

**MINUTES**  
**JAMES CITY COUNTY BOARD OF SUPERVISORS**  
**SPECIAL MEETING**  
**COUNTY GOVERNMENT CENTER BOARD ROOM**  
**101 MOUNTS BAY ROAD, WILLIAMSBURG, VA 23185**  
**May 7, 2024**  
**4:00 PM**

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**A. CALL TO ORDER**

**ADOPTED**

**B. ROLL CALL**

MAY 28 2024

Barbara E. Null, Stonehouse District  
Michael J. Hipple, Powhatan District  
John J. McGlennon, Roberts District  
James O. Icenhour, Jr., Vice Chair, Jamestown District  
Ruth M. Larson, Chair, Berkeley District

Board of Supervisors  
James City County, VA

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

**C. BOARD DISCUSSIONS / GUIDANCE**

1. Proposed FY 2025-2026 Budget

Ms. Cheryl Holland, Budget Manager, addressed the Board noting the purpose of this meeting was to continue discussion on the Fiscal Year (FY) 2025-2026 Proposed Budget. She remarked she would provide a brief budget overview on the PowerPoint presentation and then would turn the discussion over to the County Administrator Scott Stevens to address raised topics and questions. Ms. Holland highlighted the budget timeline on the PowerPoint presentation. She noted FY2025 was the first year of the County's two-year budget and the only year appropriated for spending. Ms. Holland further noted the FY2025 Proposed Budget equated to \$289.3 million. She indicated the FY2025 Proposed Budget reflected no change in the real estate and personal property taxes. Ms. Holland mentioned the FY2025 Proposed Budget excluded approximately \$9 million in additional requests. She highlighted the additional revenue allocations displayed on the PowerPoint presentation. Ms. Holland turned the discussion over to Mr. Stevens.

Mr. Stevens addressed the Board noting he wanted to mention the Williamsburg-James City County (WJCC) School Division requested an additional \$5.2 million to its proposed budget to aid with employee health insurance premiums. He noted that figure was approximately \$500,000 less than the desired amount. Mr. Stevens noted he was asked by the School Division Superintendent to mention the additional fund request, adding he was not advocating on the subject matter. He touched on other revenue considerations that were not included in the FY2025 Proposed Budget such as Parks & Recreation and Curbside Recycling potential fee increases. Mr. Stevens spoke to that point in further detail. He stated Parks & Recreation fees would increase in FY2026; however, there were no changes to the Curbside Recycling fee for FY2025 or FY2026.

Mr. Stevens asked if any Board members had questions before continuing the discussion.

Mr. Hipple questioned the additional funds to the School Division based on the state's allocation.

Mr. Stevens mentioned the School Division was not aware of the final number in relation to the state's allocation until after the budget had been finalized. He noted the estimated allocation was based on the City of Richmond's latest calculation tool for School Division staff. Mr. Stevens stated the School Division's Proposed Budget included a 4.5% salary increase for School Division staff and the additional funds would help alleviate increased health insurance premiums.

Mr. Hipple asked if the state's contribution was higher would that allow the County some financial flexibility.

Mr. Stevens confirmed. He explained the School Division had to issue teacher contracts and without providing a generous allocation to the School Division it could create some significant impacts. Mr. Stevens noted if the County allocated additional funds to the School Division and the state had increased its allocation then a budget amendment could be done before the end of the year to receive those funds back.

Mr. McGlennon asked if the additional funds were to aid with the costs of the health insurance premiums or was that incorporated with the 4.5% salary increase for School Division staff.

Mr. Stevens mentioned from his understanding the School Division requested a 4.5% salary increase and the School Division would pay the increased costs for the dependent healthcare coverage. He noted another option would be to lessen those employee healthcare costs and the School Division would offer a 4% salary increase for School Division staff.

Mr. McGlennon questioned the affordability and beneficial aspect of healthcare coverage for lower-paid salary workers who would receive salary increases. He mentioned he understood some employees did not utilize the offered healthcare coverage options.

Mr. Stevens noted the School Division had a number of plans to choose from. He mentioned some employees chose healthcare coverage elsewhere. Mr. Stevens elaborated on that point in further detail.

Mr. Hipple asked if School Division staff received a 7% salary increase last year.

Mr. Stevens replied correct.

Mr. Hipple stated and a 4.5% salary increase this year. He remarked that he felt that was equitable compensation.

Ms. Larson expressed her disappointment in the lack of reevaluation in relation to the School Division's Proposed Budget. She mentioned her concerns with raising curbside recycling fees. Ms. Larson pointed out a recent CBS exposé regarding corporate recycling and whether or not plastic waste was actually being recycled. She asked if Ms. Grace Boone, Director of General Services, could come to the podium and address that point.

Ms. Boone addressed the Board noting she was not aware of the recent study Ms. Larson was referring to; however, she mentioned the County worked closely with the Virginia Peninsulas Public Service Authority (VPPSA) to ensure the recyclables go to their designated location. She advised a report was received to validate recycled collection percentages. Ms. Boone emphasized the importance of education on recycling and highlighted the pros of the recycling program. She touched on various challenges such as inflation costs, drivers, staff turnover, etc.

Ms. Boone mentioned the glass recycling partnership with O-I Glass.

Ms. Larson asked if the County had a good overall rate for recycling based on the VPPSA reports.

Ms. Boone replied the County offered one of the cleanest programs out there. She expressed her belief that education was a huge component of the program's success.

Ms. Larson thanked Ms. Boone.

Mr. McGlennon mentioned he paid his recycling fees annually. He asked the process for those customers who paid on an annual basis opposed to monthly if the rates were to increase.

Ms. Holland stated advanced payments were recorded as a liability and were applied to future bills.

Mr. McGlennon asked if the recycling fees changed would that shorten the timeframe that payment would cover.

Ms. Holland confirmed yes.

Mr. Hipple mentioned if County citizens did not participate in the Curbside Recycling Program and wanted to drop-off recyclables could they visit one of County's Convenience Centers at no charge.

Ms. Boone replied correct.

Mr. Hipple spoke to constituent concern in relation to the subsidized recycling component.

Ms. Larson agreed to Mr. Hipple's point. She mentioned the possibility of putting an investment towards less landfill use by recycling. Ms. Larson questioned absorbing the fee in its entirety. She asked Mr. Stevens if the rate would increase again next year.

Mr. Stevens stated the County's contract was a five-year contract, adding it was recently rebid. He mentioned his thoughts were to incorporate a fee as time moved forward toward the Solid Waste discussion. Mr. Stevens noted this was simply an option to present to the Board for self-recovery purposes. He asked Ms. Boone to speak to the contract.

Ms. Boone explained with the vast majority of County contracts incorporated Consumer Price Index (CPI) and negotiation and flexibility opportunities annually.

Mr. Stevens noted he would come back to these topics at the end of discussion to determine the Board's input on direction.

Mr. McGlennon mentioned he preferred to see increased rental costs for County facilities such as Legacy Hall. He noted he was not in support of increasing fees for the REC Connect Before and After School Program.

Ms. Larson asked if the Parks & Recreation Department offered income-based programs.

Mr. Stevens expressed he believed so; however, he would need to verify that point. He mentioned REC Connect had some income-based approach opportunities and County employees received discounts based on annual salary.

Ms. Larson mentioned her desire to increase fees for the REC Connect Before and After School Program to aid in the additional revenue component. She requested the impacts it would have

on the program.

Mr. Stevens confirmed.

Mr. Hipple agreed to Mr. McGlennon's point of increased rental costs for County facilities; however, he was not in support of raising fees for the REC Connect Before and After School Program.

Mr. Stevens explained most of the fee increases would be approximately \$5-\$10 noting some of those fees were per week, per month, per rental, etc. He mentioned postponement of increased fees would then make for a more drastic increase as time moved forward. Mr. Stevens noted based on the Board's desire it could postpone any increased fees in the REC Connect Before and After School Program until FY2026.

Ms. Larson pointed out the County was paying higher salaries for Parks & Recreation staff. She expressed her desire to still receive the requested information on impacts to the program if the fees were increased.

Ms. McCarthy, Director of Financial and Management Services, addressed the Board noting annual operation costs for the REC Connect Before and After School Program was approximately \$85,000.

Ms. Larson asked Mr. Stevens for the current rates for the program and what increased costs would look like.

Mr. Stevens stated fees for before school only were currently \$50 and would increase to \$60 per week, after school only from \$60 to \$65 per week, and then before and after school from \$75 to \$80 per week.

Ms. Larson expressed her support of increasing the REC Connect Program fees this year.

Mr. Icenhour mentioned he had a question regarding WJCC Schools. He asked if the additional \$500,000 could be put into a contingency plan based on determination of the state's allocation to the School Division.

Mr. Stevens confirmed that could be done; however, that would still add an additional \$500,000 to the budget and would need to determine where to cut costs. He commented that this year the state's budget seemed to be more certain than it did this time last year. Mr. Stevens reiterated his earlier point in relation to a budget amendment as another option.

Mr. Hipple agreed to Ms. Larson's point that the School Division should reevaluate its budget.

Mr. Stevens highlighted potential real estate tax rate reductions on the PowerPoint presentation. He explained each cent reduction and what that would mean in terms of reductions, funding shifts, postponements, removal of new positions, etc.

Ms. Larson asked if the removal of new positions would create further challenges regarding approval timelines, research efforts, etc.

Mr. Stevens stated his first priority was to retain current County employees and fill current vacancies. He emphasized the importance of making the necessary accommodations based on the Bolton Compensation Study conducted. Mr. Stevens mentioned challenges such as recruiting and retaining, experience level, population growth, workload, etc. were many factors County departments faced. He expressed his belief that adding additional positions while experiencing the inability to fill current vacancies was counterproductive. Mr. Stevens elaborated on his point in further detail.

Mr. Hipple spoke about potentially utilizing approximately \$13 million from the Unassigned Fund Balance in a two-year increment to reduce the real estate tax rate to \$0.77 per \$100 of assessed value. He noted after further research there would be significant impacts to the County's AAA Bond Rating. Mr. Hipple explained that point in further detail. He asked Mr. Stevens if the County could utilize the Unassigned Fund Balance for County projects.

Mr. Stevens confirmed yes; however, he expressed his belief that a broader discussion needed to occur. He recommended a time outside of the budget period to continue discussion on that point. Mr. Stevens spoke to the Fund Balance Policy which required a minimum Unassigned Fund Balance equal to 15%. He touched on that point in greater detail.

Discussion ensued.

Mr. Stevens discussed and displayed tax credit opportunities on the PowerPoint presentation. He elaborated on the potential cent reduction credits and the methodology if implemented.

Mr. McGlennon remarked commercial real estate did not appreciate in value nearly at the rate that residential did.

Ms. McCarthy replied correct, adding it was approximately a 2% increase for commercial real estate.

Mr. McGlennon inquired about potential implementation of an additional rate on commercial real estate. He expressed that he was uncertain on the legislation to that point.

Mr. Stevens replied he would look into that, adding he was uncertain on that point. He noted the State Code section in relation to tax refunds/credits was relatively new and currently there was not a known way to segregate credits at this time. Mr. Stevens further noted the credits would apply to both residential and commercial real estate. He provided the Board various tax credit options up to a \$0.10 tax rate reduction. Mr. Stevens stated each \$0.01 reduction as a credit equated to \$1.3 million. He recommended a reduction in the Capital Improvements Program (CIP) proposals by a similar amount as well. Mr. Stevens displayed a list of potential reduction opportunities in relation to the Capital Projects Fund on the PowerPoint presentation. He spoke to that point in further detail.

Mr. Icenhour referenced the Tax Credit slide on the PowerPoint presentation. He asked Mr. Stevens if those figures were inclusive of commercial real estate in addition to residential real estate.

Mr. Stevens confirmed yes.

Discussion ensued.

Mr. Icenhour asked Ms. McCarthy what the ballpark figure of the assessed value of residential real estate versus commercial real estate.

Ms. McCarthy stated she did not have the raw data; however, the residential real estate made up approximately 80% of the overall total. She further stated in theory a tax credit would ultimately be returning last year's surplus and commercial real estate contributed to that surplus. She expressed her belief that was the reason the State Code was written that way.

Mr. Icenhour suggested a reduced tax rate of \$0.04 in FY2025 and a reduced tax rate of \$0.02 in FY2026 which would equate to approximately \$7.8 million.

Mr. Stevens confirmed yes.

Mr. Icenhour asked if the County would offset those costs by reducing CIP projects.

Mr. Stevens confirmed that was the recommended course of action but not required.

Discussion ensued.

Mr. Stevens asked the Board if there were questions pertaining to Fund Balance.

Ms. Larson requested discussion on Fund Balance.

Ms. McCarthy moved onto discuss the Fund Balance component. She displayed a Fund Balance slide on the PowerPoint presentation to illustrate where the County was financially at the beginning of the budget versus where the County would be in different scenarios. She stated at the end of last fiscal year the Unassigned Fund Balance was \$79.2 million and total governmental expenditures were \$296 million, adding 15% of that figure was set aside which left an excess total of approximately \$34 million. She recommended looking at one-time expenditures, specifically capital, if adjustments were made. Ms. McCarthy highlighted and displayed various scenarios and associated figures on the PowerPoint presentation. She discussed utilization of the Unassigned Fund Balance for ongoing needs and reasons credit rating agencies unfavored that practice. Ms. McCarthy mentioned to Mr. Hipple's point that because of the County's AAA Bond Rating the County received significantly lower interest rates on debt and increased negotiating power for business opportunities.

Mr. Stevens looked to the Board for input on the real estate tax rate, credit issuance, etc. He noted a clear consensus on Parks & Recreation and Curbside Recycling fees and utilization of Fund Balance for County vehicles.

Mr. Icenhour expressed his appreciation to Mr. Stevens for all his efforts. He recommended a \$0.02 real estate tax reduction noting further reduction passed that point would conflict with priority needs.

Mr. Stevens mentioned if the Board chose to increase fees it would allow an additional \$1 million and flexibility in relation to a higher tax reduction.

Ms. McCarthy noted \$500,000 of that \$1 million was factored into the FY2026 budget in relation to increased Parks & Recreation fees.

Mr. Icenhour reiterated his recommendation of a \$0.02 reduction in the real estate tax rate. He expressed his support for a tax credit preferably a higher credit issuance in FY2025 in addition to a lower issuance in FY2026. Mr. Icenhour noted he looked to his fellow Board members for further consideration on those points.

Mr. McGlennon expressed that he preferred to keep the real estate tax rate at the current rate of \$0.83 and focus on a tax credit for this year instead. He noted that the tax rate was not the issue but more so the real estate reassessment. Mr. McGlennon further noted efforts were being made to accommodate some tax relief. He felt reluctant with additional reductions in the real estate tax rate based on future uncertainty. Mr. McGlennon elaborated on his point in further detail. He indicated his support of a more cautious approach.

Mr. Hipple expressed this was a challenging circumstance. He recommended a \$0.05 tax credit and keep the real estate tax rate as is.

Ms. Larson asked Mr. McGlennon if he had a specific amount for a tax credit.

Mr. McGlennon replied he was in support of either a \$0.03 or \$0.04 tax credit. He expressed his



reluctance to support a \$0.05 tax credit unless there were stipulations for a tax credit in FY2026. He asked Ms. McCarthy if this circumstance may jeopardize the potential need for a new middle school and the real estate tax rate.

Ms. McCarthy replied correct noting the CIP may need to be reevaluated.

Mr. Hipple noted a decline in County debt through FY2027.

Ms. McCarthy stated the County had a new borrowing program this year for the Pre-K space and for the new General Services Building equating to approximately \$74 million. She advised the County's next borrowing would be in FY2026 for the new Government Center.

Mr. Hipple elaborated on County debt figures for future fiscal years and opportunities as that debt was paid down.

Ms. McCarthy replied some County debt would come off in FY2026 which would allow additional debt capacity. She noted if the County was required to build a new middle school then the CIP in its entirety would need to be revisited. She mentioned various tools and measures utilized in reviewing the overall budget process.

Mr. Hipple thanked Ms. McCarthy.

Ms. Null asked if there was any consideration on a personal property tax rate reduction. She mentioned her attendance at a Virginia Association of Counties (VACo) Conference where numerous localities offered a 0.5 tax rate reduction or higher. Ms. Null expressed her concerns with rebates and/or credits as she felt it was not impactful. She mentioned her attendance at the Community Budget Meetings and heard the concerns of many County citizens on a fixed income. She expressed her support of lowering the real estate tax rate to \$0.75; however, she understood that was not feasible. Ms. Null suggested lowering the tax rate under \$0.80 and no tax credits. She reiterated a potential reduction in the personal property tax rate as well.

Mr. Stevens noted the personal property tax rate had not changed and remained the same for some time. He explained budget process challenges with reductions in tax rates and ensuring expenses were reduced by the same amount. Mr. Stevens advised the County would not issue a rebate but a credit. He noted the credit would be reflected on the bill and would essentially have the same effect as a tax rate reduction. He expressed his skepticism and worry on a \$0.05 or higher tax rate reduction as he felt that would put the County in a very unpleasant position in relation to serving the community.

Mr. McGlennon mentioned the Board had implemented a reduced assessment ratio of 75% of value in relation to personal property tax approximately two years ago. He indicated that equated to approximately \$9 million in savings to County taxpayers. Mr. McGlennon asked Ms. McCarthy if the personal property tax rate changed would that impact state funding.

Ms. McCarthy replied no, adding the program had been redeveloped as a block grant to include a fixed amount.

Ms. Larson mentioned this was a tough situation. She empathized with County citizens in relation to taxes. She also understood the County needs and priorities. Ms. Larson expressed her concern with changing the County's revenue outlook. She pointed out that localities were now responsible for many things that used to be the state's responsibility. Ms. Larson further noted her support of a \$0.05 tax credit with stipulations in FY2026. She looked to the Board for guidance on the additional \$500,000 that the School Division was requesting.

Mr. Stevens informed Mr. Icenhour that a contingency plan could be implemented for the additional \$500,000.

Mr. Hipple mentioned he was not in support of the additional \$500,000. He suggested the School Division reevaluate its budget. Mr. Hipple noted after the state's allocation was finalized the Board could potentially revisit the additional funds request.

Discussion ensued.

Ms. Larson recommended a decision be made at the next Board meeting regarding the additional \$500,000 allocation to the School Division.

Ms. McCarthy mentioned she could find out how the School Division was trending this year in terms of a surplus.

Mr. Hipple stated if the Board felt it was important to allocate the additional \$500,000 a budget amendment was another option.

Mr. Icenhour stated he wanted to ensure whether it was a tax rate reduction and/or tax credit that the amount be the same. He reiterated his support for \$0.05 and to reduce the CIP. He emphasized the importance of tax relief for County citizens.

Ms. Larson asked Mr. Stevens if he had the necessary direction from the Board to move forward.

Mr. Stevens replied he believed so. He looked to Ms. Holland and Ms. McCarthy for any additional questions.

Ms. McCarthy declined.

Mr. Icenhour asked if there should be further discussion on a determination for Curbside Recycling fees.

Ms. Larson expressed she believed Mr. Stevens had a clear directive moving forward.

Mr. Stevens noted recycling would be self-supported. He further noted the Board would revisit the subject matter as part of the Solid Waste discussion and make those adjustments during that time. Mr. Stevens asked the Board if it was in agreement.

The Board agreed.

Ms. Larson expressed angst on the subject matter as she did not want County citizens to not recycle due to a financial obligation.

Mr. Hipple stated the program in its entirety would be reevaluated in a year or two.

Ms. Larson asked if the Board had any further discussion.

Mr. McGlennon noted the economy was improving, the stock market was on a positive trend, social security benefits had increased substantially in the last two years. He questioned what constituted the fixed income aspect versus families trying to make ends meet. Mr. McGlennon mentioned for public notification purposes that the Board had raised the income limit and level of exemption this year for the County's tax relief programs for lower-income residents and disabled veterans who met the eligibility criteria.

**D. CLOSED SESSION**

None.



**E. ADJOURNMENT**

1. Adjourn until 5 pm on May 14, 2024, for the Regular Meeting

A motion to Adjourn was made by Barbara Null, the motion result was Passed.

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

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

At approximately 5:35 p.m., Ms. Larson adjourned the Board of Supervisors.

*Teresa J. Saeed*

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Deputy Clerk