A SPECIAL MEETING OF THE NEW KENT COUNTY BOARD OF SUPERVISORS WAS HELD ON THE 16TH DAY OF MARCH IN THE YEAR TWO THOUSAND NINE OF OUR LORD IN THE COURTROOM OF THE HISTORIC COURTHOUSE, IN NEW KENT, VIRGINIA, AT 4:30 P.M.

IN RE: CALL TO ORDER

Chairman Davis called the meeting to order.

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

All members were present.

IN RE: JOINT MEETING WITH THE SCHOOL BOARD

All members of the School Board were present except Dr. Gail Hardinge. Also present were Superintendent J. Roy Geiger II and Assistant Superintendent for Finance and Operations Ed Smith.

County Administrator John Budesky explained that many of the budget figures were still uncertain and that the situation had not changed much in the past month. He indicated that budget books would be printed at the end of the week, but that the information could be amended if needed.

By PowerPoint presentation, he reviewed that FY09 total budget expenditures were $54,037,588, with General Fund expenditures totaling $31,625,416, and referred to a chart that reflected FY09 expenditures as percentages of the General Fund as follows: School Operations 33.2%, School Debt 11.5%, Human/Social Services 4.6%, County Debt 2.2%, Fire/EMS 4.3%, Community/Building/Economic Development 5.5%, Agencies 3%, General Services/Parks & Recreation 8.1%, Sheriff/E911/Animal Control 10.9%, Judicial 4.2%, and Other General Fund 12.5%.

He indicated that a projected FY09 revenue shortfall of $1,088,550 could be covered on the County side by freezing vacant positions at $93,683, earmarked departmental frozen funds totaling $694,867, $150,000 from unspent contingency, and a CSA Local Share savings projection of $150,000. He reported that FY09 was the first year there had ever been any CSA savings but cautioned that those savings could disappear without warning should a qualifying child show up and require services.

He advised that the FY10 revenue shortfall had been projected at $2,188,077, and resulted from decreases in all areas except real estate taxes. Those figures were reported to be real estate taxes at $600,000, personal property tax at -$585,000 (attributed to a 20% - 30% decrease in value of trucks and SUVs), public service tax at -$141,050 (based on current collection), sales tax at -$76,000 (based on historical tracking, even with business growth), OTB revenue of -$140,000 (resulting from the closing an off track betting facility as well as local take overpayment to County by Colonial Downs), Building/Community Development fees of -$136,500 (down about 18% in commercial & residential construction), interest on deposits of -$410,000 (systemic decrease from 3% to about 1%; working with Chief Deputy

Treasurer and banks to try to move to get better interest rates), business licenses at -$128,000 (drop in construction resulting in a decrease in the number of licenses), other revenue losses of -$124,688, schools debt service increase of -$907,190 (biggest increase), and County debt service increase of -$139,649.

Mr. Evelyn asked about the increase in real estate taxes. Mr. Budesky explained that they resulted from new construction, supplemental billings, and additions.

Mr. Budesky advised that it had been proposed to share the FY10 shortfall equally with the School System which would result in a shortfall of $1,094,039 for each. He noted that both the School System and the County had additional impacts, including reduction in State funding.

He reviewed the other shortfalls on the County side, which included State funding cuts of $149,000, health insurance increases of $75,204, and workers compensation and liability insurance increases of $30,789, for a total County shortfall of $1,349,032. He reported that funding reductions from the Compensation Board was estimated to be 5% but that the final figures would not be known until early April. He stated that the County planned to cover those shortfalls internally, with no real estate tax increase, and the departments, working with the Budget Team, had identified cuts in department budgets, together with efficiencies in refuse and utilities, a 10% cut in agency funding, frozen position vacancies, and using the one-cent real estate capital set aside, to cover the shortfall of $1,349,032 on the County side.

He spoke about the School System FY10 budget shortfall which included their share of the local shortfall $1,094,039, additional State cuts of $1,066,440, lower ADM funds loss of $286,862, health insurance increases of $108,000, property & liability insurance increases of $8,000, unemployment insurance increase of $20,000, utility increases of $10,000, and workers compensation increase of $4,000, for a total School System shortfall of $2,597,341.

He reviewed some of the recommendations to cover the School System shortfalls which included custodial outsourcing to save $175, 000, reductions in supplements and extracurricular programs of $150,000, elimination of 15 positions saving $598,063, and reductions in technology of $50,000, furniture/fixtures of $30,000, contracting painting services of $20,000, summer curriculum work of $20,000, materials & supplies of $20,000, library books at $32,000, moving costs at $15,000, afterschool remediation at $20,000, athletic materials and supplies of $20,000, and lottery & construction projects of $287,889, together with other cuts recognized by school staff of $65,350, totaling $1,503,302, with a remaining shortfall of $1,094,039.

Mr. Budesky reviewed School revenue over the past few years, which was reflected to be FY08 total $25,142,204; FY09 total $27,041,849 ($1,899,645 increase), and proposed FY10 funding of $24,613,243 ($2,428,606 decrease). He indicated that the Virginia Association of Counties had projected that the New Kent School System would receive $898,596 in federal stimulus funding, but he reminded that amount remained uncertain.

He next reviewed County debt service, noting that FY10 would be the first full year of collecting rent for the Human Services Building, and reporting that there was an increase in debt service between FY09 ($593,781) and FY10 ($637,513) of $43,732. He pointed out that the School System debt service (which included the Vehicle Maintenance Facility) would increase from its FY09 level of $4,519,428 to $5,611,341 -- an increase of $1,091,913. He indicated that the impact of debt service on the General Fund was County $39,294 and Schools $907,190, for a total of $946,484.

He noted that the FY10 value of the average home in New Kent was estimated at $261,300, which would result in a real estate tax bill of $1,908 at the current 73-cent rate. He reviewed the percentages of that tax bill that would be related to School operations at $590 (30.9%), School debt of $284 (14.9%), other general fund at $229 (12%), Sheriff/E911/Animal Control at $210 (11%), General/Park Services at $149 (7.8%), Community/Building/Economic Development at $90 (4.7%), Human/Social Services at $88 (4.6%), Fire-Rescue of $84 (4.4%), Judicial at $80 (4.2%), Agencies at $53 (2.8%) and County debt at $51 (2.7%).

He pointed out that in FY10, a dollar in the General Fund would be spent as follows: General Administration 30% (27.3 operations, 2.7% debt): Judicial 4.2%; Health & Welfare 4.6%; Public Safety 15.4%; and Schools 45.8% (30.9% operations, 14.9% debt).

He noted that local funds budgeted for the Schools in FY08 was $12,969,638; in FY09 $14,373,715, an increase of $1,404,077; and proposed for FY10 $14,323,101, a decrease of $50,614.

He reviewed information on local school funding history, General Fund expenditure history and changes in percentages.

Mr. Budesky emphasized that two significant “unknowns” were the federal stimulus package and the results from the General Assembly.

He suggested that the option of dealing with the projected shortfall included continuing to have the School System share it, raising revenue to cover it, or making additional cuts in the County’s budget. He indicated that should the Board choose the last alternative, then the Budget Team would go back to the budget and suggest where additional cuts could be made.

School Board Chair Joe Yates then distributed a handout which reflected additional information on the Schools’ budget. Ed Smith advised that their shortfall resulted from lower than appropriated FY09 ADM ($286,862) and FY10 State reductions of $1,066,440, for total lost revenue of $1.35 million. Other factors were indicated to be increasing costs for insurance premiums of $150,000 and a projected increase of $480,000 in the cost of health insurance. He stated that they had developed their budget based on a 6% decrease in County funding (a difference from what the County Administrator presented), for a total shortfall of $2.6 million.

There was a discussion regarding the lack of anticipated growth in the number of students. It was confirmed that the growth in students did not even reach the 1.5% budgeted. Dr. Geiger admitted that this was the second year in a row that they had missed their projections, and Mr. Burrell commented that he felt it was a recurring problem. Mr. Smith advised that they did not see the economy bringing more private schools students into the public school system, but instead they were turning to home schooling.

Mr. Smith then reviewed steps that the School Board was considering to address its shortfall. He indicated that one of those ways was to eliminate lottery ($154,756) and construction projects ($133,133) for a total of $287,889. Others non-personnel steps mentioned were contracting painting services, some program reductions, various furniture and fixture reductions, as well as reductions in materials and supplies, construction liaison stipend, Head Start seats, technology, summer curriculum work, library books and equipment, moving costs, after school remediation, activity buses, assistant coaches or sports programs, additional class stipends, reducing the contract of one support position to 11 months, RTC enrollment, Governor School enrollment, athletic materials and supplies, for total reductions of $441,413.

He indicated that the next step would be to eliminate positions, since between 83 – 84% of the School budget was for personnel. He advised that in order to cover the remaining shortfall they would need to eliminate 39 support positions and 15 teaching positions, together with a 2-day furlough and a 10% reduction in coaching stipends and supplements, for total reductions of $2.6 million to cover the reduction in State funding, 6% reduction in County funding, and insurance increases.

He stated that if the Schools received the anticipated $898,000 in federal stimulus funding and were able to work it completely into their budget, the adjusted shortfall would be $1.56 million and would require a reduction in only 31.5 support positions and 4 teaching positions and no 2-day furloughs. It was reminded that the federal stimulus money was only for one year and that next year the Schools would be in a similar position.

Mr. Sparks asked what positions would be affected. School Board members indicated that information could not be shared because it was a personnel issue.

There was discussion on whether there would be restrictions on how the stimulus money was used. Dr. Geiger stated that some systems remained cautious but in any event, it would only "buy us some time", although there was some talk that there may be a second year of stimulus funding.

Mr. Smith reminded that there was a difference between the amount of local school funding being recommended by Mr. Budesky and the figure that they had used for their budget.

There was discussion regarding the significant increase in health insurance costs for the School System over the past decade. Mr. Smith noted that there was a 28% projected increase for FY10 which was attributed to a year of heavy claims (102% utilization). Mr. Davis suggested having the employees pay the increase. Dr. Geiger pointed out that health insurance premiums could take up to 25% of a first year teacher's salary. He reviewed the various ways that the Schools had tried to reduce their health care costs. He indicated that they would continue to work with their consultant to reduce the rates, but that it was hard to ask teachers to take on a larger percentage of their health care premiums when there would be reductions in stipends and no raises.

Mr. Burrell pointed out that some County residents were losing their jobs and benefits. He also noted that some systems did not have superintendents. School Board members clarified that the State required systems to have superintendents, but they could go without for up to six months during a search.

In summary, Mr. Smith recapped that the School System faced a $2.5 million shortfall (based on a 6% reduction in local funding) and had identified reductions to meet that shortfall, and if able to fully apply the stimulus, a shortfall of $1.56 million would result in a loss of 35.5 positions. He added that if the School System shortfall was the amount reflected by the County Administrator, then they believed that because of the resulting loss in teachers, the School System would no longer meet the State's Standards of Quality.

There were comments about how other school systems were handling the shortfalls. Dr. Geiger indicated that the larger systems "had more places to cut" before personnel and that many of them spent more per student than New Kent.

There was discussion regarding the possibility of becoming self-insured. Mr. Smith confirmed that the School System could do that but it would put them at significant risk, especially if there were some large claims, although it was noted that Patrick County had done it successfully.

Dr. Geiger indicated that they too had unfilled positions for FY09 and would continue the "no field trips" policy for FY10 as well. He advised that the Central Office staff had been working on the budget since December and this was the best scenario. He commented that the stimulus money would help but would not "get us back into the sunlight". He reported that Central Office staff would start meeting with all personnel who would be likely affected so that they could be prepared.

There was discussion regarding bus transportation. It was confirmed that if a student was not allowed to ride the bus because of misbehavior, then the parents were responsible for providing transportation to school, unless they were special education students.

It was clarified that it was not anticipated to contract out services at the Vehicle Maintenance Facility.

Mr. Smith advised that they now had a little over 400 employees, of which 240 – 250 took advantage of health insurance benefits and paid about half of the premium. It was being proposed that the School System absorb all of the premium increase for FY10.

It was confirmed that the 18 custodians were among those non-teaching positions proposed for elimination.

Mr. Budesky advised that the direction from the Board had continued to be that the School System would share the shortfall, and if that were no longer the Board's position, then staff needed to know. He indicated that using one-time funds to give to the Schools would not be a long-term fix and would likely exhaust the CIP and fund balance. He stated that whatever the Board decided, the Budget Team would bring something back and recommend what services needed to be cut. Mr. Burrell commented that he felt the County needed to hold on to its funds because things were likely to be worse next year.

Mr. Trout asked about school carry-over funds. Mr. Smith advised that currently carry-over funds appeared to be about $100,000 but could change.

Mr. Sparks asked if any more surprises were anticipated. Dr. Geiger advised that the stimulus funding was still not clear.

Mr. Evelyn commented that he would like to see what impacts the layoffs would have on the students. Ms. Lindsay predicted that layoffs would likely eliminate programs and increase class size, but that it was hard to be specific.

Mr. Budesky clarified that there was a difference in the amount of local funding between his recommendation (based on sharing the shortfall equally) and the School System budget (based on a 6% reduction).

Mr. Burrell stated that his position remained unchanged and he was in support of the figure in Mr. Budesky's recommendation.

Mr. Budesky stated that his budget recommendation was based on the direction given by the Board early in the process and a firm decision would need to be made. He indicated that if there was an inclination to change that position, then he would like to know sooner rather than later so that staff could figure out how to come up with the difference, noting that it would likely result in shutting down some divisions, but that it was the Board's prerogative on how to proceed.

Mr. Yates explained that they were originally asked to base their budget on a 6% reduction and that was the figure they had been working with. He added that they could cut more positions and go out of compliance.

Mr. Davis stated that the School System knew what the correct figure was and asked where the Schools expected the County to get the money.

Mr. Evelyn indicated that he would like some time "to take it all in".

The suggestion of a closed session was mentioned. County Attorney Jeff Summers advised that the subject of the budget was not a topic for a closed session and that individual positions were part of the budget.

Mr. Davis suggested that the Board members take some time to think about it and they could talk with each other individually if they wanted.

Dr. Geiger commented that he knew that the County was in a bind but it was necessary that the School System show the real picture and that compliance was an issue. He indicated that he felt having school staff and the School Board Chair at the Finance Committee meetings was a good thing. Mr. Yates added that the County knew what figure the School System was using for its budget.

After doing some calculations, Mr. Trout noted that the difference in the two figures was actually $464,000 and not $564,000 as had been previously reported.

Mr. Budesky advised that because it was necessary to move forward, staff would continue to work under the direction previously given by the Board, and that budget books would be prepared and distributed at the end of the week. He indicated that a proposed budget meeting schedule would be reviewed at the upcoming work session, and he anticipated the public hearing would be scheduled in either late April or early May.

There was discussion regarding the shortfall from horseracing. It was reported that Colonial Downs had closed down one of its off track betting parlors in Chesapeake.

Mr. Yates reported that the School Board would hold a public hearing on its budget at 12 noon on March 30 at the high school. Mr. Budesky warned that if the School Board proposed its budget at the 6% figure, it would be an issue for both Boards. Mr. Yates agreed but stated that the School System was required to adopt its budget by April.

It was confirmed that no teacher raises were included in the School System's proposed budget and that some would get a reduction because of a decrease in stipends.

School Board Chairman Yates then adjourned the meeting of the School Board. The Board of Supervisors took a short break and then resumed its meeting.

IN RE: JOINT MEETING WITH THE ECONOMIC DEVELOPMENT AUTHORITY

The members of New Kent County's Economic Development Authority (EDA) joined the Board to review some proposed economic development impact initiatives. Those initiatives included holding community meetings with businesses, reviewing existing regulations to make sure they were business friendly, reviewing the County sign ordinance, implementing a Business Liaison Program with a realigned Economic Development Director position, implementing a goal of 7-day reviews for business plans and permits, allowing commercial and business projects to use the 16% impervious ground cover default, committing to reaching 2,010 new and existing businesses to promote expansion and development in New Kent, enhancing awareness of the County's efforts and programs, reducing the Business/Professional/Occupational License (BPOL) tax in FY10 by 10%, waiving collection of all environmental, planning and zoning fees for commercial and industrial projects until December 30, 2009, and rebating building permit and inspection fees for all new business capital construction projects submitted by December 30, 2009 that have certificates of occupancy (COs) issued by June 30, 3011.

EDA Chairman Paul Robinson called the EDA meeting to order and roll was called. Present were Paul Robinson, Pat Bell, Larry Haislip, Wimpy Isgett, David Sisk, and Eugene Williams. It was reported that Charles Davis was not able to attend.

Mr. Burrell announced that he would have to leave the meeting early in order to attend a meeting of the Planning Commission at 6:30 p.m.

Mr. Davis advised that staff had developed a list of impact projects to stimulate business and the Board wanted to review them with the EDA before taking any action. It was confirmed that a copy of the recommendations had been previously distributed to the EDA members.

Mr. Budesky explained that the recommendations could be implemented immediately. Mr. Summers added that if the Board decided to waive collection of certain fees for a specific period of time, then it could vote and tell staff to waive collection of the fees but it might be necessary to later amend the fee ordinance.

Mr. Budesky asked that the Board review the ones that required Board involvement before Mr. Burrell had to leave.

He explained that staff had been trying to find ways to stimulate and support existing businesses, and to attract new businesses to the County, in order to have long-term sustainable revenue to reduce the County's dependence on residential real estate taxes. He reviewed that FY09 projected revenue in the Building Development Department had been $329,000 and based on collections to date, that figure had been revised to $44,000, for both residential and commercial, and that the revenue projection for Planning had been reduced from $146,000 to $33,000. He indicated that these decreases in permit and planning fees revenue were indications of what was happening in the building community.

He noted that the EDA was administering its incentives program which was funded using 25% of the meals tax revenue. He reviewed that the EDA had the proceeds from the sale of its Weir Creek Commerce Park property and also had a note that could be called by the County for $700,000 resulting from the purchase of the Fisher property. He explained that the EDA, in concert with Economic Development staff, had a distinct role in the incentive program, marketing the County, running the Visitors Center, and promoting tourism. He indicated that most of what was included in the proposed Initiatives did not have a direct impact on the EDA.

He reviewed that the part of the proposal that did affect the EDA included a proposed reduction in the BPOL rates, the temporary waiver of commercial and business planning, zoning and environmental fees, and the refunding of certain building permit fees for commercial buildings that had COs issued by June 30, 2011, all of which could be off-set by using the portion of the meals tax normally appropriated to economic development, which was projected to be $125,000 in FY10.

It was confirmed that the Board's three year commitment regarding distribution of the meals tax revenue had ended and the Board could redistribute that revenue as it wished.

Mr. Budesky explained that it was staff's initial thought to develop an incentive for new capital construction but then realized that existing businesses needed support as well. He reminded that the Board had started reducing the BPOL tax a while back but had not continued with the practice. He indicated that a 10% reduction in the BPOL was estimated to be $75,000.

EDA Chair Paul Robinson commented that New Kent could then promote a lower tax rate than some of its surrounding neighbors. It was noted that all of the adjacent localities had a BPOL tax, with the exception of Hanover and Charles City County. Mr. Robinson conceded that the meals tax revenue was not being fully used by the EDA to promote tourism because there was still little in the County to promote.

Mr. Budesky reported that of the $200,000 in meals tax revenue given to the EDA in the past, only $25,000 had been used to date, consisting of small cash grants, but he admitted that one large prospect could deplete the fund.

Mr. Sparks indicated that he would like to reduce the BPOL by 20%.

Mr. Robinson noted that a significant number of localities still had the BPOL and that New Kent had it since either 1981 or 1982. He pointed out that any time the County had an opportunity to reduce a tax in return for tax revenue that was established by referendum, it would be favorable in more ways than one.

Mr. Evelyn noted that businesses were working on less of a margin in the current economy, and this would be an incentive. He indicated that the BPOL was a tax on gross receipts and would be a big statement that New Kent supported businesses.

Mr. Davis admitted that he would like to do away with the tax all together but that the County could not afford to do that.

Mr. Budesky reported that with regard to fees, it was not anticipated that the fees would be collected anyway because of the situation in the construction industry. He said that no one else was doing anything similar and that some businesses were already looking at New Kent and this might sway their decision. His proposal was to waive collection of planning, zoning and environmental fees through December 31, 2009, and if anyone constructed something that created sustainable tax revenue by June 30, 2011, then the County would reimburse their building permit fees. He emphasized that the building permit fees would have to be paid up front, and there would be an incentive to have the business "up in the air" by June 30, 2011, in order to have their fees refunded. It was clarified that if a business had already submitted site plans or applications, it would not qualify for the program, nor would it be qualified if it applied after December 30, 2009. He admitted that this might be perceived as creating competition for existing businesses but he emphasized that the goal was to increase the tax base to relieve the burden on residential taxpayers. He indicated that he had heard all of the arguments but remained convinced that there had to be a start and end date. He continued that it was the Board's decision but reminded that no other locality was doing this and the County wasn't seeing the revenue anyway.

Mr. Burrell indicated that he had to leave but he expressed his support of the three initiatives, as proposed. He then departed the meeting.

Mr. Budesky reported that what he heard from existing businesses was that the best thing the County could do for them was to reduce their taxes. He admitted that the fee collection waivers and refunds would not help existing businesses much except for those who were expanding. Mr. Davis asked what about an applicant who was not to the point of needing building inspection yet. Mr. Budesky indicated that he had to draw the line, and if an application was in the process and the fee had already been paid, or if they had filed a site plan and didn't have a CO by the proposed deadline date, then they would not qualify. There was more discussion about what and wouldn't qualify. Mr. Budesky summarized that collection of fees would be waived for business and commercial rezoning applications, planning or environmental fees that were paid between March 17 and December 30, 2009, and those who applied and paid for building permits during that same time period and had final COs issued by June 30, 2011, would get their building permit fees refunded. For mixed use projects, the fees would be prorated based on the proportion of commercial development.

One of the Board members mentioned that the developer of Rock Creek Villas might apply to change some of its residential to commercial. Mr. Budesky advised that in that event, collection of the planning, zoning and environmental fees would be waived if he came in between March 17 and December 30, 2009, but he would be required to pay building permit fees up front and if he did not finish his construction by June 30, 2011, then his building permit fees would not be refunded. He clarified that the CO would have to be issued by the Building Official certifying that the structure was 100% completed and ready to be occupied.

Building Official Clarence Jackson reported that about 20% of his department's fees were commercial, and Community Development Director George Homewood reported that about 50% of the fees in his department were commercial. Mr. Budesky reminded that based on the prior year's history, the County was not seeing the same revenue for these fees and they were projecting collection of only about 17% of the total budget this year.

EDA members were invited to comment on the proposed Initiatives.

Pat Bell stated that residents wanted a tax base other than residential, and because of the economy, there had to be some movement to show businesses that the County wanted them here. She felt that the proposal did that to some extent.

David Sisk commented on the efforts of the EDA and the Economic Development staff to attract new business through the Incentive Program, and said he felt it was important that businesses understood that the County appreciated them. He noted a number of prospects had looked at New Kent and went elsewhere, either because of taxes or other reasons. He stated that he was in favor of reducing taxes but was concerned that the County had to have to have a certain size tax base to meet its expenses, and that the County had to be careful not to create initiatives that might be detrimental to the quality of life in New Kent.

He indicated he was in favor of the proposal to help meet the current economic distress and liked the “window of opportunity” it afforded.

Larry Haislip stated that he was in favor of the initiatives and he felt that the long-term projections would make up for any losses. He indicated that New Kent needed all the long-term revenue that it could get.

W. O. Isgett stated that he felt the short term suggestions were well-founded, and he supported incentives that would sway a business to consider locating in New Kent or help an existing business to expand. He then spoke about the BPOL tax, stating that he had been very much in favor of it 30 years ago when it was instituted but that he felt that a Merchants Capital Tax (based on inventory) was more equitable than one based on gross sales. He went on to say that if the Board was going to reduce the BPOL, he did not think that 10% was aggressive enough to make a difference.

Eugene Williams indicated that he was in favor of the short term incentive programs and the BPOL tax being reduced. He added that he would also like to see a reduction in the meals tax as well, reminding that tax was paid by customers in the community.

Paul Robinson commented that the “economic world as we know it is not the same as it was” and the fact that the Board was considering these proposals and the initiatives recommended by the County Administrator was worthy of commendation and worthy of note. He stated that he felt it was an important step in the right direction and a positive statement that the initiatives were even being considered at a time like this. He indicated that most communities would not be thinking of reducing taxes of any kind and New Kent was fortunate to have alternatives to fund it. He agreed with Mr. Budesky that the County probably would not have collected the fees that had been projected based on last year’s revenue. He stated that he felt this made a positive statement to the business community. He agreed that the proposed timelines were important and would create a sense of urgency. He anticipated that there might need to be some minor modifications and that there would be some complaint that it was not retroactive, but that he was in support of the recommendation.

There was discussion on whether the County could reduce the BPOL by more than 10%. Mr. Budesky advised that there was not enough funding to cover a 20% reduction but could cover 15%. Mr. Sparks asked where the shortfall would be made up in the event the revenue was not collected. Mr. Budesky advised that if that happened, then the County would lay off staff because there was no work to do and nothing to inspect.

Mr. Sparks indicated that he would like to lower the BPOL as low as possible and he did not know why the Board hadn’t continued to decrease it consistently in past years. He stated that he felt the rest of the recommendations were “window dressing”.

Mr. Evelyn agreed with Mr. Sparks, adding that he liked the proposal to change the impervious cover default from 8% to 16%, which he felt would save the developers a lot more money than the County would collect in fees. Mr. Budesky reported that staff had not been able to identify a single business who had not located in New Kent because of the impervious cover policy.

Mr. Sparks stated that he didn’t think there was any business who had not located in New Kent because of the fees, noting that every locality had fees. Mr. Budesky said that the fee waiver would be unique to New Kent.

Mr. Trout agreed, stating that no one else was doing it, and that offering it would bring attention to the County. He stated that a 10% reduction in the BPOL was substantial and he liked the combination of the three proposals.

Mr. Sparks stated that what would bring business to New Kent was if they thought they could make a profit, not because of the waive of fee collections. He said that if there were no consumers for a business, then it would not come here, and asked if there was any indication that this would bring new business to New Kent. Economic Development Consultant Mark Kilduff stated that he did not feel that the initiatives were "window dressing" but would provide the County with an opportunity for very positive relations and would get noticed in both the Richmond and Hampton Roads metropolitan areas. He said that, coupled with the BPOL reduction, it would send the message that New Kent understood and was trying to do something to help businesses in these very difficult times.

Mr. Evelyn and Mr. Sparks both expressed concern about businesses who had already paid fees and gone through the process, and would now have competition from businesses who would not have to pay fees.

Mr. Haislip compared the situation to buying something full price that later went on sale. He noted that it could be set up short term, and if it worked, there was no reason why it couldn't be extended.

Mr. Evelyn was concerned that the June 30, 2011 deadline might be hard for some businesses to meet.

Mr. Sparks repeated that he felt that it was more of a public relations move for the County than an actual incentive. Mr. Kilduff agreed that a lot of it was public relations and that the BPOL reduction was more meaningful than the other two, but he felt that it could get the attention of some businesses and might be a tipping point for those who were "on the fence", and most importantly, no other community was doing it in the area.

There continued to be discussion on the initiatives. Mr. Isgett stated that he supported them and suggested that the fair thing to do would be to pick a date of March 17 and then go forward from that date. He agreed that some folks would be angry but he was in favor of establishing a date and not making it retroactive. Mr. Trout agreed, stating that making it retroactive would not be an incentive.

Mr. Trout also noted that a 20% cut in the BPOL would not have the double the impact of a 10% reduction. Mr. Sparks again asked if the County had the money to make up the difference if it reduced the BPOL by 15%. Mr. Budesky confirmed that it did, and that the balance could be used to balance the loss of fees. He agreed with a statement made earlier by Mark Kilduff that there might be a business "on the fence" and this might tip them over. He cautioned that he could not tell the Board that these initiatives would bring one or ten new businesses, but was an attempt to try something new. He indicated that it would likely create problems for other counties because they would not be able to compete. He stated that this would not be something that he would recommend when the economy improved, nor would he have recommended two years ago. He indicated that only time would tell if it was worth it, but he thought it was worth the risk to try it.

Planning & Tourism Manager Rodney Hathaway commented that he felt that it sent a positive message to the business community and showed that the County was business-friendly.

There was discussion regarding the reduction in the BPOL tax to become effective on July 1, 2009, and how it might cause some confusion. Mr. Budesky advised that it needed to be made clear that it was not effective until July 1 and it was best to keep it as a part of the budget.

Mr. Sparks stated that New Kent had more businesses coming in during the last two years than it had in the last ten years, and he did not want the misperception that New Kent was not gaining ground on getting businesses into the County.

Mr. Budesky clarified that he was not suggesting any changes to the EDA Incentives Program.

He stated that the Board could adopt this as part of the budget but he wanted to announce it as a package. He said that the BPOL reduction would not be temporary. He said that the Board may want to direct him to bring in a proposed budget with a 15% reduction in the BPOL rate to be covered by meals tax revenue, rather than have it show up as a transfer of funds. He said that the Board could instruct staff to waive fees effective immediately and that staff would later bring to the Board an ordinance that would change them. Assistant County Attorney Michelle Gowdy advised the Board not to waive the fees, just to "not collect" them.

Mr. Trout emphasized that the deadline for applications be December 30 rather than December 31 because of the fluctuation in holiday closings.

Mr. Evelyn asked why the 16% impervious cover default could not apply to residential as well as commercial. Mr. Budesky stated that the County could have a more restrictive threshold or could use the State's. Mr. Davis stated that he felt that the State would be changing theirs soon. Mr. Trout commented that a 16% for commercial and 8% for residential gave commercial development an incentive, and he would support those thresholds. It was confirmed that the 8% threshold being used by New Kent was a staff policy and not an ordinance. It was recognized that Board members were hearing from developers but staff still had concerns about unknown factors regarding stormwater impact and it would be best to again review those concerns before making a decision. Following discussion, it was agreed that the impervious cover threshold for commercial only would be set at 16%. Mr. Hathaway pointed out that the stormwater costs were normally the responsibility of the developers in larger projects, not the individual homeowners, and it was the road that usually caused the development to exceed the threshold.

Mr. Sparks moved to approve the Economic Development Impact Projects recommendations with the following change: item six shall read "immediately allow the use of the 16% impervious ground cover default for commercial and business related projects" and deleting the remainder of the sentence.

Mr. Budesky pointed out that there were two recommendations that involved a personnel change and he wanted to be sure that the Board was comfortable with that as well. The change would be effective July 1, 2009, and would involve moving Rodney Hathaway out of the Community Development Department to work full-time as Business Liaison in Economic Development, and reducing the hours of Mark Kilduff. He stated that the period between now and July 1 would be an opportunity for some transition.

The members were polled on Mr. Sparks' motion:

Thomas W. Evelyn	Aye

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

The motion carried.

IN RE: ADJOURNMENT

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

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

The motion carried.

The Board's meeting was adjourned at 7:24 p.m.

Mr. Robinson then adjourned the meeting of the Economic Development Authority.