

A SPECIAL TOWN HALL MEETING WAS HELD BY THE NEW KENT COUNTY BOARD OF SUPERVISORS ON THE 5th DAY OF MAY IN THE YEAR TWO THOUSAND NINE OF OUR LORD IN THE BOARDROOM OF THE COUNTY ADMINISTRATION BUILDING IN NEW KENT, VIRGINIA, AT 6:00 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: TOWN HALL

Chairman Davis welcomed everyone and thanked former Board of Supervisors' member Marvin Bradby for agreeing to help facilitate the meeting by circulating the microphone to the speakers. He reminded everyone to provide their contact information on the sign-up sheet in the event that additional information needed to be distributed after the meeting.

Board members first addressed questions that had been submitted in advance.

The first question pertained to the next redistricting and what kind of added costs there might be to the County's payroll. Mr. Davis explained that the annual salary for Board members was \$11,000 except for the Chairman who earned \$11,500. He indicated that new districts would be established after the 2010 census, so that populations in each election district were equal, within 5%. He explained that there were a few restrictions, including that election districts could not cross Census Tracts, nor should they divide communities or neighborhoods. He stated that the Census results were expected in the spring of 2011, after which time there would be a number of public hearings and ample opportunity for citizen input.

The second question fielded by Mr. Davis was whether or not the County was going to incur any additional debt in 2009. He indicated that none was anticipated, unless something unforeseen occurred that would require it.

The next few questions pertained to property assessments and were addressed by Mr. Trout. He spoke about misconceptions and misinformation that general reassessments increased the revenue for localities. He explained that the law required that a locality equalize the rate after a general reassessment, and that was what was done in 2008. He explained that entailed the County determining the aggregate assessed value of all land in the County after the general reassessment and then calculating what tax rate would bring in the same amount of revenue as the previous general reassessment, and that calculated rate became the equalized tax rate. He indicated that the equalized rate after the 2008 general reassessment was 67 cents, down from the 93-cent tax rate in 2007. He added that the law required that a general reassessment be conducted at least every four to six years, but

localities could do them more often, and New Kent had recently changed to a two-year cycle that was currently underway.

Another misconception was that the Board could change the assessments. He reported that the Board only had the authority to decide the frequency of the general reassessment and the means of doing it. He indicated that the Board had wanted to hire its own real estate assessor for the past few years but had not been able to find anyone and had to hire an independent firm to perform the 2008 general reassessment. He confirmed that the next one would be conducted by in-house staff under the Commissioner of the Revenue. However, his point was that once the assessment was completed and turned over to the County, the Board and the Commissioner of Revenue had no choice but to accept it and could not refuse it just because they didn't like the results. He advised that interpretation of the State Code had been confirmed by a recent opinion from the State's Attorney General Office. He stated that the proper procedure to contest an individual assessment was through the Board of Equalization, or to bring a suit in Court.

Another advance question addressed by Mr. Trout was why the County was not reducing its tax rate in order to assist its citizens. He explained that the County was collecting less revenue than it did last year and had subsequently reduced the budget. He noted that many vehicle owners would receive a lower personal property tax bill for 2009 because of a reduction in the values of sports utility vehicles and pickup trucks, which would result in a shortfall of about \$585,000 for the County. He also reported that the County had reduced the business license tax by 15% effective on January 1, 2010.

Mr. Sparks addressed an advance question regarding health insurance for County employees, specifically why it didn't offer a cafeteria-style plan similar to those offered by businesses as a way to cut costs. Mr. Sparks explained that was something that had been discussed and would be considered during the next budget cycle. He stated that there were several factors to consider, including compensation and how it compared to benefit packages offered by neighboring localities that competed for the same workers. He admitted that there was an increase in health insurance premiums for County employees for FY10 and an even larger increase for School employees, but neither had been passed on to the employees because there would be no raises and employees were being asked to take on more work because of the elimination of positions.

Mr. Burrell fielded an advance question regarding why County vehicles traveling around the area had only one employee in them and what had been done to consolidate vehicle trips and reduce mileage and fuel consumption. He advised that the Board had asked staff to cut travel and reduce costs, and to carpool where they could, but it was not practical for inspectors. He indicated that school bus drivers had for many years driven school vehicles back and forth from home rather than drive the buses as it was much more economical. Ed Smith confirmed that the buses were parked at the schools and the drivers carpooled back and forth to home and had been doing that for many years. He indicated that they used old vehicles handed down by the Sheriff's Office that were refurbished for that purpose. He assured that they were very aware of the costs and did whatever they could to save money.

The next question dealt with whether the County had considered switching to a four-day work week in order to save money. Mr. Burrell explained that the option had been investigated and the resulting analysis reflected that it would not save any money for the taxpayers, although it would save the employees in transportation costs. He indicated that if it would have saved money for the taxpayers, he felt confident that the County would have opted for it.

Mr. Evelyn introduced School Board members Dr. Gail Hardinge and Terri Lindsay as well as the new School Superintendent Robert Richardson and the Assistant Superintendent for Finance and Operations Ed Smith, and invited them to field the advance question regarding a four-day school week. Mr. Smith stated that the School Board had performed a similar analysis. He noted that the School Board Office did work a four-day work week during the summer, but a four-day school week was a "different story". He indicated that it would inconvenience a lot of parents and there would be no significant savings, other than fuel. Dr. Richardson added that 85% of their budget was personnel costs, and they would still have the same number of hours and same amount of salaries to pay. He indicated that they could not find any other school systems that had made that transition. Mrs. Lindsay pointed out that it would also cut into afterschool programs.

Mr. Sparks commented that it would result in extra costs for most families relating to day care.

Mr. Evelyn fielded a question regarding why the County only had one public hearing on the budget and wouldn't it be better if there were more meetings to give citizens time to better understand the budget and provide comments. He stated that the Board had been working on the budget for the past three or four months, and the budget had been on the website for the past 45 – 50 days. He stated that there was a public hearing last week, and the Board members had been talking with each other and with their constituents for the past couple months. He commented that County had been actively disseminating information and the Town Hall meeting was a good example of its efforts to educate the citizens and obtain their input. He indicated that prior to adopting the budget at the May 11 Board meeting, there would be a Citizens Comment Period and if anyone had any questions, they could contact any of the Board members at any time.

The Board then began accepting questions from the audience.

Linda Slemple referenced the many comments made at the last meeting regarding a proposed cut in funding for the Library and asked if there was any way that private contributions for the Library could be accepted by the County so that they could qualify for State grants. County Administrator John Budesky advised that the County could accept donations directed to the Library. Mr. Davis pointed out that there were several groups affiliated with the Library, including the Friends of the Library and the Foundation, who were willing to accept donations as well. Mr. Evelyn added that he had met with the interim director of the Library, who was getting additional information regarding State funding impacts resulting from a reduction in local funding. Mr. Trout indicated that if anyone were looking to make a tax deductible donation, there were several worthy community groups that would qualify, the Library being one of them.

William Hodges stated that since the Library had closed its Providence Forge site, he had been trying to buy the building but could not get anyone to return his calls. Mr. Davis explained that the County did not own the Library and had nothing to do with the building. Mr. Budesky advised that the Library's Board of Trustees owned the building and was planning to put it up for sale and would most likely welcome Mr. Hodges' interest. He promised to pass on the information to the appropriate individual and make sure that Mr. Hodges was contacted.

Timothy Johnston stated that he was relatively new to the community and was non-political, but understood from the previous evening's School Board meeting that the Fine Arts program was in jeopardy because of a cut in funding for the schools. He commented that there seemed to be a lot of money being spent on projects throughout the County and he

knew that the County was paying for a new high school (which he had supported) but he felt that "buildings were not what the schools were -- it was the people inside them". He went on to say that if the County wanted to continue to grow and attract businesses, it would need to have a good school system, and having only a "barebones" system (without music and fine arts programs) would have longstanding ramifications. He said that he would rather leave the potholes and put the money into schools. He related how the music program had benefited one of his children and encouraged the County to provide enough funding for the humanities and assured that he would be attending future School Board meetings to make sure that the funds were appropriated as intended.

Mr. Burrell indicated that he agreed with some of Mr. Johnston's statements but not all of them. He stated that good school systems attracted new residents but not necessarily businesses who were more interested in the "number of rooftops". He went on to say that New Kent was interested more in highway businesses that would not increase the need to build more schools. He stated that he did not want New Kent to be like some of its neighboring localities and to say that "schools would bring in new business was poor arithmetic".

George Oden asked how many people were employed by the County and the Schools. Mr. Budesky reported that the County employed about 150 full-time which included the Sheriff's Office and Social Services. Mr. Smith advised that the School system had about 430 full-time employees, which included 75 bus drivers. Mr. Oden then questioned the \$141,000 budgeted for computer replacement and asked why it was costing so much and about the replacement schedule. Mr. Budesky explained that the County had a five-year replacement schedule for its computers, reminding that most employees were on their computers seven hours a day and, after five years, those computers were pretty much at the end of their useful life. He pointed out that those costs also covered software and license fees. Assistant Financial Services Director Amy Stonebraker reported that the average cost for a computer on the State contract, including software and license fees, was \$2,500 and included in that average were the special computers for the Sheriff's Office vehicles. Mr. Budesky advised that all employees were on the County servers but all had hard drives and monitors at their desks. Mr. Oden asked how many computers were being purchased for \$141,000. Mr. Budesky promised to get him that information.

There were some questions regarding "State contract". Mr. Sparks explained that was a prior negotiated contract between manufacturers and the State, after the State had looked at products and negotiated with the manufacturers for a very aggressive price based on volume, and localities were included and could receive a significant discount. Mr. Davis noted that the same thing applied to vehicles, which were bid through the State contract and resulted in a purchase price of \$2,000 to \$3,000 less than the price available to the public. He reported that the County tried to buy everything it could through the State contract or through competitive bids. It was noted by one of the attendees that New Kent had car dealerships in the County who might offer more competitive prices. Mr. Davis stated that the local dealerships did participate in the State contracts and if their prices were the lowest, then New Kent would purchase from them. The question was asked if the County just used the State contract or did it also consider other vendors. County Attorney Jeff Summers explained that the Virginia Public Procurement Act required the County to use competitive bids for any purchase of \$50,000 or more, but that County policy used a threshold of \$20,000. He indicated that, for example, if the County wanted to buy a pickup truck, it could send out a Request for Proposal, evaluate the bids and then choose the one with the best price; however, the State had already done that when it negotiated its contracts, and using those contracts saved the County money on advertising and other

administrative costs. Mr. Davis added that the same process applied to the purchase of fuel, which was put out for bid every three years.

Allease Christian asked Mr. Trout for more information on his previous statements that a general reassessment did not bring in new revenue. Mr. Trout clarified that the equalized rate was the starting point and that in 2008, the Board increased the rate beyond that point by six cents because of increased costs, but that was the only year out of three where the tax rate had been increased.

Chris Kuhn read a statement from his wife in support of funding for the schools, particularly the band program, and that it had been inferred at the previous night's School Board meeting that it came down to money and it would be up to the Board of Supervisors as to what programs would be cut. Mr. Sparks corrected that the authority rested with the School Board and not with the Board of Supervisors.

Mr. Kuhn then commented that a lot of businesses had cut salaries or hours, or laid-off workers, and he asked if the County had considered cuts in the salaries of the "upper echelon" as a token gesture that it was doing more to balance the budget than just cutting programs and jobs. He went on to say that in an effort to keep from having to lay-off his employees, he had reduced his employees' work week to four days. He went on to say that he had spoken to the Board previously about his support of having slot machines at Colonial Downs and felt it was up to the County to lead that effort and wondered if anything had been done. He went on to say that the County needed to increase its tax revenues and houses did not serve that purpose because they were a liability, and it needed businesses and industry. He predicted that if something wasn't done, Colonial Downs might soon become a "ghost track" and he felt it was up to the County, or its industrial development staff, to promote that and get its legislators to do something.

Mr. Sparks suggested that Mr. Kuhn talk to the legislators, and Mr. Kuhn indicated that he planned to do that. Mr. Trout explained that Colonial Downs had led an effort in the last few years to bring in historical horse racing to help fund transportation but the bill never passed the House of Delegates. Mr. Kuhn stated that he felt that if someone from the County's economic development department could organize the effort, it would have a better chance than if it came from him. Most of the Board members admitted that they would support slot machines at Colonial Downs, and they felt that once Maryland had them, then they might have a better chance to be approved for Virginia. Mr. Summers advised that the County government, including its economic development department staff, could not lobby the General Assembly but private citizens could, and it should be a grass roots movement. Mr. Trout agreed and suggested that Mr. Kuhn talk with Colonial Downs who had good lobbyists and might be able to give him some advice. Mr. Davis stated that he felt it would happen some day and he hoped it would be sooner rather than later as it would solve a lot of the revenue problems for both the County and the State.

Mr. Budesky fielded the question regarding salary cuts. He said that there were going to be no pay increases for any County or school employees, and reductions in salaries and furloughs were among the many options to be considered for the upcoming year, but the County did not have to take those measures in order to balance the proposed budget. He reviewed that the County had eliminated six positions and it was his understanding that about 40 positions with the School System would be eliminated as well. Mr. Davis talked about the increase in the unemployment rate and how the economy would likely get worse before it started to improve. There was also discussion regarding the decrease in home values and how that might affect future budgets.

Diane Dodson stated that she understood that the Board did not control how the School Board spent its funds but she hoped that there would be enough school funding to support the fine arts and music programs. She stated that the Band Booster Club could raise money for equipment but they needed a teacher. She spoke about how children were the County's ambassadors and how reducing funding would hurt the students. She complained that there weren't enough programs for gifted students and the allotments for students to attend the Governor's School were being cut. Dr. Richardson advised her that those allotments had been restored. She stated that there were too many cuts that were being made that affected the students and their future.

An unidentified speaker stated that she was a long-time proponent and volunteer at the schools. She suggested that the County "should go a step or two beyond what it had done in the past to tighten its belts" and talked about how small savings here and there added up. She questioned whether purchases through the State contract were always the best deals and whether staff was comparing prices elsewhere. Mr. Budesky explained that staff did not always purchase from State contracts and did compare prices to get the best value.

Debbie Anderson spoke on behalf of special education, noting that nine special education positions were being cut in the school budget but she did commend the Special Education Committee. She also talked about her daughter and other students who had graduated from New Kent High School and were continuing to do well and represent the County in their studies at the University of Virginia. She asked the Board to continue to fully fund the schools so they could continue to provide what was needed for the students.

Ron Sherenco spoke in support of funding for the schools and its programs and students who were doing a wonderful job representing the County. He also asked that any tattered American flags around the County be replaced.

Wayne Haynes spoke on behalf of a resident who had filed an application for tax relief and had not heard anything. Mr. Trout indicated he would follow up with the Commissioner of Revenue and encouraged anyone who thought they might qualify to apply. Mr. Budesky explained that the Commissioner had just returned from out of town and was likely still working on the applications.

Vic Golderos congratulated the County Administrator and Board of Supervisors for having its second Town Hall meeting and stated that he was looking forward to the next one in August.

Arlene Passalacqua asked if the County had looked into the Energy Policy Act and obtaining a free evaluation to see how much energy was being consumed and if there were ways to save money. She also stated that she was happy to see that the County had its budget and agenda online but was disappointed that it couldn't find anything for the Schools. Ed Smith stated that the School System's budget was on its webpage and gave directions on how to find it.

General Services Director James Tacosa talked about the energy saving measures that were built into the new high school, Sheriff's Annex building and the Health & Human Services building and the savings that had been realized. He admitted that he had not looked into the Energy Policy Act yet and it would probably help with the older buildings. He reported on the installation of the waste oil furnace at the Vehicle Maintenance Facility that was using waste oil collected from the buses and how they were looking for other places to install these units in order to use the 14,000 gallons of waste oil collected at the convenience

centers. He indicated that the units were clean burning and met all EPA emission standards.

Mr. Davis reported that visits to these facilities were provided to those who participated in the New Kent University program that would take place again in the fall, and he encouraged anyone interested in learning more about how County government worked to apply.

George Slemp complimented the County Administrator and his staff for the excellent job they had done on the budget, including its new user-friendly format and its availability on the website. He thanked the Board for holding its second Town Hall meeting and stated he was looking forward to the next one. He said that he recognized the difficult decisions that had been made and those to be made, and he understood the difficulties that the School System was having. He commented that while no one wanted to cut education funding, there was a limit as to how much was available and everyone "had to do better with what they had". He warned that if the economy didn't improve, then revenue could decrease even more for next year and everyone needed to pay attention all year long.

Terri Lindsay stated that the School Board appreciated everything that the Board of Supervisors had done and she knew it was more difficult than it appeared. She agreed that the public often misunderstood how the process worked and she, along with everyone else, was glad to see that taxes were not going up. However, she pointed out that the County had 150 employees, and while the School Board had about 430 employees, they also had 2,700 children who were not constituents or voters but deserved a voice. She stated that she kept reading about new housing developments, which would bring more students and noted New Kent was prepared with its new high school. She reminded that the high school project had come in under budget and been built within eighteen months, which was "unheard of". She assured that the school system continued to do everything it could to cut costs and save money, and they did well with the funding they received. She stated children were the County's most important asset and they deserved the best. She agreed with some of the things in the budget but would much rather see money spent on the students than on the nature trail. She talked about how frustrating it was to be on the School Board and announced that she did not intend to run again for office. She indicated that she realized the difficult job the Board had and that everyone was trying to do the best it could for the County, but that included those 2,700 students.

Mr. Trout talked about how the budget process worked and although the Board appropriated funding to the schools, it was up to the School Board how it was spent. He reminded that the Board had freed up some money in the School's budget by funding the School Resource Officers through the Sheriff's Office. He acknowledged that he had received a lot of calls and emails regarding the possible loss of some of the school programs, but wanted everyone to understand that the Board didn't have a full understanding of the School budget. He talked about possibly giving the School System some of the debt service savings recently realized from the early pay-off of a loan and suggested a joint meeting between the two Boards prior to the scheduled adoption of the budget on May 11. He stated that things should be equitable between the Schools and the County and students were the future of the County and education should not be undervalued.

Mr. Johnston stated that he kept hearing about what authority each Board did and didn't have and he suggested that both Boards should meet and talk. Mrs. Lindsay said that no matter what they did, there was usually always some "finger pointing".

Mr. Burrell stated that the Board "held the purse strings" but revenue came from the taxpayers, many of whom had recently lost jobs. He spoke about the burden of the debt

service for the new high school. He stated that the County had made a lot of cuts in its budget and that giving the School System any more money would result in a tax increase which wasn't fair to taxpayers who were facing their own financial difficulties.

Dr. Richardson emphasized that the School System was not only having to deal with a \$1.1 million reduction in local funding but also a \$1.5 million in State cuts, for a combined shortfall of \$2.6 million. Mr. Budesky reminded that the County had absorbed more of the local funding shortfall than it had passed on to the Schools and commented that both bodies were using funds from the same budget but with different goals and challenges, and comparing "apples to apples" was not possible. He reminded that the County had freed up some of the Schools' budget by funding the School Resource Officers through the Sheriff's Office. He pointed out that the Schools had used about \$900,000 in one-time federal stimulus money to balance its budget, which might not be available again next year, and there was no one-time money in the County's budget. He added that unless there were some additional cuts or some new revenue, the only option would be to raise taxes and this was not the time to do that. He said that no one wanted to make the cuts that had to be made.

It was pointed out that Virginia was one of only eight states in the country where elected school boards did not have taxing authority.

Dr. Hardinge talked about the efforts by the School Board to find a way to decrease their health insurance costs, and how their attempts to create a regional pool had been continuously thwarted by the insurance companies. She stated that they had tried to partner with the County on its plan but it would have caused those rates to increase. She pleaded with the Board to understand their decision to absorb the premium increases rather than pass them on to the employees who would not be getting any pay increases and some losing their stipends, while more than 40 positions might be eliminated. She urged citizens to attend the School Board meetings to witness how their money was spent and to learn much more than what had been discussed at this meeting.

Mr. Davis thanked everyone for their participation and demeanor and stated that another Town Hall meeting would be scheduled when "there was something to talk about". He thanked Mr. Bradby for his help and reminded everyone that the Board would be voting on the budget at its May 11 meeting and urged anyone who wanted to speak during Citizens Comment Period to arrive and sign up by 6 p.m.

IN RE: ADJOURNMENT

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

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

The motion carried.

The meeting was adjourned at 9:22 p.m.