

MINUTES
JAMES CITY COUNTY BOARD OF SUPERVISORS
WORK SESSION
County Government Center Board Room
101 Mounts Bay Road, Williamsburg, VA 23185
May 5, 2020
4:00 PM

A. CALL TO ORDER

B. ROLL CALL

Michael J. Hipple, Vice Chairman, Powhatan District
Ruth M. Larson, Berkeley District
P. Sue Sadler, Stonehouse District - via phone
John J. McGlennon, Roberts District
James O. Icenhour, Jr., Chairman, Jamestown District

Scott A. Stevens, County Administrator
Adam R. Kinsman, County Attorney

Mr. Icenhour asked for a motion to allow Ms. Sadler to participate in the meeting remotely, due to an illness that prevented her attendance.

A motion to allow Ms. Sadler to participate remotely was made by Ruth Larson, the motion result was Passed.

AYES: 4 NAYS: 0 ABSTAIN: 0 ABSENT: 1

Ayes: Hipple, Icenhour Jr, Larson, McGlennon

Absent: Sadler

Mr. Icenhour welcomed Ms. Sadler to the meeting.

Ms. Sadler acknowledged her presence on the call.

C. BOARD DISCUSSIONS

1. Grant Award - Coronavirus Aid, Relief, and Economic Security Act Provider Relief Fund - \$84,994

A motion to Approve was made by John McGlennon, the motion result was Passed.

AYES: 5 NAYS: 0 ABSTAIN: 0 ABSENT: 0

Ayes: Hipple, Icenhour Jr, Larson, McGlennon, Sadler

Mr. Icenhour noted he did not see Chief Ashe in attendance.

Mr. Stevens noted it was a grant received through the Emergency Medical Services carrier through the Coronavirus Aid, Relief, and Economic Security (CARES) Act. He further noted with the grant acceptance, additional opportunities for funding could be available. Mr. Stevens noted a pending grant had to be accepted. He further noted it was being presented to the Board this evening in the event eligibility for additional opportunities became available and to avoid any delays in applying for future funds.

ADOPTED

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Board of Supervisors
James City County, VA

Ms. Larson asked what the grant covered.

Mr. Stevens noted the grant covered ambulance service and came through the billing provider on the ambulance side. He further noted the service had sought the funding for its clients, specifically for that type of reimbursement. Mr. Stevens noted the County met specific criteria regarding loss of revenue for the grant.

Ms. Larson thanked Mr. Stevens.

2. Emergency Ordinance to Suspend Tax Payment Penalty and to Waive Convenience Fees

A motion to Approve was made by Michael Hipple, the motion result was Passed.

AYES: 5 NAYS: 0 ABSTAIN: 0 ABSENT: 0

Ayes: Hipple, Icenhour Jr, Larson, McGlennon, Sadler

Mr. Kinsman addressed the Board noting the County Administrator's request for the Board's consideration to temporarily waive the imposition of the 10% late penalty for personal property taxes effective through August 5, 2020. He noted the interest rate at 10% annum, which was .83% per month, would still be imposed.

Mr. Stevens confirmed the monthly percentage rate.

Mr. Kinsman noted the Board's consideration of the convenience fee waiver, also through August 5, 2020, as done earlier in the year. He further noted recommendation of both actions with the Emergency Ordinance. Mr. Kinsman noted it would need to come before the Board within 60 days for official readoption.

3. Current Fiscal Year 2020 Budget Discussion

Mr. Stevens addressed the Board noting Ms. Sharon Day, Director of Financial and Management Services (FMS) would lead the presentation. He noted he and Ms. Day wanted to confirm the Board's direction for the current Fiscal Year (FY 2020) budget.

4. Proposed Fiscal Year 2021 Budget Discussion

Ms. Day addressed the Board, noting at its April 21, 2020 Work Session, it had requested staff review the latest developments and prepare reductions to the FY 2021 proposed budget for consideration. Ms. Day noted her staff's work on the evening's presentation, particularly Ms. Cheryl Cochet, Assistant Director of FMS, and Ms. Margo Zechman, one of the Senior Budget and Accounting Analysts. Ms. Day further noted Ms. Cochet was participating remotely via phone for the presentation. Ms. Day began her PowerPoint presentation highlighting the COVID-19 estimated impact to the FY 2020 budget. She noted an estimated three-month impact of \$7.6 million with the majority of that amount from the sales, meals, and lodging taxes. Ms. Day further noted the expenditure reductions reflected a 50-50 split with the school division of roughly \$3.8 million on each side. Ms. Day provided an update on the meals and lodging tax collections, noting previous estimates had been an approximately 40% reduction. She noted April collections through the month's end with some March collections still coming in for approximately 49% collection rate for the meals tax and 69% for the lodging tax. Ms. Day noted the April-June projection had been 75%. She further noted a decline was anticipated, but added some revenue would come in for March due to non-filers. Ms. Day noted the estimates were close to anticipated revenues. Ms. Day continued her presentation with the proposed FY 2021 budget revenue of \$216 million with overall reductions of 5%, 10%, 15%, and 20% to the General Fund scenario. She noted the incremental percentages were reflected in the following amounts respectively: \$205 million; \$194 million; \$183 million;

and \$172 million. Ms. Day also noted the further breakdown of the percentages of each revenue source in the PowerPoint presentation. Ms. Day noted an impact to the proposed budget, unrelated to COVID-19 and post-budget preparation, was due to a modification to the state's budget in reference to elimination of the recordation tax distribution to localities. She further noted that money had been redistributed to the Hampton Roads Regional Transit Fund and represented a \$400,000 revenue loss to the County's General Fund. Ms. Day noted that loss had been incorporated into the numbers represented in the PowerPoint presentation under the Commonwealth line item. She continued the presentation noting the expenditure impact also with the 5%, 10%, 15%, and 20% breakdown scenario as used earlier. Ms. Day noted the dollar impact of each of the scenarios in separate line items based on feedback from departments, discussions with agencies, and discussions with various school divisions. She further noted the table reflected the County and the School Division sharing the reductions with a 48%, 52% split, respectively. Ms. Day noted the logic behind that reflected the current split in the originally proposed budget.

Mr. Hipple asked about a discrepancy in the revenue impact on Page 3 for the 10% reduction. He noted it showed \$194.428 million, but the expenditure for 10% was \$197.428 million, which did not match like the other amounts. He inquired if that was possibly a typographical error.

Ms. Day questioned Page 3.

Mr. Stevens clarified Page 3, Slide 5.

Ms. Day confirmed that was a typo.

Mr. Icenhour asked which amount was correct.

Ms. Day clarified \$194.428 million was the correct amount and that the revenue was the correct amount,

Mr. Stevens confirmed the typo would be corrected.

Mr. Hipple thanked Ms. Day.

Ms. Day continued her presentation citing the budget impact using the various percentages ranging from 5% to 20%. She noted the highlights within each percentage such as travel and training, staff recognition events, and other items. She further noted additional cuts which affected County programs such as Parks and Recreation programs and streetlight projects. Ms. Day noted the proposed Capital Improvements Program (CIP) projects and the percentage reduction scenarios as well as their rankings based on departmental ranking input. She further noted if grants were involved with projects, those items were not deferred to take advantage of the grant opportunities if reasonable. Ms. Day noted two items remained in the 20% category for the CIP projects and those items were deemed necessary. She further noted those items included the Computer Aided Dispatch system replacement for the Fire Department and the Records Management System system replacement for the Police Department and the system replacements would be financed through leases. Ms. Day continued her presentation with the four percentages and their respective scenarios for reduction in County transfer to other funds. She noted the biggest impact in the transfer to other funds was the 60% of the lodging tax revenue to the Tourism Fund in relation to the projected reduction in revenue. Ms. Day noted additional reductions for Social Services and Housing as well as Special Projects with a Virginia Department of Transportation match. She further noted a balance in the Transportation Match Fund, which she recommended it be used before adding additional funding to it. Ms. Day continued her presentation noting County contributions and detailed the breakdown which showed all scenarios totaled an approximate

\$472,158 reduction. She noted contact with outside agencies regarding budget reductions on their side as well fund balances. Ms. Day further noted during those discussions, the agencies' service levels are being impacted as in times of challenge, the need for service goes up. Ms. Day continued her presentation with the School Operations expenditures based on the 5%-20% scenarios. She noted the recent announcement of Governor Northam's approval of \$238.6 million of CARES funding for the Virginia Department of Education. She further noted the allocation to the local School Division and that the County's share had been received, Ms. Day noted the amount was approximately \$1.2 million.

Mr. Icenhour noted that was a one-time funding.

Ms. Day confirmed yes.

Mr. Icenhour noted the School Division would receive this money this year, but not next year.

Ms. Day confirmed yes. She said it was undetermined if the money would be received this year or this summer. She continued her presentation noting the School Division had prioritized its Capital Projects, which was before the Board this evening. Ms. Day noted the School Division was continuing a review of its budget and other factors. Ms. Day noted that concluded her presentation and she was happy to answer any questions from the Board.

Ms. Larson noted an inundation of emails from parents, at the encouragement of several School Board members, for the Board to use some reserve funds to pay for the shortfall. She further noted this was not a recommendation from the County Administrator or Ms. Day.

Mr. Icenhour asked Ms. Day to expand on that point. He noted a possible misconception on the public's part regarding these funds as contingency funds. Mr. Icenhour further noted it was fund balance, which impacted the County's bond rating, and if spent, was not a recurring source of money. He noted using these funds equated to taking one-time funds for ongoing expenses. Mr. Icenhour asked Ms. Day to explain that to the general public for a better understanding.

Ms. Day noted it was always one of the scenarios discussed and reviewed as a potential funding source, depending on the impact and the timeline. She further noted from the bond rating agency viewpoint, it was frowned upon. Ms. Day noted the funding was available for large one-time hits, but cautioned concern as hurricane season was approaching. She further noted the County had experienced several storms over the past few years. Ms. Day noted Federal Emergency Management Agency (FEMA) and the state were slow to reimburse with timelines of two-four years. She further noted Hurricane Isabel had been a \$15 million storm and the County had \$30 million in the bank. She cited the impact to the budget's reserves while maintaining operations as well as tax collection only twice a year. Ms. Day noted consideration of the magnitude of the impact in addition to the length of time. She further noted a plan had to be developed before the fund balance could be used as these were requirements of the credit rating agencies. Ms. Day noted that plan included: what are the funds used for; what extent; how long; and what is the plan to replenish it. She further noted detailed and timely discussion to outline those points as her recommendation before going to that extent.

Ms. Larson noted receiving an email earlier in the day which stated "we could get our reserve funds flush with cash in no time". She asked Ms. Day to explain what was required to replenish those funds and the plan.

Ms. Day noted she had been with the County for three years and based her answer on that timeframe. She further noted the County did not really budget for contingency. Ms. Day noted the entire General Fund was \$216 million with \$100,000 in a Contingency Fund. She further noted that was highly unusual as most localities have one half to \$1 million. Ms. Day noted the

County was already banking in having savings in preparation for possible shortfalls. She further noted, during her three years, the average net income for the County was under \$2 million. Ms. Day noted it was difficult to get closer to that point without going over budget, adding that meant that was the extent revenues exceeded expenditures. She cited the example of taking \$5 million from the fund balance at a restoration rate of three-four years and that was if normal operations resumed immediately.

Ms. Larson noted that was probably not so.

Ms. Day noted that was most likely not going to happen.

Mr. Stevens addressed Ms. Larson regarding the hurricane threat, as well as the possibility of another shutdown after businesses reopen and the need for those funds. He noted his hesitation, adding the County was in good financial shape, to use the reserve or fund balance at this time. Mr. Stevens noted possible funding from the federal level to the state level could be available to cover some of the County's expenses, but that was currently unknown. Mr. Stevens noted it was too early in good conscience to advise the Board to spend any reserves or fund balance at this time. He further noted substantial County cuts to keep operating budgets within the projected revenues.

Mr. Icenhour noted the earlier deferral of the property tax collection from June until August. He further noted that revenue would come in two months later yet the County still continued to operate and have expenses. Mr. Icenhour noted this fund balance provided liquidity to maintain operations, but if used, then there would be less to weather potential problems.

Ms. Day confirmed yes. She noted it served as a cash flow buffer for the six month time between the tax collections of June and December. She further noted those months marked when the majority of cash came into the County. Ms. Day noted much of those funds was invested and the stock market impact to those investments. She further noted potential penalties for withdrawals in addition to the volatility of the stock market.

Mr. McGlennon asked Ms. Day if the cash reserves equated to a rainy day fund. He noted at the state level there was a fund named that and was specifically created to address revenue shortfalls. Mr. McGlennon further noted there were limitations on the fund's uses.

Ms. Day noted this was not a rainy day fund. She further noted the County had not established a revenue stabilization fund, which was really a rainy day fund. Ms. Day noted the County had other reserves for specific items. She further noted Social Services and Housing received federal and state funding and had their own fund balances due to restrictions regarding grants. Ms. Day noted there was also a health insurance reserve under restrictive criteria. She further noted the remaining amount was the undesignated fund balance, not particularly for revenue shortfall, but to help bridge the gap between tax payments and one-time uses such as hurricanes or natural disasters.

Mr. Hipple thanked Ms. Day for noting the hurricane aspect. He noted he assisted with the debris burning and cleanup. He further noted some issues and costs that had been involved with the cleanup. Mr. Hipple noted his displeasure that several School Board members had encouraged parents to send emails to the Board of Supervisors requesting full funding. He further noted the drastic cuts being made throughout the community. Mr. Hipple noted the work between both Boards over the years. He further noted no one wanted cuts to the school funding, but the current times were difficult and funding cuts needed to be taken together. Mr. Hipple noted the same if the situation changed and things came back up then that would also be done together. He further noted during his tenure no cuts had been made to school funding due to the commitment to the County's schools and students. Mr. Hipple noted cuts were not directed at the schools, but were across the board for many groups. He further noted

continued harmonious work between the two Boards was needed. Mr. Hipple noted he hoped no one took his comments in a negative way, but emphasized growth and positivity in working together.

Ms. Larson noted recent conference calls with Virginia Association of Counties (VACo) and the unknowns surrounding federal money that was supposed to come back to the states. She questioned if the state would allocate some of its money to localities during the shortfalls. Ms. Larson noted she had not heard of a plan for funding including which localities would receive funding. She asked if Mr. Stevens knew of any plans.

Mr. Stevens noted he had not heard of any. He further noted he had also been on calls with both VACo and Virginia Municipal League (VML) representatives, but no word on funding to localities or when. Mr. Stevens noted there had been some discussion regarding FEMA money. He further noted requesting meetings with FEMA on that point. Mr. Stevens noted reimbursement on COVID-19 related expenses, but not on lost revenue. He asked Ms. Day for additional input.

Ms. Day noted she conferred with her counterparts throughout the state and concern about possible funding to localities. She further noted confusion around federal money to states and what states intended to do with that money. Ms. Day noted localities for the most part did not receive funding from the federal government as part of the CARES package. She further noted unknowns, but added the only locality specific number she had seen involved the previously mentioned \$1.2 million from the Virginia Department of Education. Ms. Day added there was still no information on when the money would be received nor how it was to be used.

Mr. Stevens noted the only localities receiving direct funds were those who had a Community Development Block Grant (CDBG) program. He further noted some appropriations had been made in the Hampton Roads area, but not generally in the counties. Mr. Stevens noted the timeline of law passage to development and the availability of more information.

Mr. Icenhour noted the funding from the federal government to the state in relation to the CARES Act and his understanding that specific revenues, like the ambulance fees, were a requirement for the locality to receive state funding. He further noted the specific COVID-19 impact, not overall revenue shortfall, was a criteria. Mr. Icenhour noted additional strict criteria for the state, in relation to federal funding, for funding to localities.

Ms. Sadler asked Ms. Day what the impacts with funding to revenue would be from tourism and small businesses so the public would have a better understanding.

Ms. Day noted talking with the Tourism Council. She further noted it had supplied estimates on the sales tax and meals tax along with the percentage that was derived from nonresidents. Ms. Day noted 40% from sales tax and 35% from the meals tax. She further noted lodging tax could be as high as 90%, but those numbers were still being tracked. Ms. Day noted while numbers on the CARES Act were few, guidance on how to track the County's information was available. She further noted the departments were steadily monitoring information and sharing it almost daily so purchases and such were tracked on a spreadsheet. Ms. Day noted the Virginia Department of Emergency Management (VDEM) had been very helpful and that the County was ready with its information for VDEM when it was requested.

Ms. Sadler asked Ms. Day if she could supply actual figures rather than percentages for the meals and lodging taxes.

Ms. Day noted the lodging tax was approximately \$2.9 million and at 90% reduction, only \$290,000 would be collected. She further noted the meals tax was approximately \$5 million with a 50% nonresident impact, so only \$2.5 million would be collected.

Ms. Larson asked about the sales tax impact.

Ms. Day noted three different sales tax numbers. She further noted approximately \$4.6 million for the Historic Tax, which would be \$2.3 million. Ms. Day noted the regular sales tax was approximately \$11 million with \$5.5 million there and the sales tax for education was approximately \$11-12 million range.

Mr. Icenhour noted the handout with the tourism revenue breakdown and potential lost revenue impact in a worst case scenario.

Mr. McGlennon noted that information represented a full year.

Ms. Larson noted definite peaks and valleys in tourism.

Ms. Day agreed.

Discussion ensued on lost holidays and events such as graduations, holidays, and such.

Ms. Larson noted correspondence from residents saying no tourists, but she added a price comes with that. She further noted if no tourist, then a decision on a real estate increase would have to be made.

Ms. Sadler asked Ms. Day if she had figures on the lost revenue with the closure of Busch Gardens.

Ms. Day said she did not.

Mr. Stevens noted it was not business-specific information, but more global information.

Ms. Day noted that typically was proprietary information.

Mr. Icenhour asked if any additional follow-up had taken place. He noted Busch Gardens was approaching Governor Northam on a phased reopening plan for the summer. Mr. Icenhour further noted the discussion was in conjunction with Kings Dominion's approach.

Mr. Stevens noted no additional follow-up this week, adding he had email correspondence the previous week with Mr. Kevin Lembke, President of Busch Gardens Williamsburg. He noted Mr. Lembke indicated they were making progress but had no plan at this time for the specifics of reopening or timeline. He further noted Mr. Lembke indicated representatives from both parks were on state-level committees and felt their concerns were being heard. Mr. Stevens noted on a local level, Busch Gardens was working with the local health department and staff on safety practices in preparation for reopening.

Mr. Hipple noted a soft reopening happening sooner than later. He noted the number of park attendees needed for Busch Gardens to reopen due to its size. Mr. Hipple noted the soft opening might include some barber shops and some restaurants, but further noted his frustration that some places were open and others not. He stressed the importance of safety and distancing, but noted a slow reopening could be done.

Ms. Sadler agreed with Mr. Hipple. She noted personal responsibility and creativity in reopening and getting things moving.

Ms. Larson noted her frustration at what she felt was a lack of a plan. She further noted the health concern component, but questioned discussion on the federal funding. Ms. Larson

noted even if an amount was unknown, a plan with information from localities and their needs would be available. She further noted that could be happening but no one had heard about it. Ms. Larson noted an email from VACo asking what is the plan. She questioned preparation regarding a possible second round in the fall and the impact to County residents already. She noted some people were continuing to do well during the pandemic while there were others who were not. Ms. Larson asked what was the Litmus test on whether the County closed for the fall and to have a plan in May if that became a reality. She then asked if instead the closure had been to allow hospitals to be prepared with sufficient equipment. Ms. Larson referenced the 1918 flu, the lack of a vaccine for COVID-19, and the power of the virus. She noted the need for a plan moving forward and where to get the best answers. Ms. Larson further noted the people in Richmond could have a group working on helping now while another group worked with localities for future planning. She asked how those answers could be obtained. Ms. Larson noted a possible task force so that if another shutdown occurred in the fall, what would be the future plan.

Mr. Stevens noted the collective frustration of those involved and the lack of information. He further noted other County Administrative Officers (CAOs) in neighboring localities were asking the same questions and seeking information. Mr. Stevens noted the VACo and VML representatives in Richmond had told the CAOs the best way to get information to the state was through VACo and VML. He further noted the lack of information flow and added he had been told of a number of taskforces to gather statewide information. Mr. Stevens noted Mr. Lembke was on one taskforce. He further noted he was unsure of the number of taskforces or their respective agendas, but he would inquire about them.

Ms. Larson said yes.

Mr. Stevens noted localities had been in an emergency response mode for several months and answers for the future were not there. He further noted the frustration and uncertainty, but added the push to continue to gather information would be ongoing. Mr. Stevens noted in reference to the budget, depending on which percentage the Board adopted, it would be monitored closely due to lags. He further noted not much spending would occur even with a July 1, 2020 adoption. Mr. Stevens noted any spending would be with Board approval and that would probably be the case through at least the first half of the next year. He further noted that was true of any budget once it was adopted; it had to be monitored closely. Mr. Stevens noted reports could be generated, but even with a July budget adoption, some milestones would be available, but there would a longer timeline on the shared revenues impact. He noted a very cautious approach moving forward.

Ms. Larson noted her appreciation of that point. She further noted slow and steady was the way to go, but emphasized planning and information.

Mr. Stevens addressed Ms. Larson's question on hospitals and equipment noting the County was in better shape today than three weeks prior with personal protective equipment for its first responders and staff. He noted the delay had allowed a chance for catchup with the supply chains. He further noted continued conversations with the hospitals in terms of their supplies and bed availability. Mr. Stevens noted the County was in better shape should the number of cases rise with the reopening and the medical community was also from two months prior.

Ms. Sadler asked Mr. Stevens if the County was relying on the state for plans at reopening or were local plans in place.

Mr. Stevens noted the County was following the state's order and Governor Northam's restrictions. He further noted localities could be more restrictive than the state, but no authority to be less restrictive. Mr. Stevens noted that as the Governor allowed less restrictions for

businesses across the state that information would be shared with local businesses. He further noted the County working with the businesses in the reopening plan and compliance with the Governor's plan.

Ms. Sadler asked if the state was supplying that information to the County now.

Mr. Stevens noted it was being received at the press conferences as the public and businesses were also receiving it.

Ms. Sadler asked if the press conference information was the only way the County was informed.

Mr. Stevens noted that was correct.

Mr. McGlennon noted in the Governor's May 4, 2020 press conference that all that information would be coming out with regards to each particular enterprise, like a bowling alley versus a hair salon, would deal with safety concerns.

Ms. Larson noted contact from a community nonprofit organization regarding specific written guidelines for fundraisers. She further noted information for the nonprofit sector whether from the Board or the state.

Mr. Stevens noted he would check. He further noted he was not sure it would be nonprofit specific, but rather focused on activities and gatherings. Mr. Stevens noted if any group had specific questions to call the County for assistance to better understand the state requirements. He further noted criteria for gatherings as the phased reopening occurs.

Ms. Larson thanked Mr. Stevens.

Mr. Icenhour noted the Community Center on Waller Mill Road had been completely closed down and other groups were helping to carry the load of facility shutdowns. He also noted the importance of guidelines from the state for nonprofit groups.

Mr. Stevens noted plans were being developed, but were not ready yet. He further noted he would gather the requested information.

Ms. Larson asked about restrictions such as wearing masks in County establishments.

Mr. Stevens noted he would confer with the County Attorney. He further noted the County could have stricter guidelines than the state, but not less strict guidelines.

Mr. Hipple noted a plan for James City County needed to be in place when it reopened. He further noted the plan needed to be available for citizens to know timelines and specifics. Mr. Hipple noted the 20% scenario and where the County might be in September in terms of adjusting the budget. He further noted planning for the worse and hoping for the best. He expressed his frustration regarding the lack of a plan. Mr. Hipple noted James City County should be the leader in developing a plan for reopening with the how and what when the time came.

Mr. McGlennon noted even if James City County had a plan the surrounding counties may not.

Mr. Hipple noted that was okay. Mr. McGlennon disagreed. He cited confusion with different plans in surrounding areas. He noted the work of business leaders on taskforces in Richmond and funding allocations.

Mr. McGlennon noted \$6.7 million was the funding that was to have come from the CARES Act, as reported by National Association of Counties (NACo). He further noted it was reimbursement for directly related COVID-19 expenses. Mr. McGlennon noted it was unlikely the County would have directly related COVID-19 expenses of that amount. He further noted the state's difficulty in obtaining information from the U.S. Treasury Department on what constitutes a reasonable expense. Mr. McGlennon noted the exceptional uncertainty surrounding the Board's discussion and current events.

Mr. Hipple noted that was why a plan was important. He further noted he was not counting on any money until it came.

Mr. McGlennon referenced a recent survey stating 82% of people did not feel comfortable going out to a restaurant.

Mr. Hipple noted that was okay; they did not have to go. He further noted a phased opening with a plan.

Discussion ensued on Governor Northam's reopening timelines, tracers for determining hot spots, and the lack of information shared with locality leadership.

Ms. Sadler noted her agreement with Mr. Hipple to take the hard road and if the course changed, then make adjustments where needed such as the schools. She further noted taking the tough position now to possibly give back later.

At approximately 5:26 p.m., the Board recessed for a short break.

At approximately 5:33 p.m., the Board reconvened.

Mr. Icenhour noted the Board's direction for staff regarding the budget. He further noted after staff reworked the budget that the Board still needed to review the CIP list on an individual project basis. Mr. Icenhour proposed the Board reviewed those items at the May 26, 2020 Work Session, before the June 6, 2020 budget adoption.

Ms. Larson asked if that was enough time for staff.

Mr. Icenhour inquired if that was so.

Mr. Stevens replied yes.

Ms. Day noted a technical correction so the Board had the correct numbers for its decision. She referenced Mr. Hipple's comment on Slide No. 8 and the correct amount was \$194,428 under the 10% scenario. Ms. Day noted an incorrect number was in the transfer to Capital Project Fund amount under the 10% reduction. She further noted the incorrect number was \$8,314,290, but stated the correct number was \$5,314,290.

Mr. Icenhour thanked Ms. Day for the clarification.

Mr. Hipple asked about the 50-50 split in the budget for the County and the School Division in Slide No. 1 instead of the 52%-48% split.

Ms. Day confirmed that was correct.

Mr. Icenhour asked if that was for the current year.

Ms. Day confirmed yes.

Mr. Hipple noted the 20% scenario and some concerns. He further noted he was in favor of the 15% scenario. Mr. Hipple inquired about the School Division's allocation.

Ms. Day noted it was how the money was appropriated, but further the County Attorney could confirm. She further noted if the appropriation was done in its entirety at the budget adoption, then that was correct. Ms. Day noted the Board had the option to appropriate monthly, quarterly, or some other frequency which allowed for adjustments to be made.

Mr. Hipple noted his concern if one lump amount was given to the School Division and then the possible need for adjustments and funding. He further noted this was not a school issue, but a numbers issue. Mr. Hipple noted the flexibility of this approach. He further noted support of the 15% scenario and wording to protect the funding source should the need arise.

Ms. Day noted the FY 2021 scenario factored in a 52%-48% split, but that FY 2020 had been a 50%-50% split. She further noted the difference was approximately \$150,000 and detailed the School funding.

Mr. Hipple thanked Ms. Day.

Ms. Larson asked Ms. Day and Mr. Stevens if they were still looking at the 5% scenario.

Mr. Stevens noted the 5%-10% range, but added the 10% was probably a better choice in terms of a conservative approach.

Ms. Day agreed with the 10% scenario based on updated information.

Ms. Larson noted the reality of the list and the impact of a park closure for a day versus a school classroom size. She further noted once the School Division received its allocation, then it decided on what projects were affected. Ms. Larson noted the real hit the School Division would take, but cited the economic difficulty being faced. Ms. Larson asked the total 10% decrease to the School Division's budget.

Ms. Day noted \$11.2 million.

Ms. Sadler asked if that was for schools.

Ms. Day confirmed that it was for schools at 52%. She noted another option, besides quarterly allocation or another interval, was a different split between CIP and Operations. She further noted the School's CIP budget was fully appropriated by the County as part of the County budget and some of that could be withheld as possible reduction.

Mr. Icenhour asked about the incremental allocation. He noted it might be an idea to do for the County also and not just the School Division. He asked how that would impact the County's operations pro and con and if that was a consideration.

Mr. Stevens noted he would need to think that through, but on the school side, he would contact the Superintendent to see if quarterly appropriation would have an impact. He further noted he was unsure of staffing and contractual obligations. Mr. Stevens noted on the County side, the Board could amend the budget at each meeting. He further noted what was appropriated to the school remained, but what was appropriated to departments in the County could be adjusted at each meeting.

Mr. Icenhour noted the bulk of the school budget focused on personnel. He further noted the impact regarding teacher contracts.

Ms. Day highlighted certain budget items, such as debt service payments, were required annually by the bond covenants to be appropriated in their entirety. She noted some contracts had appropriation disclaimers, but was unsure if that applied to personnel contracts.

Discussion ensued on budget concerns and impacts to the school and County.

Ms. Sadler asked if there were plans to reopen the schools.

Mr. Stevens noted he had not heard of a reopening date. He further noted there was no confirmation on a fall reopening, but added the need to educate.

Ms. Larson noted a larger CIP reduction on the school side to get more money on the operating side. She further noted a forecast. Ms. Larson noted the localities have stepped in and stepped up in assisting schools. She further noted the Commonwealth needed to stand with counties to assist in bridging the gap with 2009 funding. Ms. Larson asked if 2021 had no closures what the long-term financial plan on when some deficit would be recouped.

Ms. Day noted ongoing conversations with the schools. She further noted the schools were having conversations with the state regarding lower funding amounts. Ms. Day noted the school budget was being impacted on the local, state, and federal levels. She further noted FY 2020 had full funding appropriation to the schools with \$3.9 million being requested back. Ms. Day noted \$2 million of that amount had been returned in the past two weeks. She further noted the good faith effort as well as collaboration between the two Boards. Ms. Day noted the school appropriation was on a cash reimbursement basis. She further noted that even the County appropriated 52% of the budget, the full amount is not paid in July, but instead monthly as needed to cover the school expenses. Ms. Day noted the summer months typically had lower payroll expenses so reimbursement to the schools would be less. She further noted the cycle reversed as school started, typically the cash demands increased. Ms. Day noted that allowed the County to hold on to the cash and get interest on it which helped the County from a cash flow standpoint.

Mr. McGlennon noted elimination in the school budget for proposed pay raises for the upcoming year. He further noted it was a significant amount of money.

Ms. Day confirmed yes and added it was approximately \$3 million.

Discussion ensued on education, teacher pay, and the impacts.

Ms. Sadler noted the difficulty in making hard decisions in such an unknown scenario.

Mr. McGlennon noted the fiscal crisis before them, though a different one from the recession where property values were impacted. He further noted that led to a rise in the tax rate. Mr. McGlennon noted the work of the staff and the value of County employees. He recommended the 10% scenario. Mr. McGlennon noted the difficulty of making some of the decisions before them, particularly ones addressing public health. He further noted strategically reviewing sources of financial aid, personnel salary increases, as well as another review in the upcoming month.

Mr. Icenhour referenced his military days citing the adage of 'do more and more with less and less until you were qualified to do everything with nothing.' He noted the many unknowns and the need for due diligence with the best guess that staff had provided. He further noted Slide No. 9 with the County and School expenditures with the 52-48% split in Operations and Capital. Mr. Icenhour noted a significant hit at 10% to the County's CIP category, with additional hits at 15% and 20%. He further noted the ability to look at the CIP and funding as

needed. Mr. Icenhour noted the School budget took its hit in the operations, but there was \$3 million in CIP projects as potential revenue and the combined \$7 million between those two areas. He further noted the impact of the tourism revenue deficit and his decision to go with the 10% scenario. Mr. Icenhour noted the community's concern about emails regarding the Board and the School Board, but further noted both groups worked well together. Mr. Icenhour noted the 10% scenario offered some flexibility in addressing CIP projects and incremental funding without adversely affecting more critical areas. Mr. Icenhour asked each Board member to give the percentage he or she preferred along with guidance to staff.

Ms. Larson asked if the School Board would help with the communication piece regarding the reserves. She asked Ms. Day if she had spoken with Ms. Rene Ewing, Chief Financial Officer.

Ms. Day confirmed yes, noting Ms. Ewing understood as they were both in the same field.

Ms. Larson noted Ms. Ewing speaking with Dr. Olwen Herron, Williamsburg-James City County (WJCC) School Board Superintendent, regarding the request from several citizens and the Board's decision on the reserves. She further noted the decision was based on staff recommendation.

Ms. Sadler asked if school appropriation could be scheduled on a quarterly or alternate schedule.

Ms. Day confirmed yes. She noted the County contributed approximately \$112 million of which \$15 million was debt service. Ms. Day further noted the \$15 million would have to be fully appropriated, but the balance could be appropriated on an alternate frequency.

Mr. McGlennon asked if that meant contracts could be issued without appropriated funds.

Ms. Day confirmed yes

Mr. Stevens noted he would confirm with Dr. Herron.

Ms. Sadler questioned how to appropriate quarterly with contracts.

Mr. Hipple noted the contracts were tied to the appropriations. He further noted Mr. Stevens and Dr. Herron could review which items would work under alternate appropriations. Mr. Hipple noted reviewing percentages while not having a negative impact on the schools. He further noted watching out for everyone's money, asking tough questions that impact people's lives, and being cautious. Mr. Hipple noted the importance of funding and the ability to manage. He cited the business impact locally and nationally such as the chicken industry and the recovery time even with partial reopening. Mr. Hipple noted he was in favor of the 15% scenario.

Ms. Sadler noted the uncertainty surrounding the small business and tourism impact, she was in favor of the 15% scenario. She further noted the tough decision now for possible funding later when things change.

Ms. Larson noted she was leaning more toward the 10% scenario and liked the idea of the check-in to review additional changes if needed. She further noted her concern for the timeline and no plan, but added she took Ms. Day's recommendation. Ms. Larson noted if things did not change, the 15% scenario or worse looked likely.

Mr. McGlennon noted there were some things out of the Board's control like the state mandate on school closings. He further noted the Board did have control in encouraging citizens to practice better behavior in being proactive with protection such as wearing masks,

distancing, and such to avoid an increased spread of the disease in the fall. Mr. McGlennon noted more information would be available in the coming weeks, but for planning purposes he recommended the 10% scenario.

Mr. Icenhour noted he preferred the 10% scenario. He further noted the guidance to staff would be 10%. He noted the check-in was an essential part of this process. Mr. Icenhour noted a significant amount of time to review the CIP list at the May 26 Work Session with input from staff. He further noted reaching out to staff with any questions prior to that meeting.

Ms. Larson asked Ms. Day if there would a point where the County would need to consider using the reserve.

Ms. Day said yes there would be some circumstances where she would make that recommendation to the County Administrator and up the line. She noted it might not be a percentage scenario, but rather a timeline impact and the line items. She further noted a daily review of the state revenue. Ms. Day noted there had not been any real reduction to the state revenue, but she added that the state funding to localities had been reduced in previous years. She further noted some unknown factors today that could impact tomorrow. Ms. Day recommended at the Work Session that the Board have the CIP list with the Pay Go versus Debt Funding listed for the respective projects. She noted most of the projects discussed tonight were Pay Go projects. Ms. Day noted only \$3.8 million of the \$7.1 million School projects were Pay Go. She further noted for every \$1 million borrowed, there is approximately \$100,000 of debt service, Ms. Day noted she could present the projects that way to show savings, but that it was not dollar for dollar. She further noted savings on the delay or deferral of Fire Station 6 which was currently not factored in as it was not a Pay Go project.

Mr. McGlennon asked Mr. Stevens what was happening in other localities.

Mr. Stevens noted similar discussion regarding frustration on a forward plan. He further noted a mixed reaction on giving raises or not as well as a 5-10% budget range. Mr. Stevens noted more information would be known in the coming months. He further noted a 5% reduction was in place for York County and he would confirm the budget adoption date. Mr. Stevens noted with all the unknowns, the other localities knew modifications would need to be made.

Mr. Icenhour noted prior to moving ahead on the agenda, he had a notice to read. At the Board's meeting on April 14, 2020, a motion was made to appoint Mr. Brandon Nice to a term on the Economic Development Authority that would expire on March 31, 2021. He stated that it had come to his attention that this would be to fulfill the remaining portion of an unexpired term, so the expiration date should instead be May 31, 2021, and he would entertain a Motion to Amend Mr. Nice's term to expire on May 31, 2021 instead of March 31, 2021.

A motion to Amend Brandon Nice's appointment to the Economic Development Authority for the expressed term as noted was made by Ruth Larson, the motion result was Passed. AYES: 5 NAYS: 0 ABSTAIN: 0 ABSENT: 0
Ayes: Hipple, Larson, Sadler, McGlennon, Icenhour Jr.

D. BOARD REQUESTS AND DIRECTIVES

Ms. Sadler asked if Mr. Chris Johnson, Director of Economic Development, was available and if so could he address the Board.

Mr. Stevens confirmed yes to both counts.

Mr. Johnson noted, at Mr. Stevens's request, he had done some analysis to investigate what surrounding localities have been doing in response to relief for small businesses during the pandemic. He further noted the City of Williamsburg City Council had recently adopted a COVID-19 business grant program that would be funded with \$1 million from its Tourism Development Fund. Mr. Johnson detailed the criteria for businesses, and noted they were on a first come, first serve basis. He noted a comparison between the City of Williamsburg and James City County in number of businesses, adding the City had roughly 800 business licenses while the County has 5,400. Mr. Johnson noted the challenges of scaling a similar program to the County presented numerous challenges including funding. He further noted the City of Newport News and the City of Hampton through their respective City Councils and Economic Development Authorities (EDAs) had put forward money in the sum of \$500,000 in the past few weeks. Mr. Johnson noted resiliency grants in the City of Newport News and forgivable loans in the City of Hampton with unique criteria, but few restrictions on how the funds could be used. He further noted the recent correspondence addressing the Greater Williamsburg Partnership and its coordination with the Williamsburg Community Foundation to create a Greater Williamsburg Small Business Relief Fund in partnership with the EDAs of James City County, York County, and the City of Williamsburg with seed money of \$10,000, split between the three localities. Mr. Johnson noted equal matches had been received over the past 10 days from Chesapeake Bank as well as several Williamsburg Community Foundation Trustees. He further noted that fund had over \$30,000 to date to be used as forgivable loan grants administered through the Virginia 30 Day Fund for businesses in the three localities. Mr. Johnson noted the Virginia 30 Day Fund was created by Mr. Pete Snyder, an alumnus of the College of William & Mary. Mr. Johnson further noted in the three weeks since the Fund had launched, over \$800,000 had been raised for direct assistance to over 135 businesses, including several in the County. He detailed the application and funding process, noting a three-day processing time for businesses with \$3,000 in forgivable loans. Mr. Johnson noted this amount in conjunction with federal assistance for businesses.

Discussion ensued.

Ms. Sadler noted she had spoken with Mr. Johnson about assistance to small businesses in the County. She further noted the businesses invested in the County and helping them during this time. Ms. Sadler noted a \$500,000 donation to the Virginia 30 Day Fund would go to 166 businesses in James City County.

Mr. Johnson confirmed the money could be designated for County businesses. He explained the destination attachment to funding. Mr. Johnson noted if the Board authorized the donation, the Board could then specify criteria for that money's use for those businesses. He further noted while the Virginia 30 Day Fund was distributed throughout the Commonwealth, specific localities could designate criteria within their localities for local businesses.

Ms. Sadler asked Mr. Stevens how the funding would work in this situation.

Mr. Icenhour asked the number of local businesses.

Mr. Hipple noted 166.

Mr. Johnson noted with the suggested sum of \$500,000 at \$3,000 per business, 166 businesses would benefit.

Mr. Stevens noted the funding, if the Board chose to move forward, would be more difficult in FY 2021. He further noted savings in the current year (FY 2020) could be used without using the fund balance. Mr. Stevens noted this information could be presented at the next Board meeting.

Ms. Sadler noted she would want to know more about this year's budget impact. She further noted the need to support local businesses now.

Mr. McGlennon noted his reluctance to turn money over to an outside organization. He further noted accountability and cited 166 out of 5,400 businesses was not a large target impact. Mr. McGlennon noted another option was to address tourism and the establishment of grants to help restaurants and hotels with sanitization programs. He questioned the source of the money and rolling that amount into the next year's budget.

Ms. Sadler noted she heard Mr. McGlennon's concerns and possibly those types of County businesses could be helped through this program. She further noted problems the County may face in implementing a program like this on its own. Ms. Sadler noted this particular program was already in place and assisting businesses. She further noted she felt strongly on this point and wanted to help in any way.

Mr. Icenhour noted the maintenance of money effort from localities for tourism. He further noted reaching out to the Tourism Council as a funding source. Mr. Icenhour noted James City County's annual contribution was \$740,000.

Ms. Larson noted that annual amount went to the Greater Williamsburg Chamber and Tourism Alliance and that the Tourism Council had no vote on it. She further noted speaking with it, but added legislative restrictions.

Mr. Icenhour noted if the Alliance would be willing to contribute to this effort in support of the business community and tourism industry.

Ms. Larson noted she would follow up with them. She further noted reviewing the feasibility of a plan. Ms. Larson noted the difficulty for businesses with limited cash flow to stock supplies such as face masks. She further noted the need to assist local businesses.

Mr. Hipple noted he was fine with a review of the different options for funding. He further noted some companies might close down, but the funding was limited.

Mr. Icenhour noted five weeks earlier the County, which comprised less than 1% of the state's population, had 7.9% of the cases with 13.6% of the deaths. He further noted, as of today, the County was less than 1% of the cases and approximately 2% of the deaths. Mr. Icenhour noted the success of the programs and credit to citizens for observance of social distancing and other criteria. He further noted less optimism on the state level with week-to-week increases in cases and deaths.

Ms. Larson noted increased testing and changes in the reporting yet the numbers were increasing. She asked how a clear statistic could be determined.

Mr. Stevens noted Governor Northam had addressed statistics regarding comparisons and other factors. He further noted more data available on the state's website for locality breakdown.

Ms. Larson noted her surprise at the rate of the virus, but added the need to get precautionary information out to citizens for potential upcoming travel.

Mr. Hipple noted the changing times and online education. He thanked the School Board and staff for the tough decisions on revenue.

Ms. Larson noted she had reached out to Dr. Herron regarding the student meals provided by WJCC. She further noted the involvement of other organizations in providing meals whether

through delivery or some other way. Ms. Larson expressed her appreciation for everyone's help with the meals. She noted Dr. Herron had said 45,000 meals had been prepared and served by various staff groups at four school sites.

Mr. McGlennon asked Ms. Larson if she knew what arrangements were when school ended.

Ms. Larson noted in the past WJCC schools had not qualified for federal lunch programs, but was unsure. She further noted that information could be requested. Ms. Larson also noted area church involvement. She further noted the recent VACo meeting via Zoom with workforce and COVID-19 updates. Ms. Larson noted the annual VACo conference was still slated for November 8-10, 2020, but will provide updates as needed including a new location site as The Homestead was undergoing renovation. Ms. Larson thanked Delegate Amanda Batten for participating on the VACo call.

Mr. McGlennon noted the Greater Peninsula Work Force Board had allocated some federal funding to area localities, including six James City County businesses in preparation for reopening.

E. CLOSED SESSION

None.

F. ADJOURNMENT

- i. Adjourn until 5 p.m. on May 12, 2020, for the Regular Meeting

A motion to Adjourn was made by Michael Hipple, the motion result was Passed.

AYES: 5 NAYS: 0 ABSTAIN: 0 ABSENT: 0

Ayes: Hipple, Icenhour Jr, Larson, McGlennon, Sadler

At approximately 6:56 p.m., Mr. Icenhour adjourned the Board of Supervisors.


Deputy Clerk