

Regular Meeting, Wednesday, April 22, 2020, 7:00 p.m. Government Center, Verona, VA.

PRESENT: Gerald Garber, Chairman
Pam L. Carter, Vice-Chair
Butch Wells
Michael L. Shull
Scott Seaton
Jeffrey Slaven
Steven Morelli
Timothy K. Fitzgerald, County Administrator
Jennifer M. Whetzel, Deputy County Administrator
James Benkahla, County Attorney
Angie Michael, Executive Assistant (Via Electronic)

VIRGINIA: At a regular meeting of the Augusta County Board of Supervisors held on Wednesday, April 22 2020, at 7:00 p.m., at the Government Center, Verona, Virginia, and in the 244th year of the Commonwealth....

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Chairman Garber welcomed the citizens present.

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Mr. Morelli led the Pledge of Allegiance.

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Mr. Shull, Supervisor for the Riverheads District, delivered the invocation.

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PUBLIC HEARINGS – Director of Finance Presentation

Misty Cook, Director of Finance, announced that there would be two public hearings. One hearing is on the proposed tax rate and the second hearing is on the revised budget for 2019-2020 and the proposed budget for 2020-2021. Ms. Cook gave a PowerPoint presentation with the following highlights:

The Code of Virginia (§ 15.2503) does the following:

- Sets the fiscal year for localities (July 1 through June 30)
- Sets deadline for presentation of budget to Board of Supervisors by April 1 (Work session March 18th)
- Sets public hearing notice requirements (seven days before the public hearing)
- Sets minimum period before budget approval
- Sets deadline for State agencies to provide information to localities after General Assembly session (within 15 days)
- The County is required to approve a budget by July 1

April 22, 2020, at 7:00 p.m.

PUBLIC HEARINGS – Director of Finance Presentation (cont'd)

Budget process is a cooperative effort:

- Departments of the County
- Community Agencies
- School Board
- Shenandoah Valley Social Services
- Regional Agencies

The budget is a cooperative effort that is affected by many components. Departments/Schools/Regional entities draft a budget, Finance and Co. Admin compile a balanced budget within current revenue streams, the Board of Supervisors reviews and decides what to advertise. At the public hearing, the public input is shared with the Board of Supervisors and taken into consideration before approving the budget and setting a tax rate. The budget is set to be approved Wednesday, May 13, 2020.

School Funding Increase:

Formula Funding FY20	\$ 44,197,758
Funding School Capital-Buses	\$ 1,080,000
Total Funding FY20	\$ 45,277,758
FY20 Formula Funding	\$ 44,197,758
Formula Funding-Growth FY21	\$ 1,346,575
Total Formula Funding FY21	\$ 45,544,333
Plus Recurring CIP School Transfer-buses	\$ 1,080,000
Total Funding FY21	\$ 46,624,333

The advertised proposed tax rates for 2020 are:

Rate per \$100/assessed value as advertised:

	<u>2019</u>	<u>2020</u>
Real Estate	\$0.63	\$0.63
Personal Property:		
Vehicles	\$2.50	\$2.50
Other ⁽¹⁾	\$2.00	\$2.00
Other ⁽²⁾	\$2.50	\$2.50

(1) Business, large trucks and trailers, machinery & tools

(2) Campers, boats, boat trailers, horse trailers, airplanes and trailers.

Total revenue in the FY20 Budget: \$202,177,315

Property Taxes	\$ 68,238,500
Local Revenue	\$ 41,878,649
State Revenue	\$ 80,038,528
Federal Rev.	\$ 11,175,452
Other ⁽¹⁾	\$ 846,186

⁽¹⁾non-revenue receipts

April 22, 2020, at 7:00 p.m.

PUBLIC HEARINGS – Director of Finance Presentation (cont'd)

Expenditures for the FY20 Budget: \$204,378,752

General Govt	\$ 4,957,761
Judicial	\$ 2,675,124
Public Safety	\$ 25,044,305
Public Works	\$ 4,634,556
Health & Welfare	\$ 20,421,062
Recreation	\$ 2,897,124
Community Dev.	\$ 2,293,133
Contributions	\$ 1,328,250
Education	\$123,313,948
School Capital Improv.	\$ 1,503,488
Debt Service	\$ 7,956,961
Capital Improvements	\$ 7,353,040

Creating a budget has been in process since December 2019. The advertised revenue estimates were completed prior to the COVID-19 crisis.

Potential Revenue Losses for FY20

Type of Tax	Projected loss %	Projected loss \$
Sales	10% June only	60,000
Meals	50% x 3 months	350,000
Lodging	50% x 3 months	100,000
Business License (due 3/1/20)	N/A	N/A
Interest Income	70%-Change in rate mid-March	175,000
Real Estate	1% decrease in collections	250,000
Penalty on Taxes	Penalty 0% from 6/5-6/30	50,000
Interest on Taxes	Rate reduced from 10% to 5%-6/5 to 6/30	16,500
	Total	1,001,500

April 22, 2020, at 7:00 p.m.

PUBLIC HEARINGS – Director of Finance Presentation (cont'd)

Proposed reductions for the FY20 budget include eliminating a capital transfer of \$442,000.00 and reduce the FY20 operating expenses by \$559,500 to include a hiring freeze, utilizing savings related to part time positions and non-personnel expenditure reductions.

Potential Revenue Losses FY21:

Type of Tax	Projected % loss	Projected \$ loss
Real Property	1%	460,560
Personal Property	5%	650,550
Sales	10%	640,000
Business License	25%	950,000
Lodging	25%	155,750
Meals	25%	637,500
All other	5%	1,699,387
	Total	5,193,747

Ms. Carter asked for examples of what qualifies as all other.

Ms. Cook stated that all other would include penalty and interest for the property taxes. Interest on investments is included in that category. There is also an allocation for state funding.

Proposed reductions for FY21 include the following:

- Eliminate proposed pay increase
- Continue hiring freeze on all open positions and re-classes in the recommended FY21 budget
- Reduce operating budgets of all departments by 5-10%
- Reallocate one-time capital funding, previously allocated to the courthouse
- Reduce regional contribution funding
- Analysis of potential adjustments in services

These proposed reductions do not affect any funding for the schools for FY21.

Mr. Fitzgerald stated that he is comfortable with the FY20 reductions. The FY21 budget is a harder goal to achieve. At the meeting in May, the Board will be considering the

April 22, 2020, at 7:00 p.m.

PUBLIC HEARINGS – Director of Finance Presentation (cont'd)

revised revenue numbers. This is an estimate. There is no way of knowing what the outcome will be. Also not included are the grant opportunities that will be available.

Ms. Carter asked what the references are that are being monitored to come up with projections.

Ms. Cook stated that Old Dominion University put out a survey based on the Commonwealth of Virginia with projections. That study will be updated periodically. VGLMA also put out a study.

Mr. Shull asked if there were suggestions from the state of what may be cut from the budget.

Ms. Cook stated that there were no projections from the state to date.

Mr. Fitzgerald pointed out that the schools would be making changes due to state funding being reduced.

Mr. Fitzgerald gave the call in information for citizens to be able to call in during the public hearing.

The Chairman declared the public hearing on the FY20 revised and FY21 budget to be open.

Tracy Pyles of Churchville made the following statement via telephone:

I am glad for the opportunity to address the Board. I am hoping that the Board has a change of heart in priority. Over the years, there has been a tax increase placed upon the citizens of Augusta County that totals more than \$7 million. This tax increase equates to more than \$100.00 per taxpayer in Augusta County. That was wrong to do and needs to be reversed. The assessment increase is acceptable. It is reflective of inflation and growing businesses and that is appropriate to take. The tax rate increase was something that should not have happened. The people of Augusta County work hard and more is being taken from them than is needed. The additional money is being taken to build a courthouse. Mrs. Carter has stated that she wanted to hear from the people. The people spoke very solidly three years ago about not wanting a courthouse and \$35 million. How that can be interpreted to a courthouse and \$70 million defies all logic. Defies the ability to access what the people want and how they should deliver it. This is taxation with poor representation. It is misrepresentation. When I look at the budget, I am not able to see the full budget, as I should be able to see as a member of the public. Many of the appendixes should have been included with details of where the money is going to go, but they are not. Ms. Cook spoke about the changes in revenue and that should have been included in the complete budget, but it was not. We are going to weigh in on budget tonight that is irreverent in terms of what money is coming in and how it is going out. It is unfair to the people. We cannot speak knowledgably about the budget. It should be an open door. My belief is that you must return us back to \$.58 tax rate. The \$.63 is the largest in memory. When I was on the Board, \$.58 was considered what we had to live within for a sufficient budget. Everybody in the County has to limit what he or she gets. The ability to take people's money should always be a last resort not a first resort. As we see what is going on in the Nation today, we know that the average person is being hurt. The Board talks about the hits the budget is going to have. What are the hits that the people are going to have? The reason that the state budget is hurting is because the people are hurting. You can go around the county and look at the people who are not having the same revenue they had before. Look at the agriculture people. Lamb sales are not happening because restaurants are not buying lambs. Milk is being thrown away

April 22, 2020, at 7:00 p.m.

PUBLIC HEARINGS – Director of Finance Presentation (cont'd)

throughout the country and the prices are not good. People are out of work. I have been on social security for ten years. The tax increases over the past two years have been greater than my increases in social security over the ten years of receiving it. We need to start thinking about the people and shared burdens. I have sent ideas on how to lower the cost more. We should not have three emergency centers. Offer early retirement to employees with thirty plus years of service. Cut as necessary to meet your income that the citizens can afford to pay. To do less is to renege on the promise to the people to look out for them. If your first message is to look out for the government, you are in the wrong business. Too many of us struggle in our lives trying to make ends meet. You need to bring your tax rate down. If you want to do what is right, you will reduce the tax rate and adjust your spending to that.

Robin Hawks of Mt. Sidney submitted the following email for public record:

Dear BOS and Mr. Fitzgerald: I am concerned that you are presenting a pre-COVID-19 budget proposal. You know that there will be significant cuts in state and local revenue. By submitting an unrealistic budget, you are essentially removing the taxpayer's ability to comment or express concern about where the cuts will occur. This process does not allow any access, oversight, or input from the public regarding the "real" budget. To remedy this, I am requesting that you hold another public hearing when the actual budget is formulated. The taxpayer is at the top of your organizational chart. I ask that you honor this position by committing to another public hearing on the budget as soon as the budget figures are known. For the record, please include these comments in the public hearing. Thank you.

By the way- I applaud your efforts to correct the technology problems of the last board meeting.

Barry DeLange submitted the following email for public record:

Dear BOS and Mr. Fitzgerald: I am concerned that you are presenting a pre-COVID-19 budget proposal. You know that there will be significant cuts in state and local revenue. By submitting an unrealistic budget, you are essentially removing the taxpayer's ability to comment or express concern about where the cuts will occur. This process does not allow any access, oversight, or input from the public regarding the "real" budget. To remedy this, I am requesting that you hold another public hearing when the actual budget is formulated. The taxpayer is at the top of your organizational chart. I ask that you honor this position by committing to another public hearing on the budget as soon as the budget figures are known. For the record, please include these comments in the public hearing. Thank you.

Kristina DeLange submitted the following email for public record:

Dear BOS and Mr. Fitzgerald: I am concerned that you are presenting a pre-COVID-19 budget proposal. You know that there will be significant cuts in state and local revenue. By submitting an unrealistic budget, you are essentially removing the taxpayer's ability to comment or express concern about where the cuts will occur. This process does not allow any access, oversight, or input from the public regarding the "real" budget. To remedy this, I am requesting that you hold another public hearing when the actual budget is formulated. The taxpayer is at the top of your organizational chart. I ask that you honor this position by committing to another public hearing on the budget as soon as the budget figures are known. For the record, please include these comments in the public hearing. Thank you.

April 22, 2020, at 7:00 p.m.

PUBLIC HEARINGS – Director of Finance Presentation (cont’d)

There being no other speakers, the Chairman declared the public hearing closed.

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END OF PUBLIC HEARINGS
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AUGUSTA HEALTH CERTIFICATE OF PUBLIC NEED REQUEST RESOLUTION

The Board considered the following resolution:

WHEREAS, the County of Augusta, Virginia benefits greatly from a healthy community and the provision of healthcare services by Augusta Health; and
WHEREAS, Augusta Health has been providing access to high quality medical care to our (residents/employees) for more than 25 years; and
WHEREAS, Augusta Health has recognized an increasing need for additional diagnostic testing procedures for its patients; and
WHEREAS, Augusta Health is perfectly positioned to establish a freestanding diagnostic testing facility on its campus to further serve ours and the surrounding communities; and
WHEREAS, Augusta Health and its providers will be able to provide comprehensive outpatient diagnostic services with this facility and provide an enhanced level of care to its patients; and
WHEREAS, Augusta Health strives to provide comprehensive, local care for its patients and this project will allow it to deliver a full complement of services for the local patient population in their home communities; now, therefore, be it
RESOLVED by the County of Augusta, Virginia that it hereby supports and urges the Virginia State Health Commissioner to approve Augusta Health’s project and allow for the establishment of an outpatient diagnostic testing facility on its campus, thereby meeting the community need and expanding its ability to provide optimal care for its patients.

Mr. Fitzgerald stated that there has been a request from Augusta Health for the Board to adopt a resolution of support for a Certificate of Public Need. A memo was included in the agenda packet from Augusta Health in regards to the project. Augusta Health has a new strategic plan called, The Journey 2025 Plan and as part of that plan, they are going to develop a dedicated outpatient pavilion for surgical and breast care and imaging services. This will be on the hospital campus, but in a separate building. As part of the project, there is a 13,000 square foot imaging center on site. They would like to include an additional MRI unit and CT scanner unit in the imaging center. This would complement the CT’s and MRI’s that are in the current hospital. Because this is a freestanding facility, a lesser amount is taken from insurance companies, which would allow lower costs for the patient. The facility can be built without the Certificate of Public Need if the imaging devices were not involved. Support of the Board is requested for the Certificate of Public Need. There is also a support letter that will require Mr. Fitzgerald’s signature with Board authorization.

Ms. Carter stated that from what she has read, the area is adequately equipped with MRI and CT imaging. She would like to see a cost comparison that they are referencing as far as services being cheaper.

Dr. Seaton stated that by it being a freestanding facility you are only paying the one fee. When the services are performed in the hospital, you are paying additional hospital fees as well the fee for the service. Dr. Seaton would like more information on the matter before making a decision. He is concerned with who owns the building and who will make the rules of operation within the facility.

April 22, 2020, at 7:00 p.m.

HERSHEY PERFORMANCE AGREEMENT (CONT'D)

Supervisors agreed to match these state grants with an additional \$1 million. The County’s match was to be given in two parts; \$300,000 when the Certificate of Occupancy was issued and \$700,000 as a return on the company’s machinery and tools tax. The final performance agreement is completed and lays out how the incentive is paid out to Hershey. This performance agreement will satisfy the County’s commitment to Hershey Chocolate of Virginia for the expansion announced in 2019.

Mr. Morelli moved, seconded by Mr. Shull, that the Board approve performance agreement.

Vote was as follows: Yeas: Garber, Carter, Wells, Shull, Slaven, Seaton and Morelli
Nays: None

Motion carried.

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WAIVERS--NONE

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MATTERS TO BE PRESENTED BY THE BOARD

Ms. Carter sent an email to the Board asking them to identify needs in their district regarding COVID-19. She is asking for this information for the COVID-19 Community Task Force.

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MATTERS TO BE PRESENTED BY STAFF

Timothy Fitzgerald, County Administrator discussed the following issues:

- 1) A resolution has been written in order to extend the real estate tax date from June 5 to June 26, 2020. Extending the deadline also effects penalty and interest. It is recommended that for 60 days beyond the June 26 deadline, the penalty would be 0% and the interest rate would be 5%. Currently it is 10% penalty and 10% interest if taxes are not paid on time. A public hearing is required to change the penalty and interest. Board authorization is needed to allow for advertising the public hearing.

RESOLUTION

At a regular meeting of the Board of Supervisors of Augusta County, Virginia (the “Board”), held in the Board Meeting Room in the Government Center at 18 Government Center Lane, Verona, Virginia on Wednesday, April 22, 2020, at which meeting a quorum was present and voting, the following resolution was adopted:

WHEREAS, as a result of the potential spread of COVID-19, a communicable disease of public health threat, the Governor of Virginia declared a state of emergency on March 12, 2020, and directed local governments to render appropriate assistance to prepare for this event, to alleviate any conditions resulting from the situation, and to implement recovery and mitigation operations and activities so as to return impacted areas to pre-event conditions as much as possible; and,

April 22, 2020, at 7:00 p.m.

MATTERS TO BE PRESENTED BY STAFF (CONT'D)

Ms. Carter moved, seconded by Dr. Seaton, that the Board approve advertising changes to eliminate the penalty and decrease the interest to 5% or less for sixty days.

Vote was as follows: Yeas: Garber, Carter, Wells, Shull, Slaven, Seaton and Morelli
Nays: None

Motion carried.

- 2) Staff is working hard. Mr. Fitzgerald and Ms. Whetzel joined in on a conference call with the Planning District Commission in regards to multiple grant opportunities because of COVID-19.

Mr. Garber stated that Staff is busy on a daily basis keeping up with the rule changes and how that effects the County.

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MATTERS TO BE PRESENTED BY THE PUBLIC --NONE

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CLOSED SESSION

On motion of Ms. Carter, seconded by Mr. Shull, the Board went into closed session pursuant to:

- (1) **the personnel exemption under Virginia Code § 2.2-3711(A)(1)**
[discussion, consideration or interviews of (a) prospective candidates for employment, or (b) assignment, appointment, promotion, performance, demotion, salaries, disciplining or resignation of specific employees]:
 - a) Boards and Commissions: Youth Commission, Economic Development Authority, Ag & Forestal Dist., Planning Commission, Shenandoah Workforce Development

- (2) **the economic development exemption under Virginia Code § 2.2-3711(A)(5)**
[discussion concerning a prospective business or industry or the expansion of an existing business or industry where no previous announcement has been made of its interest in locating or expanding its facilities in the county]:
 - a) Proposed Office space, flex space, storage facilities, manufacturing facilities, utility and mixed use development.

- (3) **the real property exemption under Virginia Code § 2.2-3711(A)(3)**
[discussion of the acquisition for a public purpose, or disposition, of real property]:
 - a) Verona Elementary School

April 22, 2020, at 7:00 p.m.

CLOSED SESSION (CONT'D)

(4) **the legal counsel exemption under Virginia Code § 2.2 3711(A)(7)** Consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the public body. For the purposes of this subdivision, "probable litigation" means litigation that has been specifically threatened or on which the public body or its legal counsel has a reasonable basis to believe will be commenced by or against a known party. 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.

a) Payment of water and sewer connection

On motion of Ms. Carter, seconded by Mr. Shull, the Board came out of Closed Session.

Vote was as follows: Yeas: Garber, Carter, Wells, Shull, Slaven
 Seaton and Morelli
 Nays: None

Motion carried.

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The Chairman advised that each member is required to certify that to the best of their knowledge during the closed session only the following was discussed:

- Public business matters lawfully exempted from statutory open meeting
- 1. requirements, and
 - 2. Only such public business matters identified in the motion to convene the executive session.

The Chairman asked if there is any Board member who cannot so certify.

Hearing none, the Chairman called upon the County Administrator/ Clerk of the Board to call the roll noting members of the Board who approve the certification shall answer AYE and those who cannot shall answer NAY.

Vote was as follows: Yeas: Garber, Carter, Wells, Shull, Slaven
 Seaton and Morelli
 Nays: None

Motion carried.

The Chairman authorized the County Administrator/Clerk of the Board to record this certification in the minutes.

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April 22, 2020, at 7:00 p.m.

CLOSED SESSION (CONT'D)
BOARDS AND COMMISSIONS

Dr. Seaton moved, seconded by Mr. Shull, that the Board appoint Robert Thomas to serve an unexpired term to the Planning Commission. Effective immediately and to expire on June 30, 2020.

Vote was as follows: Yeas: Garber, Carter, Wells, Shull, Slaven
 Seaton and Morelli
 Nays: None

Motion carried.

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ADJOURNMENT

There being no other business to come before the Board, Ms. Carter moved, seconded by Mr. Morelli that the Board adjourn subject to call of the Chairman.

Vote was as follows: Yeas: Garber, Carter, Wells, Shull, Slaven
 Seaton and Morelli
 Nays: None

Motion carried.

Chairman

County Administrator