

**BOARD OF SUPERVISORS
BUDGET WORK SESSION
MARCH 24, 2021**

At a budget work session of the Board of Supervisors of Floyd County, Virginia, held on Tuesday, March 24, 2021 at 8:30 a.m. in the Board Room of the County Administration Building thereof;

PRESENT: Joe D. Turman, Chairman; Jerry W. Boothe, Vice Chairman; W. Justin Coleman, Linda DeVito Kuchenbuch, and Lauren D. Yoder, Board Members; Dr. Linda Millsaps, County Administrator; Cynthia Ryan, Assistant County Administrator; and Tabitha Hodge, Operations Manager livestream and film the meeting.

Agenda Item 1. – Budget Work Session.

Chairman Turman called the budget work session to order.

Agenda Item 2. – Opening Prayer.

The Opening Prayer was led by Supervisor Coleman.

Agenda Item 3. – Pledge of Allegiance.

Supervisor Yoder led in the Pledge of Allegiance.

Agenda Item 5. – Other items of business.

Dr. Millsaps – Per a requirement of the federal government, you previously granted emergency paid sick leave to employees who were exposed to COVID-19 or had the virus or symptoms of the virus themselves. The federal requirement expired on December 31, 2020. By consensus you approved extending this type of leave to employees. We want to see if you are okay with extending the emergency paid sick leave to employees who have an adverse reaction to getting a vaccine. We don't foresee any problems, but we have a lot of employees who are receiving their second dose of vaccine this week.

By consensus the Board of Supervisors agreed to extend emergency paid sick leave to include employees having an adverse reaction to receiving one of the COVID-19 vaccines.

Agenda Item 4. – Budget Work Session discussion.

Supervisor Justin Coleman stated the following for the record:

Today's discussion involves the County budget which includes funding for the Floyd County Sheriff's Office. As many of you know, I am employed by the Floyd County Sheriff's Office. The proposed funding would affect the entire department and not just me individually. Together we constitute a group of three or more individuals who are similarly employed by the Sheriff's Office and similarly affected by the discussion. Therefore, the exception of State and Local Government Conflict of Interests Act section § 2.2-3112 A (i) applies to this situation and I am able to participate in this discussion fairly and in the public interest. Thank you.

Dr. Millsaps – I met with Ms. Lisa Baker, Commissioner of Revenue, the other day. The NADA (National Automobile Dealers Association) vehicle values for 2021 have been moving up, particularly for trucks and SUVs (sport utility vehicles). Assessed value for vehicles is based on NADA values.

Ms. Ryan – Yesterday you said you wanted to use the Delinquent Court Fines to put back in the two 50/50 grant purchases. Do you want to use the balance of the Delinquent Court Fines to cover any of the other items we put back in?

By consensus the Board agreed to the following:

- 1) Do not use the Delinquent Court Fines for any recurring costs.
- 2) For the time being any remaining balance from Delinquent Court Fines should be split 50/50 between Library paving and Courthouse roof.
- 3) The Courthouse Maintenance Fund should be budgeted for Courthouse roof repair.
- 4) Include \$5,000 as recurring Delinquent Court Fines revenue in the FY21 budget.

Dr. Millsaps – We had a conversation with Davenport & Company about the new relief funding we will be receiving in the amount of about \$3.02 million. There are some limitations as to its use, but it is clearly broader than the original CARES Act money. There is still a lot of ambiguity as to its uses. We will be receiving the money in two parts with the first arriving 60 days after the bill is signed and the second portion being in 12 months and has to be expended by 2024. There is language in there that it can be spent on economic development, infrastructure for broadband, water, and sewer, and making up for certain lost revenue. National Association of Counties (NACO) and others have been pushing for clarity. I asked for your thoughts and shared those with NACO who in turn shared them, along with thoughts from others, with the White House and the Treasury. Given that as the background, it is a sizeable amount, but I know you want to spend it appropriately. We don't want to have any audit problems or concerns that any of it is disallowed. Davenport & Company suggested that you set it aside temporarily until you receive clear guidance. There could be some interesting options. You could do some of the same things you did before, but there could be other options depending on what the regulations say.

Supervisor Kuchenbuch – Did they come to us before? Why are they coming to us now?

Ms. Ryan – With the CARES Act it had to be specifically related to COVID which limited what you could use the funds for, especially as it related to capital purchases. This time they feel it is likely to be broad enough that we might be able to undertake some of our capital projects which we have delayed. We might want to do another RISES or ShopFloyd or hazard

pay, but then again maybe there are some long-term capital projects that we have not dealt with and this will be a good source of money in order to deal with them.

Vice Chairman Boothe – Some of the projects we are looking at right now might qualify.

Supervisor Yoder – It would be good with that much money coming to actually end up with something for it. I don't think there is a rush to spend it if we have until 2024.

Supervisor Coleman – We need to do a slow crawl on this and make good decisions.

By consensus the Board agreed to delay making decisions on the use of the stimulus money at this point.

Ms. Ryan – This leads us to the next item Dr. Millsaps and I would like to talk to you about – known items coming up in the future that will impact future budgets. The first is Phase 2 road in the Commerce Center. The projected local costs were first determined four years ago, and the County portion was estimated to be \$100,000. The new estimate is that the County portion will be about \$1 million. While only two months of costs are expected to be spent in FY22, we will have a lot more costs in FY23. This led us into thinking about whether the radio project could be purchased through the economic recovery money and the new financing could be used for the projected Phase 2 road construction. We asked Davenport to look into whether road construction is an eligible debt service financing.

Supervisor Kuchenbuch – Is there an end date when the road construction has to be completed?

Ms. Ryan – There are end dates on the grants which are paying most of the costs on the road project, so I would say “yes.” Ms. Martin would have the information on the grant dates.

Ms. Hodge – I believe the grant ends in 2024. Virginia Department of Transportation (VDOT) built a cushion into that \$1 million.

Ms. Ryan – Dr. Millsaps believes that \$1 million estimate could be negotiated down some.

Dr. Millsaps – We will give it a shot. About \$600,000 of the increase is on par with the 30% increase in materials and labor you and others are seeing on other construction projects. There is also a significant increase in the contingency and a significant increase in inspection costs both for around \$200,000. It seems unusual to add both of those. Part of the argument they gave Ms. Martin and Ms. Hodge is because Floyd County has not administered a project like this before, there is a lot of risk. While I understand that, this seems like a whole lot of risk. We will try to get this down, but it may or may not work.

Ms. Ryan – Davenport said they would change the response for proposals (RFP) from project specific to time-line specific. Instead of saying radio system the RFP will say 15-year

lifespan project so they could take the radio system out and put the road in if it is allowed. The other items would be 5-year timelines for ambulance, trash truck, and fire truck.

Dr. Millsaps – They continue to talk about structuring it in a way so that some of the smaller financial institutions could participate but not have to go for the entire amount.

Supervisor Yoder – Do you know in their proposal when the first payment on those funds would be?

Ms. Ryan – I assumed it would be in FY22 and I put \$325,000 in the budget for payment on new debt. But that amount is not based on anything other than knowing we would have to pay something but at this point we don't know how much.

Discussion was held regarding the timing of the loan and related debt payment and the possible advantage of accepting the debt service on the 5-year projects now but delay entering into debt service on the 15-year projects.

Ms. Ryan – Another item to be aware of for future years is the effect on salaries resulting from the minimum wage being increased over time.

The Board discussed the possible need for a new salary study.

Ms. Ryan – A couple of weeks ago you asked me to determine how much over 5% Floyd County is paying compensation board funded positions. For many of the positions the amount is 10.3%. We now know how that percentage came into effect. Several years ago, localities paid the entire amount for employees' retirement coverage. About 8 years ago, the State required employees to contribute 5% to their retirement with the localities paying the rest. At the time that happened both the School Board and the County elected to "make the employee whole" by increasing employees' salaries by enough to cover the 5% payroll deduction, plus the percentage increase on the retirement and group life insurance. The result was a 10.3% additional amount paid by the locality. Since that time three of the Constitutional Officers hired new employees in at the same pay as the person leaving. This means the 10.3% extra locality pay is extended to new employees. However, two of the Constitutional Officers hired new employees and paid them the compensation board amount for the position. This is why we have some employees receiving exactly the compensation board salary, some employees receiving 10.3% more than the compensation board salary, and some employees in the Sheriff's Office receiving more than 10.3% based on rank and longevity.

For one of the positions in the Clerk of Court's Office the compensation board only paid 50% of the salary with Floyd County paying the other 50% of the salary. The current State budget has this position being paid 100% by the compensation board and also reclassifies the position which results in a substantial increase for that employee. The point from the Clerk of Court is, "If I add the 10.3% on top of this new salary it puts a new employee's salary very close to the salaries of employees who have been in the department for years." There are a couple of different ways we can handle this situation. The Clerk's thought is to take any savings from the County not paying half the salary and distributing the savings among the other employees. My

thought is we make a rule that from here on out any current employee is “grandfathered” in at the extra locality rate. But new hires or employees in positions that are reclassified by the compensation board would not receive any locality funding in addition to the compensation board required salary.

By consensus the Board of Supervisors agreed to keep the 10.3% extra pay on all current employees, but from this point forward all new Constitutional Officer employees and employees in positions that are reclassified by the compensation board would not receive any locality funding in addition to the compensation board required salary.

Ms. Ryan – Another change coming in the future is Emergency Medical Dispatch (EMD). Sheriff Craig determined he would need to hire 4 additional dispatchers. Dispatchers would need to be trained to provide EMD service. EMD service requires new software. Dispatcher salaries would increase once EMD was in effect.

The Board discussed the implementation of Emergency Medical Dispatch, other future items to consider, and the dedication of Constitutional Officers and department heads in keeping costs down while providing excellent service.

Agenda Item 11. – Adjournment.

On a motion of Supervisor Coleman, seconded by Supervisor Boothe, and carried, it was resolved to adjourn the meeting to April 9, 2021 at 8:30 a.m.



Dr. Linda Millsaps, County Administrator



Joe D. Turman, Chairman, Board of Supervisors

