

A SPECIAL JOINT MEETING OF THE NEW KENT COUNTY BOARD OF SUPERVISORS AND THE NEW KENT COUNTY SCHOOL BOARD WAS HELD ON THE 2<sup>ND</sup> DAY OF DECEMBER IN THE YEAR TWO THOUSAND EIGHT OF OUR LORD IN THE BOARDROOM OF THE COUNTY ADMINISTRATION BUILDING IN NEW KENT, VIRGINIA, AT 6:00 P.M.

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IN RE: ROLL CALL

Thomas W. Evelyn	Present
David M. Sparks	Present
James H. Burrell	Present
Stran L. Trout	Present
W. R. Davis, Jr.	Present

Board Chairman Burrell called the Board of Supervisors' meeting to order.

School Board Chairman Joe Yates called the School Board's meeting to order. School Board members present were Mr. Yates, Stacey Simmons, Leigh Quick, Gail Hardinge, and Terri Lindsay.

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IN RE: FORECASTED BUDGET IMPLICATIONS

County Administrator John Budesky related that the Board of Supervisors (the "Board") had met earlier for a budget retreat, at which time forecasts and projections had been shared. He advised that the Board had directed staff to develop a proposed budget that would absorb all additional costs and funding cuts, with no increase in taxes, and that budget reductions were to be shared by all cost centers, including the Schools. He reminded that the forecasts were based on current projections only and that the tax collection rate would not be evident until the end of the month.

Mr. Budesky reported that real estate and personal property revenue was projected to be approximately \$700,000 more than anticipated, based upon a past collection rate of 97%; however, he again cautioned that the collection rate would not be known until the end of the month and noted that every percentage point had an impact of over \$100,000. He indicated that meals tax revenue was tracking slightly behind budget; sales tax revenue slightly ahead of budget; and permits and fees falling slightly behind FY08 because of the decline in residential construction. He recounted that the impact to New Kent during the first round of the Governor's budget cuts was \$13,000 for Constitutional Officers, but that it was unknown as to the impact of the next round of cuts.

Regarding potential cost impacts for FY10, he projected State cuts would be approximately \$240,000, exclusive of cuts in school funding. He advised that payments for the Virginia Retirement System (VRS) were anticipated to remain the same for FY10 but expected to increase in FY11. He indicated that there was an anticipated 27% increase in workers compensation premiums; an expected 10% – 12% increase in health insurance premiums; an expected 5% – 8% increase in liability insurance premiums; a debt service increase of \$1.035 million; an 8% anticipated increase in cost of fuel and electricity; a 4%-8% increase in the Comprehensive Services Act budget; and an 8% increase in costs for public water and sewer services for the County buildings in the Courthouse complex.

Regarding projected revenues for FY10, Mr. Budesky advised that the County was expecting around a \$1 million increase in real estate tax revenue over FY09, adding that all of that extra revenue would be needed to offset the increase in debt services. He projected an \$11,000 decrease in meals tax revenue; a \$400,000 decrease in real estate tax revenue

(largely due to the decrease in NADA values of trucks and sports utility vehicles); an \$84,000 decrease in BPOL taxes; a \$104,300 increase in sales tax revenues; and a \$54,900 decrease in revenue from permits and fees -- all of would result in a projected deficit of \$993,744 for FY10.

He reported that the Board had directed that no new initiatives would be considered unless there was offsetting revenue to pay for them, or if they could be funded by eliminating other programs.

He indicated that although the Board had agreed to revisit the matter of pay raises for the employees in January, it did not appear that there would be any funds for wage increases. However, he spoke about "pay raise equity" between School and County employees and how that would be a concept for future consideration.

Mr. Budesky advised that the Board had directed that there be no new debt for FY10, and noted that the net impact debt increase from FY09 was \$1,035,844 – an amount for which the County was committed and had to be budgeted for.

He reviewed a table showing past levels of increases for schools/education funding from 2003 to present.

He repeated that the Board had directed that the FY10 budget be developed without any tax increases. In addition, he reported that the Board had directed that the FY10 budget reflect a 3% decrease across-the-board to address potential revenue shortfalls, but that amount had just increased to 6% and would affect both the County and Schools, with Schools also covering any State education funding shortfalls. He indicated that cut was equal to about \$500,000 for both the County and the Schools, but was subject to change as new information was obtained.

Ms. Lindsay advised that the School Board had had similar discussions.

Mr. Burrell reported that he had recently attended a meeting of the Virginia Peninsula Mayors & Chairs and that other localities were experiencing "even bleaker pictures" and facing lay-offs.

Mr. Budesky advised that this information was being shared early with the School Board so that the respective Boards could move forward collectively and address the deficit problems together and hopefully avoid some of the past miscommunication problems.

Ed Smith, Assistant Superintendent for Business and Operations, advised that the Schools had been advised through the Virginia School Board Association (VSBA) to expect cuts of 5% to 10%, with 15% being the worse case scenario. He indicated that 5% equated to around \$600,000 for the Schools. It was reported that VRS costs would not increase for the Schools until FY11.

Mr. Yates stated that there was not any significant increase in student enrollment, with an increase of only around 35 students for the current year. It was reported that 85% of the School's budget was for personnel.

There was discussion regarding whether there might be any loosening of the requirements of some of the mandated programs, including "No Child Left Behind" (NCLB). It was reported that although the NCLB program could be suspended at the federal level, there had been no indication as to whether or not that would happen, and it was not likely that it

would be one of the new President's priorities, but if it did, there would be some savings because, among other things, the number of students in each class could be increased. Dr. Geiger advised that even if they were able to increase class sizes, the resulting savings would not be enough to cover the anticipated deficit.

There was discussion regarding legislative assistance. Dr. Geiger advised that a Superintendents' group and the VSBA were both working on issues to help relieve the problems.

Mr. Yates advised that staff was still working on the School's budget and that the School Board had not yet had its first budget meeting; however, School Board members expressed that they were prepared to deal with the situation, that there would be no "sacred cows", and that everything "would be on the table". It was explained that normally they worked with the figures in the Governor's budget and although the figures were often adjusted by the General Assembly, they generally came close.

There was discussion regarding the importance of maintaining open lines of communications between the two Boards as information was received, and there were various suggestions on how to accomplish that, including meetings between the Chairmen either before or after the monthly Finance Committee meeting, or more frequent joint meetings of both Boards. There was consensus to preliminarily plan to meet again in a joint session during the first half of February, at which time there would be some solid information on tax collections and some indication from the General Assembly.

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IN RE: RE-USE OF HISTORIC SCHOOL PROPERTY

Mr. Budesky advised that decisions were needed regarding allocation of space in the former middle school, emphasizing that the discussion would not be about renovation costs or investment. He reminded that there had been no commitment for renovation funds for the facility, only minimum funds for maintenance. He reported that staff had recently learned of some maintenance issues that had developed and stressed that it was important to decide who was responsible for getting those issues under control. He encouraged the Boards to make a decision -- whether to accept the recommendations of the Middle School Reuse Committee ("Committee") or some other option -- so that staff could move forward to deal with the maintenance issues.

He reported that there had been three meetings of the Committee, with varying levels of attendance, and that the summary provided to the Board was consistent with the consensus of the members of the Committee.

Chairman Yates reported that the School Board had recently instructed their staff to relocate the three existing mobile classrooms from the former middle school, with those costs being covered by funds in the contingency account left over from the high school project.

School Board members advised that their recommendation was somewhat different from that reflected in the Committee's report. It was explained that they would like the entire building on the left (new building over the cafeteria and science wing) to where they would plan to eventually relocate the School Board offices as well as the Adult Education, GED program, and "Community Cares" program. It was explained that two of the latter programs were currently being held in a local church, for which they were paying \$500 per month to lease, and that it would be to everyone's benefit to have those programs closer to

the County complex. They admitted that they had not decided exactly how each space would be used, but anticipated that they would need the entire building.

Mr. Yates advised that they had recently realized that they would not need the computer lab classrooms, as previously anticipated.

There was discussion regarding the space currently housing the School psychology offices, and it was indicated that those services would need to remain in that space until it was determined if there would be room for them to relocate to the renovated space.

There was discussion regarding the current bus garage and adjacent buildings, which were reported as being currently used for storage, and about possible environmental problems that might exist if they were demolished. There was no objection expressed in response to the recommendation that those buildings should remain in the control of the School Board for the time being. Mr. Trout suggested that it be clarified that the bus garage and the psychology offices would be temporarily and not permanently allocated to the Schools.

Suggestions were made that the cafeteria could be set up as a lunch facility for Library and County employees, to be run either by students as part of vocational training or by a private vendor. Concerns were expressed that the County should not compete with private businesses in the area. It was mentioned that the cafeteria might be a good space for dance classes through Parks & Recreation.

There was an explanation of the Board's ongoing discussions with the Heritage Library Board members regarding the use of the historic school building ("Kent building") as the future site of the Library, and the assumption that the Parks and Recreation Division would continue to use the gym facilities. Mr. Budesky pointed out that with those space allocations as well as allocation of the entire new building to the Schools, there would be little space left to allocate to any other uses. He again reminded that there were no funds appropriated for any renovation work.

There was discussion regarding the lease for the space currently housing the School Board offices, which was reported to run through February 2012.

There was discussion regarding parking and access. Mr. Budesky anticipated that the parking spaces on the side of the newer building being requested by the Schools should be adequate for the proposed uses, and that eventually there would likely be space between the two buildings for additional parking as well as parking in the front. It was confirmed that part of the agreement with Mr. Crump, who was developing commercial property adjacent to the facility, that there be sufficient space for school buses to turn around and there should be no problems with delivering students to the building.

The Boards inquired as to whether it would be possible to separate utility costs between the two buildings. General Services Director Jim Tacosa advised that there were separate heating systems in each building. School Maintenance Manager Tim Pollock reported that each building had a separate electric meter, but that there was only one water and sewer meter.

Ms. Hardinge commented that even though the School Board realized that it would be some time before any renovations could be made in order for the space to be used, they would need to provide this information to their Six-Year Planning Committee so that they could address the short-term needs of the alternative education and GED programs. There was

also inquiry as to whether the Schools would have access to the space in order to begin preliminary work by their staff.

Mr. Budesky explained that even though the space would be allocated to the Library, it was not giving an opportunity to use the space, but just blocking it from any other use. He advised that the same could be applied to the Schools, or the space could be turned over immediately, although there were no funds for renovations unless the School Board used funds that were allocated elsewhere. He reiterated that the only funds appropriated for the old middle school were to maintain the facility and to keep the pipes from freezing.

In summary, there was consensus among the Board members that the Schools would be allocated the entire building on the left, with Parks & Recreation coordinating the use of the cafeteria space and the Schools paying the utility bill; the Kent building, basement and computer lab would be maintained and managed by the County; that the Schools would temporarily retain the psychology services area and bus garage; and that a proportionate share of the maintenance funds would be transferred to the Schools based upon the allocation of space, which amount would be mutually agreed upon by both County and School staff.

There was discussion regarding the deed that would need to be executed in order to vest title of the property in the County. It was explained that the County owned all of the school facilities with the exception of the old middle school, and that once the deed was executed and recorded, the County would become owners of the property and buildings but would allocate space to the Schools, similar to the other school buildings.

Mr. Yates advised that the School Board had no problem with the proposed deed but wanted their attorney to review it before it was executed. County Attorney Jeff Summers explained that the two Boards could agree on an allocation of space but it would not be effective until the deed was recorded. He advised that he had already met and discussed the conveyance with the School Board's attorney and that once a few minor changes were made, he suggested that the amended draft deed, along with a proposed allocation agreement, be provided to both the School Superintendent and County Administrator to make sure that the documents correctly reflected the Boards' agreement, and then be voted on by both Boards in January, either at their respective business meetings or any joint meeting that might be scheduled. He confirmed that a public hearing would not be required.

There was discussion regarding whether or not the maintenance funds could be allocated immediately so that maintenance issues could be addressed in the interim, and staff agreed that they would work together to get that resolved.

Mr. Yates asked about a draft agreement for use of the athletic fields or whether it would be part of the deed. Mr. Summers advised that a field use agreement would be separate and not a part of the deed. Mr. Budesky advised that the agreement was that the County would take over the athletic fields and manage their use, but that School uses would take first priority. He clarified that, as with the use of other school facilities, the users of the old middle school athletic fields, gymnasium and cafeteria would be responsible for cleanup.

He further reported that title work reflected that the property had been conveyed to the Schools in a variety of methods over a long period of time, resulting in boundary lines in odd places. He indicated that the new deed would take care of all of those issues. He explained that both "New Kent County School Board" and "County School Board of New Kent County, Virginia" were listed as grantors on the proposed deed in order to facilitate future title work.

Regarding a reference in the proposed deed about protection of the historic building, Ms. Lindsay reported that the School Board had been previously advised that the historical status of the school had nothing to do with the building itself, and that there were no restrictions on what could be done to it. Mr. Summers explained that it was his understanding that the old building could be demolished if it was unsafe but he thought that there were limits as to how much could be changed without overturning its historic status. Dr. Geiger advised that the facility housed all grades until 1966.

There was a discussion regarding the names for the buildings. Mr. Summers suggested that the Board use the titles that were used when the building's historic designation was made, to which suggestion there were no objections.

Mr. Budesky reminded the Board that the Library Board of Trustees was still waiting for a formal decision regarding a future site for the Library. He indicated that the County could decide at a later time as to whether the space would be County-owned or given to the Library, but would need to "freeze" that space for use as a library so that the Library Board could proceed with its planning process. The School Board advised that they were comfortable with that space being used as a library and there was consensus among the Board members to communicate the Board's commitment to the Heritage Library Board to reserve the top floor of the Kent building as a future site for a library.

Mr. Summers clarified that no formal decisions were being made and that the appropriate deeds and agreements would be prepared for consideration and approval by both Boards at a future meeting.

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IN RE:            RECYCLING

Dr. Geiger reported that he would be meeting with staff in the coming week to review recycling proposals at the schools. Mr. Yates advised that staff's research reflected that the cost to have a recycling bin at each of the four schools that would be emptied once a month (all at the same time) would cost about \$2,500. He indicated that cost did not include individual bins for each classroom which were estimated to cost another \$4,000. He stated that there would have to be some program guidelines established.

Mr. Smith reported that the company that he spoke with indicated that the materials would not have to be sorted. Mr. Burrell explained that co-mingled meant that glass, plastics and aluminum could be collected together, but that paper and corrugated needed to be collected separately. He also reported that although the cost of recycled products had dropped significantly in recent months, there would be a savings by a reduction in landfill disposal costs.

Mr. Budesky indicated that there may be some "economies of scale" and suggested that discussions be undertaken with the General Services Director and then brought back to the Boards at a future date.

Mr. Davis explained that at a prior meeting, there was discussion among the Board of Supervisors about mandatory recycling in County-owned buildings, and there was concern about the amount of paper and plastic bottles that could be recycled at the schools but were being thrown away instead. Dr. Geiger advised that School staff was looking at ways to promote recycling at the high school football games.

Ms. Hardinge indicated that the School Board would have to take the cost of any recycling program into account and weigh it against the need for education costs.

There was discussion on other ways to save money and cut energy consumption at the school facilities.

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IN RE: HISTORIC COURTHOUSE

Mr. Trout circulated a draft resolution for consideration by the General Assembly recognizing the 100<sup>th</sup> anniversary of the Historic Courthouse in 2009. He noted that the resolutions for other events or honoring individuals should be submitted in January for consideration.

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IN RE: FUTURE JOINT MEETINGS

There was additional discussion regarding the need for more frequent joint meetings of the Boards. It was requested that scheduling of the next meeting, tentatively set for early February, be done early so that everyone could have sufficient notice.

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IN RE: ADJOURNMENT

Mr. Evelyn moved to adjourn the meeting of the Board of Supervisors. The members were polled:

Thomas W. Evelyn	Aye
David M. Sparks	Aye
Stran L. Trout	Aye
W. R. Davis, Jr.	Aye
James H. Burrell	Aye

The motion carried.

The School Board Chairman adjourned the School Board meeting.

The meeting was adjourned at 7:52 p.m.