

MINUTES OF MEETING OF THE NORTHERN VIRGINIA CIGARETTE TAX BOARD

June 6, 2024

MEMBERS PRESENT:

P. Johnson, City of Fairfax
M. Serfass, Town of Vienna
G. Bruch, Fairfax County
M. Roberson, City of Alexandria
T. Demeria, City of Manassas
S. Allshouse, Loudoun County
R. Lamb, Prince William County
J. Elliott, Spotsylvania County
S. Mayausky, Stafford County
R. Gonzalez, Town of Haymarket
M. Sloan, Town of Herndon
E. Windley, Town of Leesburg
C. LeMarr, Town of Purcellville

ALSO PRESENT:

J. Rengel, Administrator
J. Zottig, Deputy Administrator-Finance
T. Webber, Staff
K. Hampton, Staff
A. DeFelice, Staff
N. Robles, Staff

Call to Order:

The meeting commenced at 11:06 A.M. with a Roll Call of each Jurisdiction by Mr. G. Bruch, Secretary. Upon completion of Roll Call, Mr. P. Johnson, Chairman, noted that a Quorum was present.

I. Approve the Agenda:

As first order of business, Mr. P. Johnson requested a motion to adopt the agenda. Mr. T. Demeria made the motion for adopting the agenda and was seconded by Mr. G. Bruch.

II. Approval of the Minutes:

Mr. P. Johnson moved to review the minutes of the November 2, 2023, meeting and to dispense with the reading of the minutes. With no corrections or additions noted, Ms. M. Serfass made the motion for adopting the minutes as recorded and was seconded by Ms. E. Windley.

III. Petitions / Communications from Public:

Mr. J. Rengel confirmed for Mr. P. Johnson that none were received and nobody from the public had logged onto the meeting.

IV. Officers Reports:

Mr. P. Johnson, Chairman, had no report.

Ms. M. Serfass, Vice-Chairwoman, had no report.

Mr. G. Bruch, Secretary/Treasurer, had no report.

V. Approve Resolution 2024-01 (Virtual Meetings Policy):

Mr. J. Rengel, Administrator, presented the overview of the Resolution requiring a virtual meeting policy. With this policy NVCTB would be in compliance. It is the intention to have one meeting in-person (June) and one meeting virtual (November), but this Resolution will allow flexibility for members to attend remotely within certain guidelines. Mr. P. Johnson provided additional clarification that this will not preclude anyone from actually attending and participating in meetings at Board offices. Mr. P. Johnson requested a motion to adopt. Ms. M. Serfass made the motion for adopting the Resolution and was seconded by Ms. E. Windley. The motion was carried unanimously.

VI. Approve Changes to NVCTB Pension Plan and Trust Agreement:

Mr. J. Rengel presented the annual rate of 33.46% for the 2024-2025 Fiscal Year. Mr. P. Johnson requested a motion to approve.

Mr. T. Demeria made the motion for approving the changes and was seconded by Mr. S. Mayausky. The motion was carried unanimously.

VII. FY2025 Proposed Budget with Administrator Updates:

Mr. J. Rengel provided a summary document to all members with support for the FY 2025 Budget prior to today's meeting. The highlights of this document were reviewed with the Board during the meeting. A forecast of projected revenues and expenditures was presented, noting only a 0.6% net increase from FY 2024, mostly due to personnel expenses while reducing other expenditures to mitigate cost. For FY 2025 NVCTB will no longer be covered by City of Fairfax for fringe benefits, specifically health insurance and employer-paid insurance coverage for employees have changed. Vendors providing these benefits in the prior and current years were detailed.

NVCTB's contribution to the Employer Retirement Plan increased from 32.22% in FY24 to 33.46% in FY25. After some discussions, it was clarified that NVCTB has its own, separate Retirement Plan and is not affiliated with VRS or City of Fairfax. For consistency, NVCTB's contribution percentage calculations are based, in part, on City of Fairfax contribution percentages to City of Fairfax retirement plans historically. Further, there are limitations to some employees participating in the VRS and to change out of the existing Retirement Plan to the VRS would not provide any cost savings to the Board. Mr. P. Johnson was relieved that NVCTB qualified to join The Local Choice for Health Benefits, as that expense would have been significantly higher, as was confirmed by Mr. J. Rengel that stated during the procurement process, it was very expensive because we are so small. Mr. P. Johnson did open to members that if there is any discussion on how changes in terms of NVCTB going out for own insurance as board employees, this may be a good time to look at this holistically and if there are any changes to recommend on how the board is currently operating. That following City of Fairfax was mostly a matter of convenience for lack of anything else way back when the board consisted of only one or two employees with offices physically located in the City of Fairfax at that time.

Next topic was regarding the new Floor Tax and our Cigarette Tax Tracking System. As of 07/01/24, six jurisdictions are increasing to a rate of \$0.40. Mr. J. Rengel summarized the new Code and resulting Floor Tax timeline for Retailers to report a count of packs as of 06/30/24 no later than 12/31/24 with final payments due by 06/30/25. NVCTB is mailing letters in addition to the Agent's in-person visit to all Retailers for communicating the Floor Tax. A statutory assessment will be determined for any Retailer not reporting by 12/31/24. How that assessment will be calculated is still being formulated. Mr. J. Rengel advised that the current system is working well and the system will be able to handle Floor Tax reporting.

A copy of NVCTB'S current Jurisdictional Map was provided in the summary handout. Mr. J. Rengel brought up that Warren County (adjacent to Fauquier County) had reached out with an inquiry to join the Board, as there is no current Board in the Northern part, so this may be something for NVCTB to consider. Currently Staff are on board for this potential expansion and the new software system has bandwidth to take on additional localities. General concerns as to location, distance and staffing were discussed. NVCTB currently is budgeted (salary + benefits) for eight full-time staff and has one vacancy that could be utilized for any expansion. While driving distance could be an issue, the positive is that it's an additional locality to share expenses with. Mr. P. Johnson intends to reach out to the new Commissioner for Arlington County to see if they would like to rejoin NVCTB. While he noted that with traffic, destination wise, Arlington might present the same sort of challenges as somebody driving 50 miles West, but thinks Arlington makes more sense, from an economies of scale perspective, that the revenue / expense offset would be significantly lower expense wise than with Warren County. The vacant position remains open in case it is needed in the future and in the meantime will allow actual expenses at year-end to come in less than forecasted.

To conclude, Mr. J. Rengel reviewed his projections for revenues, expenditures, and distribution to jurisdictions. Noting revenue are projected to be less in FY2025 and that the 2% reporting discount is a large cut into revenues with little effort put forward by the Wholesalers. Mr. P. Johnson shared that the Wholesalers have a really good lobby enrichment. Trends for cigarette consumption vary seasonally, with increases during warmer weather. Expenditures, in keeping with the mandates of the management agreement, will be kept at 6% of revenues.

Without hearing any further questions or comments, Mr. P. Johnson requested a motion to adopt the FY2025 Budget. Ms. J. Elliott made the motion for adopting the FY2025 Budget and was seconded by Mr. S. Mayausky. The motion was carried unanimously.

The adopted FY 2024-2025 Budget is as follows on the next page.

PROPOSED FISCAL YEAR 2024 / 2025 BUDGET

ACCT.	ACCOUNT NAME	FY 23/24 APPROVED	FY 24/25 REQUESTED	DIFFERENCE
703	AUTOMOBILE EXPENSE	12,000	12,000	-
704	BOND AND INSURANCE	10,500	11,200	700
705	TELEPHONE	9,000	8,000	(1,000)
706	EMPLOYER LIFE INSURANCE	2,700	1,200	(1,500)
707	EMPLOYER MEDICAL INSURANCE	97,000	105,000	8,000
708	EMPLOYER RETIREMENT	225,000	238,000	13,000
709	SOCIAL SECURITY/MEDICARE	11,000	11,000	-
710	COMPUTER SERVICES	50,000	40,000	(10,000)
711	PAYROLL	750,000	750,000	-
712	OFFICE SUPPLIES	5,000	2,500	(2,500)
713	POSTAGE	500	500	-
714	PRINTING	2,000	1,000	(1,000)
715	OFFICE EQUIPMENT	10,000	10,000	-
716	RENT	114,000	117,000	3,000
717	PROFESSIONAL FEES	15,000	15,000	-
718	TAX STAMPS	25,000	30,000	5,000
719	EMPLOYER DISABILITY	4,000	5,700	1,700
720	TRAVEL	9,000	4,500	(4,500)
721	UNEMPLOYMENT INSURANCE	200	100	(100)
722	MISCELLANEOUS	10,000	10,000	-
723	UTILITIES	0	0	-
724	RETIREMENT PLAN MAINT.	3,000	2,000	(1,000)
725	OFFICE EQUIP MAINT/REPAIR	1,000	1,000	-
726	PURCHASE OF TAX BOARD VEHICLE	0	0	-
727	RESERVE FOR VEHICLE REPAIR & REPLACE	5,000	5,000	-
728	COMPUTER SYSTEM DEVELOPMENT	35,000	35,000	-
729	TRAINING AND DEVELOPMENT	10,000	10,000	-
730	LEGAL SERVICES	5,000	5,000	-
TOTALS		1,420,900	1,430,700	9,800

VIII. Appreciation to Ms. Serfass, Vice Chair on Retirement:

Chairman P. Johnson congratulated the Vice Chair on her upcoming retirement and presented a certificate of appreciation for her role as Vice Chair on the Board for 10 years, with deep gratitude for all she has done for NVCTB during her service to the Board.

IX. Appointment of Officers for FY2025

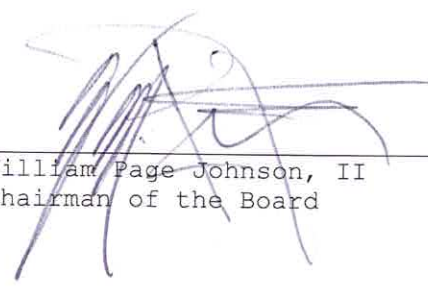
Mr. P. Johnson and Mr. G. Bruch have agreed to remain on the Executive Committee; however, if anyone would like to participate, the Chairman would entertain any nominations from the floor. Mr. G. Bruch nominated Mr. K. Greenlief. Mr. P. Johnson proposed the slate of officers for FY24-25 to be Mr. P. Johnson remaining as Chairman, with Mr. G. Bruch moving to Vice Chairman and Mr. K. Greenlief to serve in the role of Secretary / Treasurer. A request was made for a motion to adopt that slate of Officers as presented. Mr. T. Demeria made the motion and was seconded by Ms. E. Windley. The motion carried unanimously.

X. Executive Session:

There were no items to discuss in Executive Session.

XI. Adjournment:

Mr. P. Johnson thanked everyone for their participation and requested a motion to adjourn. Ms. J. Elliott made the motion to adjourn and was seconded by Ms. C. LeMarr. The motion was carried unanimously and the meeting adjourned at 11:44 A.M.



William Page Johnson, II
Chairman of the Board