an opportunity to work with Davenport. We worked on the refinancing and there is going to be some debt paid off. What I take away is we need to give it a little time and not jump into any type of financing right now. We need to spend the next year or two looking at things before we start issuing debt. I think we are in a good financial spot, and it has taken a lot of time to get there. We are going to see a lot of drops off of our debt. I think in the future you are going to have to take some of that paid off debt and help with the operational side of the school system but those things we can work through in the budget. It was a very good presentation, and we are paying our way. It is a hard thing to understand sometimes. I think it will help plan for the future.

Mr. Early thanked them for the excellent presentation. It explained a lot of things that we don't look at very often so thank you for that and thank you for your hard work.

Mr. Rose told that they appreciate this Board and especially the staff. There is one that was below the required minimum and that was Patrick County. I have been in front of Patrick County in difficult times, and I have said to them, you are not doing what you need to do and you are in trouble. It is not always a pleasant discussion. We agree with Mr. Watson, we want to be slow and steady to win the race.

Mr. Moore told it is probably going to be a while before interest rates get back to where you want to get in the middle of anything. Do you feel like the sales tax and some of the things you mentioned is just going to be a real cautious year for a lot of places?

Mr. Rose replied, I think so. I am no economist, but it has been such a crazy time.

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Mr. Watson on the debt and interest rates, there is going to be a point that maybe local government will be able to borrow money at a lower rate than what you can receive on interest rates in the long term, so there might be an opportunity to have money in the bank and make more money off the bank than the customer and that hasn't happened in a long time. You might be able to cover more of your interest and bite off a little. You may be borrowing at an interest free loan.

**CLOSED SESSION**

Mr. McCraw made a motion, seconded by Mr. Dickson, to enter into Closed Meeting under Section 2.2-3711 – A8.  
Roll Call Vote was as follows:

AYES:	Ronnie Collins	Robbie McCraw
	Joey Dickson	Tracy Moore
	Rex Hill	Jody Early

NAYS: None

**COME OUT OF CLOSED SESSION**

Mr. McCraw made a motion, seconded by Mr. Hill to come out of Closed Session.

A (8) Consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel. Nothing in this subdivision shall be construed to permit the closure of a meeting merely because an attorney representing the public body is in attendance or is consulted on a matter.

Roll Call Vote was as follows:

AYES:	Ronnie Collins	Robbie McCraw
	Joey Dickson	Tracy Moore
	Rex Hill	Jody Early

NAYS: None

**CERTIFICATION OF CLOSED SESSION**

Mr. Moore certified Closed Session with the following Resolution:

**WHEREAS**, the Carroll County Board of Supervisors convened a Closed Session this date pursuant to an affirmative recorded vote and on the motion to close the meeting in accordance with the Virginia Freedom of Information Act;

**WHEREAS**, Section 2.2-3711(D) of the Code of Virginia requires a certification by the Board of Supervisors that such Closed Session was conducted in conformity with Virginia law.

**NOW, THEREFORE, BE IT RESOLVED** that the Carroll County Board of Supervisors hereby certifies that, to the best of each member's knowledge, (I) only public business matters lawfully exempted from open meeting requirements under the Virginia Freedom of Information Act were heard, discussed or considered in the Closed Session to which this certification applies, and (II) only such business matters as were identified in the motion by which this Closed Session was convened were heard, discussed, or considered in the meeting to which this certification applies

Roll Call Vote was as follows:

AYES:	Ronnie Collins	Robbie McCraw
	Joey Dickson	Tracy Moore
	Rex Hill	Jody Early

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NAYS: None

**ADJOURNMENT**

Mr. Collins made a motion, seconded by Mr. McCraw to adjourn.

Roll Call Vote was as follows:

AYES:	Ronnie Collins	Robbie McCraw
	Joey Dickson	Tracy Moore
	Rex Hill	Jody Early

NAYS: None

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Chairman